MERS®
Municipal Employees' Retirement System

QUARTERLY INVESTMENT REPORT

June 2026

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> *"Start where you are. Use what you have. Do what you can."*
> *– Arthur Ashe*

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 %)	6.37	7.43	16.26	12.98	12.05	6.78	8.97	8.65
Policy Benchmark [1]	9.44	7.57	16.37	14.51	14.03	6.98	9.23	9.01
Excess Return (Net %)	**-3.07**	**-0.14**	**-0.11**	**-1.53**	**-1.98**	**-0.20**	**-0.26**	**-0.36**

	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Public Markets (Net %)	7.23	8.45	18.51	15.20	14.09	6.99	9.16	-
Policy Benchmark	9.44	7.57	16.37	14.51	14.03	6.98	9.23	-
Excess Return (Net %)	**-2.21**	**0.88**	**2.14**	**0.69**	**0.06**	**0.01**	**-0.07**	**-**

	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Private Investments (Net %)	3.66	4.29	9.37	6.33	6.03	6.29	8.72	-
Policy Benchmark	9.44	7.57	16.37	14.51	14.03	6.98	9.23	-
Excess Return (Net %)	**-5.78**	**-3.28**	**-7.00**	**-8.18**	**-8.00**	**-0.69**	**-0.51**	**-**

Portfolio Performance Review

The Total Market portfolio returned 6.37% (net) for the second quarter, underperforming the Policy Benchmark by 307 bps. The Global Equity portfolio returned 12.65%, underperforming the Global Equity Policy Blend by 228 bps primarily, due to underperformance in the Emerging Market Equity portfolio. The U.S. Equity portfolio outperformed its benchmark by 59 bps due to strong outperformance in the small-cap portfolio. The International Equity portfolio modestly underperformed its benchmark by 162 bps due to its overweight to position in small-cap equities. The Emerging Market Equity portfolio underperformance was driven by a combination of lagged pricing and underperformance from small cap and frontier market equity. The Liquid Natural Resources portfolio underperformed with a -5.32% return. The return on the quarter was driven by market volatility in the energy sector as tensions in the Middle East conflict eased. The Global Fixed Income portfolio returned 0.96% during the quarter, underperforming the Global Fixed Income Policy Blend by 42 bps. MERS' underweight to credit risk detracted value, but manager selection within the Emerging Market Debt portfolio added value as that portfolio outperformed the J.P. Morgan EM BI-D index by 89 bps. The Private Markets portfolio delivered a return of 3.66%, with Real Assets returning 6.32%, Private Equity returning -0.53%, and Diversifying Strategies returning 3.29%. MERS' Defined Benefit (DB) portfolio assets are $15.53 billion, and MERS' total assets are $21.01 billion.

Economic and Market Summary

The second quarter of 2026 saw a strong recovery in global equity markets as easing geopolitical tensions, falling energy prices, solid corporate earnings, and improving investor sentiment fueled one of the strongest quarterly rallies in recent decades. The U.S.-Iran ceasefire eased concerns over energy supply disruptions, contributing to a roughly 31% decline in oil prices and helping reduce inflationary pressures. Meanwhile, stronger-than-expected earnings and revenue growth reinforced confidence in the resilience of the global economy. U.S. equities posted impressive gains. The S&P 500 advanced 15.20%, while the Nasdaq-100 surged 27.73%, marking its strongest quarterly performance since 2020. Continued enthusiasm surrounding artificial intelligence and robust earnings growth among large-cap technology companies drove much of this performance. Market leadership also broadened beyond mega-cap technology stocks. Small-cap, micro-cap, equal-weight, and value-oriented benchmarks all reached new highs. The Russell Microcap Index gaining 26.14%, the Russell 2000 returning 21.57%, and the S&P 500 Equal Weight Index advancing 11.39%. Improved market breadth suggests increasing confidence in the broader economy rather than reliance on a narrow group of companies. International equities also delivered strong results. The MSCI ACWI IMI Index (net) returned 14.93%, while emerging markets led major regions with a gain of 22.70%, benefiting from a weaker U.S. dollar and improving global growth expectations. Developed international markets were also positive, with the MSCI Japan IMI Index (net) returning 13.85% and the MSCI Europe IMI Index (net) gaining 10.59%. The MSCI Pacific ex-Japan IMI Index (net) increased 3.74%. Despite the strong quarter, inflation remains an important consideration. Lower oil prices helped ease headline inflation, but core inflation remained elevated, prompting the Federal Reserve to maintain a cautious, data-dependent approach. Looking ahead, improving market breadth, healthy corporate fundamentals, and reduced geopolitical risks provide a constructive backdrop for investors, though inflation trends and the path of interest rates remain key risks to monitor.

[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

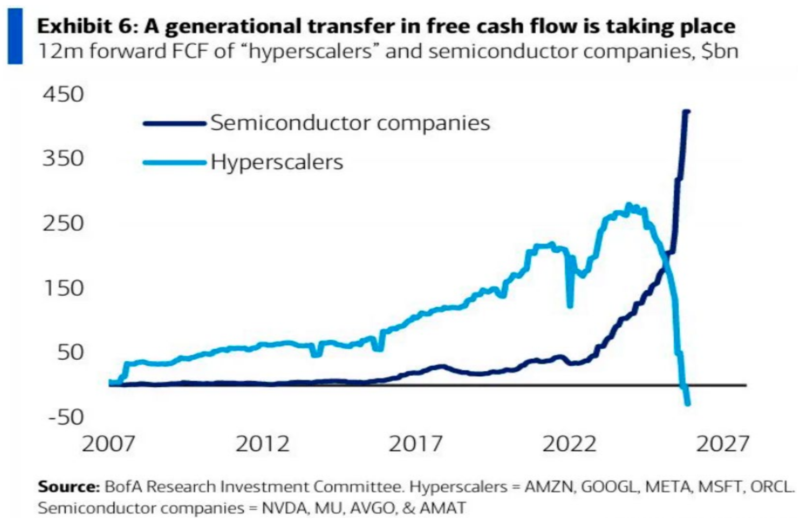
Medium-Term Trends (3-5 years):
- Rise of populism
- Protectionism | In-sourcing
- Investment industry consolidation
- Rise of passive investing
- Amplification of country and regional investment risks
- Rising energy demand

Long-Term Trends (7+ years):
- Aging populations I Workforce competition
- Rising taxes I Entitlement costs
- Aging infrastructure
- Impact from Artificial Intelligence
- Deglobalization I 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
- Emerging market debt local currency research

