



QUARTERLY INVESTMENT REPORT

June 2025



1134 Municipal Way | Lansing, MI 48917 | 800.767.6377 | mersofmich.com

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"However beautiful the strategy, you should occasionally look at the results."

– Sir Winston Churchill

MERS' Portfolio Characteristics

- Disciplined asset allocation
- Globally diversified
- May lag in periods of extended bull markets
- Valuation focused investors
- Focus on risk-adjusted returns
- Public and Private Markets run counter-cyclical

MERS' Office of Investments Goals

- Maintain adequate liquidity
- Exceed the actuarial rate assumption on a long-term basis
- Minimize costs
- Exceed the Policy Benchmark on a long-term basis

Portfolio Performance

	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Total Portfolio (Net of Fees)	5.41	6.69	9.80	10.00	9.16	8.94	7.13	7.12
<i>Policy Benchmark ⁽¹⁾</i>	7.62	7.67	12.68	12.87	12.10	8.77	7.91	7.44
Excess Return (Net of Fees)	-2.21	-0.98	-2.88	-2.87	-2.94	0.17	-0.78	-0.32

	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Public Markets (Net of Fees)	6.68	7.82	11.98	11.94	11.59	8.72	-	-
<i>Policy Benchmark</i>	7.62	7.67	12.68	12.87	12.10	8.77	-	-
Excess Return (Net of Fees)	-0.94	0.15	-0.70	-0.93	-0.51	-0.05	-	-

	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Private Markets (Net of Fees)	1.46	3.17	3.39	4.39	2.64	9.92	-	-
<i>Policy Benchmark</i>	7.62	7.67	12.68	12.87	12.10	8.77	-	-
Excess Return (Net of Fees)	-6.16	-4.50	-9.29	-8.48	-9.46	1.15	-	-

Portfolio Performance Review

MERS' Total Market portfolio returned 5.41% (net) for the second quarter, underperforming the Policy Benchmark by 221 bps. The Global Equity portfolio returned 10.45% but underperformed the Global Equity Policy Blend by 117 bps due to an underweight to U.S. equities and the underperformance of U.S. Small Cap. The U.S. Large Cap equity portfolio underperformed the MSCI USA Large Cap Index (net) benchmark by 166 bps. The Emerging Market equity portfolio underperformed its benchmark by 395 bps. Outperformance came from U.S. Micro Cap equities (+134 bps) and Emerging Market Large Cap (+8 bps). International equities continued to outperform, led by small cap equities. The International Equity portfolio outperformed its benchmark by 53 bps. The Global Fixed Income portfolio returned 1.59% during the quarter, slightly underperforming the Global Fixed Income Policy Blend by 17 bps. The Private Markets portfolio delivered a return of 1.46%, with Real Assets returning 1.85%, Private Equity returning 2.03%, and Diversifying Strategies returning 1.23%. MERS' Defined Benefit (DB) portfolio assets are \$13.57 billion, and MERS' total assets are \$18.14 billion.

Economic and Market Summary

The second quarter of 2025 was marked by mixed signals and cautious optimism. After a large drawdown in early April from "Liberation Day", investors saw the U.S. lift sweeping tariffs, easing tensions with major trade partners and boosting global market sentiment. Business and consumer confidence rebounded modestly as tariff uncertainty and supply chain disruptions moderated. Escalating conflict in the Middle East pushed oil prices sharply higher during the quarter but prices declined below Q1 levels as tensions eased. The Federal Reserve held interest rates steady, citing tariff related inflation risks. The Fed's inaction drew heavy criticism from the President, with mounting pressure on Chair Jerome Powell and increasing speculation about leadership changes. The quarter ended in a delicate balance between relief and renewed caution. Despite significant volatility, the MSCI All Country World Investable Market Index returned 11.77% in the second quarter. U.S. markets closed on a positive note, with the S&P 500 returning 10.94%, the Dow Jones Industrial Average increasing by 5.46%, and the Nasdaq 100 Index rising by 17.86%. Europe's strong performance continued, with the MSCI Europe Index rising by 11.89%, largely driven by a strengthening Euro. Asian markets bounced back from a slow first quarter, with the MSCI Japan Index gaining 11.76% and the MSCI Pacific ex Japan Index rising by 14.23% during the second quarter. The MSCI Emerging Markets Index recorded a return of 12.17%, with India and Taiwan leading the performance. Bond market saw modest gains with U.S. High Yield and Emerging Market Debt outperforming despite economic concerns. The U.S. dollar depreciated against most major currencies due to concerns regarding debt levels and trends towards de-dollarization. Collectively, these factors contribute to a complex and dynamic economic environment, underscoring the interconnectedness of global markets and the ongoing challenges faced by investors. Portfolio diversification remains imperative.

¹ The Policy Benchmark consists of: 60% MSCI ACWI IMI (net), 30% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. High Yield, and 5% J.P. Morgan EMBI Global Diversified

Risks and Trends

Economic Risks

- Monetary policy mistakes | Elevated inflation
- Eurozone instability
- Corporate/government debt levels
- Higher refinancing costs
- Tariffs and trade wars
- Global election cycle
- Supply-chain disruptions

Medium-Term Trends (3-5 years):

- Rise of populism
- Investment industry consolidation
- Rise of active investing
- Amplification of country and regional investment risks
- In-sourcing | Supply chain realignment
- Impact from Artificial Intelligence (AI)

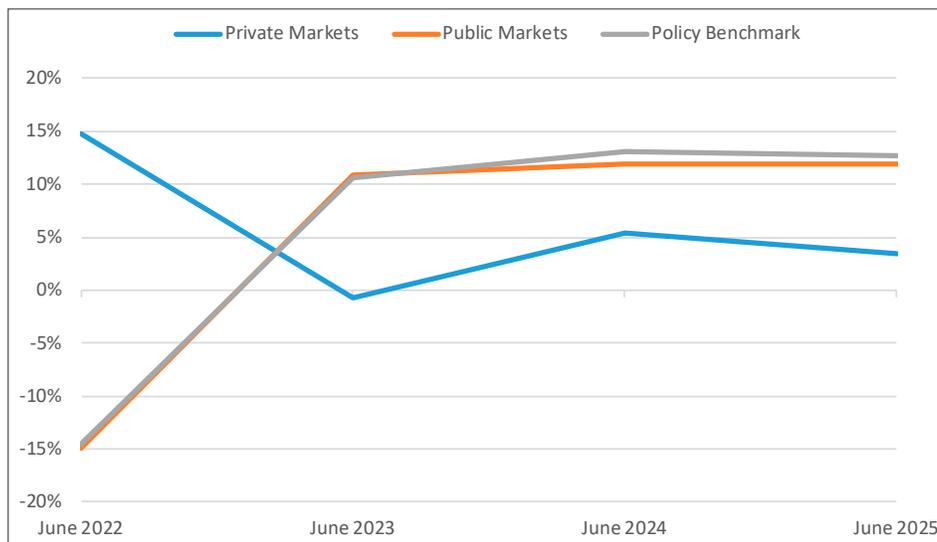
Long-Term Trends (7+ years):

- Aging populations | Workplace competition
- Rising taxes | Entitlement costs
- Aging infrastructure
- Deglobalization | Competition for resources
- Geopolitical instability
- Under investment in traditional energy sector

Projects and Initiatives

- VBA model and risk management enhancements
- Equity portfolio restructuring
- Structured credit/CLO equity allocation
- Developed ex. U.S. equity management

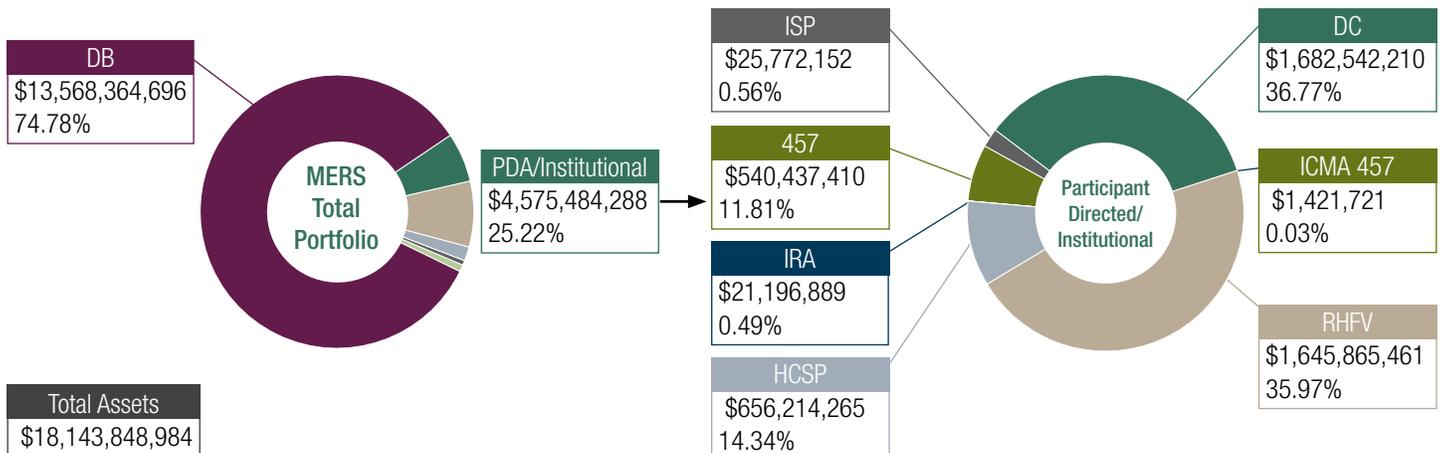
Chart of the Quarter: 1 Year Return Series for MERS' Portfolios



