



QUARTERLY INVESTMENT REPORT

March 2026



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“The strength of the team is each individual member. The strength of each member is the team.”
– Phil Jackson

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 Investments run counter-cyclical

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 %)	1.00	1.00	15.22	10.05	10.42	6.65	8.35	8.27
Policy Benchmark ¹	-1.71	-1.71	14.44	10.25	12.03	6.17	8.38	8.21
Excess Return (Net %)	2.71	2.71	0.78	-0.20	-1.61	0.48	-0.03	0.06
	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Public Markets (Net %)	1.14	1.14	17.91	11.65	12.57	6.50	8.36	-
Policy Benchmark	-1.71	-1.71	14.44	10.25	12.03	6.17	8.38	-
Excess Return (Net %)	2.85	2.85	3.47	1.40	0.54	0.33	-0.02	-
	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Private Investments (Net %)	0.61	0.61	7.05	5.18	4.32	7.41	8.63	-
Policy Benchmark	-1.71	-1.71	14.44	10.25	12.03	6.17	8.38	-
Excess Return (Net %)	2.32	2.32	-7.39	-5.07	-7.71	1.24	0.25	-

Portfolio Performance Review

The Total Market portfolio returned 1.00% (net) for the first quarter of 2026, outperforming the Policy Benchmark by 171 bps. The Global Equity portfolio returned 0.80%, outperforming the Global Equity Policy Blend by 355 bps due to strong performance from the Emerging Market Equity portfolios. The U.S. Equity portfolio outperformed the MSCI USA IMI Index (net) benchmark by 207 bps due to outperformance from the small and mid-cap portfolios. The Emerging Market Equity portfolio outperformed its benchmark by 10.92%. Outperformance came from strong active management returns (+18.87%) within the small cap equity portfolio. The International Equity portfolio outperformed its benchmark by 38 bps with outperformance coming from Asia Pacific equity returns in the large cap portfolio. The portfolio also benefited from the Liquid Natural Resources strategy which delivered a 20.85% return, driven by strong performance in the energy sector. The Global Fixed Income portfolio returned 0.16% during the quarter, outperforming the Global Fixed Income Policy Blend by 41 bps. Outperformance was driven by a slightly lower duration and underweights to high yield and emerging market debt. The Private Markets portfolio delivered a return of 0.61%, with Real Assets returning -0.16%, Private Equity returning 1.40%, and Diversifying Strategies returning 1.32%. MERS' Defined Benefit (DB) portfolio assets are \$14.68 billion, and MERS' total assets are \$19.67 billion.

Economic and Market Summary

The first quarter of 2026 was characterized by acute geopolitical and macroeconomic disruptions, as the outbreak of conflict in the Middle East in March precipitated a violent repricing across asset classes. Energy markets were at the epicenter, with WTI crude oil surging 76.49% over the quarter, including an extraordinary 51.54 % gain in March alone. Concerns over global supply disruption gripped commodity markets and transmitted significant stress throughout the broader financial system. The inflationary implications proved both immediate and severe, driving a sharp sell-off in government bonds as markets abruptly transitioned from pricing rate cuts to rate hikes; short-dated maturities bore the brunt of this repricing, reflecting the sudden and dramatic deterioration in the near-term monetary policy outlook. Global equities broadly declined against this backdrop, with the MSCI ACWI IMI Index (net) returning -2.75% on the quarter. U.S. markets underperformed, as the S&P 500 fell 4.35%, the Nasdaq 100 declined 5.82%, and the Dow Jones Industrial Average retreated 3.19%. U.S. software companies experienced losses of 24.29% amid growing concerns that rapidly advancing AI capabilities pose a meaningful structural threat to the traditional SaaS business model. European equities were similarly pressured, with the MSCI Europe IMI Index (net) declining 3.00%, as the region contended with pronounced energy security vulnerabilities in the wake of the escalating conflict. In contrast, select Asia-Pacific markets demonstrated noteworthy relative resilience, with the MSCI Japan IMI Index (net) delivering a positive return of 1.81% and MSCI Pacific ex-Japan IMI Index (net) appreciating 1.37%, supported by more favorable regional dynamics and limited direct exposure to Middle Eastern energy supply chains. Emerging Markets also withstood volatility, as the MSCI Emerging Markets IMI Index (net) finished the quarter marginally lower at -0.24%, underscoring the enduring value of broad geographic diversification during periods of acute market stress. In an environment defined by concentrated geopolitical risk and rapidly evolving structural disruptions, broad diversification across geographies, sectors, and asset classes remains an essential tool for managing volatility and preserving long-term capital.

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

Investment 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

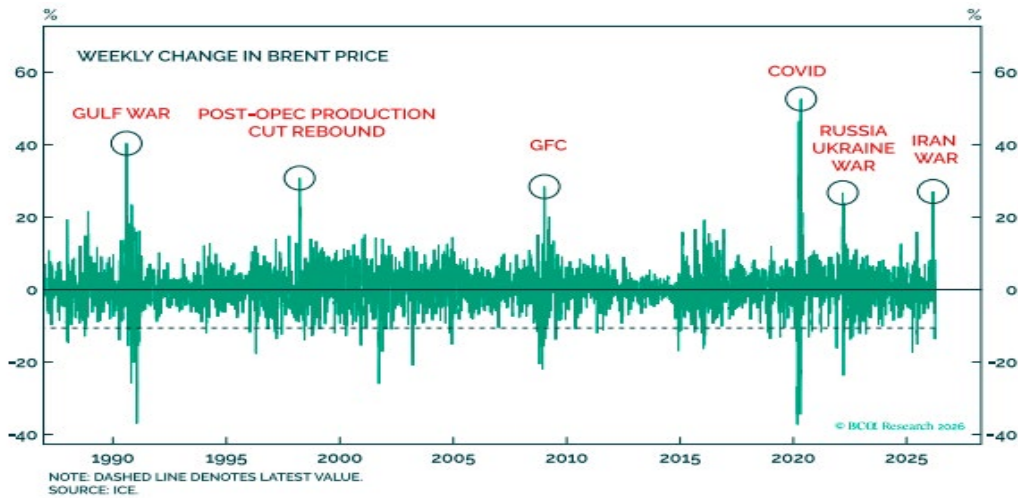
Long-Term Trends (7+ years):

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

Projects and Initiatives

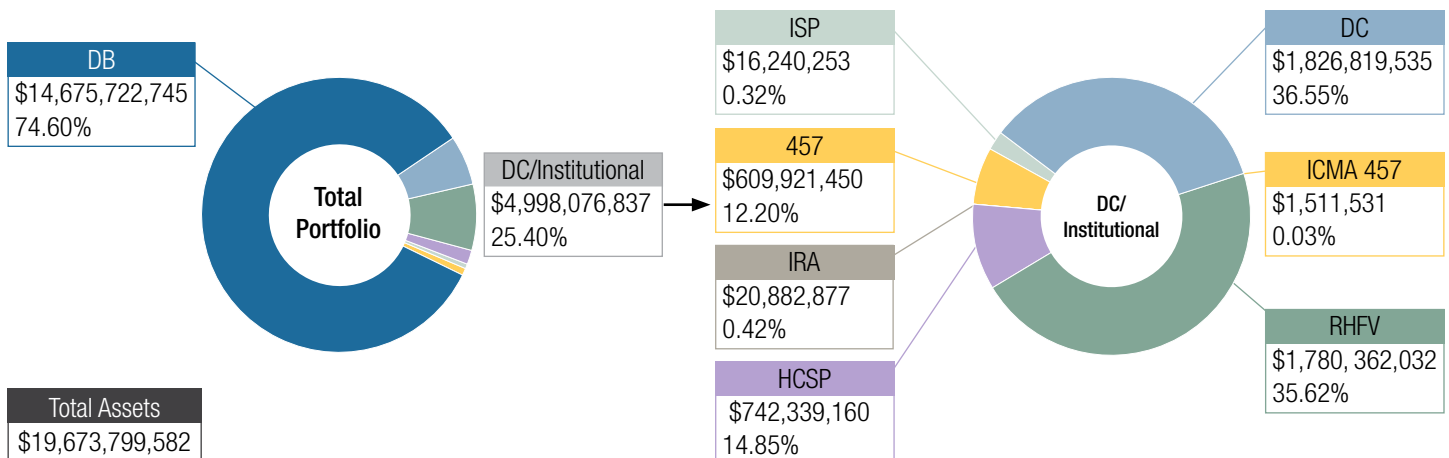
- VBA model and risk management enhancements
- Emerging Market Debt Local Currency Research
- Structured credit/CLO equity allocation
- Japanese Yen and government bond portfolio
- Emerging market equity research