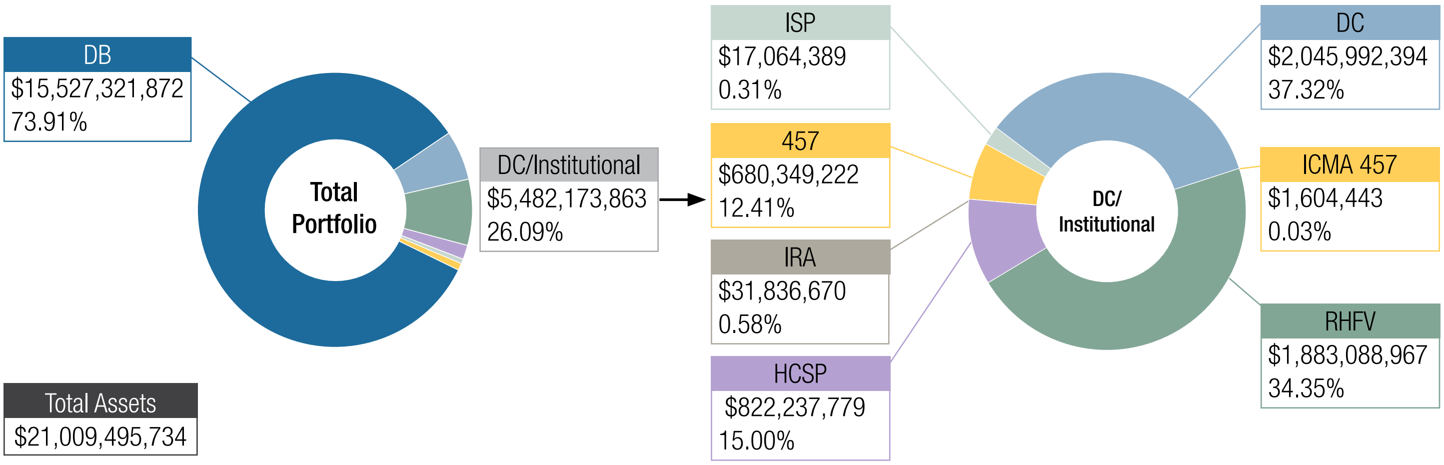
Chart of the Quarter



Source: BofA Global Research

This chart captures a striking transfer of free cash flow (FCF) within the AI value chain. From 2007 through roughly 2022, hyperscalers (AMZN, GOOGL, META, MSFT, ORCL) dominated cash generation, climbing steadily to nearly $300bn in forward FCF on the back of cloud computing and digital advertising, while semiconductor companies (NVDA, MU, AVGO, AMAT) remained largely flat below $100bn. That dynamic reversed sharply starting around 2023 to 2024, reflecting the massive capex surge into AI infrastructure such as data centers, custom silicon, and power investments that now consume cash rather than generate it. Effectively, this is a snapshot of AI capital expenditure flowing directly into chipmakers rather than staying with the cloud platforms, and it raises an open question for investors about earnings sustainability and the interconnected financing loop. It remains to be seen whether hyperscalers will see a return on the capex investment and FCF recovers as AI workloads are monetized.

Assets by Program



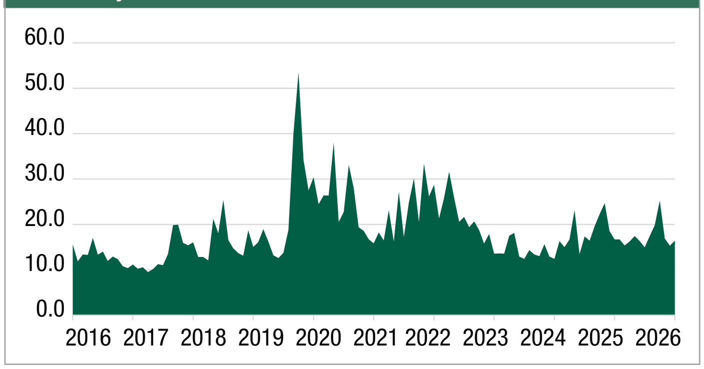
ECONOMIC UPDATE

Market Indicators	Current	Prior Quarter
10 Year Treasury Yield	4.47%	4.32%
Fed Funds Rate	3.75%	3.75%
Crude Oil	$69.5 /barrel	$101.4 /barrel
Gold	$4,008.0 /oz.	$4,668.1 /oz.
30 Year Fixed Mortgage Rates	6.55%	6.48%
U.S. Investment Grade Credit Spread	0.74%	0.89%
U.S. High Yield Credit Spread	2.70%	3.17%
U.S. Leading Economic Indicators	-1.40%	-3.00%

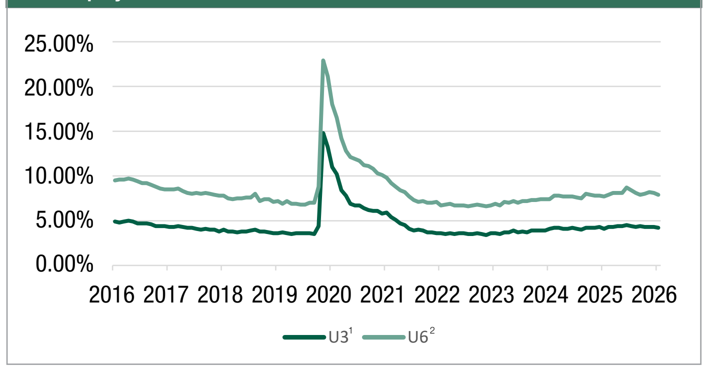
Economic Releases	Current	Prior Quarter
ISM Manufacturing	53.30	52.70
ISM Non-Manufacturing	54.00	54.00
U of M Consumer Sentiment	49.50	53.30
U.S. Real GDP*	2.70%	2.00%
Eurozone Real GDP*	0.50%	1.10%
UK GDP*	0.90%	0.90%
Japan GDP*	0.40%	0.30%
China GDP*	5.00%	4.50%

