



QUARTERLY INVESTMENT REPORT

September 2025



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

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*"History shows that market rewards discipline more than brilliance."
– Howard Marks, Co-Chairman, Oaktree Capital*

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)	5.60	12.66	10.04	13.77	13.11	8.91	7.78	8.22
<i>Policy Benchmark ⁽¹⁾</i>	5.56	13.65	11.59	17.95	16.50	8.66	8.27	8.69
Excess Return (Net of Fees)	0.04	-0.99	-1.55	-4.18	-3.39	0.25	-0.49	-0.47

	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Public Markets (Net of Fees)	6.30	14.61	12.08	16.83	16.31	8.88	-	-
<i>Policy Benchmark</i>	5.56	13.65	11.59	17.95	16.50	8.66	-	-
Excess Return (Net of Fees)	0.74	0.96	0.49	-1.12	-0.19	0.22	-	-

	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Private Markets (Net of Fees)	3.37	6.65	3.76	5.21	4.64	9.24	-	-
<i>Policy Benchmark</i>	5.56	13.65	11.59	17.95	16.50	8.66	-	-
Excess Return (Net of Fees)	-2.19	-7.00	-7.83	-12.74	-11.86	0.58	-	-

Portfolio Performance Review

MERS' Total Market portfolio returned 5.60% (net) for the third quarter, outperforming the Policy Benchmark by 4 bps. The Global Equity portfolio returned 8.27%, outperforming the Global Equity Policy Blend by 60 bps due to strong performance from the U.S. Small Cap and Emerging Market equity portfolios. The U.S. Large Cap equity portfolio underperformed the MSCI USA Large Cap Index (net) benchmark by 81 bps due to a modest underweight to U.S. technology stocks. The Emerging Market equity portfolio outperformed its benchmark by 253 bps. Outperformance came from an overweight to small cap equities and strong active management returns (+922 bps) within the small cap equity portfolio. The International Equity portfolio outperformed its benchmark by 71 bps with outperformance coming from an overweight to small cap equities and strong performance from Japanese equities. The Global Fixed Income portfolio returned 2.17% during the quarter, slightly underperforming the Global Fixed Income Policy Blend by 26 bps. The Private Markets portfolio delivered a return of 3.37%, with Real Assets returning 1.76%, Private Equity returning 5.79%, and Diversifying Strategies returning 4.62%. MERS' Defined Benefit (DB) portfolio assets are \$14.27 billion, and MERS' total assets are \$19.14 billion.

Economic and Market Summary

The third quarter of 2025 was marked by rising global equity and fixed income markets. U.S. equity markets continued to rise, bolstered by strong corporate earnings, stable economic data, and optimism around AI investments from mega-cap tech companies. In September, the Federal Reserve decided to cut interest rates for the first time in 2025 by 25 bps, due to growing concerns about the labor market. The MSCI All Country World Investable Market Index returned 7.67% in the third quarter. U.S. markets posted strong returns, with the S&P 500 returning 8.12%, the Dow Jones Industrial Average increasing by 5.67%, and the Nasdaq 100 Index rising by 9.01%. While Europe did underperform U.S. markets, it continued its strong year as the MSCI Europe Index rose by 3.53%, with the Euro maintaining above the \$1.15 level. Asian markets continued their push from a strong second quarter, with the MSCI Japan Index gaining 7.98%, and the MSCI Pacific ex Japan Index rising by 5.56%. The MSCI Emerging Markets Index recorded a return of 10.93%, with China and Taiwan leading the performance. Bond markets saw modest gains following the Fed's rate cut. The Bloomberg U.S. Aggregate Bond Index returned 2.03%, supported by declining rates. Investors also saw credit spreads slightly tighten, helping the Bloomberg U.S. High Yield Bond Index return 2.54%. The U.S. Dollar stabilized against most major currencies after falling during the first two quarters. In commodity markets, precious metals such as gold and silver continued their torrid pace while oil prices remained stable. While economic data generally remains constructive, labor market dynamics bear watching as announced layoffs increase. Divergences across sectors and regions create a mixed outlook and highlight the importance of diversification.

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
- Tariffs and trade wars
- Higher interest rates/refinancing costs
- Policy uncertainty
- Corporate/government debt levels

Medium-Term Trends (3-5 years):

- Rise of populism
- Protectionism | In-sourcing
- Investment industry consolidation
- Rise of passive investing
- Amplification of country and regional investment risks
- Rising energy demand

Long-Term Trends (7+ years):

- Aging populations | Workforce competition
- Rising taxes | Entitlement costs
- Aging infrastructure
- Impact from Artificial Intelligence (AI)
- Deglobalization | Competition for resources
- Geopolitical instability

Projects and Initiatives

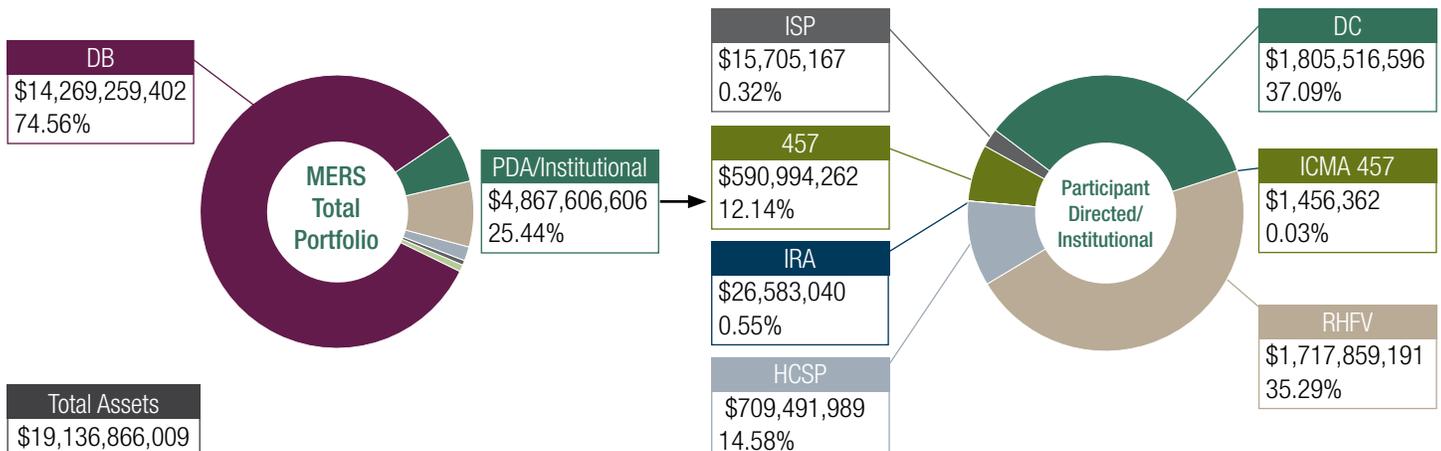
- VBA model and risk management enhancements
- Equity portfolio restructuring
- Structured credit/CLO equity allocation
- Developed ex. U.S. equity management

Chart of the Quarter: Gold and Silver Prices Surge



The chart of the quarter is the 10-year price chart for gold and silver. Precious metals prices were relatively stable in the years preceding the COVID-19 pandemic. However, in the years following the pandemic, prices began to rise in conjunction with higher inflation, interest rates, and government debt levels. The price of gold and silver, among other precious metals, has broken higher in recent years. The third quarter saw a significant rally, continuing a year of strong performance. Weakness in the U.S. Dollar, geopolitical concerns, and global currency debasement fears given the level of deficits and spending have spurred renewed interest in the safe haven status of the asset class. Investors saw gold hit numerous all-time highs during the quarter, fueled by financial investors and global central bank buying. Gold prices closed the quarter just above \$3,800/oz, bringing the year-to-date return above 47%. Silver rallied to just under \$47/oz, driven by its safe haven characteristics as well as its industrial applications. Precious metals like gold and silver remain important diversifiers in a balanced portfolio like MERS'.