Chart of the Quarter

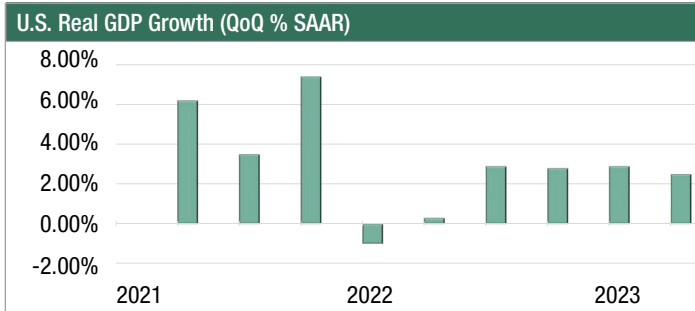
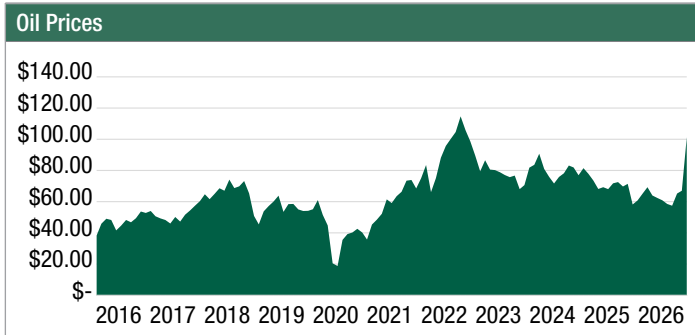
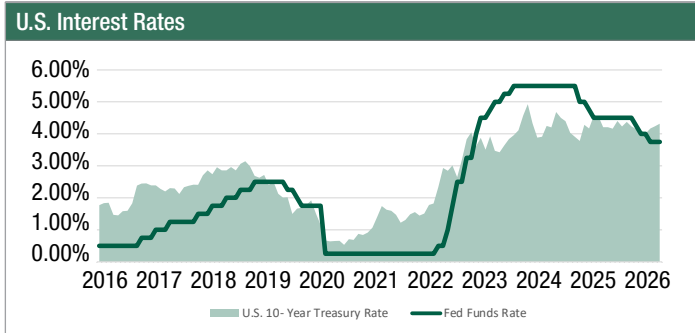
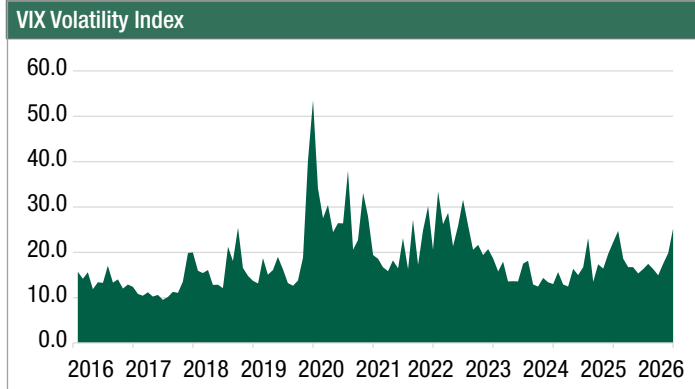


This chart illustrates the weekly percentage change in Brent crude prices from 1988 to present. Brent Crude is the globally recognized benchmark for oil pricing, representing seaborne crude oil extracted from the North Sea, and is widely used to price the majority of the world's internationally traded oil supplies. This chart annotates the primary geopolitical and macroeconomic events responsible for the most significant price dislocations across the period — from the Gulf War through COVID and most recently the Iran War. However, the current environment reveals a market operating with a dangerously thin geopolitical risk premium, with reduced traffic through the Strait of Hormuz, a chokepoint commanding approximately 20% of global oil supply, already exerting tangible upward pressure on the physical market ahead of any further escalation. The recently announced ceasefire has provided near-term relief, contributing to the partial mean-reversion currently visible in Brent pricing, yet it does not resolve the underlying structural vulnerabilities that define this moment. Hormuz transit risk, fractured OPEC cohesion, and residual regional instability remain firmly intact.

Assets by Program



Market Indicators	Current	Prior Quarter
10 Year Treasury Yield	4.32%	4.17%
Fed Funds Rate	3.75%	3.75%
Crude Oil	\$101.4 /barrel	\$57.4 /barrel
Gold	\$4,668.1 /oz.	\$4,319.4 /oz.
30 Year Fixed Mortgage Rates	6.48%	6.25%
U.S. Investment Grade Credit Spread	0.89%	0.78%
U.S. High Yield Credit Spread	3.17%	2.66%
U.S. Leading Economic Indicators	-3.10%	-3.90%

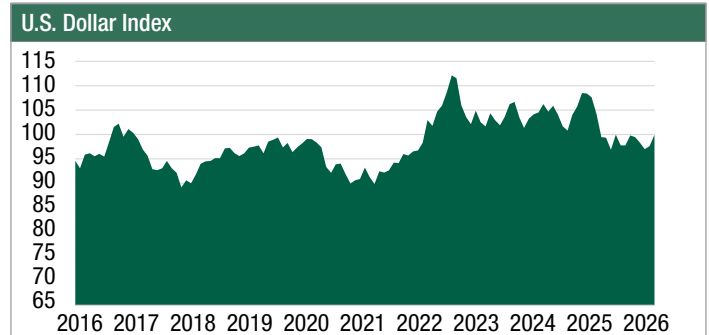
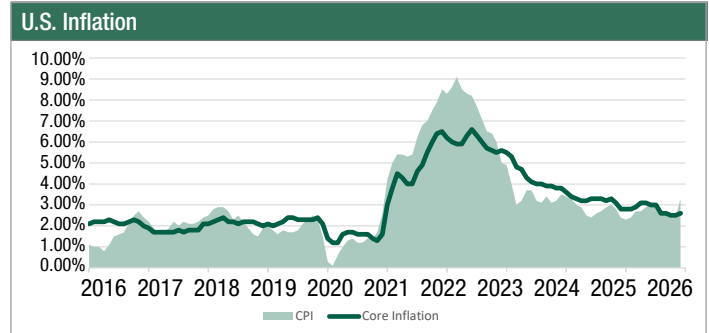
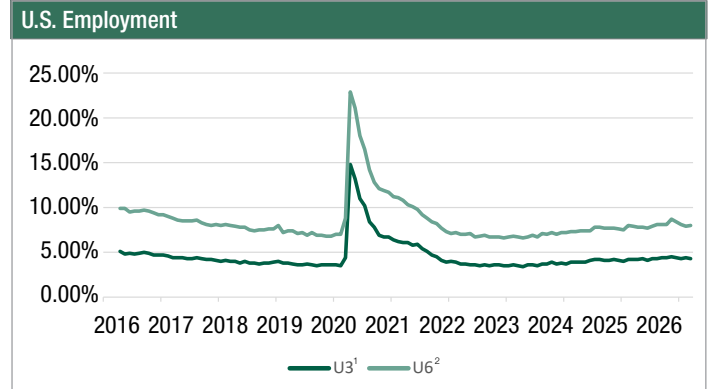


¹ U3 Unemployment: is the "official" unemployment rate, counting only people without jobs who are actively looking for work.

