

MERS®
Municipal Employees' Retirement System

QUARTERLY INVESTMENT REPORT

Third Quarter 2026

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"By failing to prepare, you are preparing to fail."
– Benjamin Franklin

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 %)	0.57	8.05	10.73	10.38	12.74	6.77	8.98	8.23
Policy Benchmark [1]	-0.70	6.81	9.47	10.53	15.05	6.97	9.01	8.51
Excess Return (Net %)	**1.27**	**1.24**	**1.26**	**-0.15**	**-2.31**	**-0.20**	**-0.03**	**-0.28**

	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Public Markets (Net %)	-0.83	7.55	10.58	11.33	14.71	6.88	9.04	-
Policy Benchmark	-0.70	6.81	9.47	10.53	15.05	6.97	9.01	-
Excess Return (Net %)	**-0.13**	**0.74**	**1.11**	**0.80**	**-0.34**	**-0.09**	**0.03**	**-**

	QTD	YTD	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year
MERS Private Investments (Net %)	5.03	9.53	11.12	7.37	7.14	6.48	9.10	-
Policy Benchmark	-0.70	6.81	9.47	10.53	15.05	6.97	9.01	-
Excess Return (Net %)	**5.73**	**2.72**	**1.65**	**-3.16**	**-7.91**	**-0.49**	**0.09**	**-**

Portfolio Performance Review

The Total Market Portfolio returned 0.57% (net) for the third quarter, outperforming the Policy Benchmark by 127 bps. The Global Equity Portfolio returned -0.26%, trailing the Global Equity Policy Blend by 134 bps, primarily due to Emerging Markets, where lagged pricing and weaker small and large cap results weighed due to returns. U.S. Equity trailed its benchmark by 216 bps, with underperformance across all segments, while International Equity outperformed by 221 bps on its small cap overweight. Liquid Natural Resources returned 7.67% boosted by higher commodity prices. The Global Fixed Income Portfolio returned -2.58%, outperforming the Global Fixed Income Policy Blend by 76 bps. A shorter-than-benchmark duration and manager selection in Emerging Market Debt, which beat the J.P. Morgan EMBI Global Diversified by 50 bps, added value, while the underweight to credit detracted. The Private Markets Portfolio returned 5.03%, outperforming by 573 bps, led by Real Assets (8.06%), followed by Private Equity (1.41%) and Diversifying Strategies (-0.50%). Real Assets were driven by meaningful exposure to the precious metals sector. MERS' Defined Benefit (DB) portfolio assets are $15.54 billion, and total MERS assets are $21.14 billion.

Economic and Market Summary

The third quarter of 2026 shifted from the prior quarter's broad-based rally to a more volatile market, as persistent inflation, rising energy prices, and renewed geopolitical tensions weighed on sentiment. Global growth remained resilient, supported by consumer spending, improving labor markets, strong corporate earnings, and continued AI investment, while central banks stayed cautious with inflation above target. U.S. equities advanced on robust earnings and AI enthusiasm. The S&P 500 gained 2.3% and the Nasdaq 2.6%, both reaching new highs before easing as rates rose. Fundamentals were strong, with 86% of S&P 500 companies beating earnings expectations and earnings growth reaching 32% year-over-year, excluding AI investment markups. Leadership narrowed, however, with the Russell 2000 down 7.2% and the S&P 500 Equal Weight down 1.9%. International results were mixed: Europe and the U.K. saw modest growth and renewed inflation pressure, Japan's recovery continued, and China slowed amid weak demand and property-sector stress. Bonds struggled as yields rose on inflation and policy concerns, with the Bloomberg U.S. Aggregate down 3.4%, while commodities gained 16.2% on the Middle East conflict driving rising energy prices. Looking ahead, resilient growth and strong earnings are supportive, but elevated valuations, sticky inflation, and geopolitical risk remain key concerns.

[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

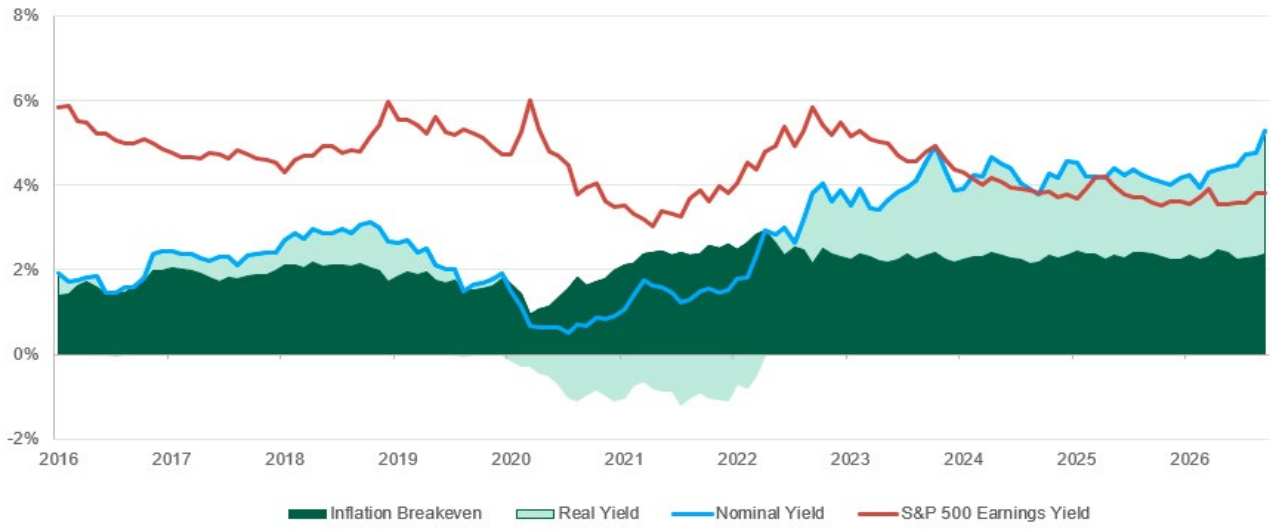
Long-Term Trends (7+ years):

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

Projects and Initiatives

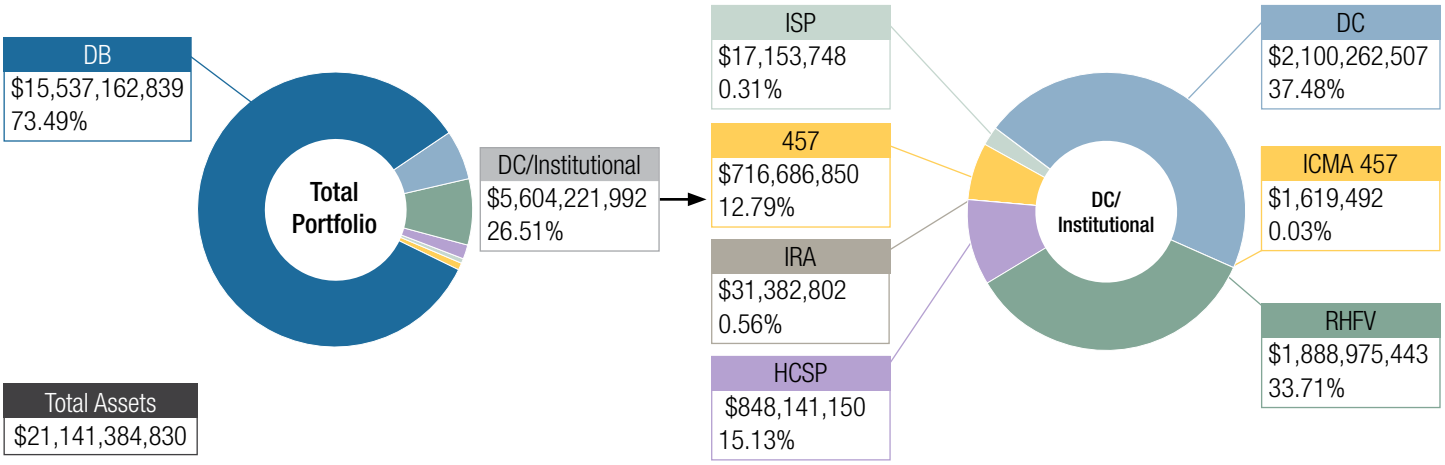
- Private markets partnership
- Annual risk and liquidity assessment
- Liquid natural resources portfolio review
- Annual Investment Policy Statements review
- Extended duration fixed income research

Chart of the Quarter



Treasury yields have risen steadily since 2022, driven mainly by higher real yields, with an especially sharp increase in recent months. With bonds now yielding more than stocks, the equity risk premium has narrowed, and equities look less attractive relative to bonds. Higher rates weigh on equity multiples, and if rates keep rising, investors will likely shift more of their allocations toward fixed income, which now offers a competitive return.