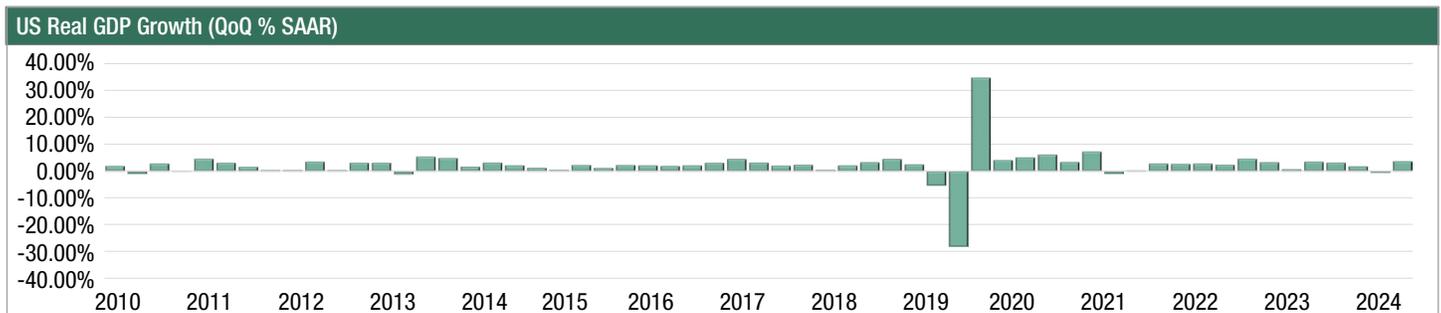
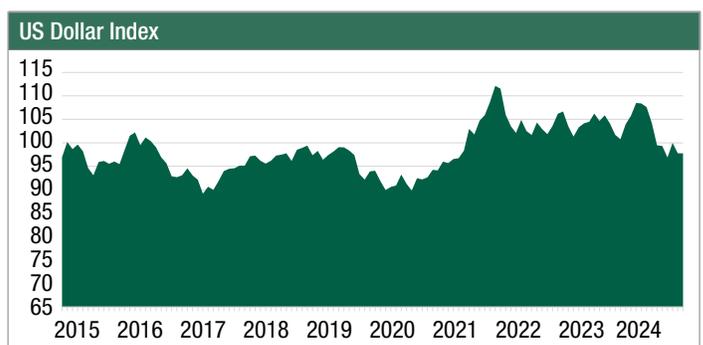
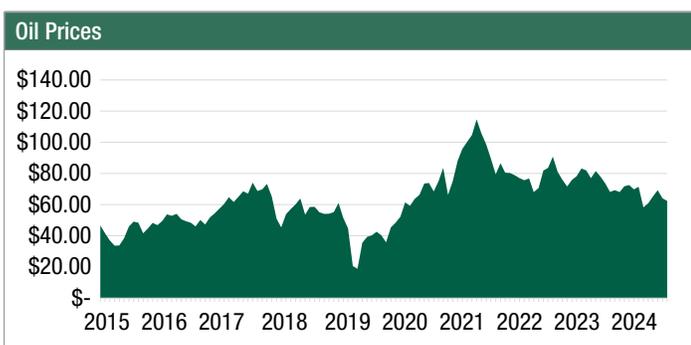
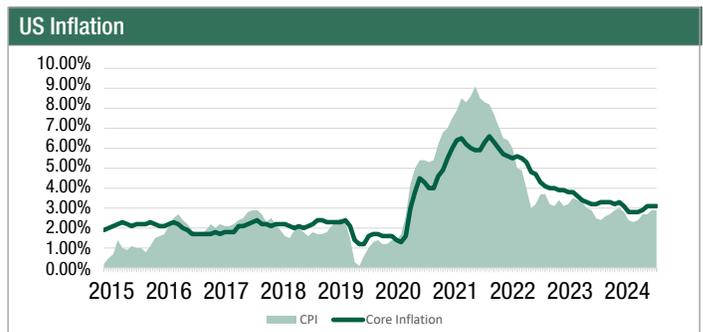
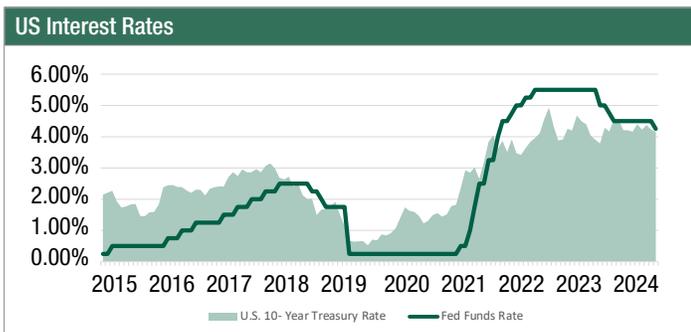
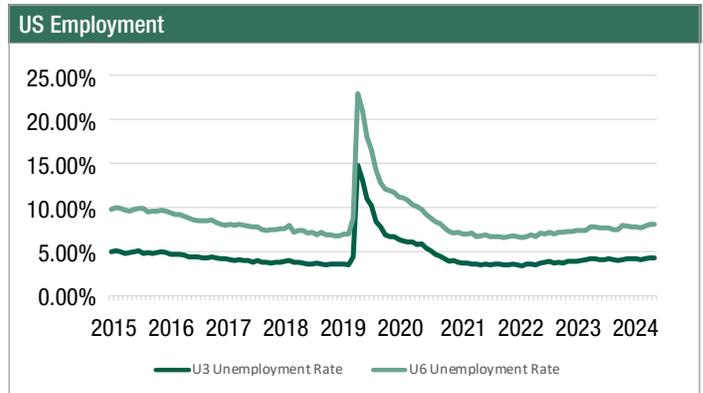
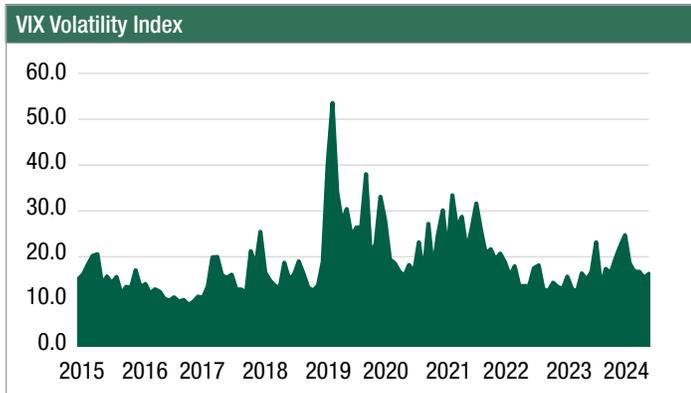
Assets by Program