* All GDP YoY data figures are lagged by one quarter

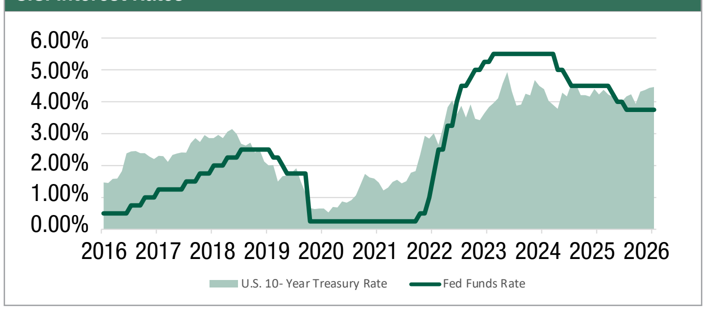
VIX Volatility Index



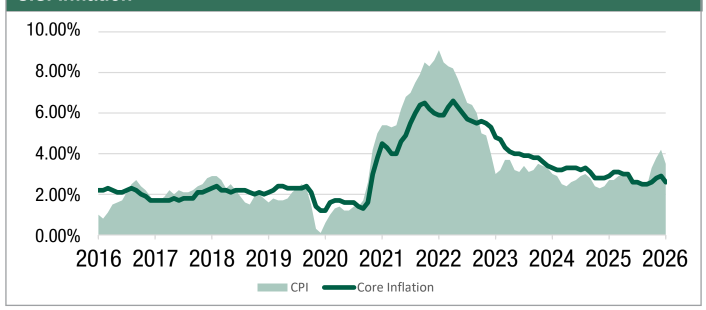
U.S. Employment



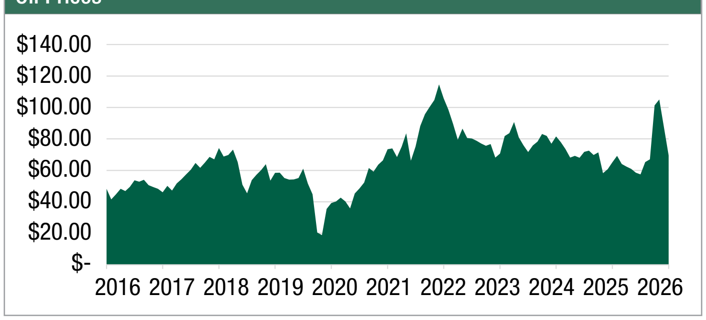
U.S. Interest Rates



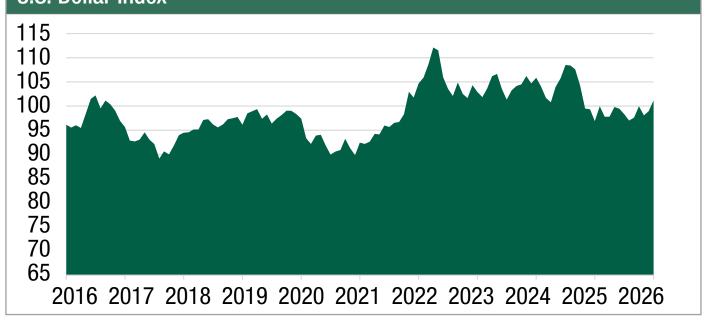
U.S. Inflation



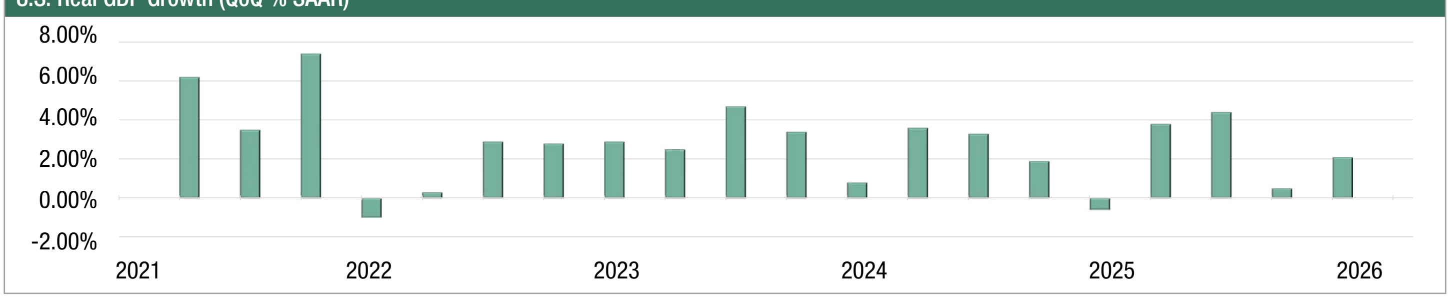
Oil Prices



U.S. Dollar Index



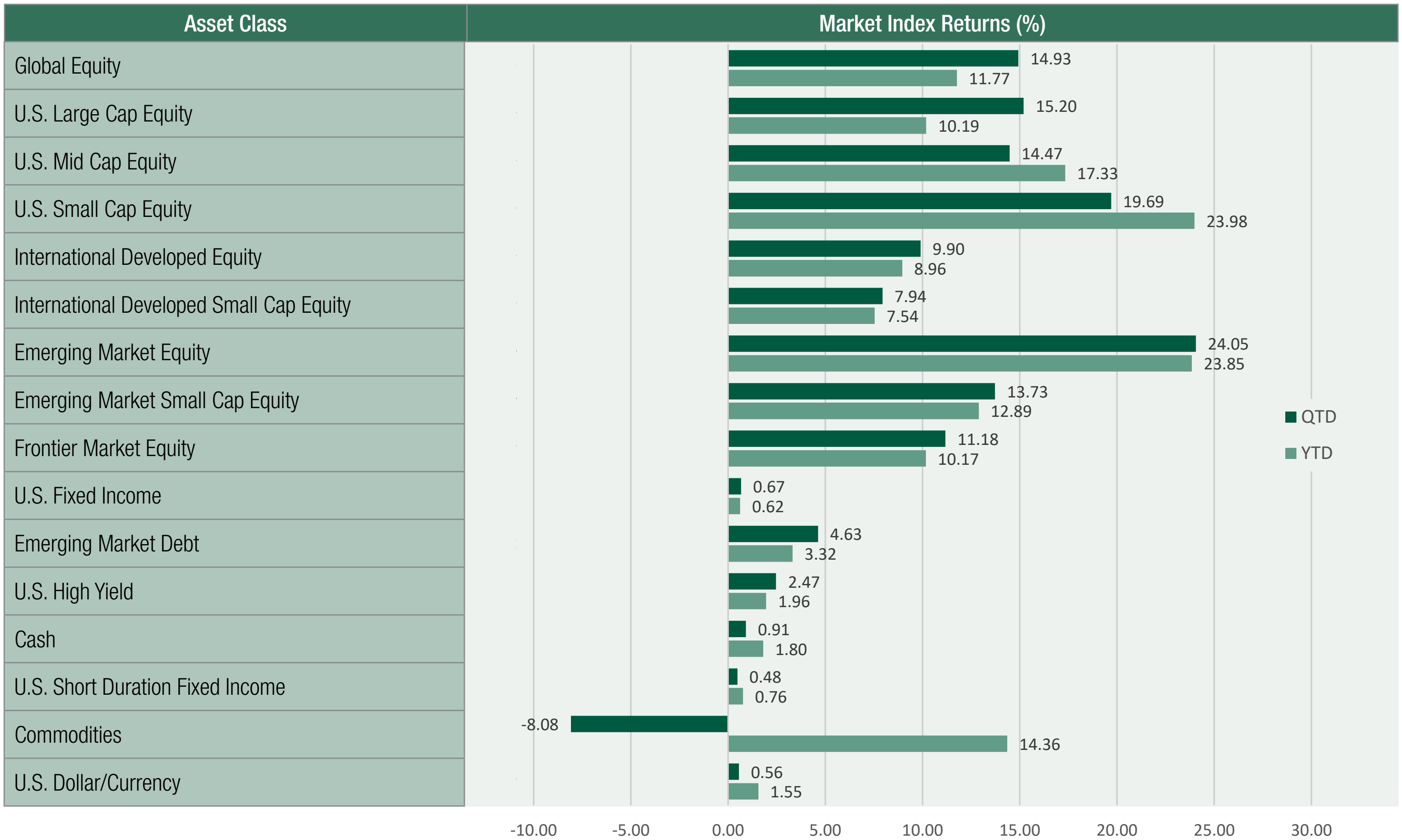
U.S. Real GDP Growth (QoQ % SAAR)



[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.

Market Performance Review

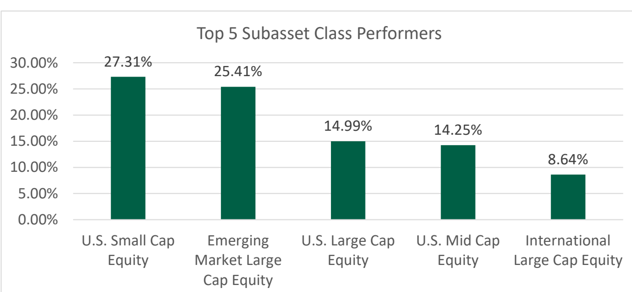


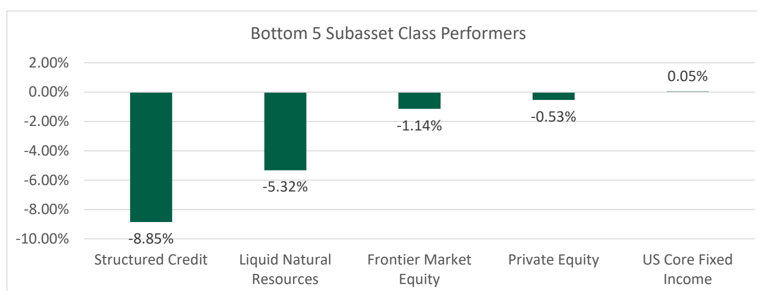
Market Index Returns

Market Index	Asset Class	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
MSCI ACWI IMI (net)	Global Equity	14.93	11.77	24.22	19.45	10.57	13.03	12.54
S&P 500	US Large Cap Equity	15.20	10.19	22.29	20.59	13.38	16.05	15.49
S&P 400	US Mid Cap Equity	14.47	17.33	25.87	15.39	9.03	11.94	11.62
S&P 600	US Small Cap Equity	19.69	23.98	37.56	16.02	7.32	11.28	11.46
MSCI World ex USA IMI (net)	International Developed Equity	9.90	8.96	20.76	16.85	8.84	10.04	9.70
MSCI World ex USA Small Cap (net)	International Developed Small Cap Equity	7.94	7.54	19.36	16.51	6.03	9.15	8.91
MSCI Emerging Markets (net)	Emerging Market Equity	24.05	23.85	43.51	23.03	7.20	9.82	10.07
MSCI Emerging Markets Small Cap (net)	Emerging Market Small Cap Equity	13.73	12.89	20.89	16.30	7.16	11.25	9.48
MSCI Frontier Markets (net)	Frontier Market Equity	11.18	10.17	34.88	23.36	8.67	9.31	9.02
Bloomberg U.S. Aggregate	US Fixed Income	0.67	0.62	3.79	4.16	0.08	1.22	1.54
J.P. Morgan EMBI Global Diversified	Emerging Market Debt	4.63	3.32	11.78	10.32	2.58	2.97	3.72
Bloomberg US Corporate High Yield	US High Yield	2.47	1.96	5.91	8.86	4.17	5.09	5.81
Bloomberg US Treasury Bills 1-3 Months	Cash	0.91	1.80	3.96	4.74	3.61	2.79	2.35
Bloomberg 1-3 Year Gov/Credit	US Short Duration Fixed Income	0.48	0.76	3.14	4.64	2.12	2.18	2.00
Bloomberg Commodity Index	Commodities	-8.08	14.36	25.46	11.69	9.37	9.46	5.83
Bloomberg Dollar Spot Index	US Dollar/Currency	0.56	1.55	2.69	-0.29	1.37	0.42	0.31