Assets by Program



ECONOMIC UPDATE

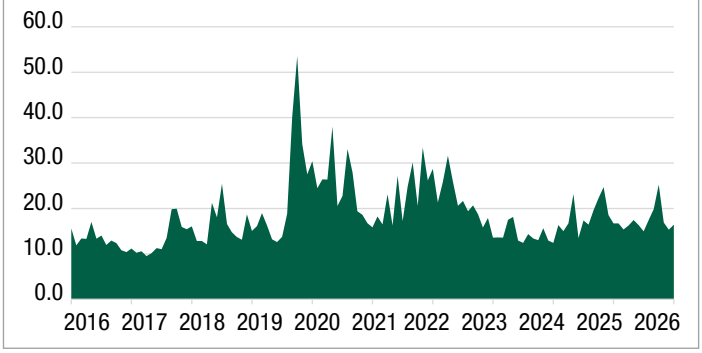
Q3 2026

Market Indicators	Current	Prior Quarter
10 Year Treasury Yield	5.28%	4.47%
Fed Funds Rate	4.00%	3.75%
Crude Oil	$90.4 /barrel	$69.5 /barrel
Gold	$4,157.4 /oz.	$4,008.0 /oz.
30 Year Fixed Mortgage Rates	7.23%	6.55%
US Investment Grade Credit Spread	0.80%	0.74%
US High Yield Credit Spread	3.11%	2.70%
US Leading Economic Indicators	-0.50%	-1.10%

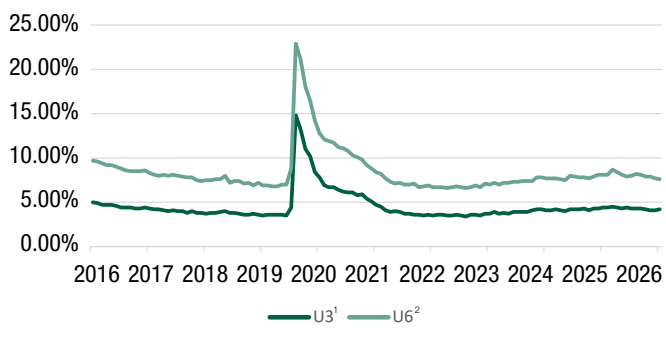
Economic Releases	Current	Prior Quarter
ISM Manufacturing	54.50	53.30
ISM Non-Manufacturing	54.90	54.00
U of M Consumer Sentiment	48.10	49.50
US Real GDP*	2.20%	2.60%
Eurozone Real GDP*	1.20%	0.60%
UK GDP*	1.40%	0.80%
Japan GDP*	0.90%	0.60%
China GDP*	4.30%	5.00%