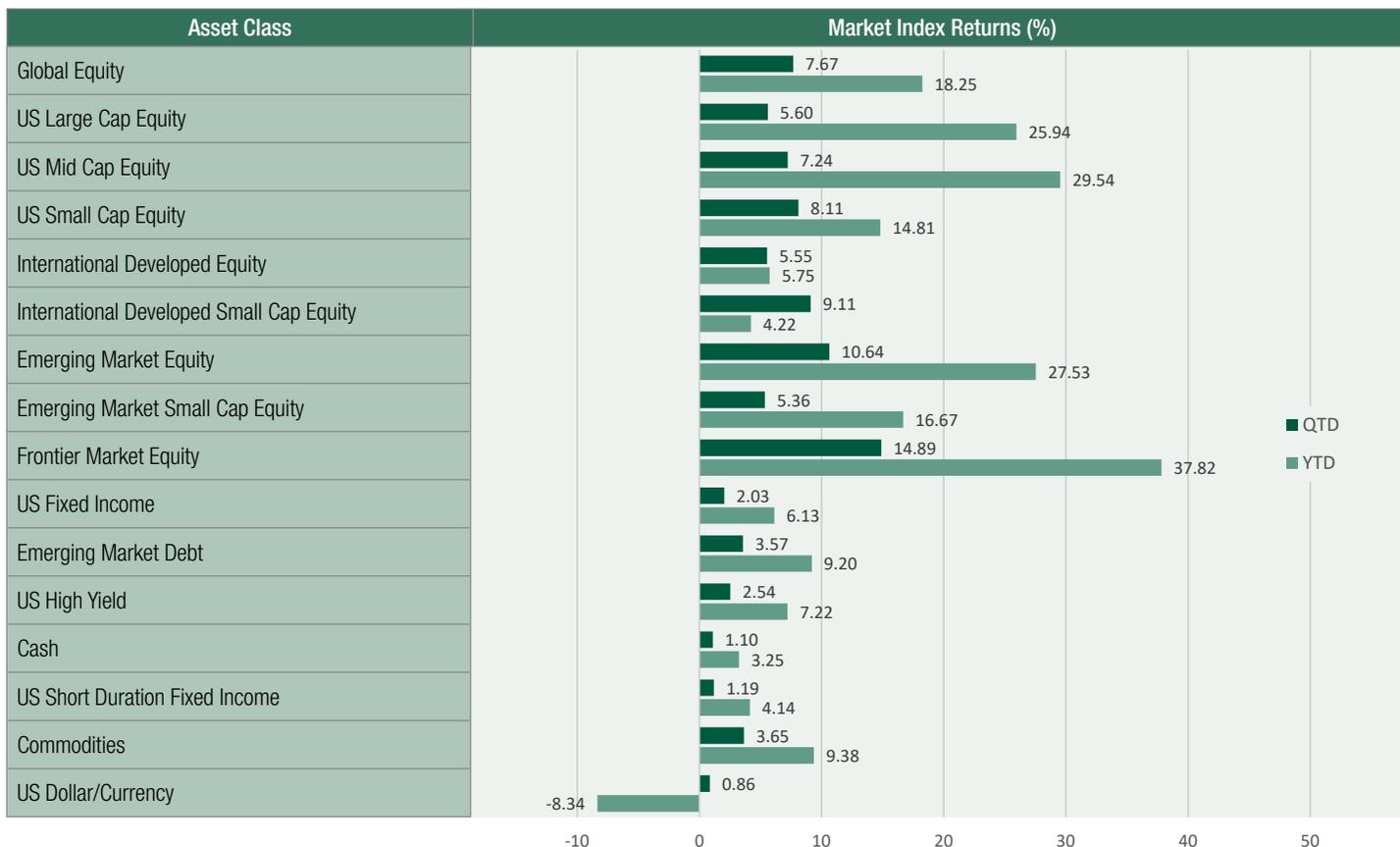
Market Indicators	Current	Prior Quarter
10 Year Treasury Yield	4.15%	4.23%
Fed Funds Rate	4.25%	4.50%
Crude Oil	\$62.4 /barrel	\$65.1 /barrel
Gold	\$3,859.0 /oz.	\$3,303.1 /oz.
30 Year Fixed Mortgage Rates	6.36%	6.80%
US Investment Grade Credit Spread	0.74%	0.83%
US High Yield Credit Spread	2.67%	2.90%
US Leading Economic Indicators	-3.60%	-4.00%

Economic Releases	Current	Prior Quarter
ISM Manufacturing	49.10	49.00
ISM Non-Manufacturing	50.00	50.80
U of M Consumer Sentiment	55.10	60.70
US Real GDP*	2.10%	2.00%
Eurozone Real GDP*	1.50%	1.60%
UK GDP*	1.40%	1.70%
Japan GDP*	1.70%	1.70%
China GDP*	5.20%	5.40%

* All GDP data is lagged 1 quarter

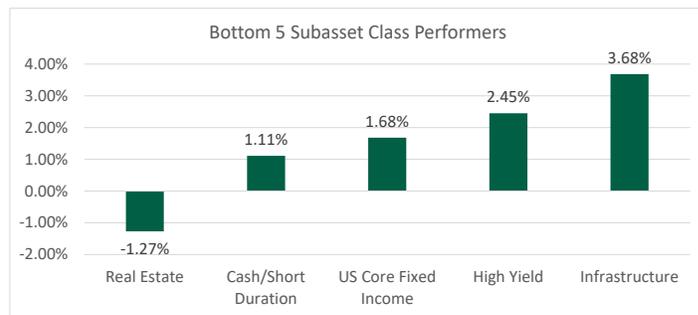
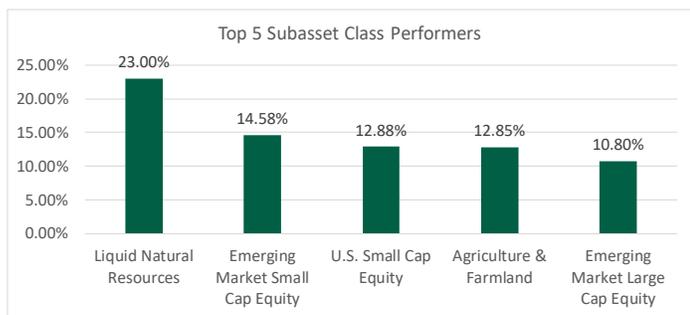
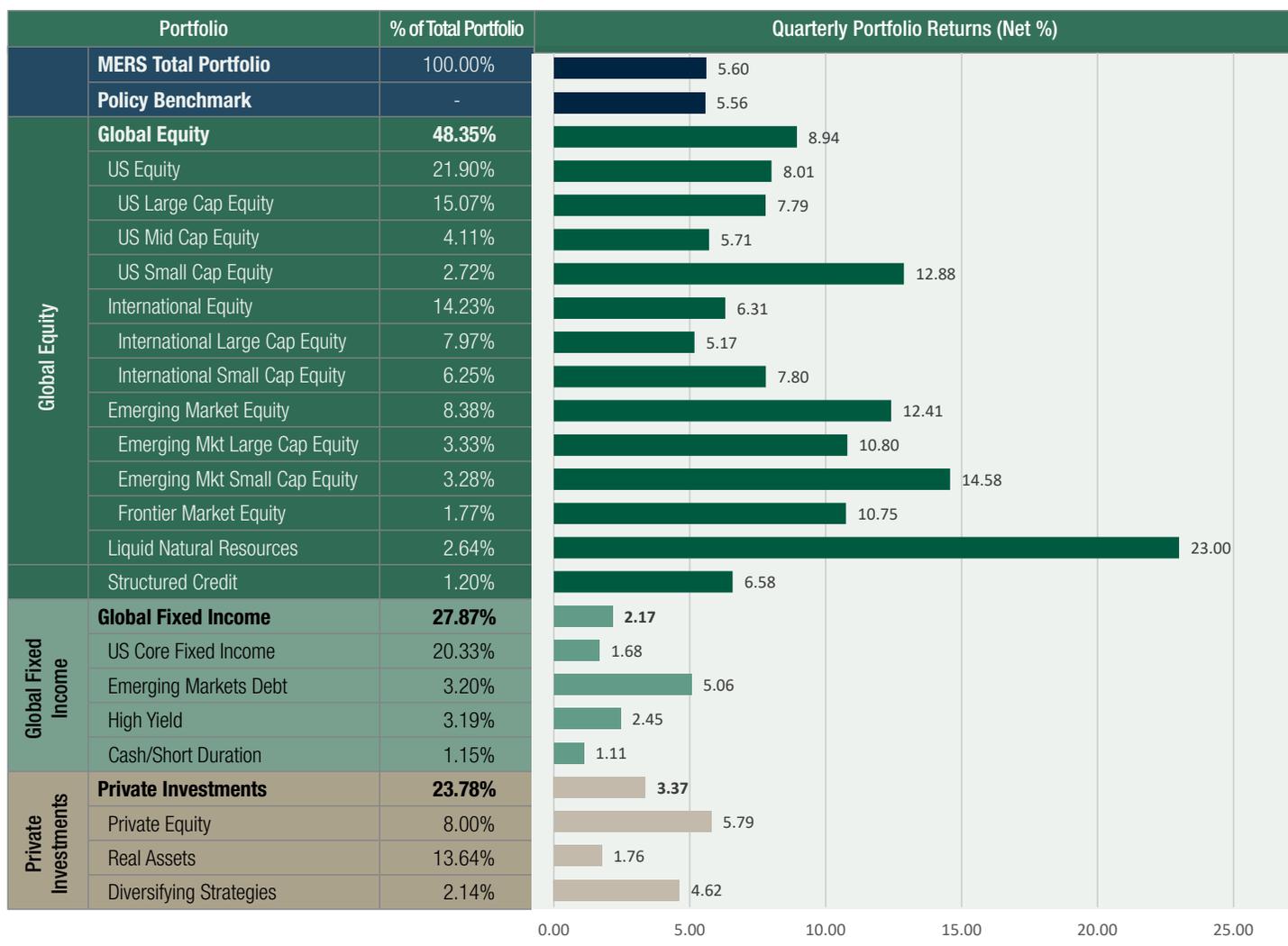