Portfolio	June 2022 1-Year Return	June 2023 1-Year Return	June 2024 1-Year Return	June 2025 1-Year Return
Private Markets	14.72%	-0.77%	5.41%	3.39%
Public Markets	-14.86%	10.92%	11.91%	11.98%
Policy Benchmark	-14.53%	10.58%	13.06%	12.68%

The chart of the quarter shows a series of returns from MERS' Total Market portfolio, Public Markets portfolio, and Private Markets portfolio. It highlights how different time periods or market environments impact each portfolio. In 2022, global equity and fixed income markets experienced a downturn that resulted in a Public Market portfolio return of -14.86%. However, with strategic diversification and asset allocation, the Private Markets portfolio returned 14.72%, allowing the Total Market portfolio to return more than 600 basis points over the Policy Benchmark. In extreme market drawdowns and periods of increased volatility, private markets tend to outperform public markets due to less pricing volatility and more idiosyncratic risks. However, during market rallies, private investments tend to lag public market returns, which you can see in 2024 and 2025. The contrasting return profiles highlight the diversification benefit of including both public and private market investments in a balanced portfolio.

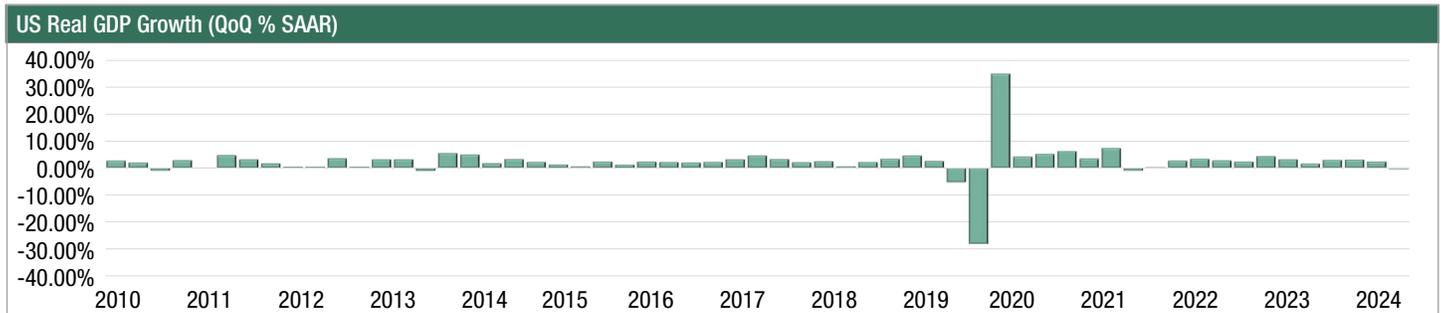
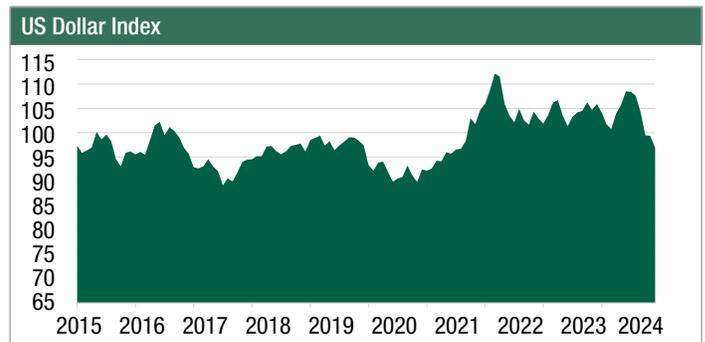
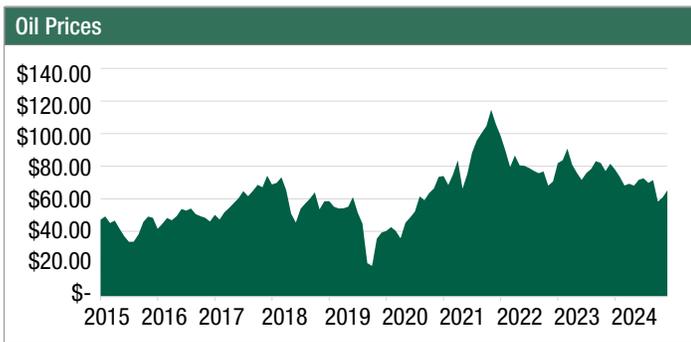
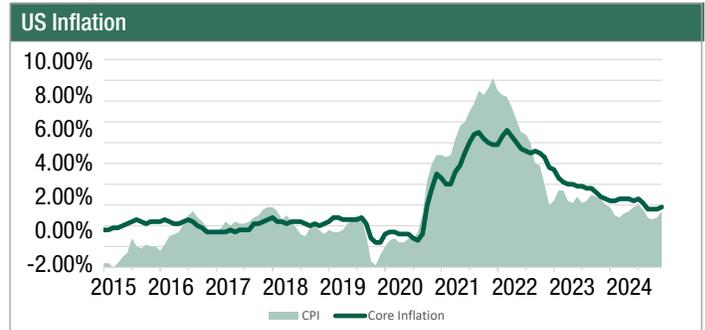
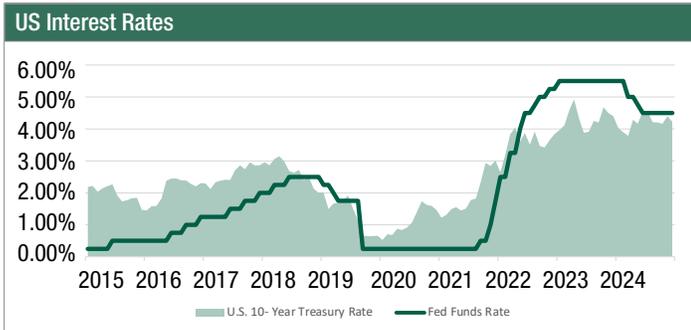
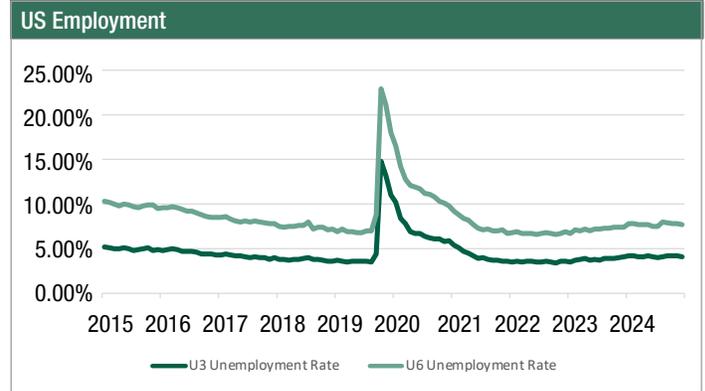
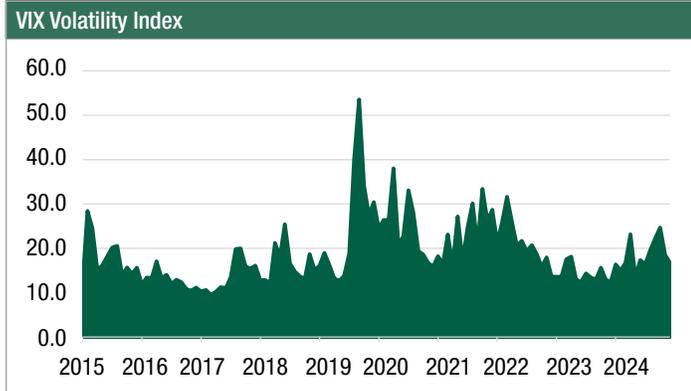
Assets by Program