* All GDP YoY data figures are lagged by one quarter

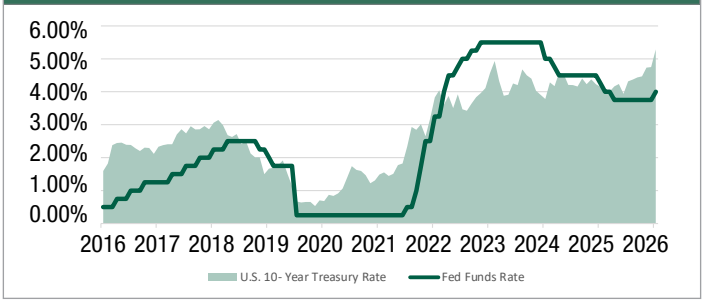
VIX Volatility Index



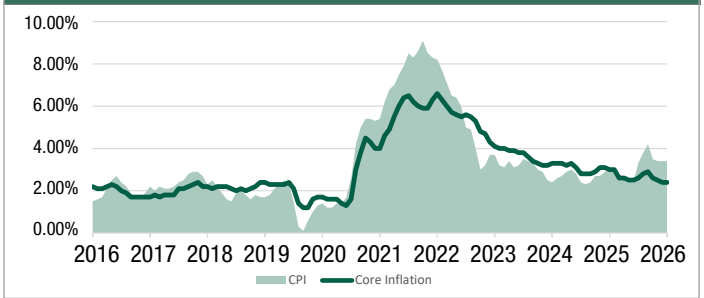
U.S. Employment



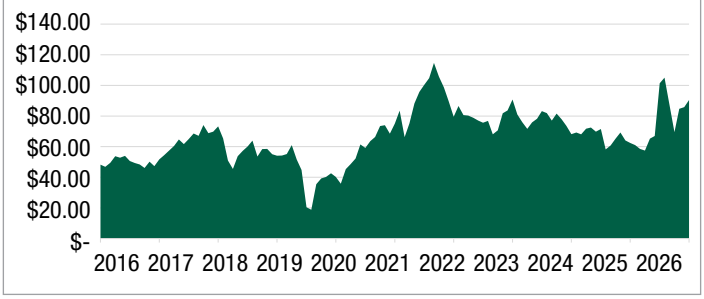
U.S. Interest Rates



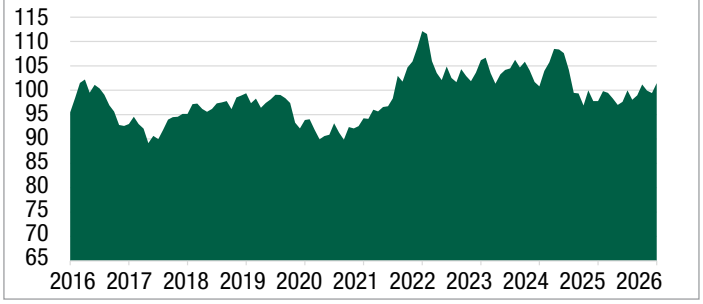
U.S. Inflation



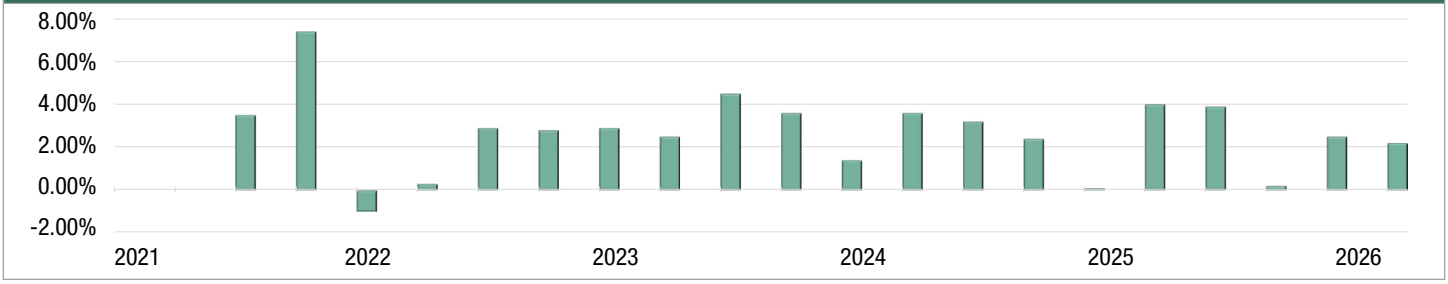
Oil Prices



U.S. Dollar Index



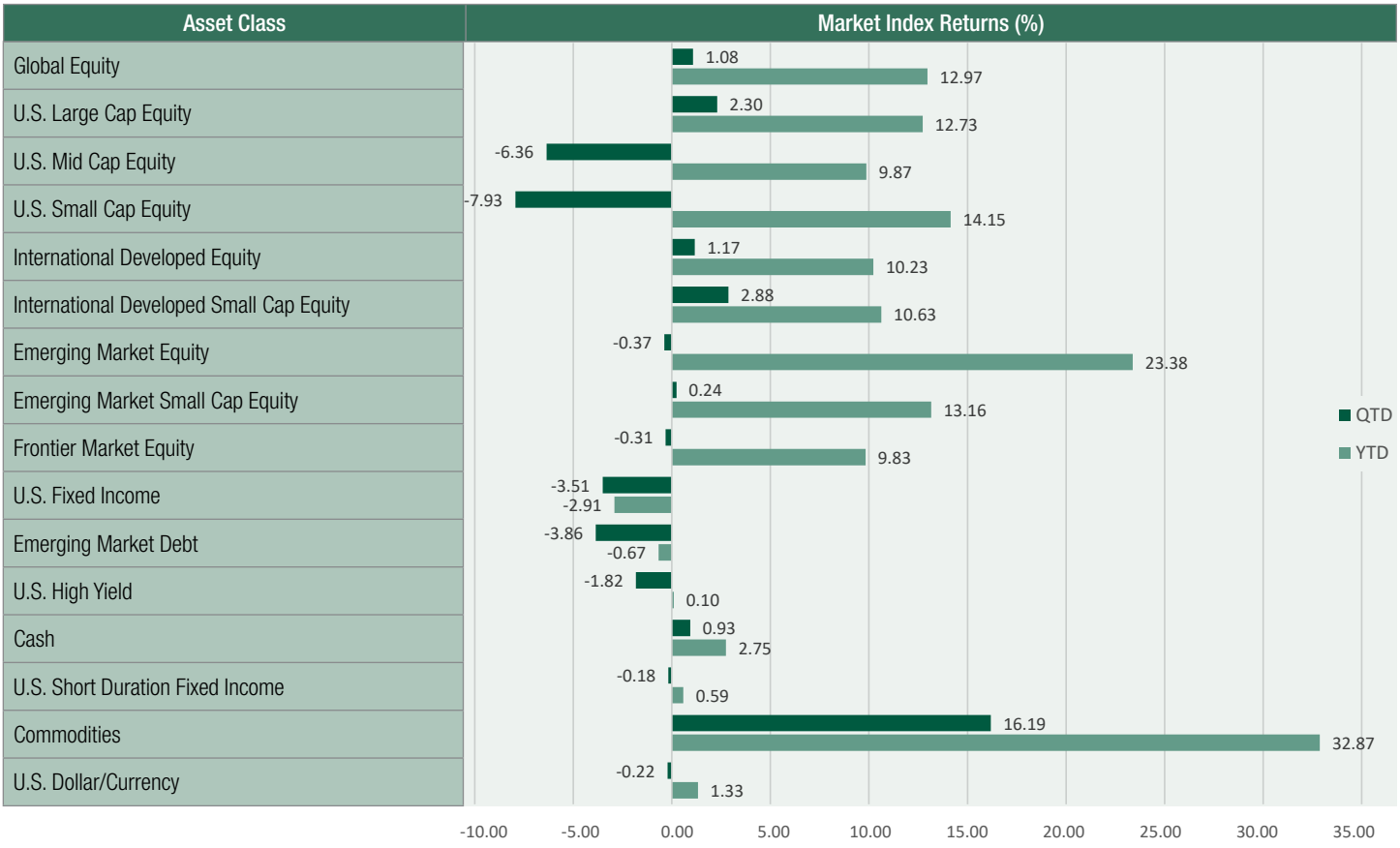
U.S. Real GDP Growth (QoQ % SAAR)



[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



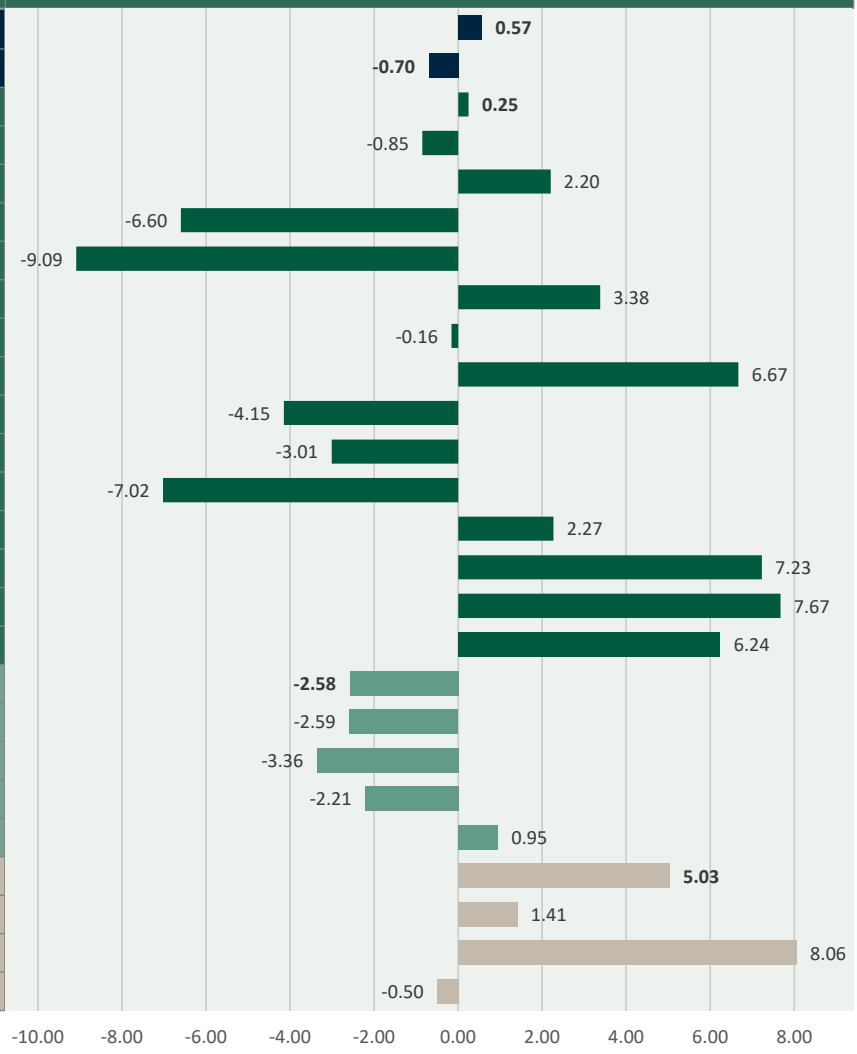
Market Index Returns

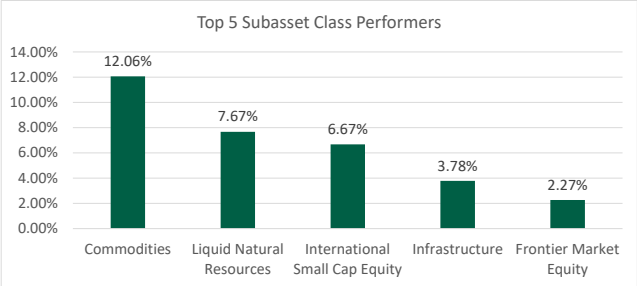
Market Index	Asset Class	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
MSCI ACWI IMI (net)	Global Equity	1.08	12.97	16.61	21.27	11.05	13.23	12.05
S&P 500	US Large Cap Equity	2.30	12.73	15.72	22.86	13.77	16.15	15.32
S&P 400	US Mid Cap Equity	-6.36	9.87	11.67	14.52	7.99	10.91	10.44
S&P 600	US Small Cap Equity	-7.93	14.15	16.08	14.79	6.17	10.00	9.78
MSCI World ex USA IMI (net)	International Developed Equity	1.17	10.23	15.69	18.92	9.19	10.36	9.14
MSCI World ex USA Small Cap (net)	International Developed Small Cap Equity	2.88	10.63	14.50	19.02	6.48	9.63	8.39
MSCI Emerging Markets (net)	Emerging Market Equity	-0.37	23.38	29.22	24.09	8.94	10.45	9.09
MSCI Emerging Markets Small Cap (net)	Emerging Market Small Cap Equity	0.24	13.16	15.01	15.28	7.67	12.04	8.71
MSCI Frontier Markets (net)	Frontier Market Equity	-0.31	9.83	17.04	22.42	7.88	9.43	8.70
Bloomberg U.S. Aggregate	US Fixed Income	-3.51	-2.91	-1.84	4.06	-0.64	0.38	1.14
J.P. Morgan EMBI Global Diversified	Emerging Market Debt	-3.86	-0.67	2.59	9.71	1.92	2.18	2.90
Bloomberg US Corporate High Yield	US High Yield	-1.82	0.10	1.41	8.03	3.60	4.62	5.05
Bloomberg US Treasury Bills 1-3 Months	Cash	0.93	2.75	3.79	4.59	3.80	2.85	2.44
Bloomberg 1-3 Year Gov/Credit	US Short Duration Fixed Income	-0.18	0.59	1.75	4.33	2.07	2.05	1.98
Bloomberg Commodity Index	Commodities	16.19	32.87	40.64	15.63	11.27	12.13	7.85
Bloomberg Dollar Spot Index	US Dollar/Currency	-0.22	1.33	1.60	-1.24	0.92	0.01	0.31

