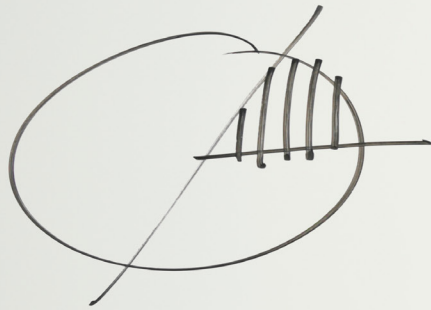


STRATEGY ————  
• INNOVATION  
• GROWTH



TARGET  
MARKET  
SHARE



GROWTH %

## ***MERS Investment Options***

*For MERS Investment Services Program & Retiree Health Funding Vehicle*

## INVESTMENT OPTIONS

The MERS Investment Services Program (ISP) and Retiree Health Funding Vehicle (RHFV) provide your municipality the opportunity to invest using options that are carefully selected and monitored by MERS. These investment options include portfolios that are built by MERS, as well as funds to build your own portfolio to match your investment needs.

The pre-built portfolios feature a range of diversification strategies and are professionally managed by MERS. These options include risk-adjusted strategies to help you set the right mix depending on your plan's investment objectives. The funds available to design your own portfolio include several broad market index funds. The following pages include a brief summary of each investment option. Additional information can be found at [www.mersofmich.com/Investments](http://www.mersofmich.com/Investments).

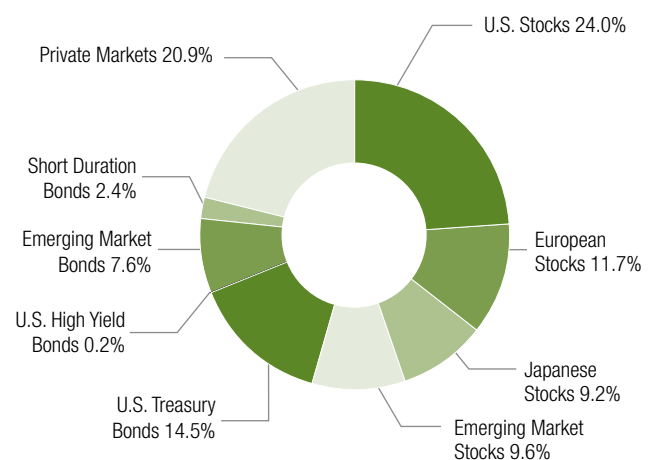
Municipalities selecting investment options under ISP or RHFV are responsible for compliance with the investment limitations governing the investment of assets of public employee retirement systems and health care investment trusts under the Public Employee Retirement System Investment Act (PERSIA), 1965 PA 314.

## PORTFOLIOS BUILT FOR YOU

These proprietary portfolios are overseen by the MERS Office of Investments and offer attractive risk-adjusted returns at below market cost, thanks to the economies of scale created by the MERS Defined Benefit Portfolio. MERS uses both internal and external investment managers to build these professionally managed portfolios, each of which has a target asset allocation that is rebalanced on a quarterly basis.

### MERS Total Market Portfolio

The MERS Total Market Portfolio is our Defined Benefit Portfolio. It is a fully diversified portfolio, investing in both traditional (stocks, bonds, and cash) and alternative (private equity, commodities, real estate) asset classes. The objective of the Total Market Portfolio is to provide growth of income while minimizing market volatility and providing protection in down markets. The asset allocation (investment mix) is set by the MERS Office of Investments, under the direction of the Retirement Board. The asset allocation is reviewed regularly with a focus on long term investing. The Office of Investments is responsible for monitoring and hiring the underlying investment managers, and they also have the ability to make strategic allocations in response to the market environment.

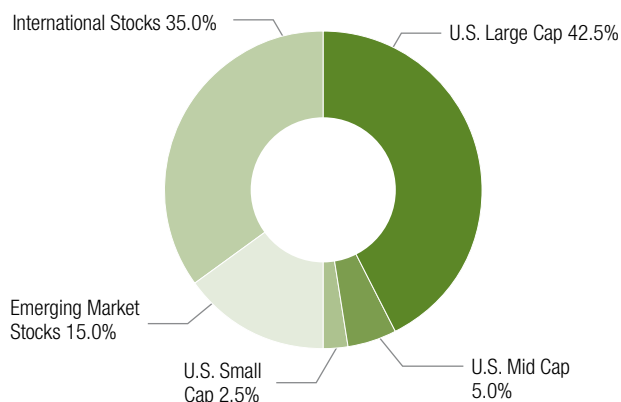


*\* By default, assets held in the RHFV are invested 100% in the MERS Total Market Portfolio. To comply with PERSIA requirements, if you wish to have the flexibility to invest RHFV assets outside of the Total Market Portfolio, you must invest ALL of your assets out of the Total Market Portfolio.*

## MERS Global Stock Portfolio

*(100% Stocks and 0% Bonds)*

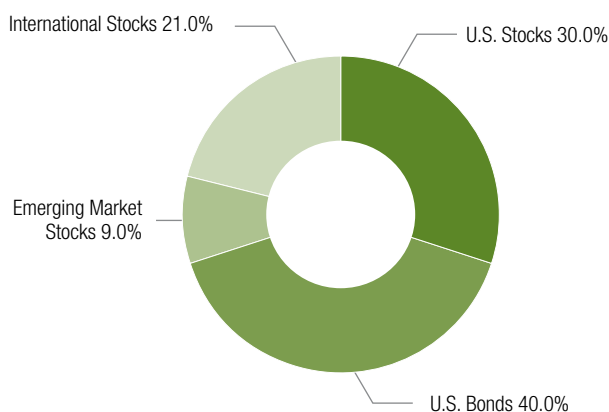
The MERS Global Stock Portfolio is a diversified portfolio that invests solely in a combination of U.S. and foreign stocks, seeking to provide long-term growth of capital. The fund has a target allocation of 100% global stocks, which is rebalanced quarterly between the target stock allocation as shown in the corresponding chart. This fund has a focus on above average asset growth with a long time horizon and may experience substantial fluctuations in value.