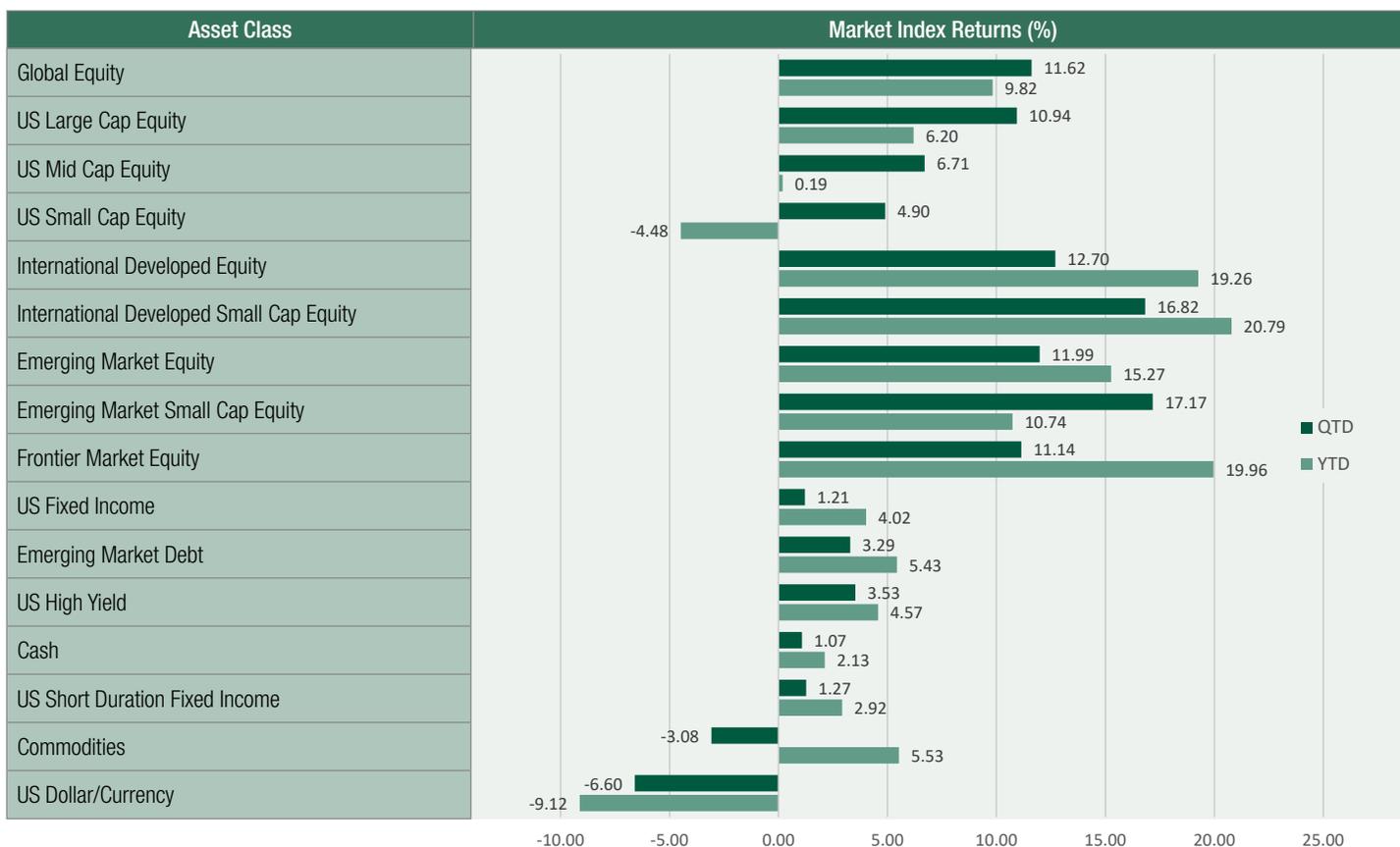
Market Indicators	Current	Prior Quarter
10 Year Treasury Yield	4.23%	4.21%
Fed Funds Rate	4.50%	4.50%
Crude Oil	\$65.1 /barrel	\$71.5 /barrel
Gold	\$3,303.1 /oz.	\$3,123.6 /oz.
30 Year Fixed Mortgage Rates	6.80%	6.83%
US Investment Grade Credit Spread	0.83%	0.94%
US High Yield Credit Spread	2.90%	3.47%
US Leading Economic Indicators	-4.00%	-3.50%

Economic Releases	Current	Prior Quarter
ISM Manufacturing	49.00	49.00
ISM Non-Manufacturing	50.80	50.80
U of M Consumer Sentiment	60.70	57.00
US Real GDP*	2.00%	2.50%
Eurozone Real GDP*	1.50%	1.20%
UK GDP*	1.30%	1.50%
Japan GDP*	1.70%	1.30%
China GDP*	5.40%	5.40%

* All GDP data is lagged 1 quarter

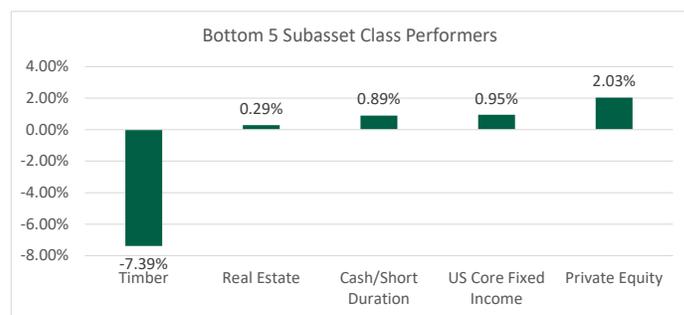
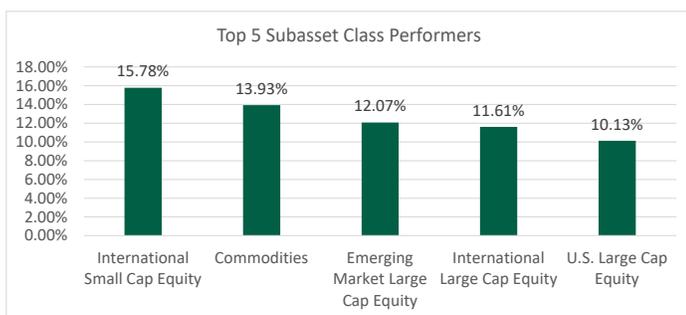
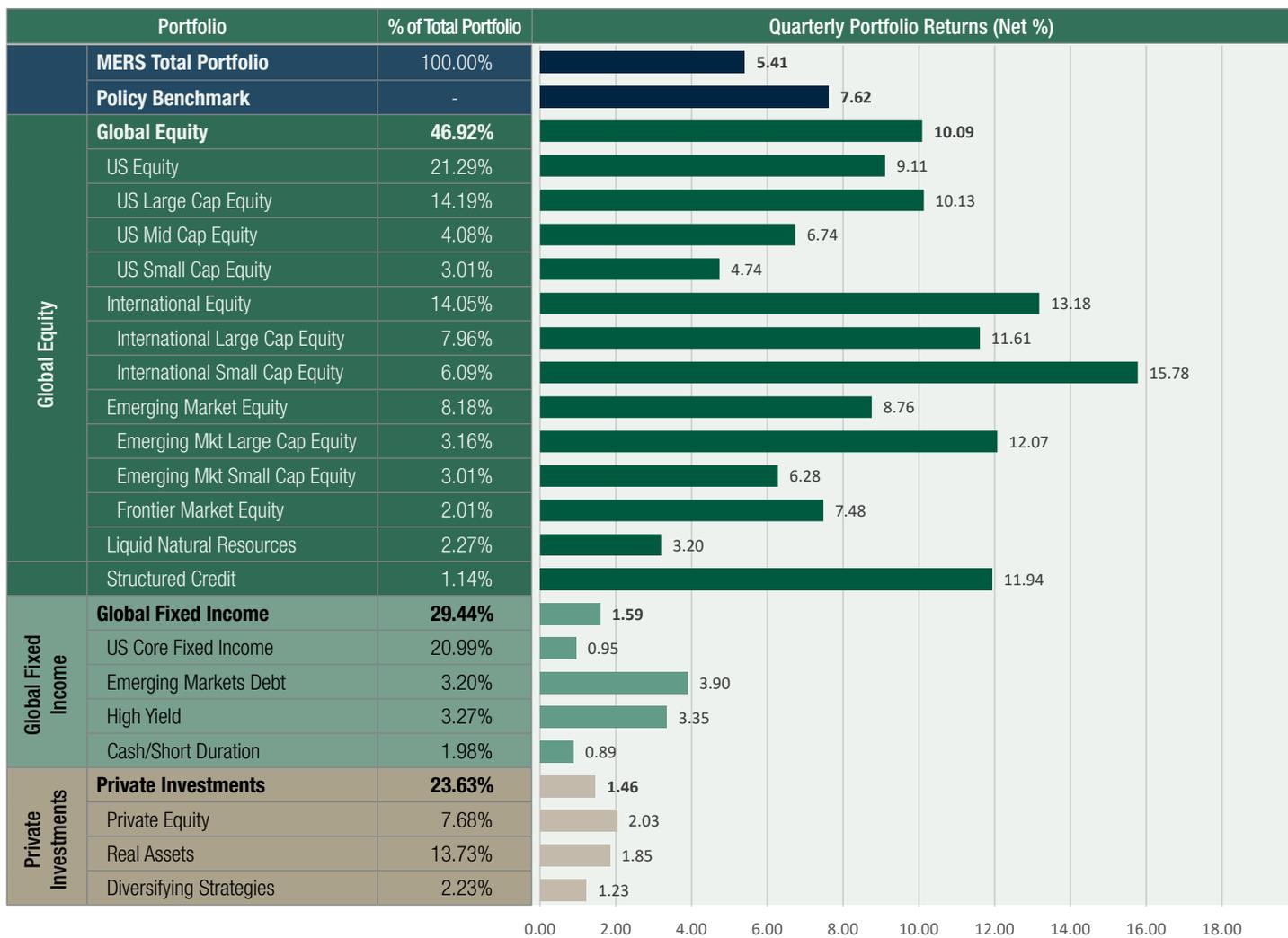