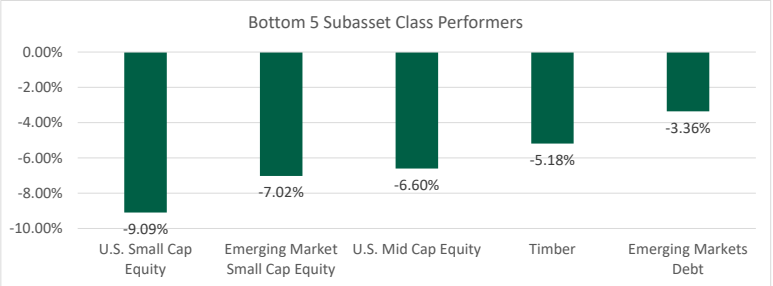
QUARTERLY PORTFOLIO PERFORMANCE

Q3 2026

	Portfolio	% of Total Portfolio
	MERS Total Portfolio	100.00%
	Policy Benchmark	-
Global Equity	**Global Equity**	**45.00%**
Global Equity	U.S. Equity	21.83%
Global Equity	U.S. Large Cap Equity	17.84%
Global Equity	U.S. Mid Cap Equity	3.89%
Global Equity	U.S. Small Cap Equity	2.40%
Global Equity	International Equity	12.12%
Global Equity	International Large Cap Equity	5.40%
Global Equity	International Small Cap Equity	6.72%
Global Equity	Emerging Market Equity	7.68%
Global Equity	Emerging Mkt Large Cap Equity	2.85%
Global Equity	Emerging Mkt Small Cap Equity	3.62%
Global Equity	Frontier Market Equity	1.21%
Global Equity	Real Return and Opportunistic	3.37%
Global Equity	Liquid Natural Resources	2.26%
Global Equity	Structured Credit	1.11%
Global Fixed Income	**Global Fixed Income**	**29.89%**
Global Fixed Income	U.S. Core Fixed Income	22.49%
Global Fixed Income	Emerging Market	1.48%
Global Fixed Income	High Yield	4.49%
Global Fixed Income	Cash	1.43%
Private Investments	**Private Investments**	**25.10%**
Private Investments	Private Equity	8.45%
Private Investments	Real Assets	14.66%
Private Investments	Diversifying Strategies	1.99%





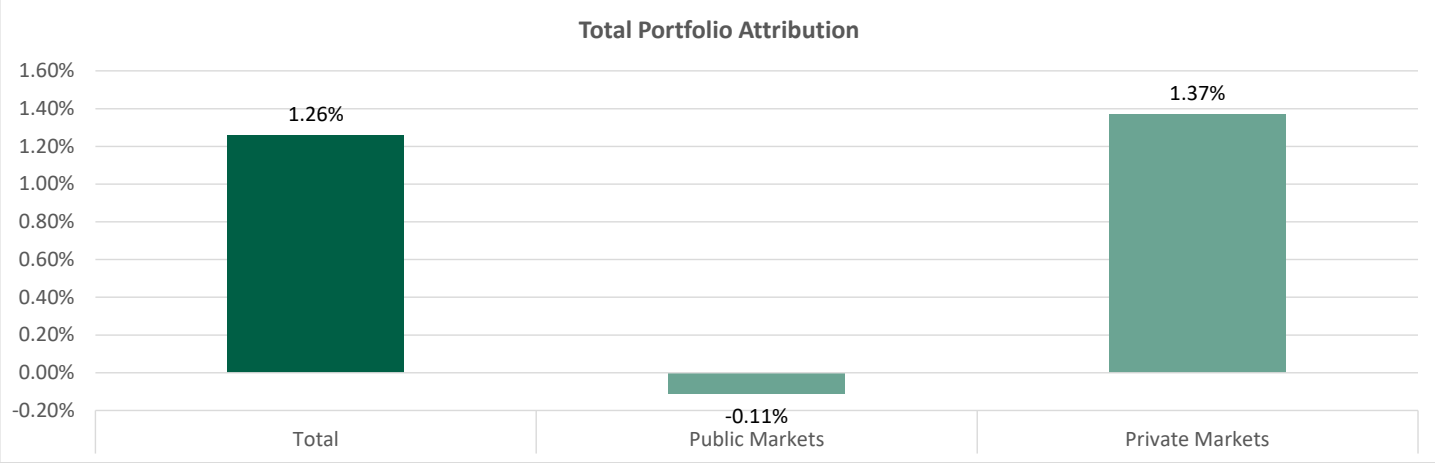


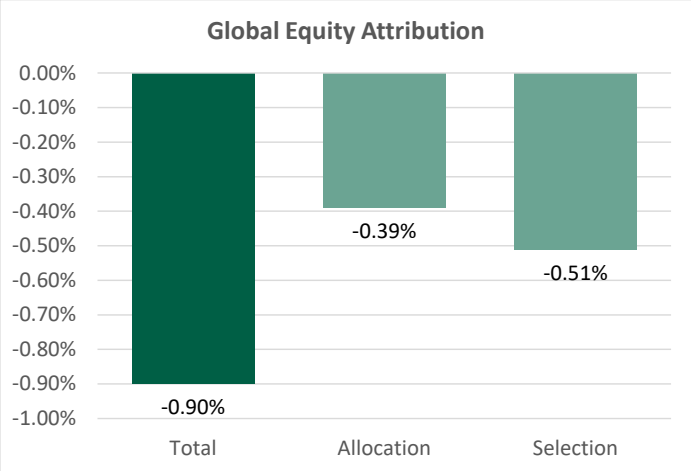
PORTFOLIO ATTRIBUTION SUMMARY

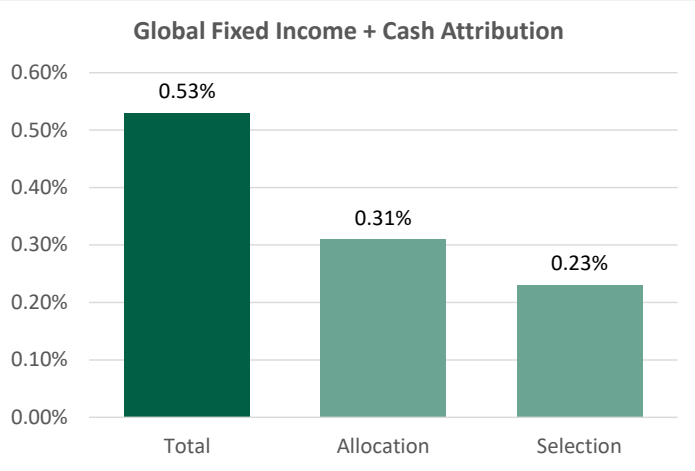
Q3 2026

	Average Weight			Return (Net)			Attribution Totals		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference	Allocation	Selection	Total
Total Portfolio	**100.00%**	**100.00%**	**0.00%**	**0.58%**	**-0.68%**	**1.26%**	**-0.07%**	**1.33%**	**1.26%**
Public Markets	**75.80%**	**100.00%**	**-24.20%**	**-0.82%**	**-0.68%**	**-0.14%**	**-0.07%**	**-0.04%**	**-0.11%**
Global Equity	**42.74%**	**60.00%**	**-17.26%**	**-0.26%**	**1.12%**	**-1.38%**	**-0.39%**	**-0.51%**	**-0.90%**
U.S. Equity	22.16%	37.61%	-15.45%	-0.84%	1.31%	-2.15%	-0.31%	-0.48%	-0.78%
International Equity	12.66%	15.98%	-3.32%	3.37%	1.17%	2.20%	-0.07%	0.28%	0.20%
Emerging Market Equity	7.92%	6.41%	1.51%	-4.14%	-0.30%	-3.84%	-0.01%	-0.31%	-0.32%
RR and Opportunistic	3.28%	0.00%	3.28%	7.30%	-0.68%	7.98%	0.00%	0.25%	0.25%
Global Fixed Income	**28.80%**	**40.00%**	**-11.20%**	**-2.58%**	**-3.34%**	**0.76%**	**0.31%**	**0.21%**	**0.53%**
U.S. Core Fixed Income	23.19%	30.00%	-6.81%	-2.58%	-3.51%	0.93%	0.19%	0.22%	0.41%
Emerging Market	1.65%	5.00%	-3.35%	-3.35%	-3.86%	0.51%	0.11%	0.01%	0.12%
U.S. High Yield	3.95%	5.00%	-1.05%	-2.25%	-1.82%	-0.43%	0.01%	-0.02%	-0.01%
Cash	**0.99%**	**0.00%**	**0.99%**	**0.94%**	**-0.68%**	**1.62%**	**0.00%**	**0.02%**	**0.02%**
Private Investments	**24.20%**	**0.00%**	**24.20%**	**5.01%**	**-0.68%**	**5.69%**	**0.00%**	**1.37%**	**1.37%**

- Outperformance was driven by the Private Investments portfolio (+137 bps).
- The U.S. Core Fixed Income portfolio added value (+41 bps).
- Selection within U.S. Equity detracted value (-48 bps).
- Allocation within U.S. Core Fixed Income added value (+19 bps).
- International Equity portfolio detracted value (-78 bps).