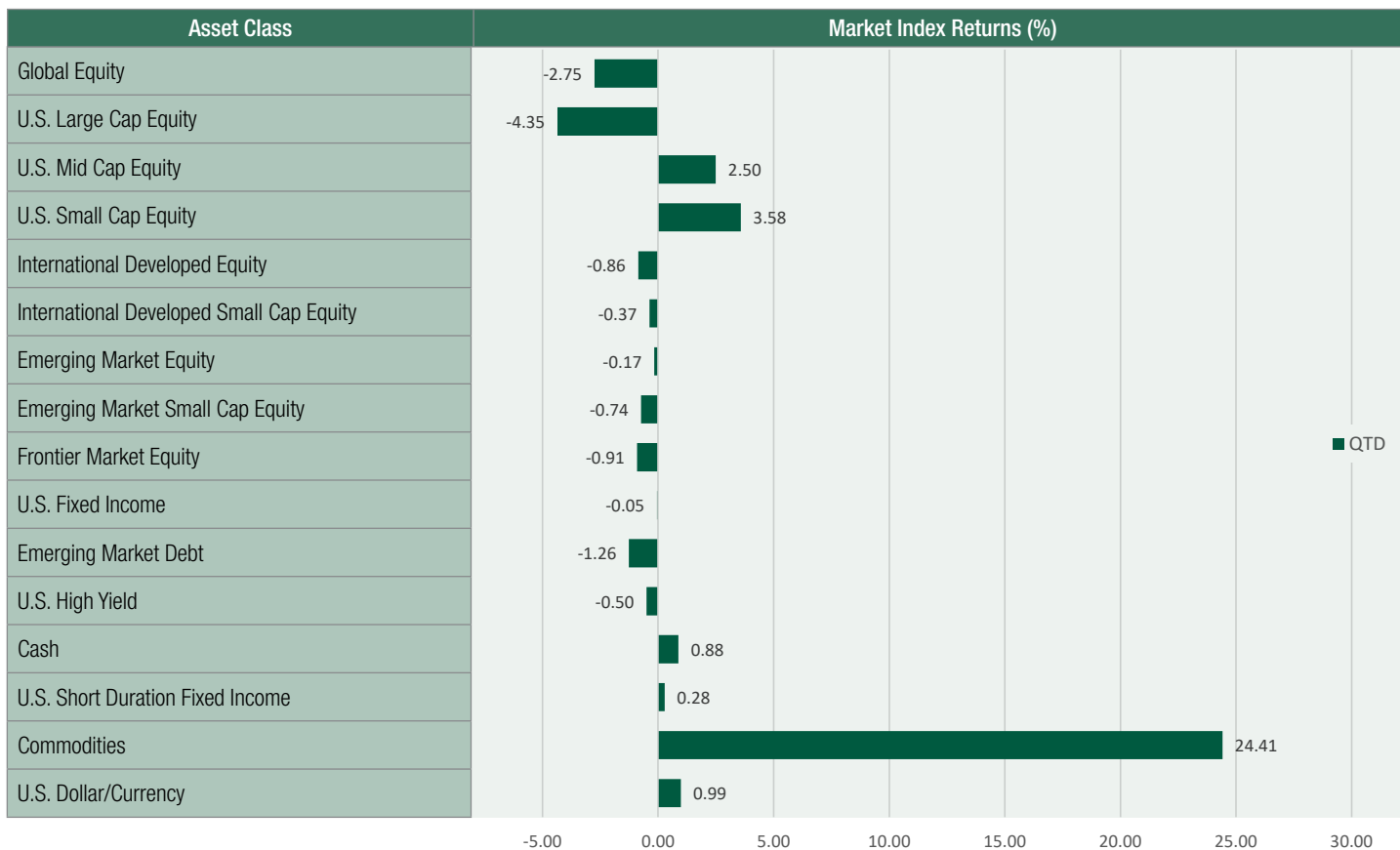
² U6 Unemployment: is a broader measure that also includes discouraged workers who've given up looking, plus people working part-time who want full-time work.

Economic Releases	Current	Prior Quarter
ISM Manufacturing	52.70	47.90
ISM Non-Manufacturing	54.00	53.80
U of M Consumer Sentiment	53.30	52.90
U.S. Real GDP*	2.00%	2.30%
Eurozone Real GDP*	1.20%	1.40%
UK GDP*	1.00%	1.30%
Japan GDP*	0.40%	0.70%
China GDP*	4.50%	4.80%

* All GDP YoY data figures are lagged by one quarter



Market Performance Review

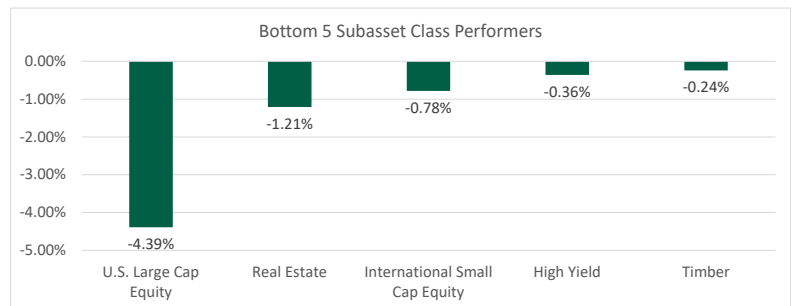
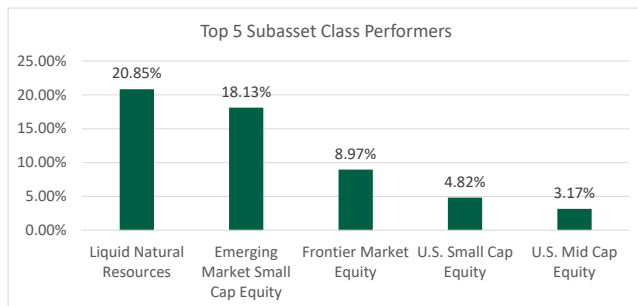
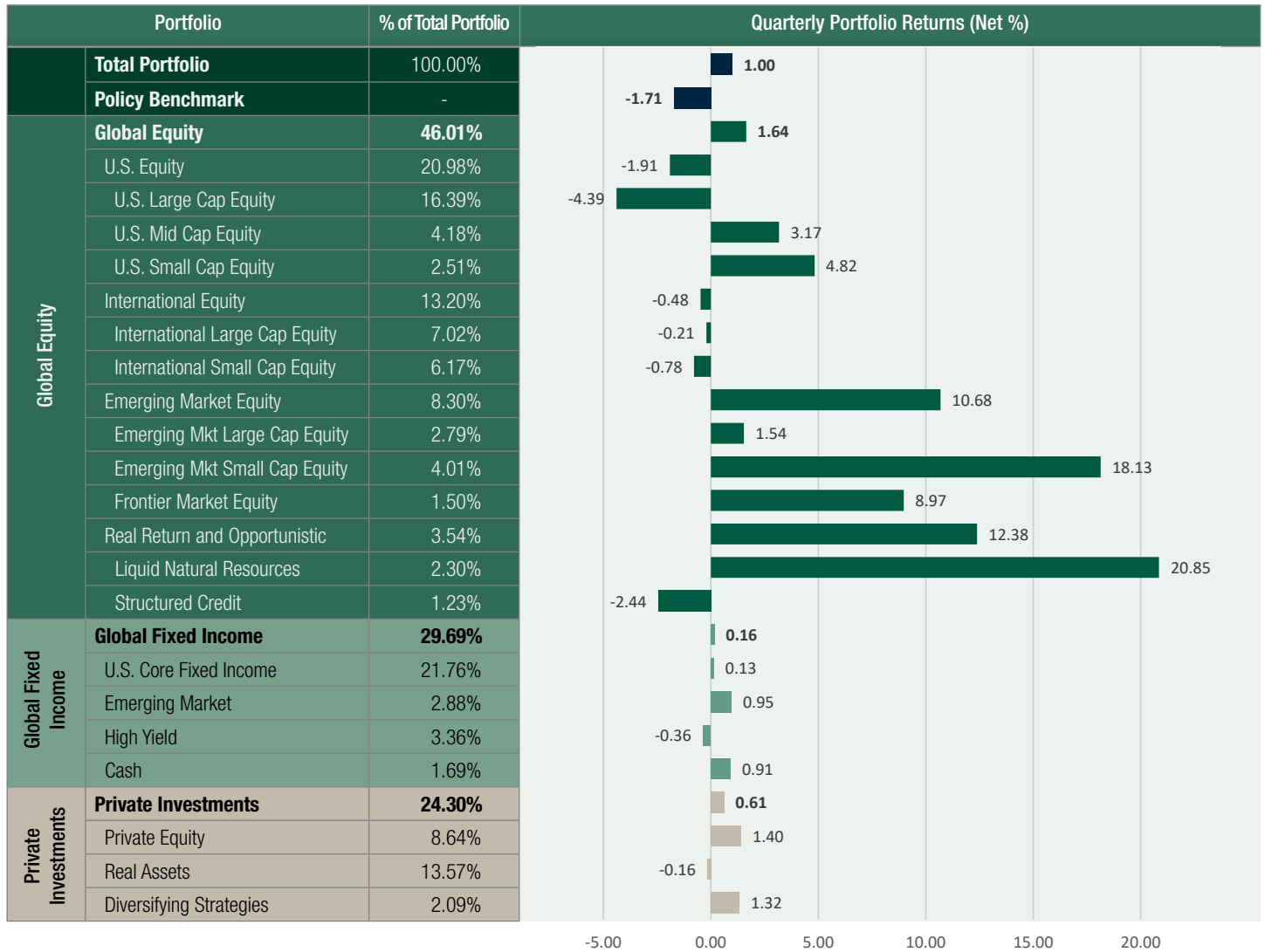