Market Performance Review



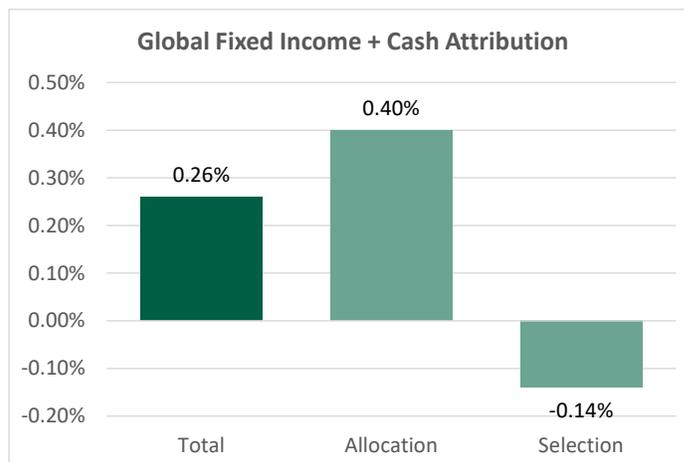
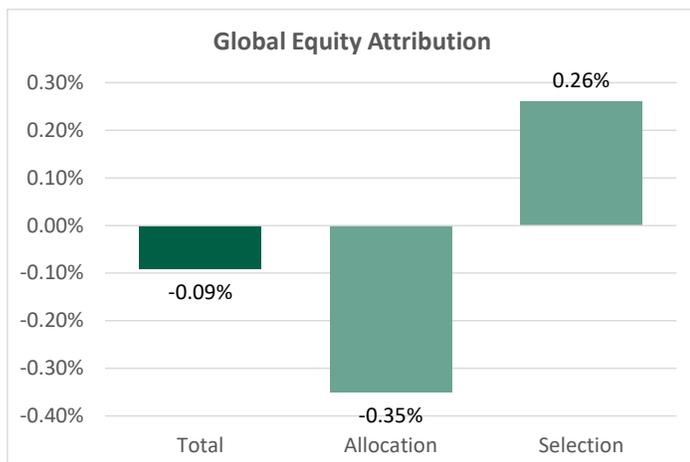
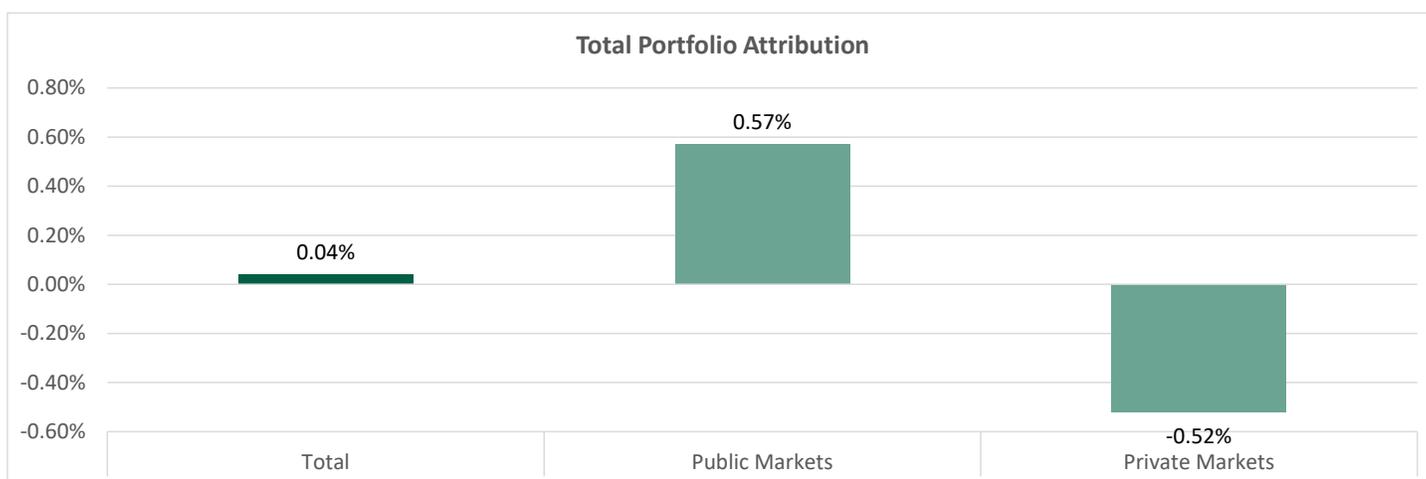
Market Index Returns

Market Index	Asset Class	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
MSCI ACWI IMI (net)	Global Equity	7.67	18.25	16.79	22.49	13.30	10.84	11.63
S&P 500	US Large Cap Equity	5.60	25.94	16.51	21.39	11.25	7.83	8.39
S&P 400	US Mid Cap Equity	7.24	29.54	19.35	19.98	9.24	6.65	8.29
S&P 600	US Small Cap Equity	8.11	14.81	17.56	24.91	16.45	14.43	15.29
MSCI World ex USA IMI (net)	International Developed Equity	5.55	5.75	6.10	15.80	13.57	8.77	10.80
MSCI World ex USA Small Cap (net)	International Developed Small Cap Equity	9.11	4.22	3.61	12.74	12.87	6.18	9.97
MSCI Emerging Markets (net)	Emerging Market Equity	10.64	27.53	17.32	18.21	7.02	6.17	7.99
MSCI Emerging Markets Small Cap (net)	Emerging Market Small Cap Equity	5.36	16.67	8.28	17.91	12.51	8.94	8.48
MSCI Frontier Markets (net)	Frontier Market Equity	14.89	37.82	36.22	18.63	10.55	7.87	7.10
Bloomberg U.S. Aggregate	US Fixed Income	2.03	6.13	2.88	4.93	-0.45	2.06	1.84
JPMorgan EMBI Global Diversified	Emerging Market Debt	3.57	9.20	7.59	11.98	1.89	3.09	3.76
Bloomberg US Corporate High Yield	US High Yield	2.54	7.22	7.41	11.09	5.55	5.33	6.17
Bloomberg US Treasury Bills 1-3 Months	Cash	1.10	3.25	4.47	4.87	3.04	2.64	2.08
Bloomberg 1-3 Year Gov/Credit	US Short Duration Fixed Income	1.19	4.14	4.12	4.68	1.78	2.46	1.94
Bloomberg Commodity Index	Commodities	3.65	9.38	8.88	2.76	11.53	5.76	3.96
Bloomberg Dollar Spot Index	US Dollar/Currency	0.86	-8.34	-1.83	-10.25	0.39	0.21	-0.11



	Avg Weight			Return (Net)			Attribution Totals		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference	Allocation	Selection	Total
Total Plan	100.00%	100.00%	0.00%	5.60%	5.56%	0.04%	0.05%	0.00%	0.05%
Public Markets	76.30%	100.00%	-23.70%	6.30%	5.56%	0.74%	0.05%	0.52%	0.57%
Global Equity	43.80%	60.00%	-16.20%	8.26%	7.67%	0.59%	-0.35%	0.26%	-0.09%
U.S. Equity	21.64%	37.61%	-15.97%	7.99%	8.15%	-0.16%	-0.41%	-0.04%	-0.45%
International Equity	14.07%	15.98%	-1.91%	6.31%	5.60%	0.71%	-0.01%	0.10%	0.09%
Emerging Market Equity	8.09%	6.41%	1.68%	12.45%	9.88%	2.57%	0.07%	0.20%	0.27%
Real Return and Opportunistic	3.48%	0.00%	3.48%	17.52%	5.56%	11.96%	0.00%	0.41%	0.41%
Global Fixed Income	27.28%	40.00%	-12.72%	2.17%	2.43%	-0.26%	0.40%	-0.07%	0.33%
U.S. Core Fixed Income	20.81%	30.00%	-9.19%	1.68%	2.03%	-0.35%	0.33%	-0.07%	0.26%
Emerging Markets Debt	3.22%	5.00%	-1.78%	5.06%	4.75%	0.31%	0.01%	0.01%	0.02%
U.S. High Yield	3.25%	5.00%	-1.75%	2.45%	2.54%	-0.09%	0.05%	0.00%	0.05%
Cash	1.74%	0.00%	1.74%	1.16%	5.56%	-4.40%	0.00%	-0.07%	-0.07%
Private Investments	23.70%	0.00%	23.70%	3.37%	5.56%	-2.19%	0.00%	-0.52%	-0.52%