Market Performance Review



Market Index Returns

Market Index	Asset Class	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
MSCI ACWI IMI (net)	Global Equity	11.62	9.82	15.89	16.80	13.39	10.28	9.69
S&P 500	US Large Cap Equity	10.94	6.20	15.14	19.69	16.62	14.37	13.63
S&P 400	US Mid Cap Equity	6.71	0.19	7.50	12.78	13.41	8.53	9.23
S&P 600	US Small Cap Equity	4.90	-4.48	4.55	7.58	11.61	5.56	7.96
MSCI World ex USA IMI (net)	International Developed Equity	12.70	19.26	19.30	15.41	11.26	7.14	6.64
MSCI World ex USA Small Cap (net)	International Developed Small Cap Equity	16.82	20.79	22.92	13.40	9.82	5.46	6.64
MSCI Emerging Markets (net)	Emerging Market Equity	11.99	15.27	15.29	9.70	6.81	4.48	4.81
MSCI Emerging Markets Small Cap (net)	Emerging Market Small Cap Equity	17.17	10.74	8.40	13.81	13.86	7.47	5.97
MSCI Frontier Markets (net)	Frontier Market Equity	11.14	19.96	23.90	10.77	9.25	5.45	4.45
Bloomberg U.S. Aggregate	US Fixed Income	1.21	4.02	6.08	2.55	-0.73	1.77	1.76
JPMorgan EMBI Global Diversified	Emerging Market Debt	3.29	5.43	10.70	8.99	1.61	2.88	3.27
Bloomberg US Corporate High Yield	US High Yield	3.53	4.57	10.28	9.93	5.97	5.31	5.38
Bloomberg US Treasury Bills 1-3 Months	Cash	1.07	2.13	4.75	4.66	2.82	2.55	1.97
Bloomberg 1-3 Year Gov/Credit	US Short Duration Fixed Income	1.27	2.92	5.94	3.75	1.58	2.33	1.84
Bloomberg Commodity Index	Commodities	-3.08	5.53	5.77	0.13	12.68	4.92	1.99
Bloomberg Dollar Spot Index	US Dollar/Currency	-6.60	-9.12	-6.25	-5.56	-0.49	0.11	0.08

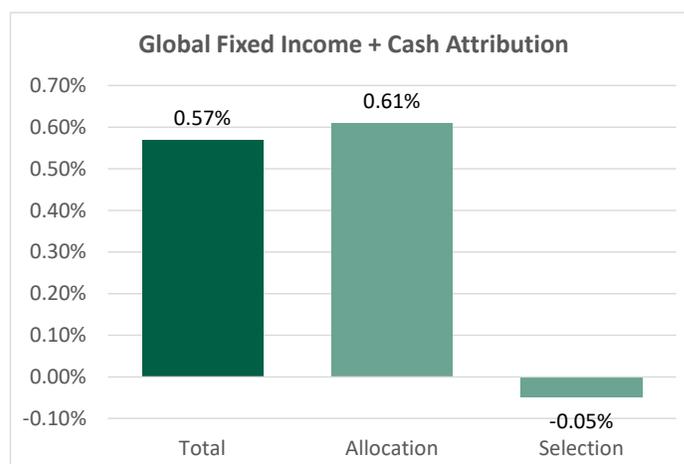
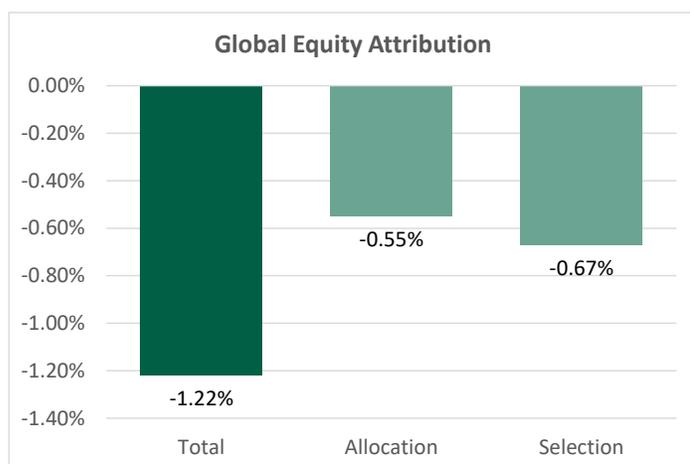


QUARTERLY PORTFOLIO ATTRIBUTION SUMMARY

2025
JUNE

	Avg Weight			Return (Net)			Attribution Totals		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference	Allocation	Selection	Total
Total Plan	100.00%	100.00%	0.00%	5.40%	7.62%	-2.22%	0.07%	-2.28%	-2.22%
Public Markets	75.96%	100.00%	-24.04%	6.68%	7.62%	-0.94%	0.07%	-0.77%	-0.71%
Global Equity	43.16%	60.00%	-16.84%	10.30%	11.61%	-1.31%	-0.55%	-0.67%	-1.22%
U.S. Equity	19.60%	37.55%	-17.95%	8.90%	10.98%	-2.08%	-0.60%	-0.39%	-0.99%
International Equity	15.65%	15.99%	-0.34%	12.86%	12.70%	0.16%	-0.02%	0.03%	0.01%
Emerging Market Equity	7.92%	6.46%	1.46%	8.76%	12.71%	-3.95%	0.07%	-0.30%	-0.23%
Liquid Natural Resources	2.29%	0.00%	2.29%	3.22%	7.62%	-4.40%	0.00%	-0.10%	-0.10%
Global Fixed Income	26.42%	40.00%	-13.58%	1.60%	1.76%	-0.16%	0.79%	-0.04%	0.76%
U.S. Core Fixed Income	19.77%	30.00%	-10.23%	1.00%	1.21%	-0.21%	0.65%	-0.04%	0.61%
Emerging Markets Debt	3.91%	5.00%	-1.09%	3.57%	3.33%	0.24%	0.05%	0.01%	0.06%
U.S. High Yield	2.75%	5.00%	-2.25%	3.37%	3.53%	-0.16%	0.09%	0.00%	0.09%
Structured Credit	1.14%	0.00%	1.14%	11.61%	7.62%	3.99%	0.00%	0.04%	0.04%
Cash	2.95%	0.00%	2.95%	0.89%	1.05%	-0.16%	-0.18%	-0.01%	-0.19%
Private Investments	24.04%	0.00%	24.04%	1.41%	7.62%	-6.21%	0.00%	-1.51%	-1.51%

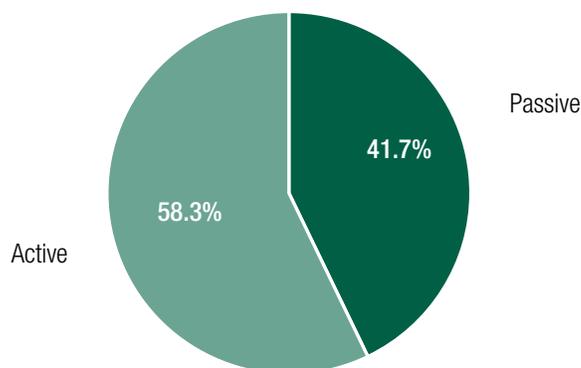
- Underperformance was driven by the Private Investments portfolio (-151 bps) and the Global Equity portfolio (-122 bps).
- The Global Fixed Income portfolio added value (+76 bps).
- Allocation within U.S. Core Fixed Income added value (+65 bps).
- Selection within Emerging Market Equity detracted value (-30 bps).
- Allocation within U.S. High Yield added value (+9 bps).



Asset Class	Market Value	% of Fund	Base Allocation	Over/Under Weight	Minimum Allocation	Maximum Allocation
Global Equity ⁽¹⁾	\$7,174,284,674	46.92%	60.00%	-13.08%	30.00%	70.00%
Global Fixed Income	\$4,499,537,579	29.44%	20.00%	9.44%	10.00%	60.00%
Private Investments	\$3,612,972,891	23.63%	20.00%	3.63%	No Minimum	30.00%
Total	\$15,286,795,144	100.00%	100.00%			

MERS Public Markets

Asset Class	MERS Public Markets ⁽²⁾	Policy Benchmark ⁽³⁾	Over/Under Weight
U.S. Equity ⁽¹⁾	32.34%	39.07%	-6.73%
International Equity	18.39%	14.90%	3.49%
Emerging Market Equity	10.71%	6.03%	4.68%
U.S. Treasury	23.81%	13.72%	10.09%
U.S. Securitized	0.00%	8.02%	-8.02%
U.S. Investment Grade	3.71%	8.26%	-4.55%
U.S. High Yield	4.29%	5.00%	-0.71%
Emerging Market Debt	4.19%	5.00%	-0.81%
Cash/Short Duration	2.55%	0.00%	2.55%



Asset Class Valuation Summary

Asset Class	Overvalued	Neutral	Undervalued
US Equity	◆		
Europe Equity		◆	
Pacific Equity			◆
Emerging Market Equity			◆
US Treasury		◆	
US High Yield		◆	
Emerging Market Debt		◆	

US Equity: Valuations are stretched mainly because of U.S. large cap technology stocks. Earnings are expected to decline toward trend earnings. Mid and small cap equity valuations are more reasonable.