Market Index Returns

Market Index	Asset Class	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
MSCI ACWI IMI (net)	Global Equity	-2.75	-2.75	20.64	16.24	9.03	11.33	11.10
S&P 500	US Large Cap Equity	-4.35	-4.35	17.77	18.29	12.04	14.42	14.14
S&P 400	US Mid Cap Equity	2.50	2.50	17.33	12.06	6.88	10.27	10.56
S&P 600	US Small Cap Equity	3.58	3.58	20.56	10.48	4.45	8.74	9.85
MSCI World ex USA IMI (net)	International Developed Equity	-0.86	-0.86	23.84	14.23	7.96	9.10	8.56
MSCI World ex USA Small Cap (net)	International Developed Small Cap Equity	-0.37	-0.37	29.19	13.77	5.40	8.23	7.95
MSCI Emerging Markets (net)	Emerging Market Equity	-0.17	-0.17	29.55	14.84	3.69	6.59	7.80
MSCI Emerging Markets Small Cap (net)	Emerging Market Small Cap Equity	-0.74	-0.74	24.55	13.74	6.68	9.07	8.13
MSCI Frontier Markets (net)	Frontier Market Equity	-0.91	-0.91	34.83	19.91	9.23	8.37	7.92
Bloomberg U.S. Aggregate	US Fixed Income	-0.05	-0.05	4.35	3.63	0.31	1.56	1.70
J.P. Morgan EMBI Global Diversified	Emerging Market Debt	-1.26	-1.26	10.38	9.45	2.47	2.89	3.75
Bloomberg US Corporate High Yield	US High Yield	-0.50	-0.50	7.01	8.60	4.23	5.10	6.12
Bloomberg US Treasury Bills 1-3 Months	Cash	0.88	0.88	4.13	4.84	3.42	2.75	2.26
Bloomberg 1-3 Year Gov/Credit	US Short Duration Fixed Income	0.28	0.28	3.96	4.35	2.04	2.32	2.02
Bloomberg Commodity Index	Commodities	24.41	24.41	32.29	13.88	14.04	10.60	8.02
Bloomberg Dollar Spot Index	US Dollar/Currency	0.99	0.99	-4.61	-0.40	1.07	0.20	0.28

QUARTERLY PORTFOLIO PERFORMANCE

2026
MARCH

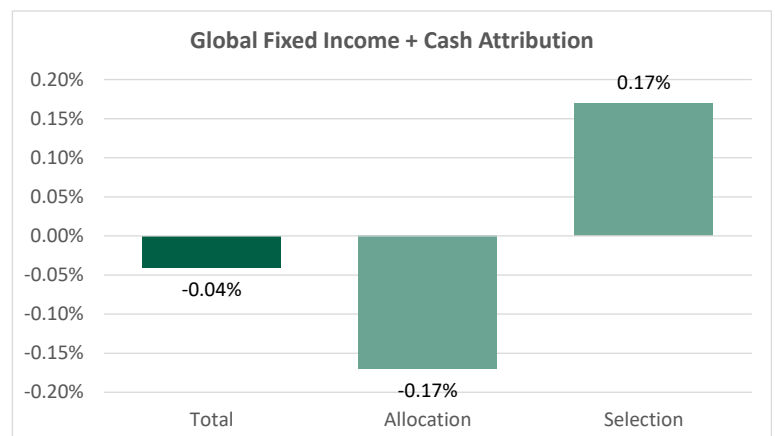
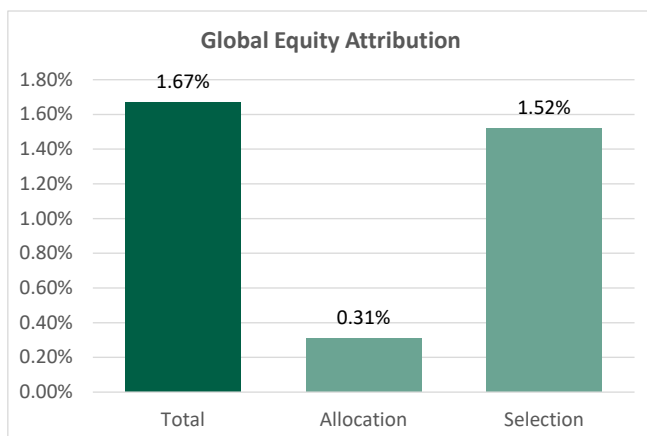
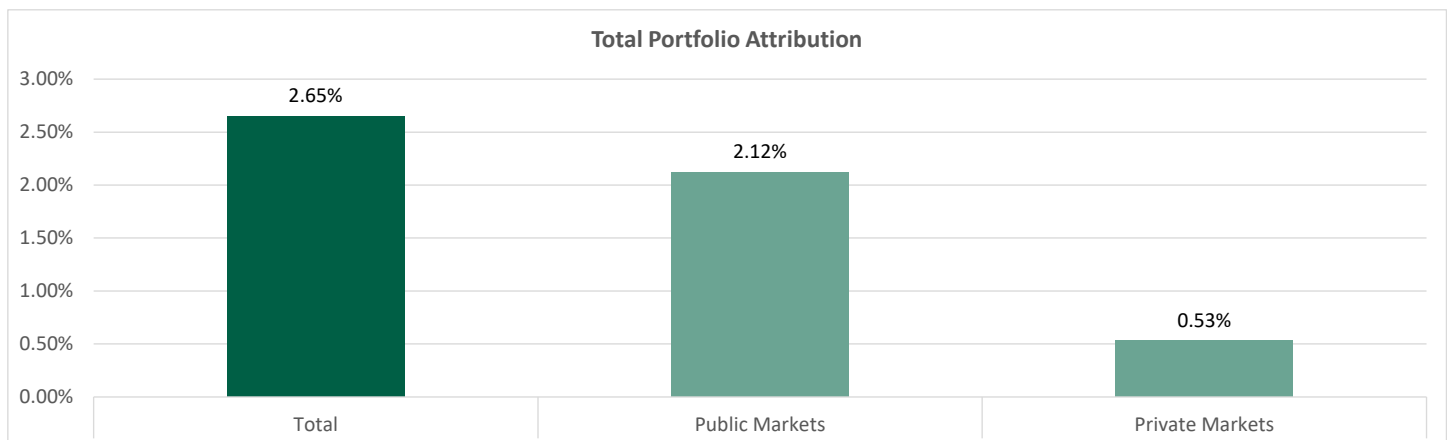


PORTFOLIO ATTRIBUTION SUMMARY

2026
MARCH

	Average Weight			Return (Net)			Attribution Totals			
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference	Allocation	Selection	Interaction	Total
Total Portfolio	100.00%	100.00%	0.00%	1.00%	-1.65%	2.65%	0.14%	1.68%	0.83%	2.65%
Public Markets	76.06%	100.00%	-23.94%	1.13%	-1.65%	2.78%	0.14%	1.68%	0.30%	2.12%
Global Equity	44.17%	60.00%	-15.83%	0.81%	-2.65%	3.46%	0.31%	1.52%	-0.15%	1.67%
U.S. Equity	22.35%	37.61%	-15.26%	-1.83%	-3.98%	2.15%	0.36%	0.82%	-0.33%	0.84%
International Equity	13.74%	15.98%	-2.24%	-0.46%	-0.86%	0.40%	-0.06%	0.06%	-0.01%	0.00%
Emerging Market Equity	8.08%	6.41%	1.67%	10.69%	-0.24%	10.93%	0.01%	0.64%	0.18%	0.83%
RR and Opportunistic	3.44%	0.00%	3.44%	12.89%	-1.65%	14.54%	0.00%	0.00%	0.48%	0.48%
Global Fixed Income	27.66%	40.00%	-12.34%	0.15%	-0.25%	0.40%	-0.17%	0.17%	-0.06%	-0.07%
U.S. Core Fixed Income	21.44%	30.00%	-8.56%	0.12%	-0.05%	0.17%	-0.14%	0.05%	-0.01%	-0.11%
Emerging Market	2.88%	5.00%	-2.12%	0.95%	-1.26%	2.21%	-0.01%	0.11%	-0.05%	0.05%
U.S. High Yield	3.35%	5.00%	-1.65%	-0.36%	-0.50%	0.14%	-0.02%	0.01%	0.00%	-0.02%
Cash	0.79%	0.00%	0.79%	1.92%	-1.65%	3.57%	0.00%	0.00%	0.03%	0.03%
Private Investments	23.94%	0.00%	23.94%	0.61%	-1.65%	2.26%	0.00%	0.00%	0.53%	0.53%