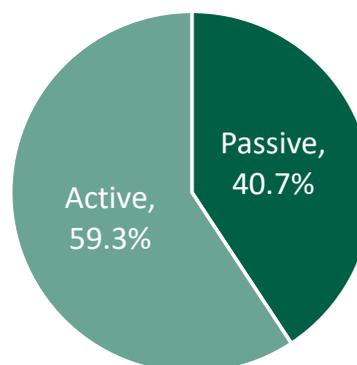
- Outperformance was driven by the Public Markets portfolio (+57 bps) and the Global Fixed Income portfolio (+33 bps).
- The U.S. Core Fixed Income portfolio added value (+26 bps).
- Selection within Real Return and Opportunistic added value (+41 bps).
- Selection within Emerging Market Equity added value (+20 bps).
- Private Investments portfolio detracted value (-52 bps).



Asset Class	Market Value	% of Fund	Base Allocation	Over/Under Weight	Minimum Allocation	Maximum Allocation
Global Equity ⁽¹⁾	\$7,761,969,612	48.35%	60.00%	-11.65%	30.00%	70.00%
Global Fixed Income	\$4,472,892,948	27.87%	20.00%	7.87%	10.00%	60.00%
Private Investments	\$3,816,696,093	23.78%	20.00%	3.78%	No Minimum	30.00%
Total	\$16,051,558,652	100.00%	100.00%			

MERS Public Markets

Asset Class	MERS Public Markets ⁽²⁾	Policy Benchmark ⁽³⁾	Over/Under Weight
U.S. Equity	28.76%	37.99%	-9.23%
International Equity	18.63%	15.34%	3.29%
Emerging Market Equity	10.99%	6.67%	4.32%
U.S. Treasury	24.36%	13.20%	11.16%
U.S. Securitized	0.02%	8.14%	-8.12%
U.S. Investment Grade	3.59%	8.66%	-5.07%
U.S. High Yield	4.19%	5.00%	-0.81%
Emerging Market Debt	4.20%	5.00%	-0.80%
Real Return and Opportunistic	5.09%	0.00%	5.09%
Cash/Short Duration	1.67%	0.00%	1.67%



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		◆	

U.S. Equity: Valuations remain stretched mainly because of U.S. large cap technology stocks. Earnings are proving resilient but 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. The Euro appears undervalued, and appreciation is expected over the medium term.

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.

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

U.S. 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.

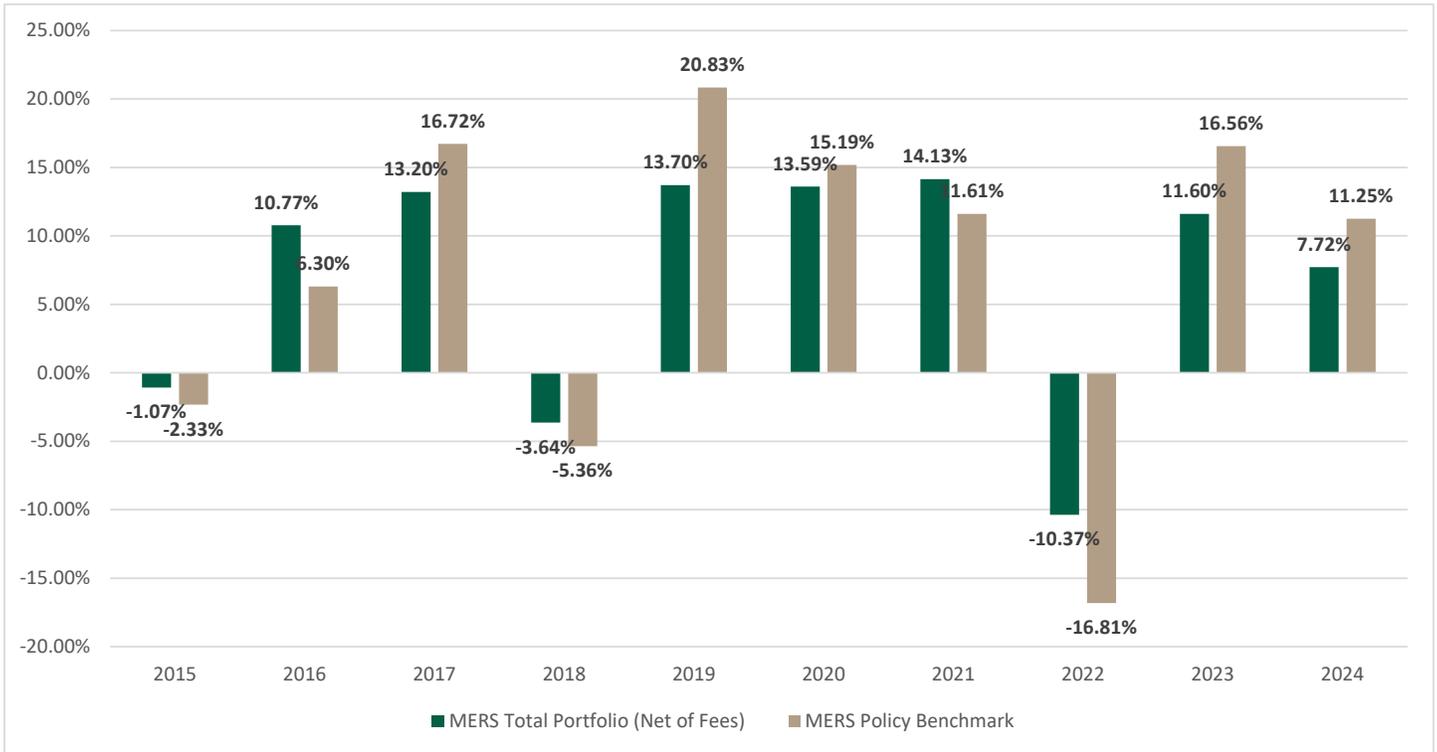
¹ Includes Real Return and Opportunistic

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

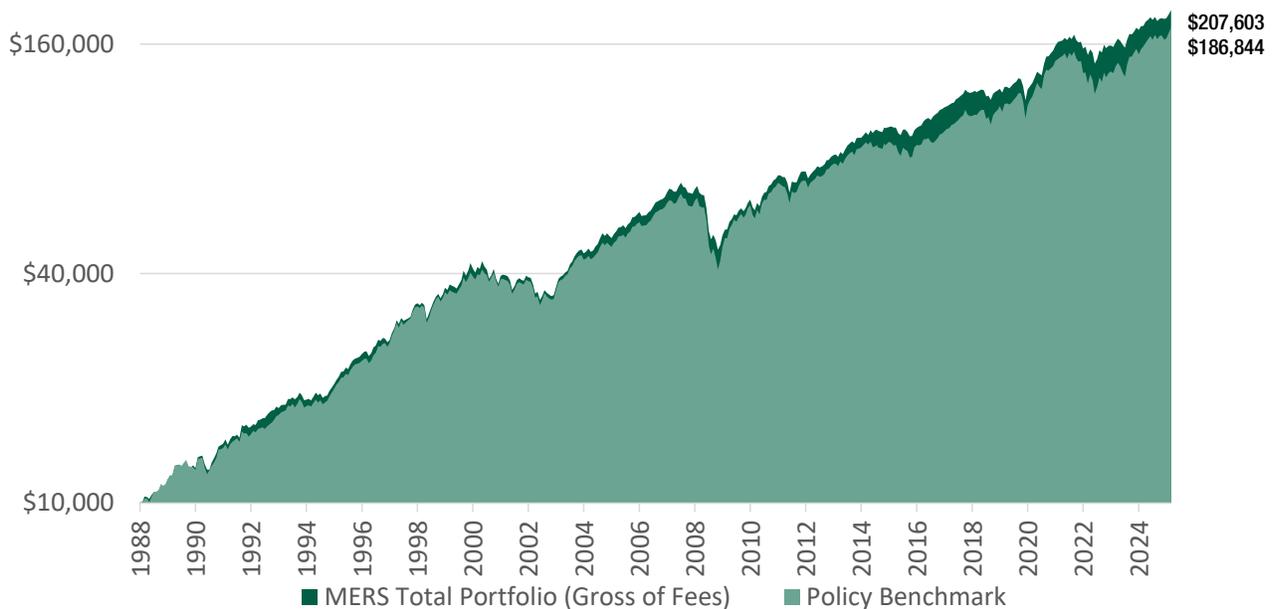
³ 60% MSCI ACWI IMI (net), 30% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. High Yield, and 5% J.P. Morgan EMBI Global Diversified