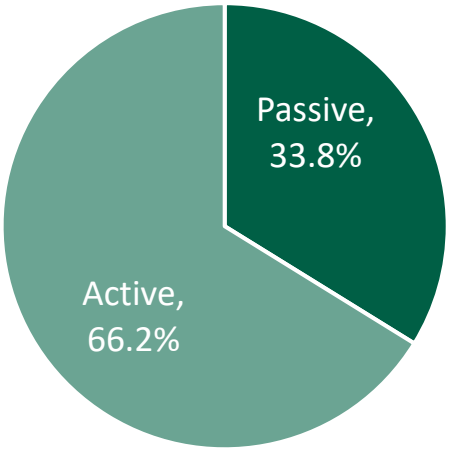
PORTFOLIO ASSET ALLOCATION

Q3 2026

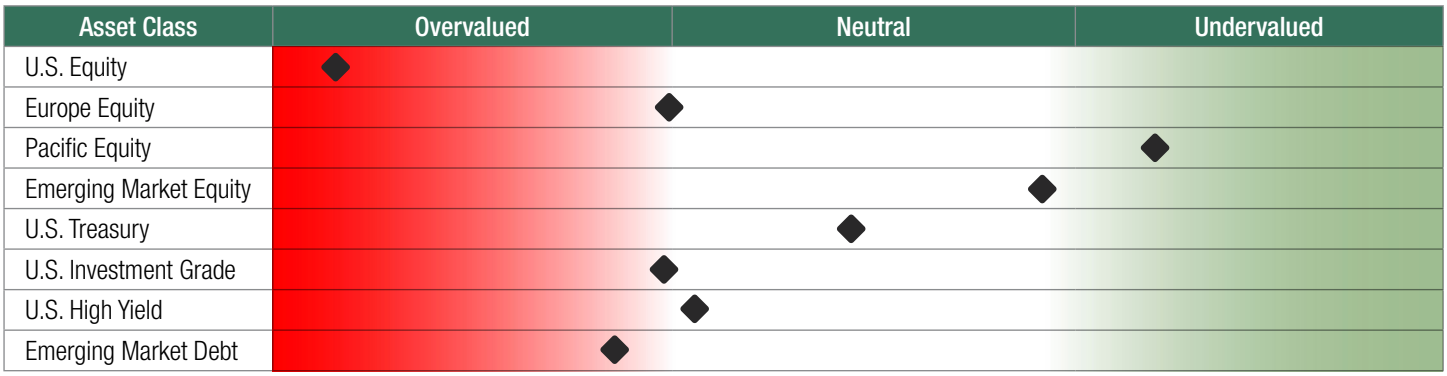
Asset Class	Market Value	% of Fund	Base Allocation	Over/Under Weight	Minimum Allocation	Maximum Allocation
Global Equity[1]	$7,874,136,872	45.00%	50.00%	-5.00%	30.00%	70.00%
Global Fixed Income	$5,231,283,245	29.89%	30.00%	-0.11%	10.00%	60.00%
Private Investments	$4,392,207,892	25.10%	20.00%	5.10%	No Minimum	30.00%
Total	**$17,497,628,008**	**100.00%**	**100.00%**			

MERS Public Markets

Asset Class	MERS Public Markets[2]	Policy Benchmark[3]	Over/Under Weight
U.S. Equity	30.34%	37.46%	-7.12%
International Equity	14.92%	15.31%	-0.39%
Emerging Market Equity	10.03%	7.23%	2.80%
U.S. Treasury	21.35%	15.26%	6.09%
U.S. Investment Grade	4.28%	14.74%	-10.46%
U.S. High Yield	5.97%	5.00%	0.97%
International Bond	4.40%	0.00%	4.40%
Emerging Market Debt	2.30%	5.00%	-2.70%
Real Return and Opportunistic	4.25%	0.00%	4.25%
Cash/Short Duration	2.15%	0.00%	2.15%



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: Treasury 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.

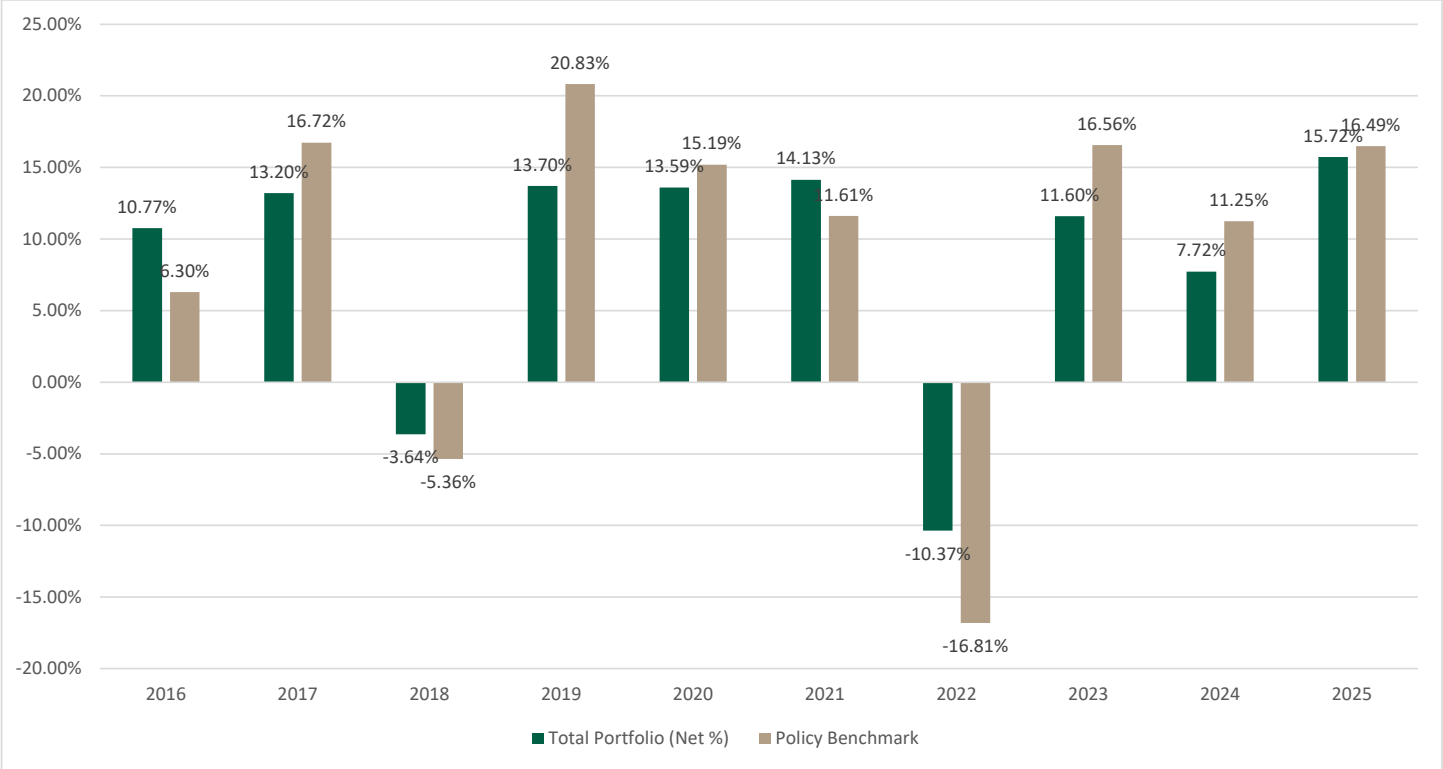
[1] Includes Real Return and Opportunistic

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

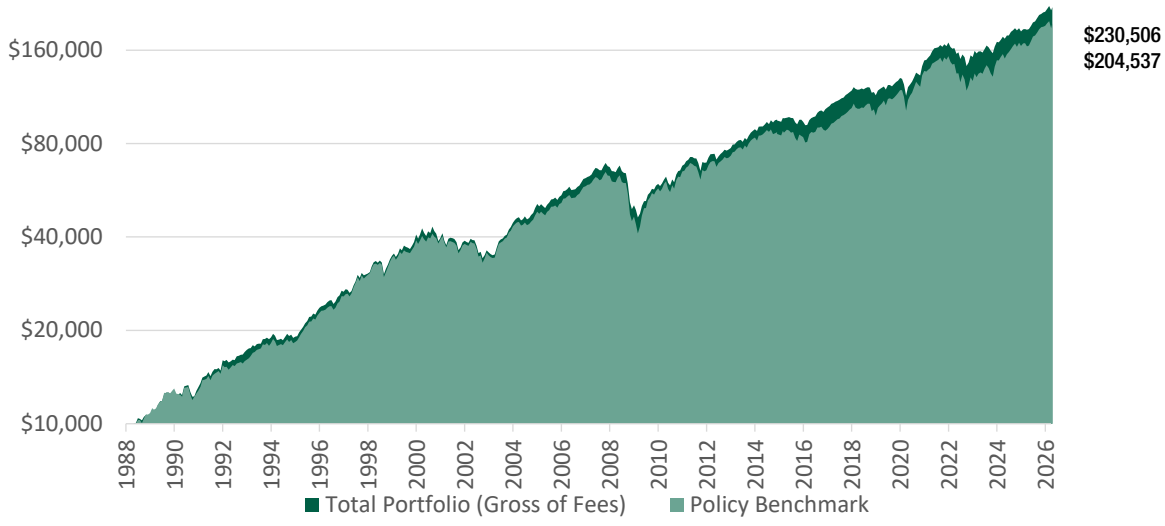
[3] 60% MSCI ACWI IMI (net), 30% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. High Yield, and 5% J.P. Morgan EMBI Global Diversified