QUARTERLY PORTFOLIO PERFORMANCE

	Portfolio	% of Total Portfolio	Quarterly Portfolio Returns (Net %)
	MERS Total Portfolio	100.00%	6.37
	Policy Benchmark	-	9.44
Global Equity	**Global Equity**	**48.56%**	**11.27**
	U.S. Equity	24.66%	16.19
	U.S. Large Cap Equity	19.48%	14.99
	U.S. Mid Cap Equity	4.98%	14.25
	U.S. Small Cap Equity	2.74%	27.31
	International Equity	12.64%	8.28
	International Large Cap Equity	6.34%	8.64
	International Small Cap Equity	6.30%	7.89
	Emerging Market Equity	8.42%	9.73
	Emerging Mkt Large Cap Equity	3.31%	25.41
	Emerging Mkt Small Cap Equity	3.90%	2.75
	Frontier Market Equity	1.22%	-1.14
	Real Return and Opportunistic	2.84%	-6.76
	Liquid Natural Resources	1.84%	-5.32
	Structured Credit	1.00%	-8.85
Global Fixed Income	**Global Fixed Income**	**27.74%**	**0.96**
	U.S. Core Fixed Income	20.01%	0.05
	Emerging Market	2.84%	5.52
	High Yield	3.68%	2.55
	Cash	1.21%	0.81
Private Investments	**Private Investments**	**23.69%**	**3.66**
	Private Equity	8.22%	-0.53
	Real Assets	13.38%	6.32
	Diversifying Strategies	2.09%	3.29

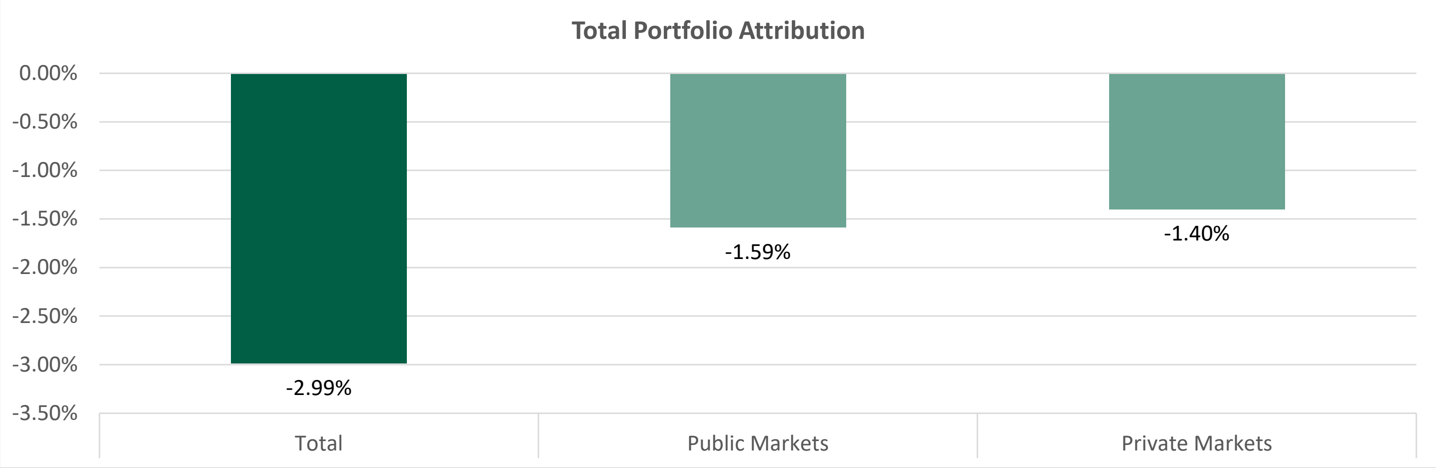


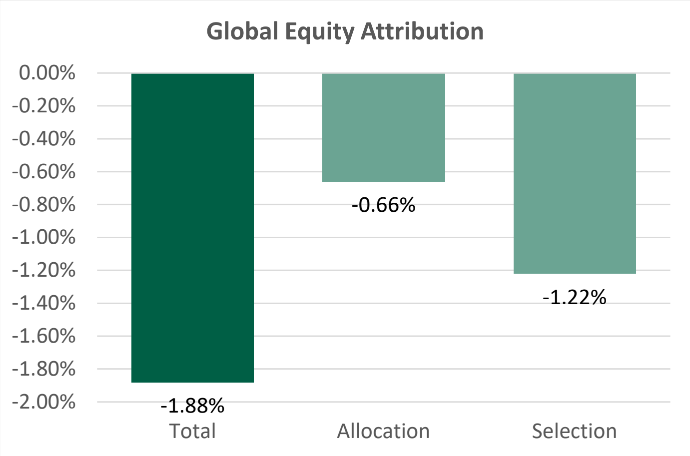


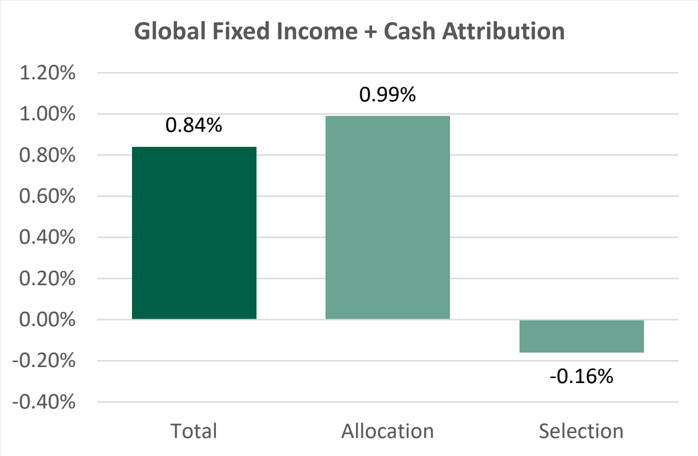
PORTFOLIO ATTRIBUTION SUMMARY

	Average Weight			Return (Net)			Attribution Totals		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference	Allocation	Selection	Total
Total Portfolio	**100.00%**	**100.00%**	**0.00%**	**6.38%**	**9.37%**	**-2.99%**	**0.33%**	**-3.32%**	**-2.99%**
Public Markets	**75.95%**	**100.00%**	**-24.05%**	**7.26%**	**9.37%**	**-2.11%**	**0.33%**	**-1.92%**	**-1.59%**
Global Equity	**45.16%**	**60.00%**	**-14.84%**	**12.38%**	**14.81%**	**-2.43%**	**-0.66%**	**-1.22%**	**-1.88%**
U.S. Equity	24.40%	37.61%	-13.21%	15.55%	15.60%	-0.05%	-0.85%	0.00%	-0.85%
International Equity	12.68%	15.98%	-3.30%	8.18%	9.90%	-1.72%	-0.02%	-0.22%	-0.24%
Emerging Market Equity	8.08%	6.41%	1.67%	9.78%	22.70%	-12.92%	0.21%	-1.00%	-0.79%
RR and Opportunistic	3.20%	0.00%	3.20%	-6.86%	9.37%	-16.23%	0.00%	-0.54%	-0.54%
Global Fixed Income	**27.09%**	**40.00%**	**-12.91%**	**0.95%**	**1.38%**	**-0.43%**	**0.99%**	**-0.11%**	**0.89%**
U.S. Core Fixed Income	20.52%	30.00%	-9.48%	0.05%	0.67%	-0.62%	0.80%	-0.13%	0.67%
Emerging Market	2.84%	5.00%	-2.16%	5.53%	4.63%	0.90%	0.10%	0.03%	0.13%
U.S. High Yield	3.73%	5.00%	-1.27%	2.53%	2.47%	0.06%	0.09%	0.00%	0.09%
Cash	**0.51%**	**0.00%**	**0.51%**	**2.59%**	**9.37%**	**-6.78%**	**0.00%**	**-0.05%**	**-0.05%**
Private Investments	**24.05%**	**0.00%**	**24.05%**	**3.63%**	**9.37%**	**-5.74%**	**0.00%**	**-1.40%**	**-1.40%**

- Outperformance was driven by the Global Fixed Income portfolio (+89 bps).
- The U.S. Core Fixed Income portfolio added value (+67 bps).
- Selection within Emerging Market Equity detracted value (-100 bps).
- Allocation within Emerging Market Debt added value (+10 bps).
- International Equity portfolio detracted value (-24 bps).