Europe Equity: Valuations are near fair value as Europe is expected to experience slower earnings growth.

Pacific Equity: Valuations are below fair value. Pacific earnings, led by Japan, are currently below trend, which is expected to drive higher returns in the future as earnings recover. The Yen is meaningfully undervalued and expected to appreciate in the medium term.

Emerging Market Equity: Valuations are depressed, led by China. Recovery from current below-trend earnings and strong trend earnings growth is expected to provide positive support going forward.

US Treasury: Rising interest rates has increased the attractiveness of U.S. Treasuries relative to risk assets.

US High Yield: U.S. high yield credit is overvalued due to spreads that are well below historical averages and MERS' fair value estimate.

Emerging Market Debt: EM Debt is the most attractively priced fixed income segment, with spreads near MERS' fair value estimate.

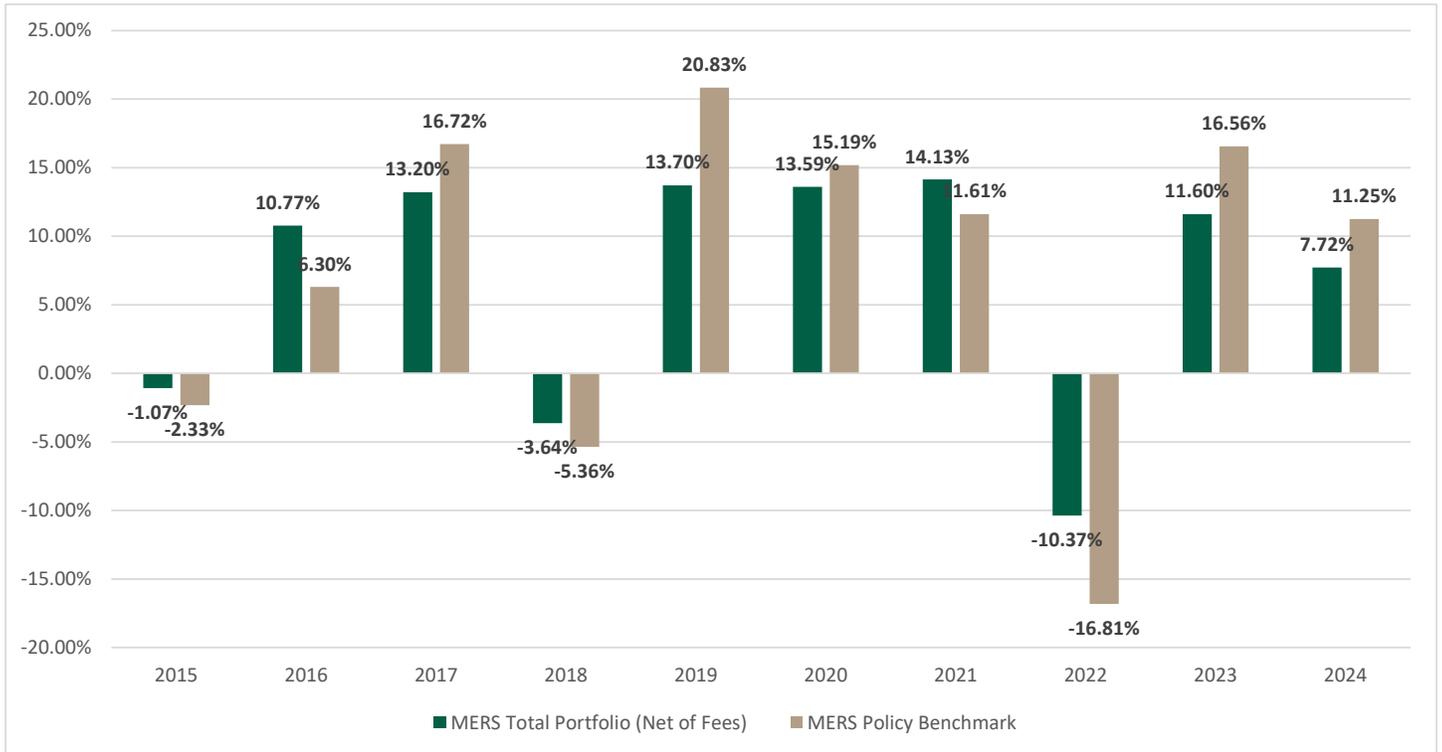
¹ Includes Real Return and Opportunistic

² MERS' Public Markets is made up of the Global Equity and Global Fixed Income Asset Classes

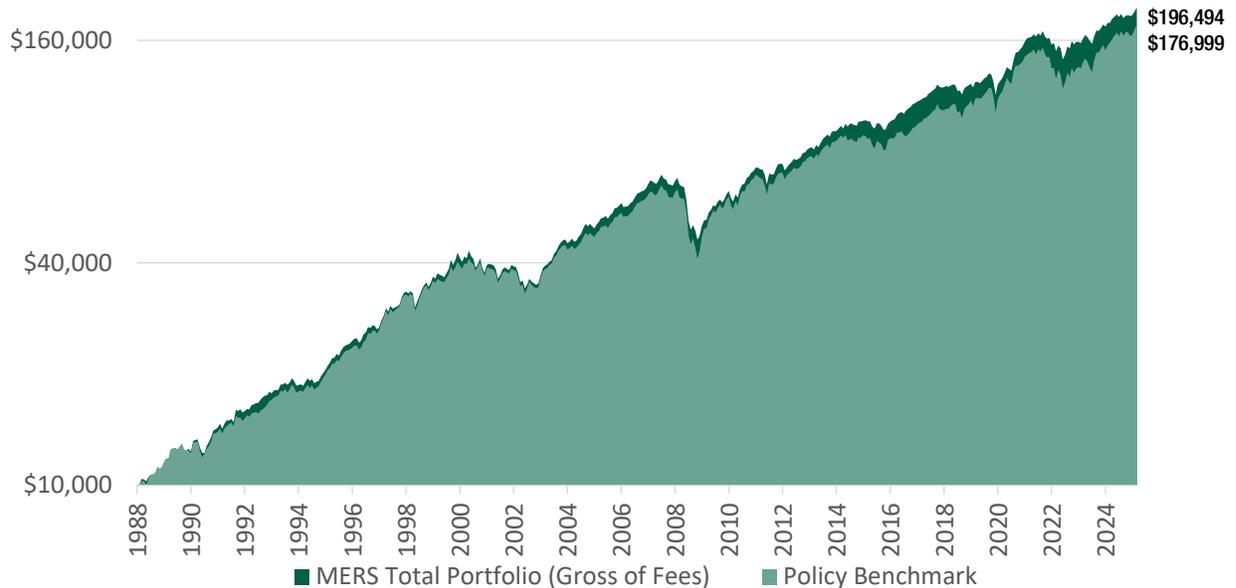
³ 60% MSCI ACWI IMI (net), 30% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. High Yield, and 5% J.P. Morgan EMBI Global Diversified

	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
MERS Total Portfolio - Gross of Fees (%)	5.49	6.84	10.11	9.47	9.19	7.34	7.35
MERS Total Portfolio - Net of Fees (%)	5.41	6.69	9.80	9.16	8.94	7.13	7.12
Policy Benchmark (%)	7.62	7.67	12.68	12.10	8.77	7.91	7.44
Excess (Net) (%)	-2.21	-0.98	-2.88	-2.94	0.17	-0.78	-0.32

Calendar Year Performance – Last 10 Years

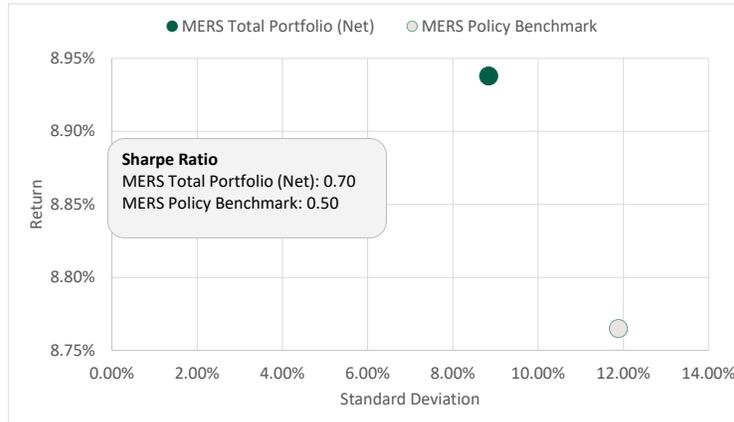


Growth of \$10,000 Comparison



5-Year

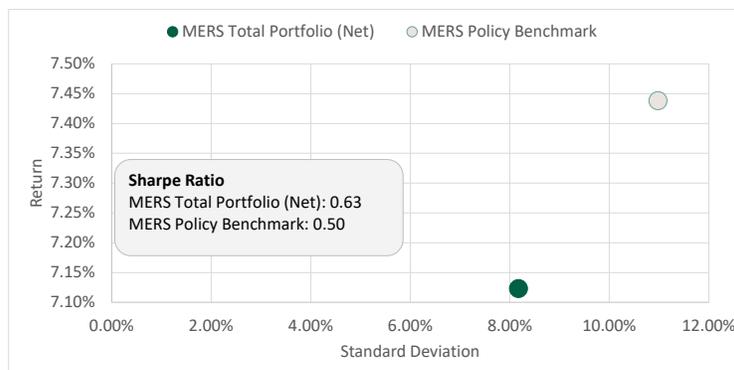
	Return	Standard Deviation	Downside Risk	Beta	R-Squared	Tracking Error
MERS Total Portfolio (Net)	8.94%	8.84%	5.51%	0.73	94.52	3.89%
MERS Policy Benchmark	8.77%	11.88%	7.76%	1.00	100.00	