## MERS Established Market Portfolio

*(60% Stocks and 40% Bonds)*

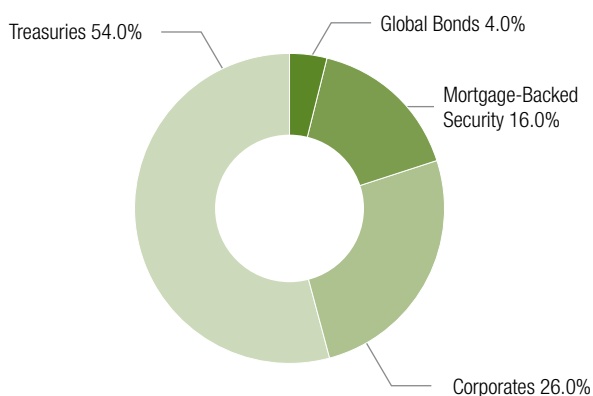
The MERS Established Market Portfolio is a diversified portfolio that invests in a combination of stocks and bonds, seeking to provide long-term growth of capital and income. The fund has a target allocation of 60% stocks and 40% bonds, which is rebalanced quarterly. This fund has a focus on stable growth with a moderate time horizon and may experience moderate fluctuations in value.



## MERS Diversified Bond Portfolio

*(0% Stocks and 100% Bonds)*

The MERS Diversified Bond Portfolio is a diversified portfolio that invests primarily in high quality fixed income securities, seeking to preserve capital and provide diversification. The fund is rebalanced quarterly according to a valuation model that seeks to take advantage of opportunities in the global fixed income markets, while limiting volatility and potential draw downs.



## FUNDS TO BUILD YOUR OWN PORTFOLIO

### Large Cap Stock Index

Large cap companies have market capitalization between \$10 billion and \$200 billion. This fund is managed with the objective of duplicating the performance of securities in the S&P 500 Index by investing in all or most of the securities included in that index.

### Mid Cap Stock Index

Short for “Middle Cap,” mid cap refers to stocks with a typical market capitalization between \$2 billion to \$10 billion. This fund is managed with the objective of duplicating the performance of securities in the S&P 400 Index by investing in all or most of the securities included in that index.

### Small Cap Stock Index

Small cap refers to stocks with a relatively small market capitalization. The definition of small cap can vary, but generally it is a company with a market capitalization between \$300 million to \$2 billion. This fund is managed with the objective of duplicating the performance of securities in the S&P 600 Index by investing in all or most of the securities included in that index.

### International Stock Index *(not available for ISP)*

This fund offers investors a way to gain investment exposure to developed international (non-U.S.) economies. The fund is managed with the objective of duplicating the performance of securities in MSCI EAFE Index by investing in all or most of the securities included in that index.

### Emerging Market Stock

This fund invests in emerging market (developing) countries, which are in Eastern Europe, Africa, the Middle East, Latin America, the Far East, and Asia. These regions are considered opportunity for superior growth prospects compared to countries with more developed financial markets. The potential, however, for rewarding investment opportunities in developing countries comes with relatively higher risk compared to other domestic and more developed international markets.

### Real Estate Stock *(not available for ISP)*

Real estate investments may be most appropriate to investors seeking to diversify their portfolio beyond bonds and common stocks. It offers income from real estate holdings and moderate long-term price appreciation. Because it invests primarily in small-to-medium capitalization companies, the volatility could be comparable to other small to mid-sized companies.





### **Bond Index** *(not available for ISP)*

Bond investments may be most appropriate for someone seeking higher potential income than with a stable value investment. The investor may want to balance more aggressive investments with one providing potentially steady income. A bond fund's yield, share price, and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa. This fund is managed with the objective of duplicating the performance of securities in a broad-based index by investing in all or most of the securities included in that index.

### **High Yield Bond** *(not available for ISP)*

Investments in high yield bonds may be most appropriate for someone with a longer investment horizon seeking long term capital appreciation, and willing to accept more fluctuation than other bond funds. Although this fund invests in bonds, high yield bonds tend to have volatility similar to that of the stock market, since it invests primarily in bonds with a lower credit rating than investment grade bonds. High yield bonds (commonly known as "junk bonds") are issued by an entity that lacks the long-term growth to earn an investment grade rating from credit rating agencies. High yield bonds are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity. Because of the higher risk of default, these bonds typically pay a higher yield than investment grade bonds.

### **Short-Term Income**

The short-term Income may be most appropriate for someone with a shorter investment horizon, seeking reduced account fluctuation and willing to accept reduced growth opportunity. This fund invests primarily in short duration fixed income securities, such as short-term bonds. Short-term bonds tend to have lower risk and lower yields than longer-term bonds, which typically offer higher yields, but also greater fluctuation. The reason for this is that longer-term bonds lock up the investors' money for a longer period than short-term bonds, which leaves more time for interest rate movements to affect the bond's price. The longer the time until maturity, the larger the potential price fluctuations due to interest rate risk.



## **Municipal Employees' Retirement System of Michigan**

1134 Municipal Way • Lansing, MI 48917  
800.767.MERS (6377)  
[www.mersofmich.com](http://www.mersofmich.com)

*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 [www.mersofmich.com](http://www.mersofmich.com). To request the fund summary sheets, please contact the MERS Service Center at 800.767.MERS (6377).*

PUB 6080 2023-02-06