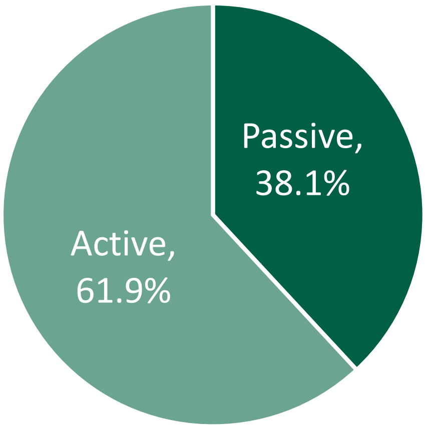


PORTFOLIO ASSET ALLOCATION

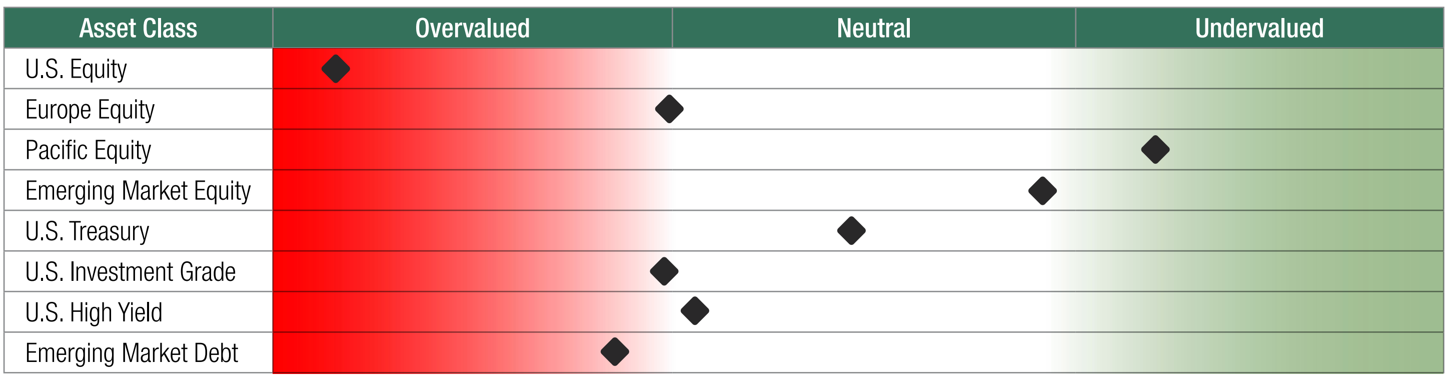
Asset Class	Market Value	% of Fund	Base Allocation	Over/Under Weight	Minimum Allocation	Maximum Allocation
Global Equity[1]	$8,491,064,578	48.56%	50.00%	-1.44%	30.00%	70.00%
Global Fixed Income	$4,850,351,228	27.74%	30.00%	-2.26%	10.00%	60.00%
Private Investments	$4,142,792,831	23.69%	20.00%	3.69%	No Minimum	30.00%
Total	**$17,484,208,637**	**100.00%**	**100.00%**			

MERS Public Markets

Asset Class	MERS 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



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

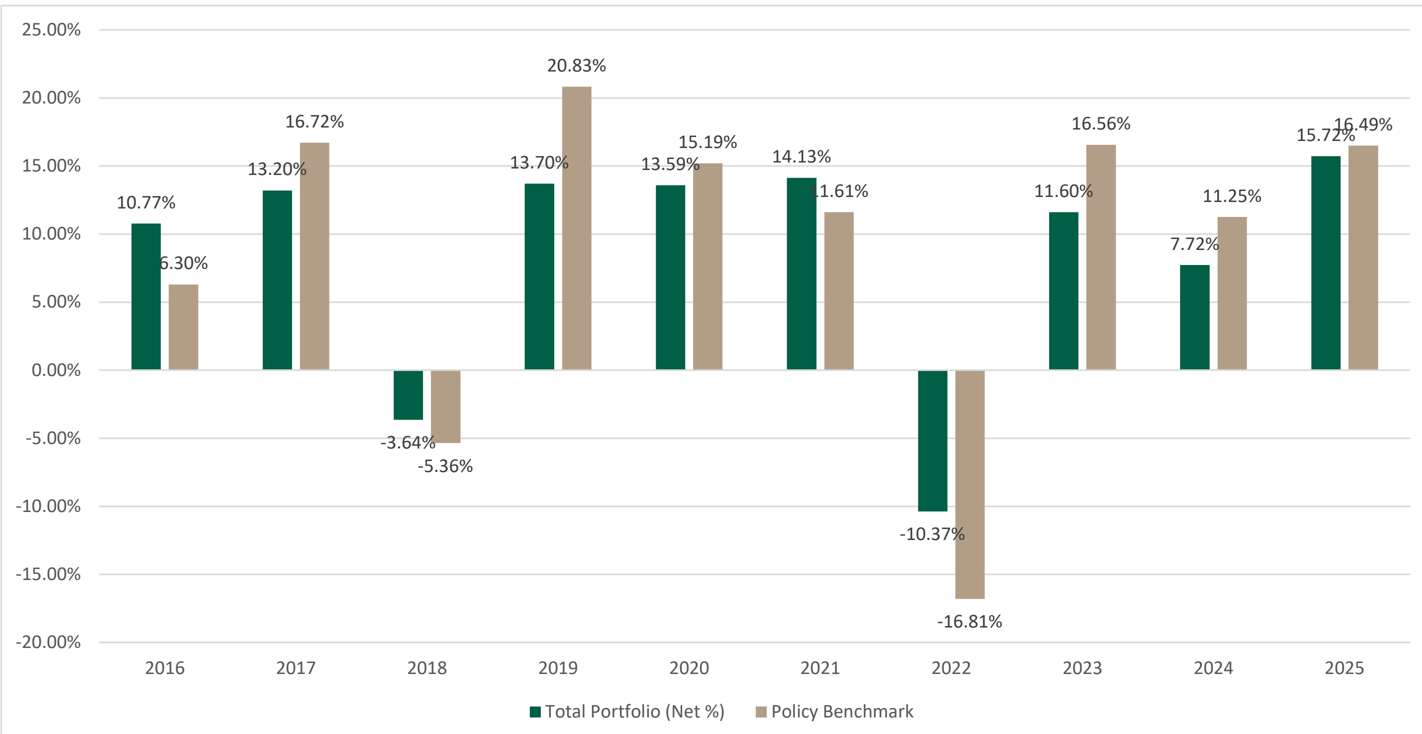
[2] Public Markets are made up of the Global Equity and Global Fixed Income Asset Classes

[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

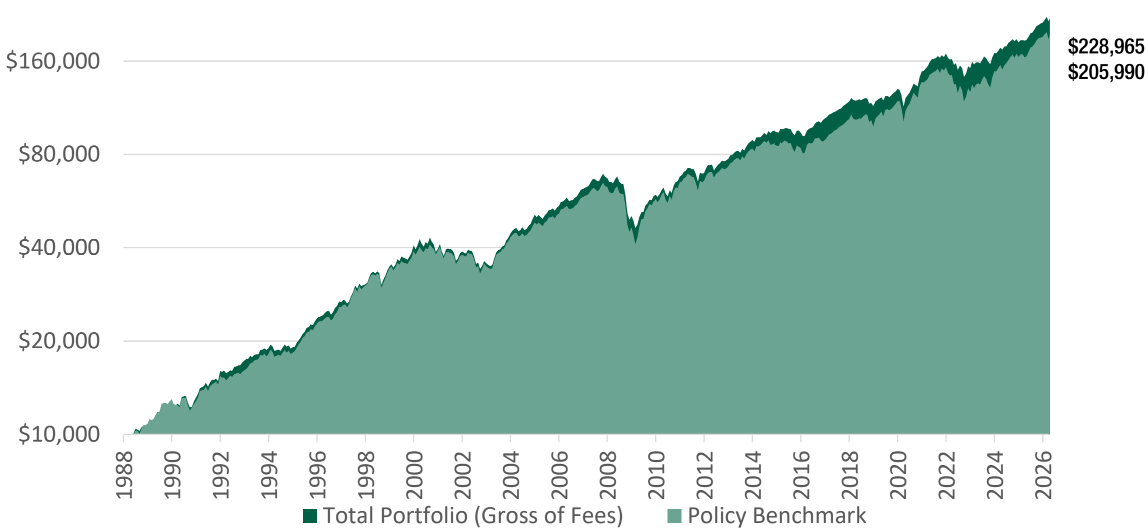
HISTORICAL PORTFOLIO PERFORMANCE

	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Total Portfolio (Gross %)	6.43	7.58	16.53	12.36	7.05	9.21	8.87
Total Portfolio (Net %)	6.37	7.43	16.26	12.05	6.78	8.97	8.65
Policy Benchmark	*9.44*	*7.57*	*16.37*	*14.03*	*6.98*	*9.23*	*9.01*
Excess Return (Net %)	**-3.07**	**-0.14**	**-0.11**	**-1.98**	**-0.20**	**-0.26**	**-0.36**