	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
MERS Total Portfolio - Gross of Fees (%)	5.65	12.88	10.33	13.43	9.16	8.00	8.44
MERS Total Portfolio - Net of Fees (%)	5.60	12.66	10.04	13.11	8.91	7.78	8.22
Policy Benchmark (%)	5.56	13.65	11.59	16.50	8.66	8.27	8.69
Excess (Net) (%)	0.04	-0.99	-1.55	-3.39	0.25	-0.49	-0.47

Calendar Year Performance – Last 10 Years

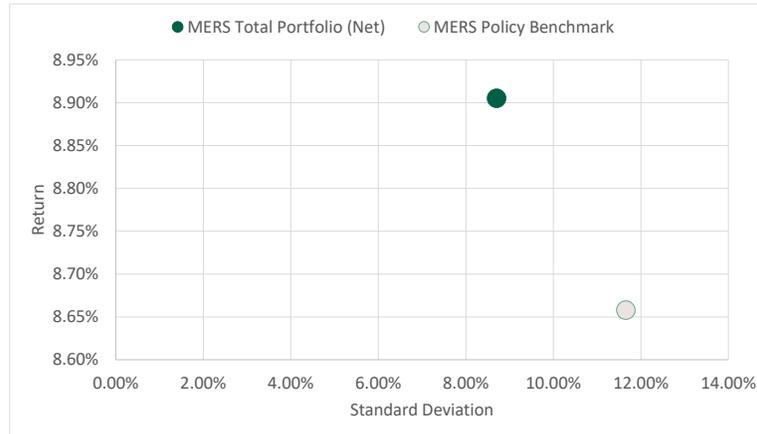


Growth of \$10,000 Comparison



5-Year

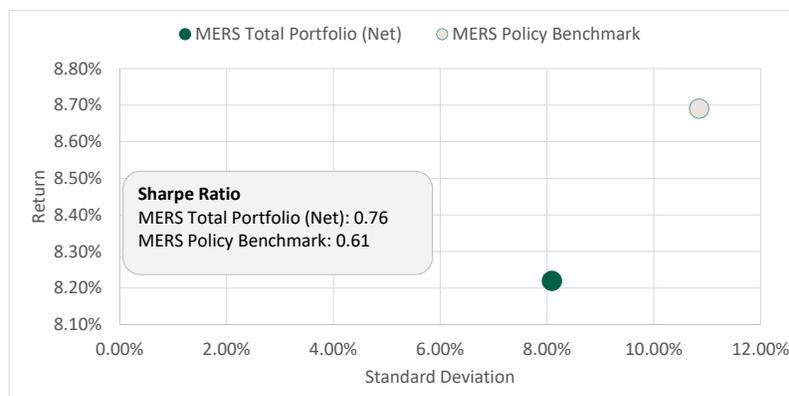
	Return	Standard Deviation	Downside Risk	Beta	R-Squared	Tracking Error
MERS Total Portfolio (Net)	8.91%	8.70%	5.49%	0.73	94.18	3.84%
MERS Policy Benchmark	8.66%	11.65%	7.70%	1.00	100.00	



	# of Months		Average Return		Up Capture	Down Capture
	Up	Down	Up	Down		
MERS Total Portfolio (Net)	40	20	2.16%	-2.09%	77.72	69.46
MERS Policy Benchmark	39	21	2.76%	-2.99%		

10-Year

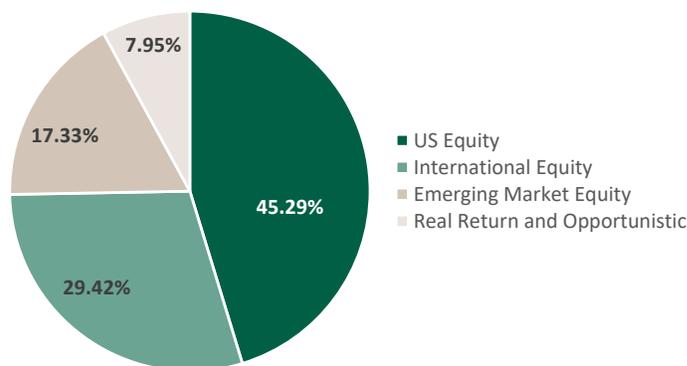
	Return	Standard Deviation	Downside Risk	Beta	R-Squared	Tracking Error
MERS Total Portfolio (Net)	8.22%	8.09%	5.30%	0.72	93.43	3.67%
MERS Policy Benchmark	8.69%	10.85%	7.22%	1.00	100.00	



	# of Months		Average Return		Up Capture	Down Capture
	Up	Down	Up	Down		
MERS Total Portfolio (Net)	84	36	1.86%	-2.04%	75.69	68.97
MERS Policy Benchmark	81	39	2.42%	-2.74%		

Market Value	\$7,761,969,612
Assets – % of Portfolio	48.35%

Sub Asset Class	Market Value
US Equity	\$3,515,716,501
International Equity	\$2,283,505,004
Emerging Market Equity	\$1,345,426,098
Real Return and Opportunistic	\$617,322,009
Total	\$7,761,969,612



Performance (Net)