	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Total Portfolio (Gross %)	0.66	8.30	11.02	13.06	7.05	9.23	8.46
Total Portfolio (Net %)	0.57	8.05	10.73	12.74	6.77	8.98	8.23
Policy Benchmark	*-0.70*	*6.81*	*9.47*	*15.05*	*6.97*	*9.01*	*8.51*
Excess Return (Net %)	**1.27**	**1.24**	**1.26**	**-2.31**	**-0.20**	**-0.03**	**-0.28**

Calendar Year Performance – Last 10 Years

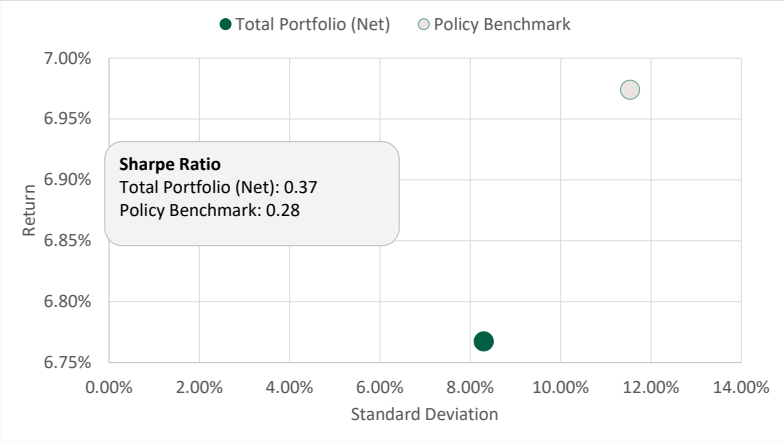


Growth of $10,000 Comparison



5-Year

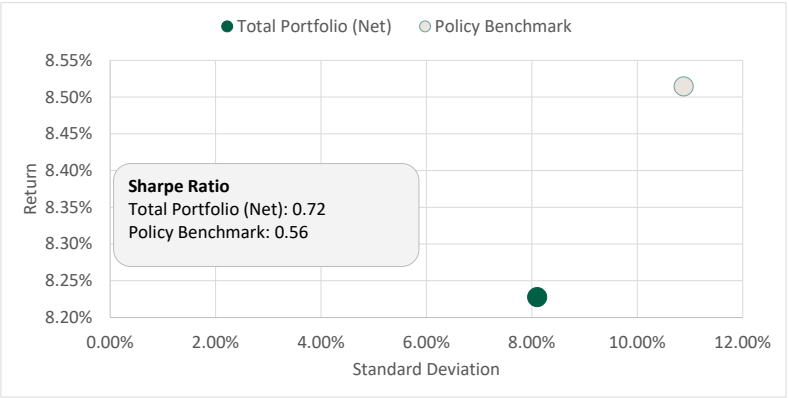
	Return	Standard Deviation	Downside Deviation	Beta	R-Squared	Tracking Error
Total Portfolio (Net)	6.77%	8.29%	5.69%	0.70	94.86	3.93%
Policy Benchmark	6.97%	11.53%	7.99%	1.00	100.00	



	# of Months		Average Return			
	Up	Down	Up	Down	Up Capture	Down Capture
Total Portfolio (Net)	39	21	2.02%	-2.10%	73.81	70.47
Policy Benchmark	38	22	2.46%	-2.99%		

10-Year

	Return	Standard Deviation	Downside Deviation	Beta	R-Squared	Tracking Error
Total Portfolio (Net)	8.23%	8.10%	5.37%	0.72	93.61	3.67%
Policy Benchmark	8.51%	10.88%	7.36%	1.00	100.00	



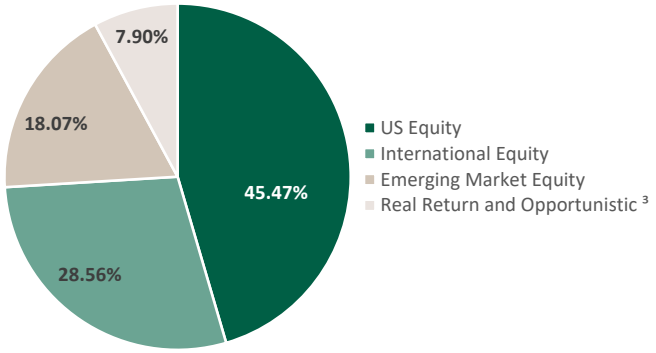
	# of Months		Average Return			
	Up	Down	Up	Down	Up Capture	Down Capture
Total Portfolio (Net)	83	37	1.88%	-1.99%	76.18	69.10
Policy Benchmark	81	39	2.43%	-2.78%		

GLOBAL EQUITY

Q3 2026

Market Value	$7,874,136,872
Assets – % of Portfolio	45.00%

Sub Asset Class	Market Value
U.S. Equity	$3,819,301,203
International Equity	$2,120,933,142
Emerging Market Equity	$1,343,895,714
Real Return and Opportunistic[3]	$590,006,813
Total	**$7,874,136,872**



Performance (Net)

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Equity	**$7,874,136,872**	**45.00**	**0.25**	**13.38**	**17.71**	**20.56**	**10.44**	**12.44**	**11.02**
Global Equity Policy Blend[1]			*1.08*	*12.97*	*16.61*	*21.89*	*11.75*	*14.12*	*12.98*
MSCI ACWI IMI (net)			*1.08*	*12.97*	*16.61*	*21.27*	*11.05*	*13.23*	*12.05*
U.S. Equity	**$3,819,301,203**	**21.83**	**-0.85**	**13.01**	**16.06**	**20.76**	**12.05**	**14.14**	
MSCI USA IMI (net)			*1.31*	*12.45*	*15.08*	*21.96*	*12.32*	*15.23*	
U.S. Large Cap Equity	**$2,717,480,950**	**15.53**	**2.20**	**12.36**	**15.25**	**22.68**	**13.81**	**15.75**	**14.90**
S&P 500			*2.30*	*12.75*	*15.74*	*22.89*	*13.79*	*16.17*	*15.33*
U.S. Mid Cap Equity	**$681,227,827**	**3.89**	**-6.60**	**10.09**	**12.04**	**14.67**	**7.98**	**10.87**	**10.26**
S&P 400			*-6.36*	*9.88*	*11.69*	*14.54*	*8.03*	*10.94*	*10.47*
U.S. Small Cap Equity	**$420,518,733**	**2.40**	**-9.09**	**21.32**	**28.02**	**20.19**	**9.85**	**12.67**	**11.53**
MSCI USA Small Cap IMI (net)			*-7.44*	*13.44*	*16.14*	*17.12*	*7.28*	*11.18*	*10.60*
International Equity	**$2,120,933,142**	**12.12**	**3.38**	**11.41**	**15.71**	**19.47**	**8.55**	**10.40**	
MSCI World ex USA IMI (net)			*1.17*	*10.23*	*15.69*	*18.92*	*9.19*	*10.36*	
International Large Cap Equity	**$945,342,750**	**5.40**	**-0.16**	**8.25**	**13.81**	**17.32**	**7.58**	**9.21**	**7.90**
MSCI World ex USA (net)			*0.89*	*10.16*	*15.89*	*18.89*	*9.66*	*10.48*	*9.27*
International Small Cap Equity	**$1,175,590,392**	**6.72**	**6.67**	**14.20**	**16.85**	**22.48**	**9.60**	**12.45**	**10.99**
MSCI World ex USA Small Cap (net)			*2.88*	*10.63*	*14.50*	*19.02*	*6.48*	*9.63*	*8.39*
Emerging Market Equity	**$1,343,895,714**	**7.68**	**-4.15**	**16.41**	**21.74**	**21.36**	**8.89**	**11.41**	**9.08**
MSCI Emerging Markets IMI (net)			*-0.30*	*22.04*	*27.30*	*22.87*	*8.76*	*10.61*	*9.02*
Emerging Market Large Cap Equity	**$499,082,468**	**2.85**	**-3.01**	**23.50**	**28.57**	**23.69**	**8.28**	**9.99**	**8.21**
MSCI Emerging Markets (net)			*-0.37*	*23.38*	*29.22*	*24.09*	*8.94*	*10.45*	*9.09*
Emerging Market Small Cap Equity[3]	**$633,327,473**	**3.62**	**-7.02**	**12.86**	**20.28**	**20.30**	**10.67**	**15.39**	**11.51**
MSCI Emerging Markets Small Cap (net)			*0.24*	*13.16*	*15.01*	*15.28*	*7.67*	*12.04*	*8.71*
Frontier Market Equity[3]	**$211,485,774**	**1.21**	**2.27**	**10.18**	**12.03**	**18.48**	**9.92**	**10.71**	**8.19**
MSCI Emerging Markets Small Cap (net)			*0.24*	*13.16*	*15.01*	*15.28*	*7.67*	*12.04*	*8.71*
Real Return and Opportunistic	**$590,006,813**	**3.37**	**7.23**	**12.36**	**22.19**	**24.61**	**16.62**		
Policy Benchmark			*-0.70*	*6.81*	*9.47*	*15.05*	*6.97*		
Liquid Natural Resources	**$396,208,214**	**2.26**	**7.67**	**23.19**	**37.60**	**25.46**	**17.79**		
Policy Benchmark[2]			*-0.70*	*6.81*	*9.47*	*15.05*	*6.97*		
Structured Credit	**$193,798,599**	**1.11**	**6.24**	**-5.53**	**-2.59**				
Policy Benchmark			*-0.70*	*6.81*	*9.47*				