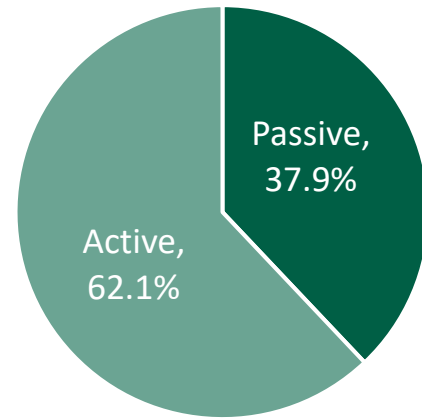
- Outperformance was driven by the Public Markets portfolio (+212 bps) and the Private Investments portfolio (+53 bps).
- The U.S. Equity portfolio added value (+84 bps).
- Selection within International Equity detracted value (-33 bps).
- Selection within Emerging Market Equity added value (+64 bps).
- Global Fixed Income portfolio detracted value (-7 bps).



Asset Class	Market Value	% of Fund	Base Allocation	Over/Under Weight	Minimum Allocation	Maximum Allocation
Global Equity ¹	\$7,603,702,291	46.01%	60.00%	-13.99%	30.00%	70.00%
Global Fixed Income	\$4,906,003,045	29.69%	20.00%	9.69%	10.00%	60.00%
Private Investments	\$4,015,442,138	24.30%	20.00%	4.30%	No Minimum	30.00%
Total	\$16,525,147,474	100.00%	100.00%			

Public Markets

Asset Class	Public Markets ²	Policy Benchmark ³	Over/Under Weight
U.S. Equity	30.09%	37.19%	-7.10%
International Equity	14.73%	15.83%	-1.10%
Emerging Market Equity	10.87%	6.99%	3.88%
U.S. Treasury	25.09%	15.10%	9.99%
U.S. Investment Grade	3.27%	14.89%	-11.62%
U.S. High Yield	4.95%	5.00%	-0.05%
Emerging Market Debt	3.74%	5.00%	-1.26%
Real Return and Opportunistic	4.34%	0.00%	4.34%
Cash	2.57%	0.00%	2.57%



Asset Class Valuation Summary

Asset Class	Overvalued	Neutral	Undervalued
U.S. Equity	◆		
Europe Equity		◆	
Pacific Equity			◆
Emerging Market Equity			◆
U.S. Treasury		◆	
U.S. Investment Grade		◆	
U.S. High Yield		◆	
Emerging Market Debt		◆	

U.S. Equity: Valuations remain stretched mainly because of U.S. large cap stocks. Mid and small cap equity valuations are more attractive on a relative basis.

Europe Equity: Valuations are near fair value as Europe is expected to experience slower earnings growth. The Euro appears modestly undervalued, and the region may benefit from accelerated earnings growth as a result of fiscal stimulus.

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: Treasuries bonds are somewhat richly priced relative to recent history after several interest rate cuts from the Federal Reserve.

U.S. Investment Grade: Historically low spreads and credit quality deterioration make the asset class broadly unattractive.

U.S. High Yield: U.S. high yield credit is overvalued due to spreads that are well below historical averages.

Emerging Market Debt: EM hard currency debt is unattractive due to historically low spreads relative to U.S. Treasuries.

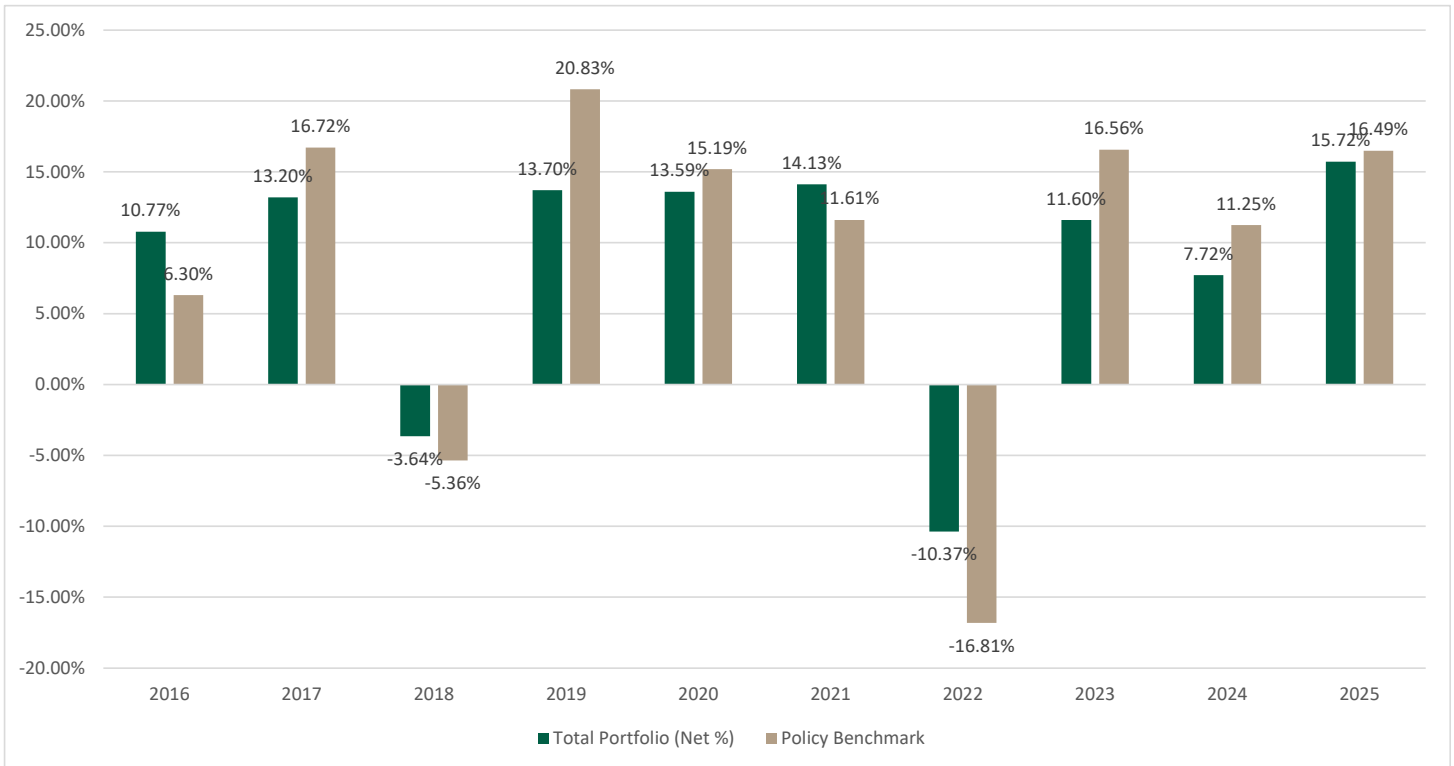
¹ Includes Real Return and Opportunistic