	# of Months		Average Return		Up Capture	Down Capture
	Up	Down	Up	Down		
MERS Total Portfolio (Net)	39	21	2.25%	-2.04%	76.67	68.98
MERS Policy Benchmark	38	22	2.90%	-2.96%		

10-Year

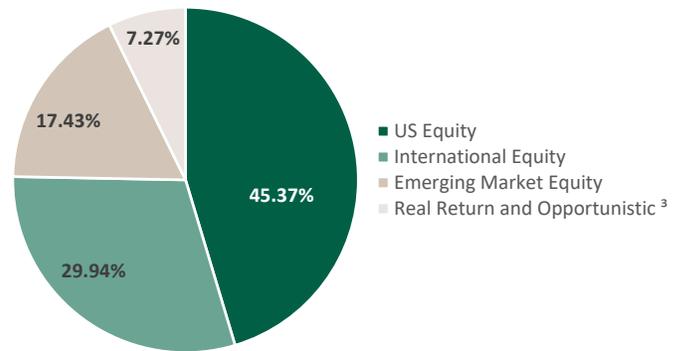
	Return	Standard Deviation	Downside Risk	Beta	R-Squared	Tracking Error
MERS Total Portfolio (Net)	7.12%	8.17%	5.41%	0.68	93.66	3.69%
MERS Policy Benchmark	7.44%	10.98%	7.38%	1.00	100.00	



	# of Months		Average Return		Up Capture	Down Capture
	Up	Down	Up	Down		
MERS Total Portfolio (Net)	81	39	1.86%	-2.00%	74.76	69.29
MERS Policy Benchmark	79	41	2.42%	-2.76%		

Market Value	\$7,174,284,674
Assets – % of Portfolio	46.92%

Sub Asset Class	Market Value
US Equity	\$3,254,893,053
International Equity	\$2,147,798,588
Emerging Market Equity	\$1,250,193,345
Real Return and Opportunistic ³	\$521,399,688
Total	\$7,174,284,674



Performance (Net)

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Equity	\$7,174,284,674	46.92	10.09	10.11	15.12	14.91	12.67	8.47	8.55
<i>Global Equity Policy Blend ⁽¹⁾</i>			11.62	9.82	16.67	17.75	14.35	11.48	10.60
<i>MSCI ACWI IMI (net)</i>			11.62	9.82	15.89	16.80	13.40	10.28	9.69
US Equity	\$3,254,893,053	21.29	9.11	4.08	13.00	16.67	15.86		
<i>MSCI USA IMI (net)</i>			10.98	5.55	14.77	18.67	15.60		
US Large Cap Equity	\$2,169,883,124	14.19	10.13	6.45	14.73	19.51	16.84	13.96	13.54
<i>S&P 500</i>			10.94	6.20	15.16	19.71	16.64	14.39	13.65
US Mid Cap Equity	\$624,044,509	4.08	6.74	0.71	7.70	12.57	13.22	8.45	8.54
<i>S&P 400</i>			6.71	0.20	7.53	12.83	13.44	8.56	9.25
US Small Cap Equity	\$185,620,189	1.21	4.74	-4.51	4.83	8.43	12.75	5.96	7.64
<i>MSCI USA Small Cap IMI (net)</i>			8.18	-0.31	9.25	11.33	11.82	7.23	8.25
US Micro Cap Equity	\$275,098,584	1.80	9.52	1.03	15.15	12.42	15.65	7.03	7.73
<i>MSCI USA Small Cap IMI (net)</i>			8.18	-0.31	9.25	11.33	11.82	7.23	8.25
International Equity	\$2,147,798,588	14.05	13.18	17.40	19.55	15.30	10.77		
<i>MSCI World ex USA IMI (net)</i>			12.70	19.26	19.30	15.41	11.26		
International Large Cap Equity	\$1,217,337,399	7.96	11.61	15.52	17.28	14.43	9.77	6.68	
<i>MSCI World ex USA (net)</i>			12.05	18.99	18.70	15.73	11.51	7.43	
International Small Cap Equity	\$930,461,189	6.09	15.78	20.72	23.78	16.86	12.87	7.51	9.20
<i>MSCI World ex USA Small Cap (net)</i>			16.82	20.79	22.92	13.40	9.82	5.46	6.64
Emerging Market Equity	\$1,250,193,345	8.18	8.76	10.98	13.95	11.51	9.38	5.22	5.70
<i>MSCI Emerging Markets IMI (net)</i>			12.71	14.62	14.28	10.22	7.61	4.84	4.95
Emerging Market Large Cap Equity	\$482,671,314	3.16	12.07	14.87	15.22	9.07	6.09	4.11	4.41
<i>MSCI Emerging Markets (net)</i>			11.99	15.27	15.29	9.70	6.81	4.48	4.81
Emerging Market Small Cap Equity	\$459,537,178	3.01	6.28	7.46	11.91	13.75	13.57	7.82	8.33
<i>MSCI Emerging Markets Small Cap (net)</i>			17.17	10.74	8.40	13.81	13.86	7.47	5.97
Frontier Market Equity	\$307,984,853	2.01	7.48	10.47	15.11	15.88	13.47	5.21	5.57
<i>MSCI Emerging Markets Small Cap (net)</i>			17.17	10.74	8.40	13.81	13.86	7.47	5.97
Liquid Natural Resources	\$347,502,605	2.27	3.20	8.84	7.93	10.36			
<i>Policy Benchmark ⁽²⁾</i>			7.62	7.67	12.68	12.10			
Structured Credit	\$173,897,083	1.14	11.94	34.71					
<i>Policy Benchmark</i>			7.62	7.67					

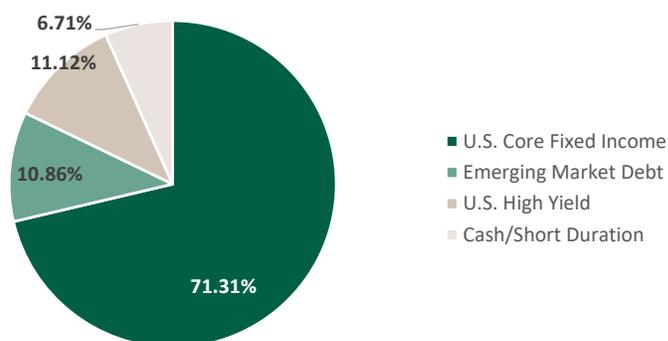
¹ 100% MSCI ACWI IMI (net)

² 60% MSCI ACWI IMI (net), 30% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. High Yield, and 5% J.P. Morgan EMBI Global Diversified

³ Includes Liquid Natural Resources and Structured Credit

Market Value	\$4,499,537,579
Assets – % of Portfolio	29.44%

Sub Asset Class	Market Value
US Core Fixed Income	\$3,208,808,641
Emerging Market Debt	\$488,488,352
High Yield	\$500,227,435
Cash/Short Duration	\$302,013,151
Total	\$4,499,537,579



Performance (Net)

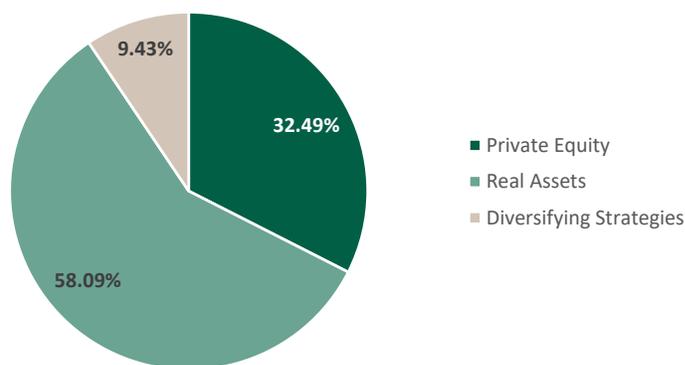
	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Fixed Income ex Cash	\$4,197,524,428	27.46	1.59	4.60	7.25	4.93	0.53	3.34	3.49
<i>Global Fixed Income Policy Blend ¹</i>			1.76	4.30	6.11	2.16	-1.23	0.95	1.25
<i>Bloomberg US Aggregate Bond Index</i>			1.21	4.02	6.08	2.55	-0.73	1.77	1.76
US Core Fixed Income	\$3,208,808,641	20.99	0.95	3.97	5.80	2.14	-0.71	1.72	1.68
<i>Bloomberg US Aggregate Bond Index</i>			1.21	4.02	6.08	2.55	-0.73	1.77	1.76
Emerging Market Debt	\$488,488,352	3.20	3.90	7.04	12.31	10.38	2.82	3.96	4.58
<i>J.P. Morgan EMBI Global Diversified</i>			3.32	5.64	9.97	8.86	1.79	3.06	3.53
High Yield	\$500,227,435	3.27	3.35	4.51	9.91	8.88			
<i>Bloomberg U.S. Corporate High Yield</i>			3.53	4.57	10.29	9.93			
Cash/Short Duration ²	\$302,013,151	1.98	0.89	1.67	4.43	17.89	10.58	8.35	6.01
<i>91 Day Treasury Bill</i>			1.05	2.09	4.71	4.59	2.78	2.55	1.98