Calendar Year Performance – Last 10 Years



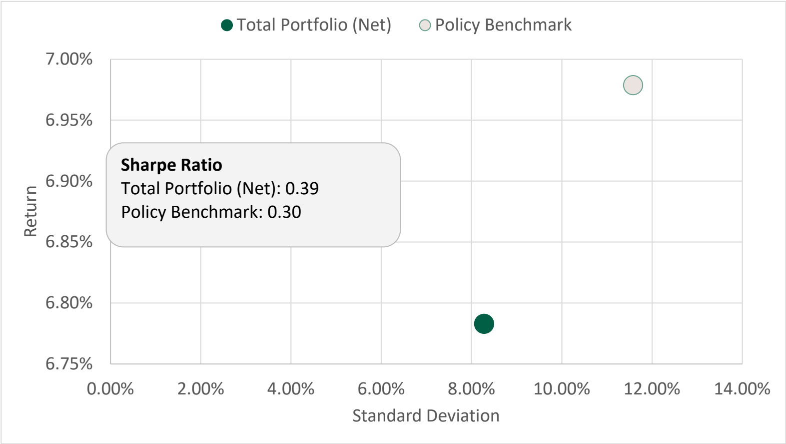
Growth of $10,000 Comparison



PORTFOLIO RISK-RETURN PROFILE

5-Year

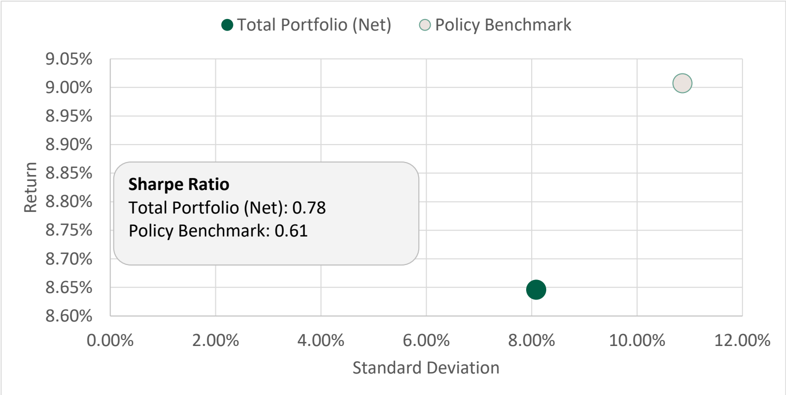
	Return	Standard Deviation	Downside Deviation	Beta	R-Squared	Tracking Error
Total Portfolio (Net)	6.78%	8.28%	5.68%	0.69	94.74	4.00%
Policy Benchmark	6.98%	11.58%	8.04%	1.00	100.00	



	# of Months		Average Return			
	Up	Down	Up	Down	Up Capture	Down Capture
Total Portfolio (Net)	40	20	1.96%	-2.20%	73.28	69.92
Policy Benchmark	39	21	2.46%	-3.16%		

10-Year

	Return	Standard Deviation	Downside Deviation	Beta	R-Squared	Tracking Error
Total Portfolio (Net)	8.65%	8.08%	5.34%	0.72	93.46	3.68%
Policy Benchmark	9.01%	10.86%	7.33%	1.00	100.00	

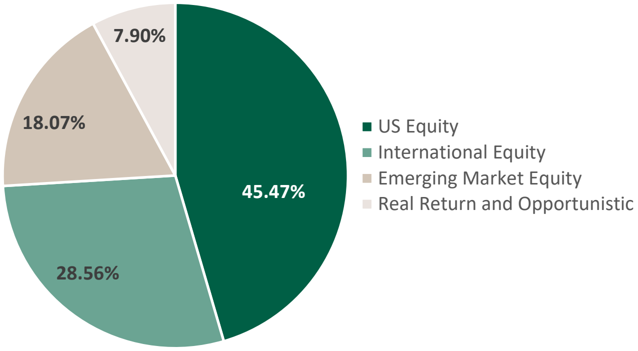


	# of Months		Average Return			
	Up	Down	Up	Down	Up Capture	Down Capture
Total Portfolio (Net)	85	35	1.87%	-2.06%	76.67	69.36
Policy Benchmark	83	37	2.39%	-2.86%		

GLOBAL EQUITY

Market Value	$8,491,064,578
Assets – % of Portfolio	48.56%

Sub Asset Class	Market Value
U.S. Equity	$4,312,170,430
International Equity	$2,210,452,438
Emerging Market Equity	$1,472,508,353
Real Return and Opportunistic[1]	$495,933,357
Total	**$8,491,064,578**



Performance (Net)

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Equity	**$8,491,064,578**	**48.56**	**11.27**	**13.10**	**27.91**	**19.27**	**10.31**	**12.24**	**11.55**
Global Equity Policy Blend[2]			*14.93*	*11.77*	*24.22*	*20.09*	*11.32*	*13.99*	*13.47*
MSCI ACWI IMI (net)			*14.93*	*11.77*	*24.22*	*19.45*	*10.57*	*13.03*	*12.54*
U.S. Equity	**$4,312,170,430**	**24.66**	**16.19**	**13.98**	**26.43**	**19.44**	**12.27**		
MSCI USA IMI (net)			*15.60*	*11.00*	*22.84*	*20.07*	*12.01*		
U.S. Large Cap Equity	**$2,962,123,440**	**16.94**	**14.99**	**9.94**	**21.55**	**20.37**	**13.46**	**15.60**	**15.03**
S&P 500			*15.20*	*10.21*	*22.33*	*20.61*	*13.41*	*16.08*	*15.51*
U.S. Mid Cap Equity	**$870,393,321**	**4.98**	**14.25**	**17.87**	**26.81**	**15.66**	**9.06**	**11.98**	**11.48**
S&P 400			*14.47*	*17.34*	*25.89*	*15.41*	*9.07*	*11.97*	*11.65*
U.S. Small Cap Equity	**$479,579,973**	**2.74**	**27.31**	**33.45**	**58.97**	**22.01**	**11.38**	**14.21**	**13.41**
MSCI USA Small Cap IMI (net)			*19.53*	*22.55*	*37.23*	*18.14*	*8.31*	*12.20*	*12.19*
International Equity	**$2,210,452,438**	**12.64**	**8.28**	**7.76**	**18.99**	**16.96**	**8.05**		
MSCI World ex USA IMI (net)			*9.90*	*8.96*	*20.76*	*16.85*	*8.84*		
International Large Cap Equity	**$1,109,075,239**	**6.34**	**8.64**	**8.42**	**19.89**	**16.14**	**7.95**	**9.19**	**7.89**
MSCI World ex USA (net)			*10.22*	*9.19*	*20.99*	*16.90*	*9.32*	*10.19*	*9.84*
International Small Cap Equity	**$1,101,377,199**	**6.30**	**7.89**	**7.05**	**18.08**	**18.80**	**8.14**	**11.08**	**11.30**
MSCI World ex USA Small Cap (net)			*7.94*	*7.54*	*19.36*	*16.51*	*6.03*	*9.15*	*8.91*
Emerging Market Equity	**$1,472,508,353**	**8.42**	**9.73**	**21.45**	**42.77**	**22.80**	**9.07**	**11.45**	**10.43**
MSCI Emerging Markets IMI (net)			*22.70*	*22.41*	*40.30*	*22.11*	*7.17*	*9.96*	*9.98*
Emerging Market Large Cap Equity	**$578,446,598**	**3.31**	**25.41**	**27.34**	**46.88**	**23.49**	**7.08**	**9.80**	**9.46**
MSCI Emerging Markets (net)			*24.05*	*23.85*	*43.51*	*23.03*	*7.20*	*9.82*	*10.07*
Emerging Market Small Cap Equity[4]	**$681,150,176**	**3.90**	**2.75**	**21.38**	**48.22**	**24.46**	**12.46**	**15.93**	**13.45**
MSCI Emerging Markets Small Cap (net)			*13.73*	*12.89*	*20.89*	*16.30*	*7.16*	*11.25*	*9.48*
Frontier Market Equity[4]	**$212,911,578**	**1.22**	**-1.14**	**7.73**	**21.32**	**18.17**	**10.21**	**9.73**	**8.61**
MSCI Emerging Markets Small Cap (net)			*13.73*	*12.89*	*20.89*	*16.30*	*7.16*	*11.25*	*9.48*
Real Return and Opportunistic	**$495,933,357**	**2.84**	**-6.76**	**4.78**	**33.92**	**21.83**	14.36		
Policy Benchmark[3]			*9.44*	*7.57*	*16.37*	*14.03*	*6.98*		
Liquid Natural Resources	**$321,360,323**	**1.84**	**-5.32**	**14.42**	**57.20**	**22.13**	**14.93**		
Policy Benchmark			*9.44*	*7.57*	*16.37*	*14.03*	*6.98*		
Structured Credit	**$174,573,034**	**1.00**	**-8.85**	**-11.08**	*-2.29*				
Policy Benchmark			*9.44*	*7.57*	*16.37*				