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

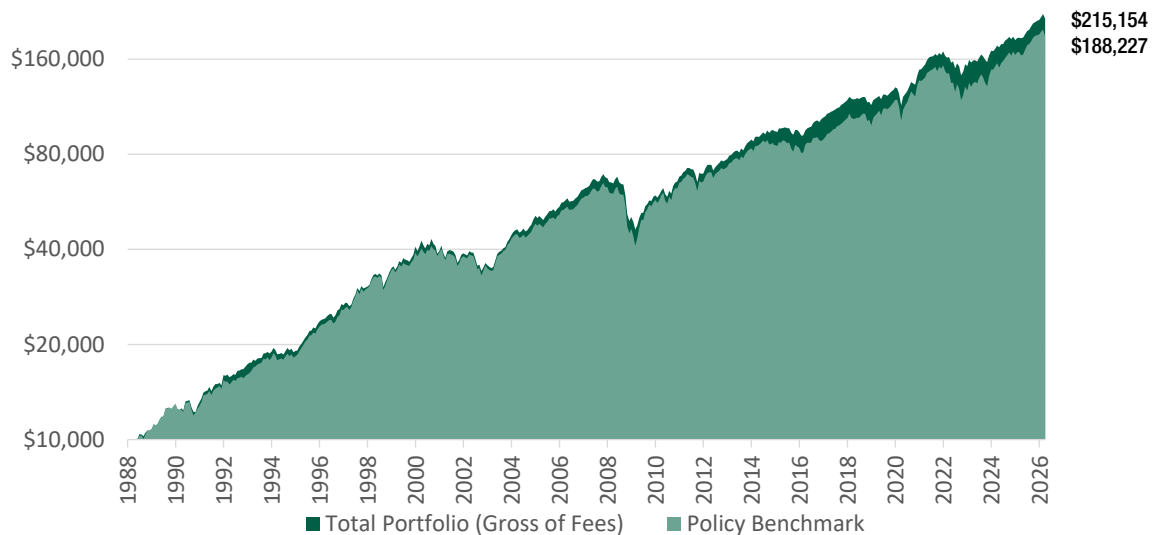
³ 60% MSCI ACWI IMI (net), 30% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. High Yield, and 5% J.P. Morgan EMBI Global Diversified

	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Total Portfolio (Gross %)	1.09	1.09	15.50	10.74	6.91	8.58	8.50
Total Portfolio (Net %)	1.00	1.00	15.22	10.42	6.65	8.35	8.27
Policy Benchmark	-1.71	-1.71	14.44	12.03	6.17	8.38	8.21
Excess Return (Net %)	2.71	2.71	0.78	-1.61	0.48	-0.03	0.06

Calendar Year Performance – Last 10 Years

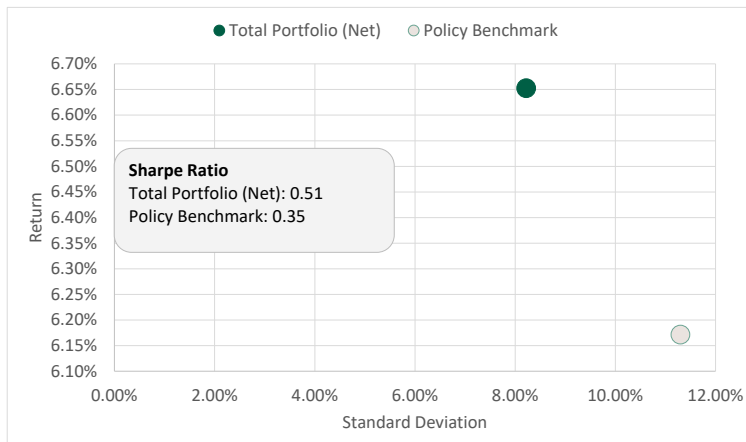


Growth of \$10,000 Comparison



5-Year

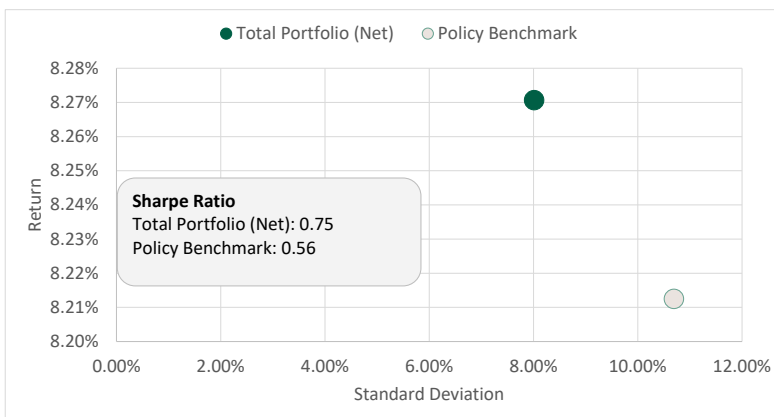
	Return	Standard Deviation	Downside Risk	Beta	R-Squared	Tracking Error
Total Portfolio (Net)	6.65%	8.22%	5.64%	0.70	94.2	3.86%
Policy Benchmark	6.17%	11.29%	8.04%	1.00	100.00	



	# of Months		Average Return		Up Capture	Down Capture
	Up	Down	Up	Down		
Total Portfolio (Net)	40	20	1.95%	-2.20%	76.35	70.54
Policy Benchmark	40	20	2.46%	-3.07%		

10-Year

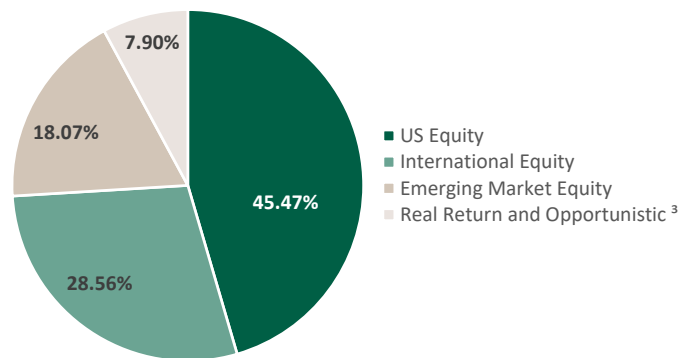
	Return	Standard Deviation	Downside Risk	Beta	R-Squared	Tracking Error
Total Portfolio (Net)	8.27%	8.01%	5.32%	0.73	93.66	3.60%
Policy Benchmark	8.21%	10.69%	7.32%	1.00	100.00	



	# of Months		Average Return		Up Capture	Down Capture
	Up	Down	Up	Down		
Total Portfolio (Net)	85	35	1.83%	-2.06%	77.66	68.72
Policy Benchmark	83	37	2.30%	-2.87%		

Market Value	\$7,603,702,291
Assets – % of Portfolio	46.01%

Sub Asset Class	Market Value
U.S. Equity	\$3,466,823,140
International Equity	\$2,180,790,347
Emerging Market Equity	\$1,371,856,796
Real Return and Opportunistic ³	\$584,232,008
Total	\$7,603,702,291



Performance (Net)

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Equity	\$7,603,702,291	46.01	1.64	1.64	26.56	16.73	9.24	10.84	10.65
<i>Global Equity Policy Blend¹</i>			-2.75	-2.75	20.64	17.09	9.83	12.33	12.02
<i>MSCI ACWI IMI (net)</i>			-2.75	-2.75	20.64	16.24	9.03	11.33	11.10
U.S. Equity	\$3,466,823,140	20.98	-1.91	-1.91	18.73	16.25	10.49		
<i>MSCI USA IMI (net)</i>			-3.98	-3.98	17.94	17.47	10.57		
U.S. Large Cap Equity	\$2,362,189,483	14.29	-4.39	-4.39	16.42	17.96	12.13	13.86	13.81
<i>S&P 500</i>			-4.33	-4.33	17.80	18.32	12.06	14.44	14.16
U.S. Mid Cap Equity	\$690,305,021	4.18	3.17	3.17	18.48	12.41	6.95	10.32	10.37
<i>S&P 400</i>			2.50	2.50	17.35	12.09	6.92	10.30	10.58
U.S. Small Cap Equity	\$414,254,846	2.51	4.82	4.82	30.79	14.03	7.05	10.55	10.91
<i>MSCI USA Small Cap IMI (net)</i>			2.53	2.53	24.20	13.19	5.56	9.71	10.62
International Equity	\$2,180,790,347	13.20	-0.48	-0.48	24.37	14.93	7.29		
<i>MSCI World ex USA IMI (net)</i>			-0.86	-0.86	23.84	14.24	7.96		
International Large Cap Equity	\$1,160,547,863	7.02	-0.21	-0.21	23.16	14.31	6.95	8.35	7.27
<i>MSCI World ex USA (net)</i>			-0.94	-0.94	22.99	14.30	8.40	9.25	8.66
International Small Cap Equity	\$1,020,242,484	6.17	-0.78	-0.78	26.73	16.11	7.87	10.26	10.35
<i>MSCI World ex USA Small Cap (net)</i>			-0.37	-0.37	29.19	13.77	5.40	8.23	7.95
Emerging Market Equity	\$1,371,856,796	8.30	10.68	10.68	41.51	20.18	8.38	9.96	10.11
<i>MSCI Emerging Markets IMI (net)</i>			-0.24	-0.24	28.88	14.67	4.03	6.86	7.82
Emerging Market Large Cap Equity	\$461,091,915	2.79	1.54	1.54	31.26	14.99	3.34	6.40	7.10
<i>MSCI Emerging Markets (net)</i>			-0.17	-0.17	29.55	14.84	3.69	6.59	7.80
Emerging Market Small Cap Equity	\$662,936,819	4.01	18.13	18.13	53.33	24.62	13.60	15.27	14.26
<i>MSCI Emerging Markets Small Cap (net)</i>			-0.74	-0.74	24.55	13.74	6.68	9.07	8.13
Frontier Market Equity	\$247,828,062	1.50	8.97	8.97	31.90	21.44	12.16	9.96	9.63
<i>MSCI Emerging Markets Small Cap (net)</i>			-0.74	-0.74	24.55	13.74	6.68	9.07	8.13
Real Return and Opportunistic	\$584,232,008	3.54	12.38	12.38	51.58	25.55	17.73		
<i>Policy Benchmark</i>			-1.71	-1.71	14.44	12.03	6.17		
Liquid Natural Resources	\$380,348,190	2.30	20.85	20.85	71.35	23.11	17.38		
<i>Policy Benchmark²</i>			-1.71	-1.71	14.44	12.03	6.17		
Structured Credit	\$203,883,818	1.23	-2.44	-2.44	20.01				
<i>Policy Benchmark</i>			-1.71	-1.71	14.44				