¹ 75% Bloomberg U.S. Aggregate, 12.5% Bloomberg U.S. High Yield, and 12.5% J.P. Morgan EMBI Global Diversified

² Cash/Short Duration market value reflects collateral for futures positions

Market Value	\$3,612,972,891
Assets – % of Portfolio	23.63%

Sub Asset Class	Market Value
Private Equity	\$1,174,060,784
Real Assets	\$2,099,272,049
Diversifying Strategies	\$340,683,777
Currency Hedge	(\$1,043,718)
Total	\$3,612,972,891



Performance (Net)

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Private Investments	\$3,612,972,891	23.63	1.46	3.17	3.39	2.64	9.92		
<i>Public Markets</i>			6.68	7.82	11.98	11.59	8.72		
<i>Policy Benchmark¹</i>			7.62	7.67	12.68	12.10	8.77		
Private Equity	\$1,174,060,784	7.68	2.03	3.53	0.39	1.55	14.92	13.90	13.24
<i>Private Equity Blend²</i>			12.40	9.98	16.20	12.23	10.06	5.58	7.10
Real Assets	\$2,099,272,049	13.73	1.85	3.94	2.51	1.11	5.88	6.67	7.04
<i>Real Assets Blend³</i>			1.58	3.67	5.67	5.87	7.59	6.55	5.57
Diversified Real Assets	\$1,754,431,973	11.48	2.15	4.73	3.45	1.31	5.92	6.36	
<i>Real Assets Blend</i>			1.58	3.67	5.67	5.87	7.59	6.55	
Real Estate	\$344,840,075	2.26	0.29	-0.28	-2.46	-0.31	6.07	6.10	8.12
<i>Real Estate Blend⁴</i>			0.00	1.06	2.49	-5.75	3.21	4.13	5.40
Timber	\$31,196,748	0.20	-7.39	-8.94	-11.79	-3.29	4.85	3.64	4.80
<i>S&P Global Timber & Forestry Index Net</i>			-1.85	-3.81	-5.66	0.96	7.42	0.66	5.06
Infrastructure	\$436,583,084	2.86	8.94	17.40	20.95	20.40	21.03	15.75	11.93
<i>Private Infrastructure Blend⁵</i>			4.74	10.49	15.99	5.03	4.35	4.40	4.17
Commodities	\$394,007,430	2.58	13.93	20.24	34.08	17.60	12.50	9.70	9.93
<i>Bloomberg Commodity Index Total Return</i>			-3.08	5.53	5.77	0.13	12.68	4.92	1.99
Agriculture & Farmland	\$77,449,601	0.51	5.37	3.05	-13.74	-14.97	-4.24	2.11	3.77
<i>S&P Global Agribusiness Equity Index TR</i>			9.17	13.93	17.68	2.95	12.64	7.31	
Diversifying Strategies	\$340,683,777	2.23	1.23	2.73	13.46	9.05	13.62	8.28	6.95
<i>Diversifying Strategies Blend⁶</i>			6.00	7.06	10.65	7.82	4.33	4.91	4.19

¹ 60% MSCI ACWI IMI (net), 30% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. High Yield, and 5% J.P. Morgan EMBI Global Diversified

² 50% Russell 2000, 50% MSCI EAFE Small Cap (net)

³ 100% CPI + 3%

⁴ 100% NCREIF ODCE Value Weighted

⁵ 50% DJ Brookfield Global Infrastructure Index, 50% Bloomberg Barclays Global Inflation-Linked

⁶ 25% Russell 3000, 10% MSCI ACWI ex U.S. IMI (net), 45% Bloomberg Barclays U.S. Aggregate, 20% Bloomberg Barclays Global Aggregate ex U.S.

PDA Funds

Program	Assets	Participants	Average Account Size	Weighted Average Fee	Default Option
DC/Hybrid Plan	\$1,682,542,210	41,843	\$40,211	0.39%	Retirement Strategies
HCSP	\$656,214,265	46,305	\$14,172	0.38%	Retirement Strategies
457 Program	\$541,859,131	14,948	\$36,250	0.39%	Retirement Strategies
MERS IRA	\$23,231,069	1,344	\$17,285	0.39%	Retirement Strategies
TOTAL	\$2,903,846,675	104,440	\$27,804		

Institutional Funds

Program	Assets	Municipalities	Average Account Size	Weighted Average Fee
RHFV	\$1,645,865,461	313	\$5,258,356	0.58%
ISP	\$25,772,152	3	\$8,590,717	0.58%
TOTAL	\$1,671,637,613	316	\$5,289,992	

Investment Allocations

	PDA	Institutional Funds	Total
Retirement Strategies	\$2,239,191,681		\$2,239,191,681
Total Market Fund	\$52,326,512	\$1,670,260,826	\$1,722,587,338
Asset Allocation Portfolios	\$48,949,275	\$336,665	\$49,285,940
Asset Specific funds	\$519,321,169	\$1,040,122	\$520,361,291
Self-directed Brokerage	\$17,188,583		\$17,188,583
Other	\$30,877,407		\$30,877,407
TOTAL	\$2,907,854,626	\$1,671,637,613	\$4,579,492,239

Program Highlights

- Completed RFP for Stable Value Fund (April 2023)
 - Transition to Voya will be completed (February 2024)
- Transitioned to Blackrock's LifePath Target Date Funds (May 2023)
- Transitioned from index options managed by SSGA to BNY (February 2024)

Current Research

- Recordkeeper RFP
- Researching adding a money market fund option to HCSP menu
- Reviewing investment menu and design

Retirement Strategies for PDA Accounts

MERS Retirement Strategies	Assets	Expense Ratio	1 Year	3 Year	5 Year	10 Year
LifePath Retirement	\$467,863,469	0.39%	9.49	7.48	4.90	5.08
LifePath 2030	\$276,291,676	0.39%	10.80	9.75	7.57	6.79
LifePath 2035	\$302,684,657	0.39%	12.00	11.46	9.21	7.70
LifePath 2040	\$287,400,722	0.39%	13.12	13.13	10.74	8.52
LifePath 2045	\$264,734,615	0.39%	14.18	14.67	12.06	9.20
LifePath 2050	\$238,672,889	0.39%	15.22	15.82	12.91	9.62
LifePath 2055	\$201,553,425	0.39%	15.76	16.28	13.20	9.76
LifePath 2060	\$142,493,504	0.39%	15.82	16.31	13.21	9.77
LifePath 2065	\$57,496,725	0.39%	15.84	16.30	13.18	
LifePath 2070	\$11,553,100	0.39%				
TOTAL	\$2,239,191,681					

Premium Select Options – Portfolios Built for You

MERS Portfolio Options	Assets	Expense Ratio	1 Year	3 Year	5 Year	10 Year
MERS Total Market Portfolio	\$1,716,429,280	0.70%	9.45	8.85	8.56	6.76
<i>MERS Policy Benchmark</i>			12.68	12.10	8.77	7.44
MERS Global Stock Portfolio (100/0)	\$21,312,501	0.37%	15.80	15.41	12.65	9.22
<i>Blended Benchmark</i>			16.17	17.35	13.65	9.99
MERS Established Market Portfolio (60/40)	\$16,083,684	0.39%	11.96	10.53	7.59	6.56
<i>Blended Benchmark</i>			12.14	11.35	8.01	7.35
MERS Diversified Bond Portfolio (0/100)	\$11,889,755	0.41%	6.20	3.35	0.16	1.89
<i>Bloomberg U.S. Aggregate Bond Index</i>			6.08	2.55	-0.73	1.76
TOTAL	\$1,765,715,220					