[1] 100% MSCI ACWI IMI (net)

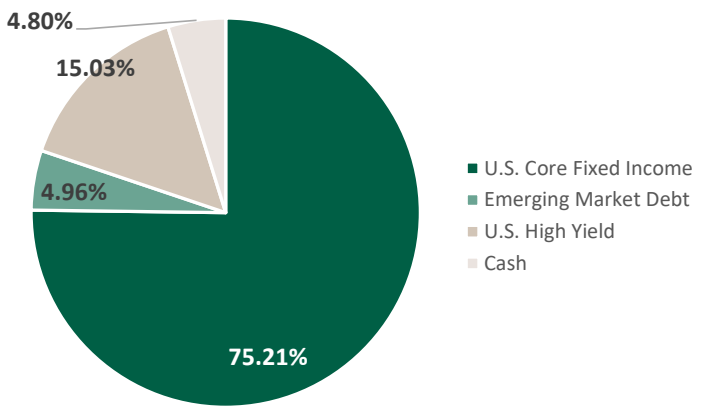
[2] 60% MSCI ACWI IMI (net), 30% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. High Yield, and 5% J.P. Morgan EMBI Global Diversified

[3] One-month lagged return

GLOBAL FIXED INCOME

Market Value	$5,231,283,245
Assets – % of Portfolio	29.89%

Sub Asset Class	Market Value
U.S. Core Fixed Income	$3,934,498,102
Emerging Market Debt	$259,559,249
U.S. High Yield	$786,188,895
Cash	$251,036,999
Total	**$5,231,283,245**



Performance (Net)

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Global Fixed Income ex Cash	**$4,980,246,246**	**28.46**	**-2.58**	**-1.49**	**-0.29**	**5.32**	**0.64**	**2.22**	**2.72**
Global Fixed Income Policy Blend[1]			*-3.34*	*-2.25*	*-0.89*	*4.30*	*-1.06*	*0.01*	*0.46*
Bloomberg U.S. Aggregate Bond Index			*-3.51*	*-2.91*	*-1.84*	*4.06*	*-0.64*	*0.38*	*1.14*
U.S. Core Fixed Income	**$3,934,498,102**	**22.49**	**-2.59**	**-2.42**	**-1.71**	**3.43**	**-0.36**	**0.35**	**1.11**
Bloomberg U.S. Aggregate Bond Index			*-3.51*	*-2.91*	*-1.84*	*4.06*	*-0.64*	*0.38*	*1.14*
Emerging Market Debt	**$259,559,249**	**1.48**	**-3.36**	**2.95**	**8.13**	**12.99**	**4.09**	**4.33**	**4.36**
J.P. Morgan EMBI Global Diversified			*-3.86*	*-0.67*	*2.59*	*9.71*	*1.92*	*2.18*	*2.90*
U.S. High Yield	**$786,188,895**	**4.49**	**-2.21**	**-0.08**	**1.10**	**7.50**	**3.10**		
Bloomberg U.S. Corporate High Yield			*-1.82*	*0.10*	*1.41*	*8.03*	*3.60*		
Cash[2]	**$251,036,999**	**1.43**	**0.95**	**2.69**	**3.49**	**4.96**	**11.38**	**8.48**	**6.31**
91 Day Treasury Bill			*0.89*	*2.67*	*3.68*	*4.52*	*3.73*	*2.82*	*2.43*

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

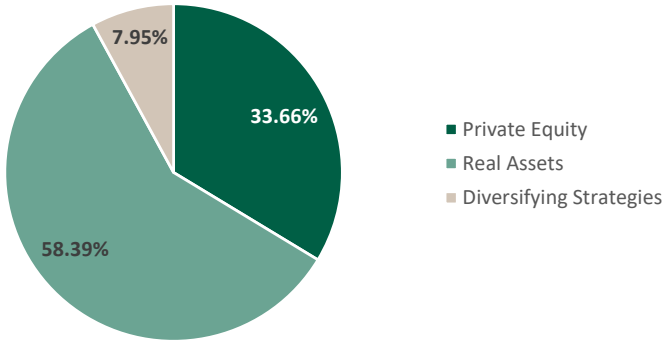
[2] Cash market value reflects collateral for futures positions

PRIVATE INVESTMENTS

Q3 2026

Market Value	$4,392,207,892
Assets – % of Portfolio	25.10%

Sub Asset Class	Market Value
Private Equity	$1,478,417,258
Real Assets	$2,564,774,936
Diversifying Strategies	$349,015,697
Total	**$4,392,207,892**



Performance (Net)[1]

	Market Value	% OF PLAN	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Private Investments	**$4,392,207,892**	**25.10**	**5.03**	**9.53**	**11.12**	**7.14**	**6.48**	**9.10**	
Public Markets			*-0.83*	*7.55*	*10.58*	14.71	6.88	9.04	
Policy Benchmark[2]			*-0.70*	*6.81*	*9.47*	15.05	6.97	9.01	
Private Equity	**$1,478,417,258**	**8.45**	**1.41**	**2.29**	**2.37**	**3.49**	**5.96**	**13.12**	**12.95**
Private Equity Blend[3]			*-2.35*	*12.33*	*15.19*	*18.02*	*6.16*	*9.87*	*9.09*
Real Assets	**$2,564,774,936**	**14.66**	**8.06**	**14.72**	**16.96**	**7.93**	**5.73**	**7.43**	**7.47**
Real Assets Blend[4]									
Diversified Real Assets	**$2,163,293,709**	**12.36**	**9.44**	**17.52**	**21.05**	**10.27**	**6.56**	**8.36**	
Real Assets Blend									
Real Estate	**$401,481,227**	**2.29**	**1.58**	**2.65**	**0.37**	**-2.39**	**1.82**	**4.44**	**6.24**
Real Estate Blend[5]									
Timber	**$32,145,504**	**0.18**	**-5.18**	**-0.89**	**-4.66**	**-1.57**	**-1.01**	**2.80**	**5.75**
S&P Global Timber & Forestry Index Net			*1.66*	*-6.12*	*-6.76*	*-1.65*	*-3.01*	*3.60*	*4.74*
Infrastructure	**$451,559,117**	**2.58**	**3.78**	**7.44**	**9.89**	**17.74**	**19.58**	**17.45**	**13.15**
Private Infrastructure Blend[6]			*-5.28*	*0.09*	*0.63*	*8.68*	*2.01*	*3.09*	*3.77*
Commodities	**$540,571,260**	**3.09**	**12.06**	**34.86**	**52.43**	**36.54**	**17.56**	**15.11**	**10.91**
Bloomberg Commodity Index Total Return			*16.19*	*32.87*	*40.64*	*15.63*	*11.27*	*12.13*	*7.85*
Agriculture & Farmland	**$86,822,676**	**0.50**	**0.52**	**4.90**	**5.10**	**0.47**	**-4.12**	**1.58**	**4.95**
S&P Global Agribusiness Equity Index TR			*-0.17*	*11.16*	*11.44*	*9.62*	*5.76*	*8.45*	*7.89*
Diversifying Strategies	**$349,015,697**	**1.99**	**-0.50**	**4.14**	**7.47**	**11.38**	**9.19**	**9.59**	**7.97**
Diversifying Strategies Blend[7]			*-1.52*	*2.62*	*4.12*	*9.97*	*3.22*	*4.85*	*5.19*