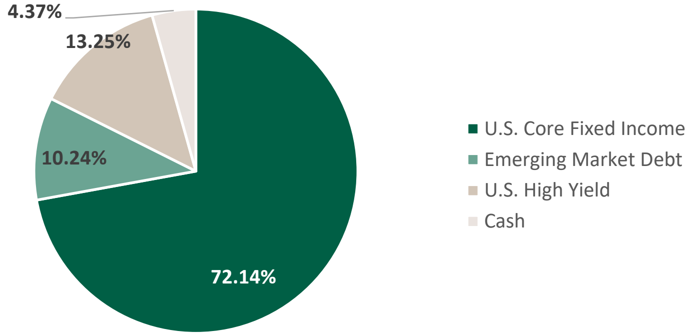
[1] Consists of Liquid Natural Resources and Structured Credit

[2] 100% MSCI ACWI IMI (net)

[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

[4] One-month lagged return

Market Value	$4,850,351,228
Assets – % of Portfolio	27.74%



Sub Asset Class	Market Value
U.S. Core Fixed Income	$3,499,282,278
Emerging Market Debt	$496,511,953
U.S. High Yield	$642,817,443
Cash	$211,739,554
Total	**$4,850,351,228**

Performance (Net)

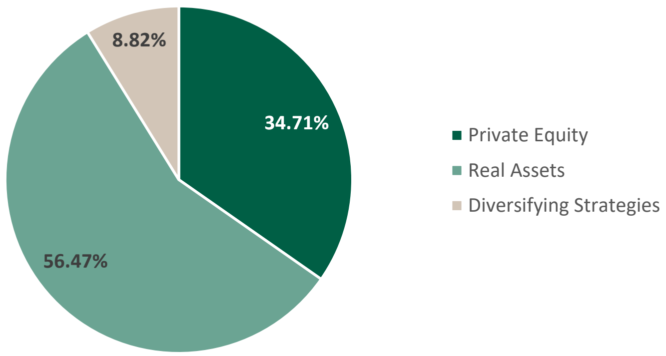
	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Fixed Income ex Cash	**$4,638,611,674**	**26.53**	**0.96**	**1.11**	**4.57**	**5.73**	**1.08**	**2.91**	**3.14**
Global Fixed Income Policy Blend[1]			*1.38*	*1.13*	*5.04*	*4.26*	*-0.47*	*0.71*	*0.89*
Bloomberg U.S. Aggregate Bond Index			*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*
U.S. Core Fixed Income	**$3,499,282,278**	**20.01**	**0.05**	**0.18**	**2.60**	**3.82**	**0.19**	**1.08**	**1.44**
Bloomberg U.S. Aggregate Bond Index			*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*
Emerging Market Debt	**$496,511,953**	**2.84**	**5.52**	**6.52**	**17.55**	**13.57**	**4.50**	**4.90**	**5.28**
J.P. Morgan EMBI Global Diversified			*4.63*	*3.32*	*11.78*	*10.32*	*2.58*	*2.97*	*3.72*
U.S. High Yield	**$642,817,443**	**3.68**	**2.55**	**2.18**	**5.92**	**8.19**			
Bloomberg U.S. Corporate High Yield			*2.47*	*1.96*	*5.91*	*8.86*			
Cash[2]	**$211,739,554**	**1.21**	**0.81**	**1.72**	**3.65**	**5.17**	**11.23**	**8.45**	**6.22**
91 Day Treasury Bill			*0.89*	*1.76*	*3.87*	*4.67*	*3.54*	*2.77*	*2.35*

[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	$4,142,792,831
Assets – % of Portfolio	23.69%

Sub Asset Class	Market Value
Private Equity	$1,438,044,854
Real Assets	$2,339,459,570
Diversifying Strategies	$365,257,284
Currency Hedge	$31,123
Total	**$4,142,792,831**



Performance (Net)

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Private Investments	**$4,142,792,831**	**23.69**	**3.66**	**4.29**	**9.37**	**6.03**	**6.29**		
Public Markets			*7.23*	*8.45*	*18.51*	14.09	6.99		
Policy Benchmark[1]			*9.44*	*7.57*	*16.37*	14.03	6.98		
Private Equity	**$1,438,044,854**	**8.22**	**-0.53**	**0.87**	**6.79**	**3.67**	**8.29**	**13.61**	**13.01**
Private Equity Blend[2]			*14.27*	*15.03*	*27.13*	*17.22*	*6.29*	*10.02*	*10.28*
Real Assets	**$2,339,459,570**	**13.38**	**6.32**	**6.16**	**10.14**	**5.29**	**4.21**	**6.59**	**7.38**
Real Assets Blend[3]			*1.85*	*4.51*	*6.53*	*6.06*	*7.21*	*7.01*	*6.05*
Diversified Real Assets	**$1,932,002,292**	**11.05**	**7.27**	**7.38**	**13.27**	**7.09**	**4.57**	**7.43**	
Real Assets Blend			*1.85*	*4.51*	*6.53*	*6.06*	*7.21*	*7.01*	
Real Estate	**$407,457,278**	**2.33**	**2.28**	**1.05**	**-2.46**	**-2.66**	**2.38**	**4.26**	**6.82**
Real Estate Blend[4]									
Timber	**$33,902,823**	**0.19**	**4.78**	**4.53**	**10.59**	**0.22**	**2.47**	**4.62**	**6.33**
S&P Global Timber & Forestry Index Net			*-5.13*	*-7.65*	*-7.66*	*-0.98*	*-3.72*	*2.99*	*5.56*
Infrastructure	**$435,758,801**	**2.49**	**3.32**	**3.52**	**9.78**	**17.20**	**19.77**	**17.00**	**12.91**
Private Infrastructure Blend[5]			*0.24*	*5.67*	*7.26*	*8.23*	*3.11*	*4.18*	*4.44*
Commodities	**$454,724,474**	**2.60**	**18.97**	**20.34**	**47.76**	**33.67**	**13.61**	**14.92**	**12.08**
Bloomberg Commodity Index Total Return			*-8.08*	*14.36*	*25.46*	*11.69*	*9.37*	*9.46*	*5.83*
Agriculture & Farmland	**$89,022,782**	**0.51**	**1.25**	**4.35**	**18.00**	**-0.15**	**-4.34**	**1.53**	**5.09**
S&P Global Agribusiness Equity Index TR			*-7.75*	*11.35*	*12.95*	*9.79*	*5.69*	*8.26*	
Diversifying Strategies	**$365,257,284**	**2.09**	**3.29**	**4.66**	**12.99**	**12.86**	**9.76**	**9.94**	**8.44**
Diversifying Strategies Blend[6]			*5.69*	*4.21*	*9.42*	*9.27*	*3.42*	*5.24*	*5.62*

[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 & INSTITUTIONAL FUNDS SUMMARY