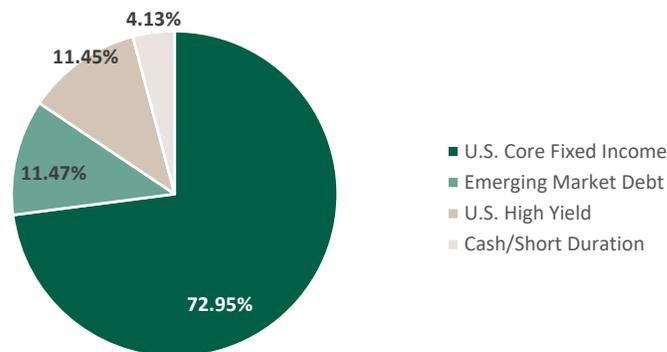
	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Equity	\$7,761,969,612	48.35	8.94	19.96	17.14	21.01	12.92	9.65	10.45
<i>Global Equity Policy Blend⁽¹⁾</i>			7.67	18.25	17.59	23.24	14.18	11.88	12.55
<i>MSCI ACWI IMI (net)</i>			7.67	18.25	16.79	22.49	13.30	10.84	11.63
US Equity	\$3,515,716,501	21.90	8.01	12.42	14.91	21.50	15.84		
<i>MSCI USA IMI (net)</i>			8.15	14.15	17.02	23.72	15.40		
US Large Cap Equity	\$2,418,808,849	15.07	7.79	14.74	17.32	24.64	16.60	13.99	15.16
<i>S&P 500</i>			8.12	14.83	17.60	24.94	16.47	14.45	15.30
US Mid Cap Equity	\$659,615,121	4.11	5.71	6.46	6.28	15.71	13.44	8.71	10.22
<i>S&P 400</i>			5.55	5.76	6.13	15.84	13.61	8.81	10.82
US Small Cap Equity	\$437,217,066	2.72	12.88	7.80	7.31	14.70	14.77	7.16	10.42
<i>MSCI USA Small Cap IMI (net)</i>			9.36	9.03	9.90	15.64	12.63	7.99	10.50
International Equity	\$2,283,505,004	14.23	6.31	24.81	16.66	21.18	10.65		
<i>MSCI World ex USA IMI (net)</i>			5.60	25.94	16.51	21.39	11.25		
International Large Cap Equity	\$1,279,873,565	7.97	5.17	21.49	13.71	19.75	9.68	7.81	
<i>MSCI World ex USA (net)</i>			5.33	25.34	16.03	21.60	11.60	8.03	
International Small Cap Equity	\$1,003,631,439	6.25	7.80	30.13	21.33	23.68	12.35	8.76	10.79
<i>MSCI World ex USA Small Cap (net)</i>			7.24	29.54	19.35	19.98	9.24	6.65	8.29
Emerging Market Equity	\$1,345,426,098	8.38	12.41	24.76	21.74	20.33	10.13	7.64	8.49
<i>MSCI Emerging Markets IMI (net)</i>			9.88	25.95	16.01	18.15	7.63	6.49	8.03
Emerging Market Large Cap Equity	\$534,904,944	3.33	10.80	27.28	18.43	17.99	6.32	5.77	7.43
<i>MSCI Emerging Markets (net)</i>			10.64	27.53	17.32	18.21	7.02	6.17	7.99
Emerging Market Small Cap Equity	\$526,534,874	3.28	14.58	23.12	24.18	23.28	15.19	11.37	11.64
<i>MSCI Emerging Markets Small Cap (net)</i>			5.36	16.67	8.28	17.91	12.51	8.94	8.48
Frontier Market Equity	\$283,986,281	1.77	10.75	22.35	22.45	21.79	13.93	7.74	7.74
<i>MSCI Emerging Markets Small Cap (net)</i>			5.36	16.67	8.28	17.91	12.51	8.94	8.48
Real Return and Opportunistic	\$617,322,009	3.85	17.52	35.63	28.27	24.21	18.22		
<i>Policy Benchmark</i>			5.56	13.65	11.59	16.50	8.66		
Liquid Natural Resources	\$424,260,485	2.64	23.00	33.87	25.52	18.67			
<i>Policy Benchmark⁽²⁾</i>			5.56	13.65	11.59	16.50			
Structured Credit	\$193,061,524	1.20	6.58	43.57					
<i>Policy Benchmark</i>			5.56	13.65					

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

Market Value	\$4,472,892,948
Assets – % of Portfolio	27.87%

Sub Asset Class	Market Value
U.S. Core Fixed Income	\$3,262,781,484
Emerging Market Debt	\$513,213,106
U.S. High Yield	\$512,134,972
Cash/Short Duration	\$184,763,386
Total	\$4,472,892,948



Performance (Net)

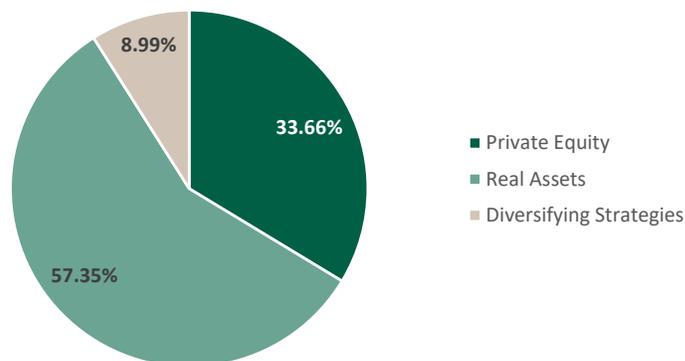
	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Fixed Income ex Cash	\$4,288,129,562	26.71	2.17	6.86	4.45	7.18	0.78	3.54	3.53
<i>Global Fixed Income Policy Blend ¹</i>			2.43	6.84	2.40	5.11	-1.07	1.36	1.41
<i>Bloomberg U.S. Aggregate Bond Index</i>			2.03	6.13	2.88	4.93	-0.45	2.06	1.84
U.S. Core Fixed Income	\$3,262,781,484	20.33	1.68	5.72	3.02	4.16	-0.42	1.92	1.78
<i>Bloomberg U.S. Aggregate Bond Index</i>			2.03	6.13	2.88	4.93	-0.45	2.06	1.84
Emerging Market Debt	\$513,213,106	3.20	5.06	12.45	10.80	14.03	3.37	4.20	5.40
<i>J.P. Morgan EMBI Global Diversified</i>			4.75	10.66	8.52	12.29	2.27	3.41	4.19
U.S. High Yield	\$512,134,972	3.19	2.45	7.07	6.96	10.31			
<i>Bloomberg U.S. Corporate High Yield</i>			2.54	7.22	7.41	11.09			
Cash/Short Duration ²	\$184,763,386	1.15	1.11	2.80	4.05	17.80	10.79	8.37	6.09
<i>91 Day Treasury Bill</i>			1.08	3.20	4.41	4.80	2.99	2.63	2.09

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	\$3,816,696,093
Assets – % of Portfolio	23.78%

Sub Asset Class	Market Value
Private Equity	\$1,284,850,964
Real Assets	\$2,188,955,340
Diversifying Strategies	\$343,000,389
Currency Hedge	(\$110,600)
Total	\$3,816,696,093



Performance (Net)

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Private Investments	\$3,816,696,093	23.78	3.37	6.65	3.76	4.64	9.24		
<i>Public Markets</i>			6.30	14.61	12.08	16.31	8.88		
<i>Policy Benchmark¹</i>			5.56	13.65	11.59	16.50	8.66		
Private Equity	\$1,284,850,964	8.00	5.79	9.52	3.94	3.83	14.55	14.49	13.02
<i>Private Equity Blend²</i>			7.78	18.53	13.90	17.49	10.11	6.51	8.97
Real Assets	\$2,188,955,340	13.64	1.76	5.77	2.29	2.43	5.59	6.59	7.28
<i>Real Assets Blend³</i>									
Diversified Real Assets	\$1,759,256,495	10.96	2.41	7.26	3.86	3.08	5.53	6.73	
<i>Real Assets Blend</i>									
Real Estate	\$429,698,845	2.68	-1.27	-1.55	-5.43	-0.98	5.71	5.35	7.70
<i>Real Estate Blend⁴</i>									
Timber	\$34,311,416	0.21	9.98	0.15	3.76	0.90	4.55	3.96	6.37
<i>S&P Global Timber & Forestry Index Net</i>			0.67	-3.17	-13.94	5.41	4.25	1.27	6.88
Infrastructure	\$454,689,718	2.83	3.68	21.72	24.08	20.97	21.02	16.34	12.57
<i>Private Infrastructure Blend⁵</i>			0.96	11.55	6.23	9.29	4.34	4.67	4.21
Commodities	\$349,658,293	2.18	8.63	30.61	33.07	21.69	11.69	10.48	10.81
<i>Bloomberg Commodity Index Total Return</i>			3.65	9.38	8.88	2.76	11.53	5.76	3.96
Agriculture & Farmland	\$87,419,516	0.54	12.85	16.29	-4.16	-8.72	-1.90	3.90	5.05
<i>S&P Global Agribusiness Equity Index TR</i>			1.17	15.27	9.73	4.98	10.20	6.91	
Diversifying Strategies	\$343,000,389	2.14	4.62	7.47	8.23	13.13	12.24	8.65	7.43
<i>Diversifying Strategies Blend⁶</i>			3.49	10.79	7.61	11.31	4.20	5.20	4.91

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	\$1,805,516,596	42,659	\$42,324	0.39%	Retirement Strategies
HCSP	\$709,491,989	46,929	\$15,118	0.38%	Retirement Strategies
457 Program	\$592,450,624	15,418	\$38,426	0.39%	Retirement Strategies
MERS IRA	\$26,583,040	2,981	\$8,917	0.39%	Retirement Strategies
TOTAL	\$3,134,042,248	107,987	\$29,022		

Institutional Funds

Program	Assets	Municipalities	Average Account Size	Weighted Average Fee
RHFV	\$1,717,859,191	314	\$5,470,889	0.58%
ISP	\$15,705,167	2	\$7,852,583	0.58%
TOTAL	\$1,733,564,358	316	\$5,485,963	

