



Message from TRS' CIO: Your Trust Fund's stability during the pandemic

Hi TRS members. My name is Jase Auby and I am the Chief Investment Officer for your Trust investment portfolio. I am newly appointed as your CIO as of January first of this year.

However, I am not new to TRS -- I have been with TRS for eleven years and was previously the Deputy CIO. Prior to that I was Chief Risk Officer. I oversee your team of 183 investment professionals as we invest the portfolio using our strategic asset allocation to stocks, bonds and other assets.

I am here today to give you an update on the trust's investment portfolio in light of the historically volatile markets so far during the year 2020. But before I talk about the portfolio, I want to mention your benefits and reassure you all TRS benefits will be paid on time as they always are.

The market decline does not impact the trust's ability to pay benefits. And the Trust's assets are safely housed in our Trust custody accounts. There is plenty of cash and other liquid assets available to pay all benefits.

During volatile times like these, it's important to remember some of the key advantages that are built into our investment portfolio.

First of all, the trust is long term focused. Our asset allocation is designed to weather market downturns.

We are focused on a 25-year time horizon and shorter fluctuations, such as quarterly movements or even yearly movements, do not impact our core strategy.

Secondly, the trust is well diversified. I am sometimes asked why the Trust doesn't own 100% stocks. The answer is that at times like these, holding assets with a stable value is a key advantage.

For example, 21 percent of the trust's assets are held in stable value investments such as US Treasury bonds.

Third, the trust is liquid, with large amounts of cash, government bonds and public equities that we can sell to meet its obligations or sell to invest in new opportunities brought about by the fluctuations of the market. We can play offense and defense.

And, finally during this pandemic, I would like to add an additional advantage to your list – your investment team has fully and successfully transitioned to working from home. Like our active teachers, who needed to develop new plans and methods for teaching the children of Texas, we also had to transition our work to fit these times.

As we now work from home, we have all of the resources and ability to execute that we need. We are fully operational.

All of these advantages combine to allow us to approach the markets from a position of strength and think about how we will invest going into the future as things get back to normal over the months and possibly years ahead.

Your investment team is talented and hard at work managing the assets of the Trust. We are solely focused on our mission to maximize the value of your retirement.

I would encourage you to go to the TRS website if you would like more information on the portfolio or any other TRS topic.

And, if you have questions about your retirement, your TRS counselors are working remotely even though our physical offices remain closed.

Our portfolio is stable and strong and will be there for the retirement future of us all. Thank you for your service during these extraordinary times.

And, thank you for your time today. Stay safe and well.