Premium Selection Options – Funds to Build Your Own Portfolio

MERS Portfolio Options	Assets	Expense Ratio	1 Year	3 Year	5 Year	10 Year
Large Cap Stock Index Fund	\$287,610,603	0.34%	14.83	19.27	16.23	13.22
<i>S&P 500 Index</i>			15.16	19.71	16.64	13.65
Mid Cap Stock Index	\$51,114,951	0.35%	7.28	12.44	13.04	8.98
<i>S&P 400 Index</i>			7.53	12.83	13.44	9.25
Small Cap Stock Index	\$27,516,740	0.35%	4.45	7.17	11.54	7.90
<i>S&P 600 Index</i>			4.60	7.65	11.68	8.02
International Stock Index	\$24,559,134	0.37%	17.83	16.06	10.70	6.14
<i>MSCI EAFE Net Dividend Index</i>			17.73	15.97	11.16	6.51
Emerging Market Stock	\$6,885,669	0.40%	15.59	10.55	7.38	4.71
<i>Blended Benchmark</i>			8.15	-5.05	2.22	2.69
Real Estate Stock	\$6,742,439	0.37%	7.73	4.54	8.25	6.83
<i>Dow Jones U.S. Select REIT Index</i>			10.51	3.70	2.97	5.90
Bond Index	\$21,000,872	0.35%	5.74	2.23	-1.04	1.49
<i>Bloomberg U.S. Aggregate Bond Index</i>			1.70	-2.46	0.36	1.54
High Yield Bond	\$8,993,844	0.38%	10.61	9.74	5.44	4.65
<i>Bloomberg U.S. High Yield Net Return Index</i>			10.97	1.75	3.62	3.76
Short-Term Income	\$22,229,722	0.38%	5.99	3.84	1.86	1.75
<i>Bloomberg U.S. Treasury: 1-3 Year</i>			5.72	3.43	1.33	1.59
Stable Value	\$63,707,315	0.63%	4.24	3.18	2.56	2.31
<i>ICE BofA US 3 Month Treasury Bill Index GOO1</i>			4.71	4.59	2.78	1.98
TOTAL	\$520,361,291					

APPENDIX

Investment Decision Making Roles and Responsibilities

MERS BOARD

- Is the System's fiduciary;
- Appoints public members with investment expertise to serve on the Investment Committee;
- Appoints one Board member for two years to observe Investment Committee meetings (observer does not have voting privileges);
- Monitors activity of the Investment Committee;
- Approves investment governance documents (Investment Guidelines, Defined Benefit Portfolio Investment Policy Statement, and Participant Directed Accounts & Institutional Funds Investment Policy Statement);
- Sets the Portfolio's asset class allocation ranges;
- Establishes the long-term actuarial investment return assumption; and
- Approves the System's Policy Benchmark.

INVESTMENT COMMITTEE

- Contains three voting Board members, including two public members with investment expertise;
- Includes CEO and CIO (both non-voting members);
- Serves as the Board's investment policy development arm;
- Monitors investment management activity and policy recommendations developed by the Office;
- Approves investment recommendations and terminations above PRC discretionary size limits;
- Provides advice on investment activities including: industry best practices, fiduciary duties, and Portfolio risk expectations of the Board; and
- Monitors Portfolio risk, asset allocation and investment performance.

PORTFOLIO REVIEW COMMITTEE

- The Office's decision-making body chaired by the CIO and consisting of Office staff;
- Voting members are appointed by the CIO;
- Reports decisions and provides recommendations to the Investment Committee;
- Determines and implements the Portfolio's asset allocation within Board-approved allocation ranges;
- Approves and implements investments up to discretionary size limits provided in this Policy; and
- Develops and maintains PRC operating guidelines.

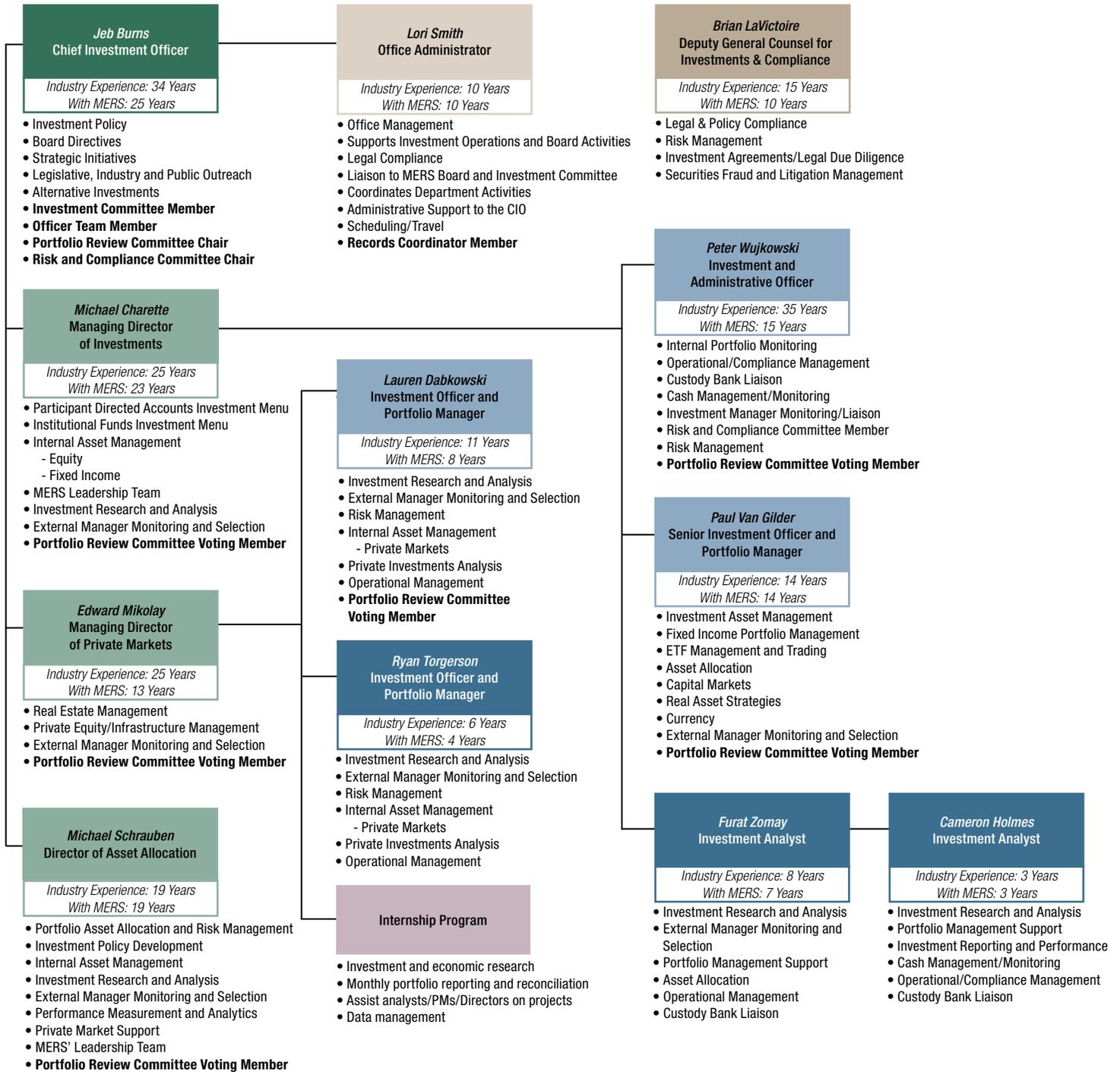
OFFICE OF INVESTMENTS

- Carries out all investment activity on behalf of MERS, including policy documentation for Board approval;
- Hires/terminates investment consultants, vendors, and the custodial bank with CEO approval;
- Provides a quarterly report on the Portfolio's investment activities, allocation and performance;
- Reports any material changes within the Portfolio to the Investment Committee and the Board;
- Internally manages a portion of the Portfolio across both Public and Private Markets;
- Monitors performance and determines courses of action for external investment managers;
- Monitors compliance with all statutory, regulatory and policy limitations; Trade execution, settlement, and daily cash movements as needed; and
- Conducts its affairs in a manner that reflects the highest standards of ethical conduct and complies with the CFA Institute Code of Ethics and Standards of Professional Conduct (Appendix).

MERS' INVESTMENT COMPLIANCE TEAM

- Provides investment and compliance within the Office in coordination with MERS' broader compliance program;
- Addresses operational, market, and regulatory issues that may materially impact portfolio performance or put MERS at risk of regulatory sanctions; and
- Promotes cross-office collaboration regarding risk identification, prevention and solutions.

Organizational Chart



Guiding Principles

- Collaborative team environment
- Robust collegial debate and cognitive diversity is critical
- Progressive and willing to deviate from conventional wisdom
- Commitment to continuous improvement and efficiency gains
- Relentless pursuit of fiduciary excellence

This publication is designed to provide descriptive information only. Investors should research all possible investment choices. Please make independent investment decisions carefully and seek the assistance of independent experts where appropriate. We recommend investors define their goals, risk tolerance, time horizon, and investment objectives to determine whether this fund is appropriate for you.

Investors should read the fund summary sheets and carefully consider the investment objective, risks, and fees of the fund before investing. The fund summary sheets may be found on the MERS website at mersofmich.com. To request the fund summary sheets, please contact the MERS Service Center at 800.767.6377.

This publication contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date as of 09/03/2025. If this publication conflicts with the relevant provisions of the Plan Document, the Plan Document Controls. MERS, as a governmental plan, is exempted by state and federal law from registration with the SEC. However, it employs registered investment advisors to manage the trust fund in compliance with Michigan Public Employee Retirement System Investment Act. Past performance is not a guarantee of future returns. Please make independent investment decisions carefully and seek the assistance of independent experts when appropriate.