[1] Private Investment Returns are lagged by a quarter due to differences in reporting

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

[4] 100% CPI + 3%

[5] 100% NCREIF ODCE Value Weighted

[6] 50% DJ Brookfield Global Infrastructure Index, 50% Bloomberg Barclays Global Inflation-Linked

[7] 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

Q3 2026

DC Funds

Program	Assets	Participants	Average Account Size	Weighted Average Fee	Default Option
DC/Hybrid Plan	$2,100,262,507	44,338	$47,369	0.06%	Retirement Strategies
HCSP	$848,141,150	47,577	$17,827	0.06%	Retirement Strategies
457 Program	$718,306,343	17,782	$40,395	0.07%	Retirement Strategies
MERS IRA	$31,382,802	2,742	$11,445	0.11%	Retirement Strategies
TOTAL	**$3,698,092,801**	**112,439**	**$32,890**		

Institutional Funds

Program	Assets	Municipalities	Average Account Size	Weighted Average Fee
RHFV	$1,888,975,443	290	$6,513,708	0.51%
ISP	$17,153,748	2	$8,576,874	0.51%
TOTAL	**$1,906,129,190**	**292**	**$6,527,840**	

Investment Allocations

	DC	IF	Total
LifePath Funds	$2,942,334,337		$2,942,334,337
Total Market Fund	$53,872,310	$1,904,872,962	$1,958,745,272
Asset Specific Funds	$615,597,357	$1,256,228	$616,853,585
Self-directed Brokerage	$25,204,737		$25,204,737
Loan Fund	$16,922,527		$16,922,527
TOTAL	**$3,653,931,268**	**$1,906,129,190**	**$5,560,060,458**

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	$504,439,437	0.06%	5.96	10.74	4.06	
LifePath 2030	$334,028,392	0.06%	7.45	12.88	5.57	
LifePath 2035	$397,447,067	0.06%	9.28	14.85	6.91	
LifePath 2040	$379,663,433	0.06%	11.23	16.81	8.22	
LifePath 2045	$372,569,093	0.06%	13.28	18.74	9.49	
LifePath 2050	$333,134,801	0.06%	15.09	20.35	10.52	
LifePath 2055	$293,477,002	0.06%	16.17	21.15	11.02	
LifePath 2060	$212,979,751	0.06%	16.40	21.28	11.08	
LifePath 2065	$100,863,414	0.06%	16.40	21.29	11.09	
LifePath 2070	$13,731,948	0.06%	16.40			
TOTAL	$2,942,334,337					

Funds to Build Your Own Portfolio

MERS Portfolio Options	Assets	Expense Ratio	1 Year	3 Year	5 Year	10 Year
MERS Total Market Portfolio	**$1,906,492,454**	**0.51%**	**10.59**	**12.47**	**6.49**	**7.88**
MERS Policy Benchmark			*9.47*	*15.05*	*6.97*	*8.51*
Large Cap Stock Index Fund	**$360,394,152**	**0.01%**	**15.72**	**22.87**	**13.78**	
S&P 500 Index			*15.74*	*22.89*	*13.79*	
Mid Cap Stock Index	**$57,518,244**	**0.02%**	**11.77**	**14.60**	**8.08**	
S&P 400 Index			*11.69*	*14.54*	*8.03*	
Small Cap Stock Index	**$35,166,873**	**0.02%**	**16.11**	**9.78**		
S&P 600 Index			*16.02*	*9.66*		
International Stock Index	**$36,438,832**	**0.04%**	**15.20**	**15.32**	**18.69**	
MSCI EAFE Net Dividend Index			*15.69*	*15.34*	*18.40*	
Emerging Market Stock	**$18,072,726**	**0.07%**	**29.77**	**23.90**	**24.23**	
Blended Benchmark			*29.22*	*23.13*	*24.09*	
Real Estate Stock	**$7,826,724**	**0.04%**	**9.82**			
Dow Jones U.S. Select REIT Index			*9.98*			
Bond Index	**$32,945,724**	**0.02%**	**-1.84**			
Bloomberg U.S. Aggregate Bond Index			*-1.84*			
High Yield Bond	**$8,958,578**	**0.05%**	**-**			
ICE BofA US HIgh Yield Index						
Stable Value	**$59,531,732**	**0.30%**				
TOTAL	$2,523,346,040					

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).

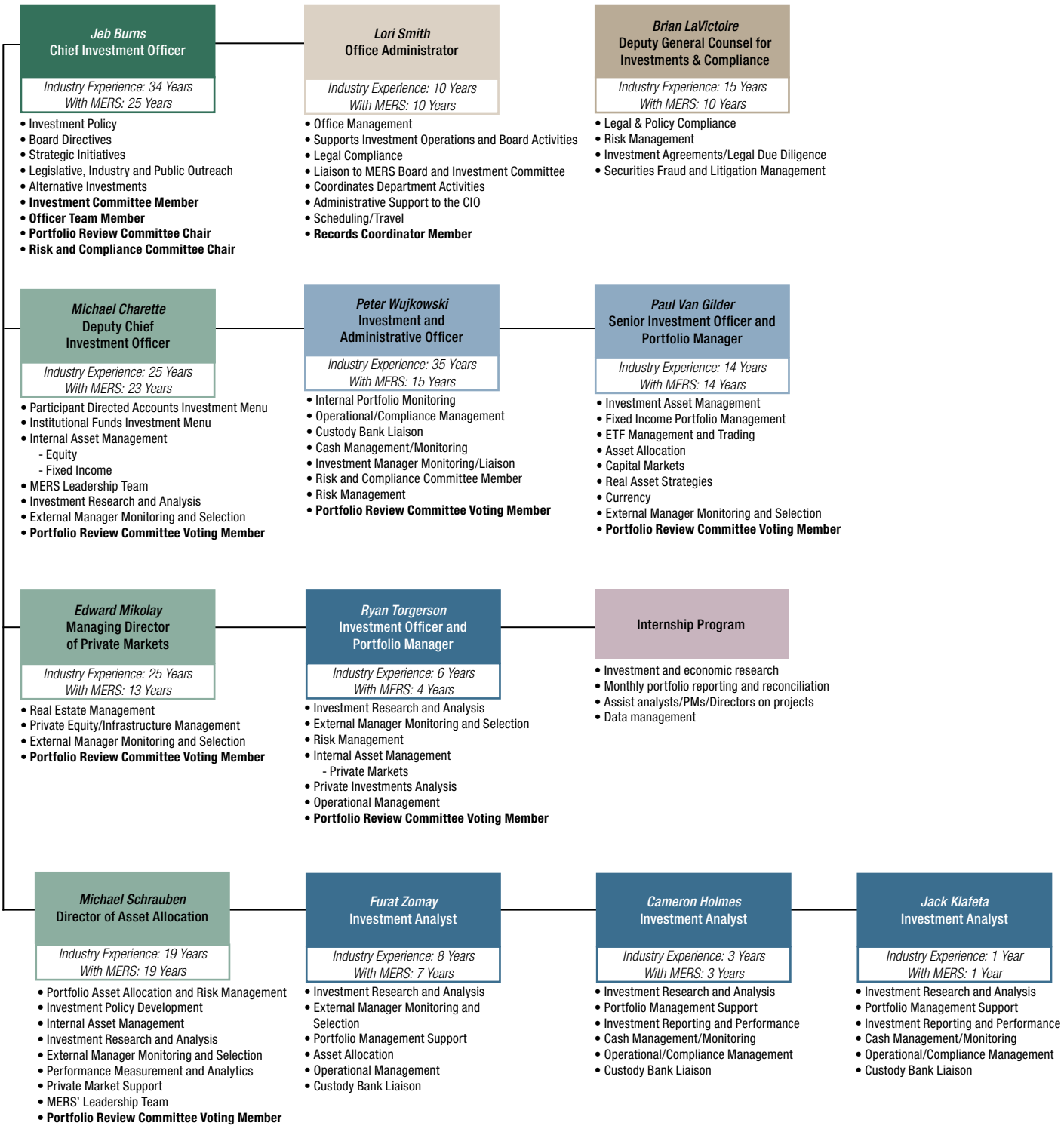
MERS' INVESTMENT COMPLIANCE TEAM

- 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

Q3 2026

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 11/09/2026. 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.

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