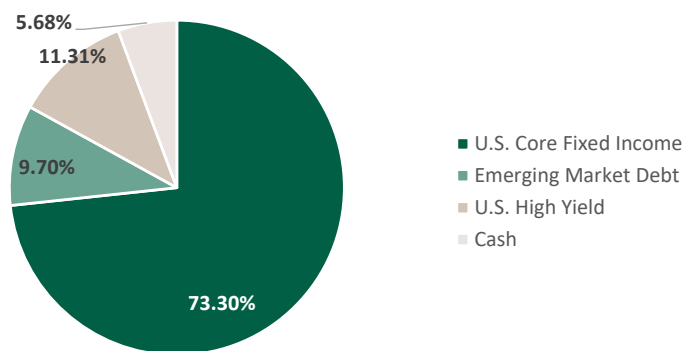
¹ 100% MSCI ACWI IMI (net)

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 Consists of Liquid Natural Resources and Structured Credit

Market Value	\$4,906,003,045
Assets – % of Portfolio	29.69%

Sub Asset Class	Market Value
U.S. Core Fixed Income	\$3,596,187,601
Emerging Market Debt	\$475,853,508
U.S. High Yield	\$555,064,838
Cash	\$278,897,099
Total	\$4,906,003,045



Performance (Net)

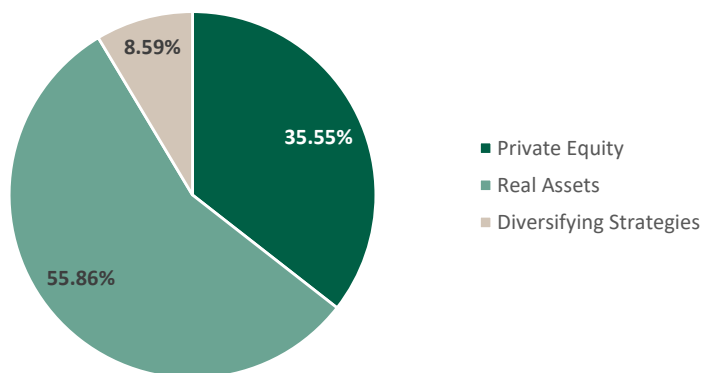
	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Fixed Income ex Cash	\$4,627,105,946	28.00	0.16	0.16	5.23	5.30	1.40	3.22	3.31
<i>Global Fixed Income Policy Blend¹</i>			-0.25	-0.25	5.43	3.36	-0.43	0.96	1.04
<i>Bloomberg U.S. Aggregate Bond Index</i>			-0.05	-0.05	4.35	3.63	0.31	1.56	1.70
U.S. Core Fixed Income	\$3,596,187,601	21.76	0.13	0.13	3.52	3.19	0.51	1.52	1.66
<i>Bloomberg U.S. Aggregate Bond Index</i>			-0.05	-0.05	4.35	3.63	0.31	1.56	1.70
Emerging Market Debt	\$475,853,508	2.88	0.95	0.95	15.75	12.32	4.23	4.58	5.41
<i>J.P. Morgan EMBI Global Diversified</i>			-1.26	-1.26	10.38	9.45	2.47	2.89	3.75
U.S. High Yield	\$555,064,838	3.36	-0.36	-0.36	6.75	7.68			
<i>Bloomberg U.S. Corporate High Yield</i>			-0.50	-0.50	7.01	8.60			
Cash²	\$278,897,099	1.69	0.91	0.91	3.73	5.39	11.12	8.48	6.22
<i>91 Day Treasury Bill</i>			0.86	0.86	4.03	4.77	3.36	2.73	2.27

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

² Cash market value reflects collateral for futures positions

Market Value	\$4,015,442,138
Assets – % of Portfolio	24.30%

Sub Asset Class	Market Value
Private Equity	\$1,427,513,332
Real Assets	\$2,243,283,892
Diversifying Strategies	\$345,045,769
Currency Hedge	(\$400,856)
Total	\$4,015,442,138



Performance (Net)

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Private Investments	\$4,015,442,138	24.30	0.61	0.61	7.05	4.32	7.41		
<i>Public Markets</i>			1.14	1.14	17.91	12.57	6.50		
<i>Policy Benchmark¹</i>			-1.71	-1.71	14.44	12.03	6.17		
Private Equity	\$1,427,513,332	8.64	1.40	1.40	9.54	4.27	11.40	13.97	13.05
<i>Private Equity Blend²</i>			0.67	0.67	25.06	13.21	4.38	8.23	8.88
Real Assets	\$2,243,283,892	13.57	-0.16	-0.16	5.51	1.22	4.63	6.36	7.12
<i>Real Assets Blend³</i>									
Diversified Real Assets	\$1,803,586,397	10.91	0.10	0.10	7.86	2.20	4.41	7.23	
<i>Real Assets Blend</i>									
Real Estate	\$439,697,495	2.66	-1.21	-1.21	-4.35	-3.48	5.12	4.45	6.73
<i>Real Estate Blend⁴</i>			0.00	0.00	2.69	-2.41	2.97	3.04	4.48
Timber	\$32,355,441	0.20	-0.24	-0.24	-2.26	0.21	3.21	3.52	6.30
<i>S&P Global Timber & Forestry Index Net</i>			-2.65	-2.65	-4.47	1.30	-2.10	3.07	5.84
Infrastructure	\$427,352,178	2.59	0.19	0.19	15.75	17.01	20.37	16.44	12.67
<i>Private Infrastructure Blend⁵</i>			5.42	5.42	12.08	7.69	4.07	4.67	4.63
Commodities	\$395,198,111	2.39	1.15	1.15	41.50	23.88	13.86	12.70	11.75
<i>Bloomberg Commodity Index Total Return</i>			24.41	24.41	32.29	13.88	14.04	10.60	8.02
Agriculture & Farmland	\$86,799,298	0.53	3.06	3.06	22.80	-8.15	-4.54	2.88	5.26
<i>S&P Global Agribusiness Equity Index TR</i>			20.70	20.70	33.66	9.96	7.48	10.31	
Diversifying Strategies	\$345,045,769	2.09	1.32	1.32	10.74	13.38	10.42	9.63	8.35
<i>Diversifying Strategies Blend⁶</i>			-1.40	-1.40	9.74	7.80	3.01	4.92	5.12

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.