Investment Allocations

	PDA	Institutional Funds	Total
Retirement Strategies	\$2,427,129,190		\$2,427,129,190
Total Market Fund	\$54,489,168	\$1,732,037,591	\$1,786,526,759
Asset Allocation Portfolios	\$52,555,666	\$407,653	\$52,963,319
Asset Specific funds	\$554,017,159	\$1,119,113	\$555,136,272
Self-directed Brokerage	\$19,395,540		\$19,395,540
Other	\$32,656,878		\$32,656,878
TOTAL	\$3,140,243,600	\$1,733,564,358	\$4,873,807,958

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	\$485,356,960	0.39%	7.67	10.96	4.94	5.83
LifePath 2030	\$292,966,078	0.39%	9.17	13.84	7.40	7.95
LifePath 2035	\$328,168,728	0.39%	10.77	16.02	9.02	9.04
LifePath 2040	\$312,161,028	0.39%	12.28	18.12	10.53	10.03
LifePath 2045	\$291,268,043	0.39%	13.76	20.09	11.87	10.84
LifePath 2050	\$263,034,617	0.39%	15.36	21.53	12.79	11.34
LifePath 2055	\$224,748,277	0.39%	16.15	22.11	13.12	11.50
LifePath 2060	\$159,471,001	0.39%	16.25	22.15	13.14	11.50
LifePath 2065	\$66,424,534	0.39%	16.25	22.14	13.11	
LifePath 2070	\$12,474,265	0.39%				
TOTAL	\$2,423,599,267					

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	\$1,780,325,407	0.70%	9.69	12.78	8.58	7.86
<i>MERS Policy Benchmark</i>			11.59	16.50	8.66	8.69
MERS Global Stock Portfolio (100/0)	\$22,739,572	0.37%	15.62	21.37	12.51	11.13
<i>Blended Benchmark</i>			17.27	23.12	13.54	11.91
MERS Established Market Portfolio (60/40)	\$17,341,830	0.39%	10.62	14.83	7.67	7.71
<i>Blended Benchmark</i>			11.42	15.64	8.00	8.49
MERS Diversified Bond Portfolio (0/100)	\$12,881,918	0.41%	3.28	5.49	0.38	2.07
<i>Bloomberg U.S. Aggregate Bond Index</i>			2.88	4.93	-0.45	1.84
TOTAL	\$1,833,288,726					

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	\$312,727,476	0.34%	17.19	24.48	16.05	14.87
<i>S&P 500 Index</i>			17.60	24.94	16.47	15.30
Mid Cap Stock Index	\$53,254,406	0.35%	5.81	15.45	13.22	10.54
<i>S&P 400 Index</i>			6.13	15.84	13.61	10.82
Small Cap Stock Index	\$29,945,946	0.35%	3.43	12.24	12.78	9.87
<i>S&P 600 Index</i>			3.64	12.82	12.94	10.03
International Stock Index	\$26,824,118	0.37%	15.04	22.16	10.78	7.80
<i>MSCI EAFE Net Dividend Index</i>			14.99	21.70	11.15	8.17
Emerging Market Stock	\$8,715,492	0.40%	17.97	19.42	7.75	7.46
<i>Blended Benchmark</i>			8.15	-5.05	2.22	2.69
Real Estate Stock	\$7,105,243	0.37%	-2.10	10.22	9.15	6.27
<i>Dow Jones U.S. Select REIT Index</i>			10.51	3.70	2.97	5.90
Bond Index	\$20,998,535	0.35%	2.55	4.58	-0.76	1.58
<i>Bloomberg U.S. Aggregate Bond Index</i>			1.70	-2.46	0.36	1.54
High Yield Bond	\$9,414,667	0.38%	6.52	10.92	4.98	5.26
<i>Bloomberg U.S. High Yield Net Return Index</i>			10.97	1.75	3.62	3.76
Short-Term Income	\$25,772,944	0.38%	4.55	4.84	2.11	1.87
<i>Bloomberg U.S. Treasury: 1-3 Year</i>			3.89	4.36	1.53	1.67
Stable Value	\$60,377,445	0.63%	4.19	3.38	2.68	2.37
<i>ICE BofA US 3 Month Treasury Bill Index GOO1</i>			4.41	4.80	2.99	2.09
TOTAL	\$555,136,272					

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.

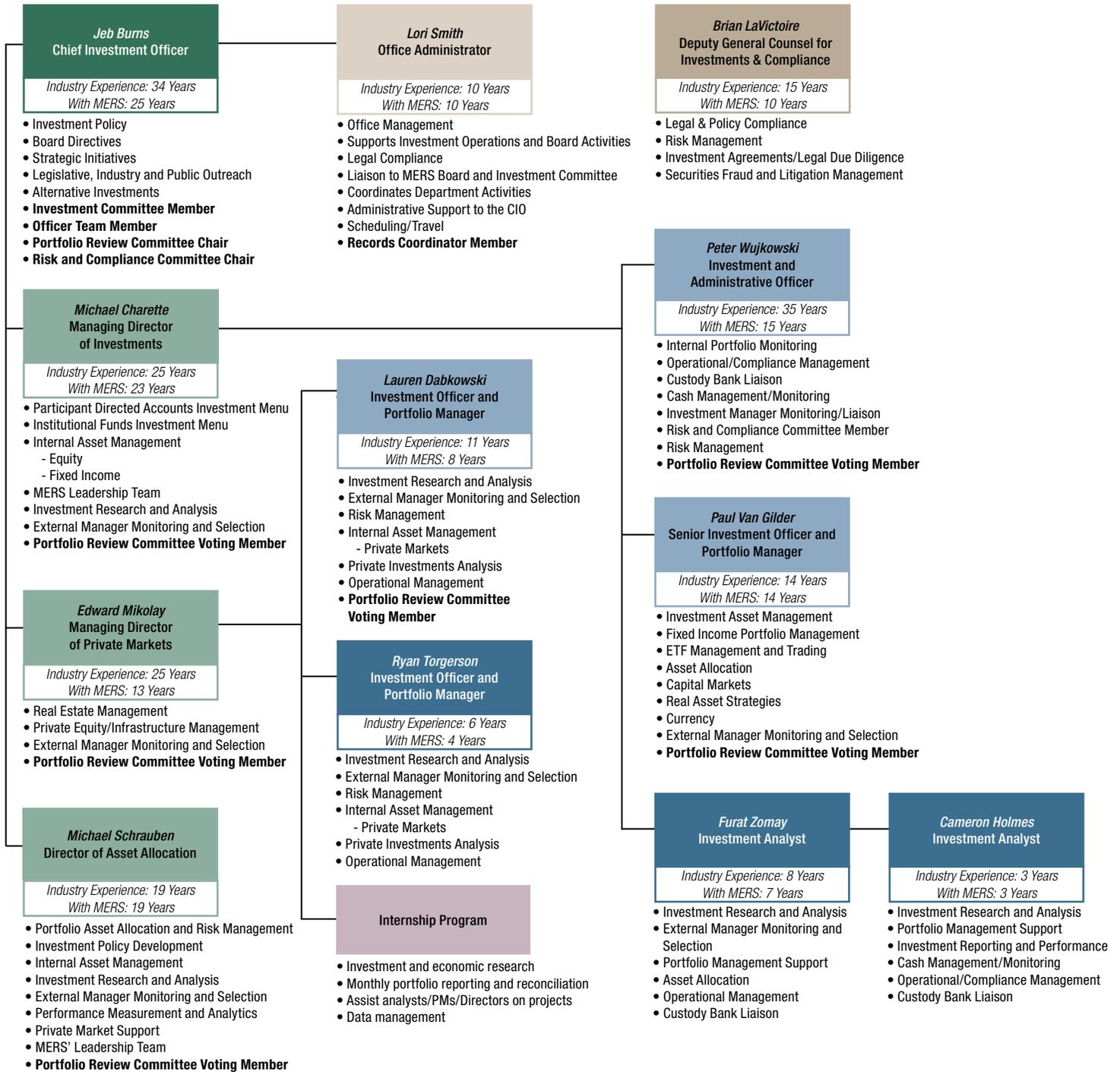
OFFICE OF INVESTMENTS

- 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 11/05/2025. 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.