DC Funds

Program	Assets	Participants	Average Account Size	Weighted Average Fee	Default Option
DC/Hybrid Plan	$2,045,992,394	43,653	$46,869	0.06%	Retirement Strategies
HCSP	$822,237,779	47,003	$17,493	0.06%	Retirement Strategies
457 Program	$681,953,664	16,990	$40,139	0.06%	Retirement Strategies
MERS IRA	$31,836,670	2,912	$10,933	0.09%	Retirement Strategies
TOTAL	**$3,582,020,506**	**110,558**	**$32,399**		

Institutional Funds

Program	Assets	Municipalities	Average Account Size	Weighted Average Fee
RHFV	$1,883,088,967	291	$6,471,096	0.58%
ISP	$17,064,389	2	$8,532,194	0.58%
TOTAL	**$1,900,153,356**	**293**	**$6,485,165**	

Investment Allocations

	DC	IF	Total
LifePath Funds	$2,844,713,982		$2,844,713,982
Total Market Fund	$54,343,882	$1,881,802,853	$1,936,146,735
Asset Specific Funds	$603,658,162	$0	$603,658,162
Self-directed Brokerage	$20,669,144		$20,669,144
Loan Fund	$15,265,832		$15,265,832
TOTAL	**$3,538,651,003**	**$1,881,802,853**	**$5,420,453,855**

Program Highlights

- Transitioning Recordkeeper to Empower
- Simplifying Investment Menu at transition, including:
  - Removing five investment options
  - Adding Vanguard Money Market Fund and Empower HRA Guarenteed 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	$499,522,515	0.06%				
LifePath 2030	$327,070,462	0.06%	13.77	11.88	5.71	
LifePath 2035	$382,554,175	0.06%	16.23	13.73	6.97	
LifePath 2040	$368,510,696	0.06%	18.71	15.53	8.18	
LifePath 2045	$356,196,621	0.06%	21.17	17.29	9.34	
LifePath 2050	$322,231,490	0.06%	23.32	18.76	10.26	
LifePath 2055	$279,722,001	0.06%	24.36	19.45	10.68	
LifePath 2060	$203,742,349	0.06%	24.52	19.52	10.72	
LifePath 2065	$93,867,798	0.06%	24.52	19.53	10.73	
LifePath 2070	$11,295,875	0.06%	24.52			
TOTAL	**$2,844,713,982**					

Funds to Build Your Own Portfolio

MERS Portfolio Options	Assets	Expense Ratio	1 Year	3 Year	5 Year	10 Year
MERS Total Market Portfolio	**$1,900,471,684**	**0.37%**				
MERS Policy Benchmark			*16.37*	*14.03*	*6.98*	*9.01*
Large Cap Stock Index Fund	**$348,151,784**	**0.01%**	**22.31**	**20.60**	**13.39**	
S&P 500 Index			*22.32*	*20.61*	*13.41*	
Mid Cap Stock Index	**$60,183,615**	**0.02%**	**25.92**	**15.46**	**9.11**	
S&P 400 Index			*25.89*	*15.41*	*9.07*	
Small Cap Stock Index	**$36,303,556**	**0.02%**	**37.68**			
S&P 600 Index			*37.50*			
International Stock Index	**$34,495,438**	**0.04%**	**20.95**	**19.51**	**16.78**	
MSCI EAFE Net Dividend Index			*20.23*	*18.97*	*16.44*	
Emerging Market Stock	**$15,920,904**	**0.07%**	**44.37**	**29.12**	**23.02**	
Blended Benchmark			*43.51*	*28.63*	*23.03*	
Real Estate Stock	**$8,185,692**	**0.04%**	**22.38**			
Dow Jones U.S. Select REIT Index			*22.59*			
Bond Index	**$33,062,291**	**0.02%**	**3.81**			
Bloomberg U.S. Aggregate Bond Index			*3.79*			
High Yield Bond	**$9,481,022**	**0.05%**				
ICE BofA US HIgh Yield Index			*6.90*	*8.50*	*4.19*	*6.05*
Stable Value	**$59,159,973**	**0.30%**				
ICE BofA US 3 Month Treasury Bill Index G0O1						
TOTAL	**$2,505,415,961**					

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.

OFFICE OF INVESTMENTS ORGANIZATIONAL CHART

Organizational Chart

Jeb Burns
Chief Investment Officer
Industry Experience: 34 Years
With MERS: 25 Years

- Investment Policy
- Board Directives
- Strategic Initiatives
- Legislative, Industry and Public Outreach
- Alternative Investments
- **Investment Committee Member**
- **Officer Team Member**
- **Portfolio Review Committee Chair**
- **Risk and Compliance Committee Chair**

Lori Smith
Office Administrator
Industry Experience: 10 Years
With MERS: 10 Years

- Office Management
- Supports Investment Operations and Board Activities
- Legal Compliance
- Liaison to MERS Board and Investment Committee
- Coordinates Department Activities
- Administrative Support to the CIO
- Scheduling/Travel
- **Records Coordinator Member**

Brian LaVictoire
Deputy General Counsel for Investments & Compliance
Industry Experience: 15 Years
With MERS: 10 Years

- Legal & Policy Compliance
- Risk Management
- Investment Agreements/Legal Due Diligence
- Securities Fraud and Litigation Management

Michael Charette
Deputy Chief Investment Officer
Industry Experience: 25 Years
With MERS: 23 Years

- Participant Directed Accounts Investment Menu
- Institutional Funds Investment Menu
- Internal Asset Management
  - Equity
  - Fixed Income
- MERS Leadership Team
- Investment Research and Analysis
- External Manager Monitoring and Selection
- **Portfolio Review Committee Voting Member**

Peter Wujkowski
Investment and Administrative Officer
Industry Experience: 35 Years
With MERS: 15 Years

- Internal Portfolio Monitoring
- Operational/Compliance Management
- Custody Bank Liaison
- Cash Management/Monitoring
- Investment Manager Monitoring/Liaison
- Risk and Compliance Committee Member
- Risk Management
- **Portfolio Review Committee Voting Member**

Paul Van Gilder
Senior Investment Officer and Portfolio Manager
Industry Experience: 14 Years
With MERS: 14 Years

- Investment Asset Management
- Fixed Income Portfolio Management
- ETF Management and Trading
- Asset Allocation
- Capital Markets
- Real Asset Strategies
- Currency
- External Manager Monitoring and Selection
- **Portfolio Review Committee Voting Member**

Edward Mikolay
Managing Director of Private Markets
Industry Experience: 25 Years
With MERS: 13 Years

- Real Estate Management
- Private Equity/Infrastructure Management
- External Manager Monitoring and Selection
- **Portfolio Review Committee Voting Member**

Ryan Torgerson
Investment Officer and Portfolio Manager
Industry Experience: 6 Years
With MERS: 4 Years

- Investment Research and Analysis
- External Manager Monitoring and Selection
- Risk Management
- Internal Asset Management
  - Private Markets
- Private Investments Analysis
- Operational Management
- **Portfolio Review Committee Voting Member**

Internship Program

- Investment and economic research
- Monthly portfolio reporting and reconciliation
- Assist analysts/PMs/Directors on projects
- Data management

Michael Schrauben
Director of Asset Allocation
Industry Experience: 19 Years
With MERS: 19 Years

- Portfolio Asset Allocation and Risk Management
- Investment Policy Development
- Internal Asset Management
- Investment Research and Analysis
- External Manager Monitoring and Selection
- Performance Measurement and Analytics
- Private Market Support
- MERS' Leadership Team
- **Portfolio Review Committee Voting Member**

Furat Zomay
Investment Analyst
Industry Experience: 8 Years
With MERS: 7 Years

- Investment Research and Analysis
- External Manager Monitoring and Selection
- Portfolio Management Support
- Asset Allocation
- Operational Management
- Custody Bank Liaison

Cameron Holmes
Investment Analyst
Industry Experience: 3 Years
With MERS: 3 Years

- Investment Research and Analysis
- Portfolio Management Support
- Investment Reporting and Performance
- Cash Management/Monitoring
- Operational/Compliance Management
- Custody Bank Liaison

Jack Klafeta
Investment Analyst
Industry Experience: 1 Year
With MERS: 1 Year

- Investment Research and Analysis
- Portfolio Management Support
- Investment Reporting and Performance
- Cash Management/Monitoring
- Operational/Compliance Management
- Custody Bank Liaison

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

MERS®

Municipal Employees' Retirement System

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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.

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