DC Funds

Program	Assets	Participants	Average Account Size	Weighted Average Fee	Default Option
DC/Hybrid Plan	\$1,826,819,535	43,193	\$42,294	0.06%	Retirement Strategies
HCSP	\$742,339,160	46,412	\$15,995	0.06%	Retirement Strategies
457 Program	\$611,432,981	16,792	\$36,412	0.06%	Retirement Strategies
MERS IRA	\$20,882,877	2,948	\$7,084	0.11%	Retirement Strategies
TOTAL	\$3,201,474,552	109,345	\$29,279		

Institutional Funds

Program	Assets	Municipalities	Average Account Size	Weighted Average Fee
RHFV	\$1,780,362,032	291	\$6,118,083	0.58%
ISP	\$16,240,253	2	\$8,120,126	0.58%
TOTAL	\$1,796,602,285	293	\$6,131,748	

Investment Allocations

	DC	IF	Total
LifePath Funds	\$2,543,425,862		\$2,543,425,862
Total Market Fund	\$51,848,307	\$1,778,819,241	\$1,830,667,548
Asset Specific Funds	\$536,003,107	\$0	\$536,003,107
Self-directed Brokerage	\$17,422,015		\$17,422,015
Loan Fund	\$14,418,130		\$14,418,130
TOTAL	\$3,163,117,421	\$1,778,819,241	\$4,941,936,662

Program Highlights

- Transitioning Recordkeeper to Empower
- Simplifying Investment Menu at transition, including:
 - Removing five investment options
 - Adding Vanguard Money Market Fund and Empower HRA Guaranteed Protection Fund (HCSP only)

Fiduciary Calendar:

- IPS Review (Q1 2026)
- Fact Sheet Review (Q3 2026)
- SDBA Review (2027)
- Investment Line-up Review (2027)

Retirement Strategies for DC Accounts

LifePath Target Date Funds	Assets	Expense Ratio	1 Year	3 Year	5 Year	10 Year
LifePath Retirement	\$485,478,987	0.06%	10.83	8.66	4.04	
LifePath 2030	\$305,650,146	0.06%	12.70	10.47	5.40	
LifePath 2035	\$344,745,095	0.06%	14.57	11.96	6.42	
LifePath 2040	\$327,060,290	0.06%	16.49	13.49	7.44	
LifePath 2045	\$309,110,994	0.06%	18.35	14.90	8.35	
LifePath 2050	\$277,040,053	0.06%	20.17	16.02	9.05	
LifePath 2055	\$237,232,729	0.06%	21.08	16.54	9.35	
LifePath 2060	\$172,988,201	0.06%	21.21	16.57	9.37	
LifePath 2065	\$76,646,677	0.06%	21.20	16.59	9.37	
LifePath 2070	\$7,472,690	0.06%	21.20			
TOTAL	\$2,543,425,862					

Funds to Build Your Own Portfolio

MERS Portfolio Options	Assets	Expense Ratio	1 Year	3 Year	5 Year	10 Year
MERS Total Market Portfolio	\$1,796,571,025	0.37%	18.71	11.32	7.04	8.27
<i>MERS Policy Benchmark</i>			14.44	12.03	6.17	8.21
Large Cap Stock Index Fund	\$304,200,016	0.01%	17.80	18.30	12.05	
<i>S&P 500 Index</i>			17.80	18.32	12.06	
Mid Cap Stock Index	\$53,019,239	0.02%	17.41	12.14	6.96	
<i>S&P 400 Index</i>			17.35	12.09	6.92	
Small Cap Stock Index	\$30,276,151	0.02%	20.70			
<i>S&P 600 Index</i>			20.50			
International Stock Index	\$31,172,945	0.04%	22.90			
<i>MSCI EAFE Net Dividend Index</i>			21.27			
Emerging Market Stock	\$10,877,864	0.07%	30.33			
<i>Blended Benchmark</i>			29.55			
Real Estate Stock	\$7,249,845	0.04%	7.11			
<i>Dow Jones U.S. Select REIT Index</i>			7.23			
Bond Index	\$32,541,993	0.02%	4.36			
<i>Bloomberg U.S. Aggregate Bond Index</i>			4.35			
High Yield Bond	\$9,499,349	0.05%	7.73	8.89	4.07	5.27
<i>Bloomberg U.S. High Yield Net Return Index</i>			6.90	8.50	4.19	6.05
Stable Value	\$2,333,677,232					
<i>ICE BofA US 3 Month Treasury Bill Index G001</i>			4.21	4.84	3.19	2.19
TOTAL	\$2,410,960,437					

APPENDIX

Investment Decision Making Roles and Responsibilities

MERS' BOARD

- Is the fiduciary of MERS' assets;
- 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.

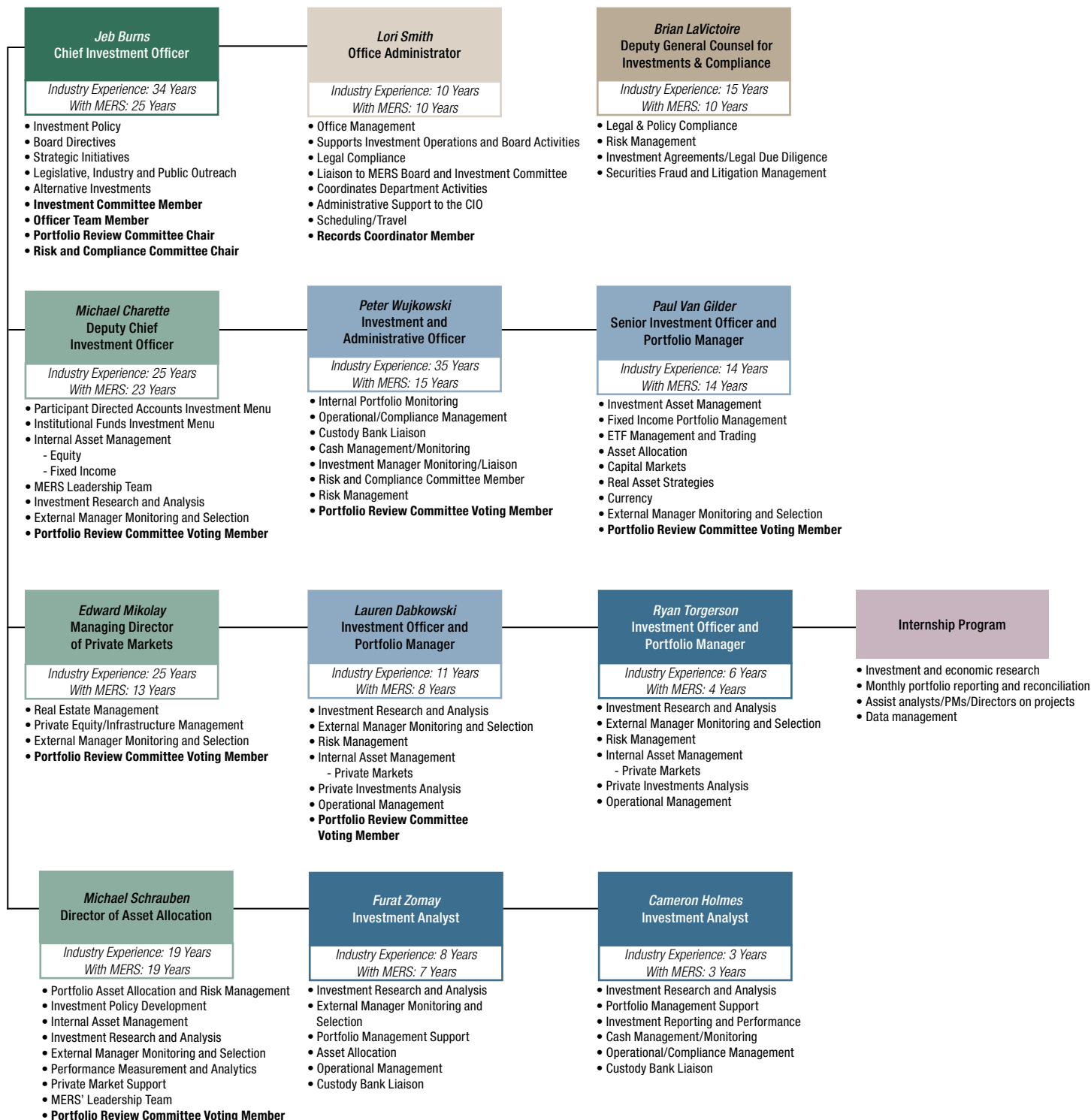
OFFICE OF INVESTMENTS

- 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



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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 5/28/2026. 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.