TEXAS PENSION REVIEW BOARD

INVESTMENT COMMITTEE MEETING

SEPTEMBER 30, 2026

TEXAS PENSION REVIEW BOARD

P.O. BOX 13498

AUSTIN, TX 78711-3498

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TEXAS PENSION REVIEW BOARD
INVESTMENT COMMITTEE MEETING AGENDA

Wednesday, September 30th, 2026 – 2:00 PM

(or upon adjournment of the 10:00 a.m. board meeting, whichever occurs later)

William P. Clements Building, Fourth Floor, Room 402
300 W 15th St, Austin, TX, 78701

Committee members may attend this meeting by videoconference pursuant to Texas Government Code §551.127. One or more committee members, including the presiding officer, will be physically present at the physical location of the meeting listed above. The meeting will be accessible to the public at the physical location listed above. The public may access the meeting virtually by joining via the Zoom link: https://us02web.zoom.us/j/87023213331 . A livestream of this meeting, agenda materials of the meeting, and a recording of the meeting will be made available at www.prb.texas.gov.

1. Meeting called to order
2. Roll call of committee members
3. Administrative Items
    a. Consideration and possible action to approve May 2, 2024, meeting minutes
4. Opening remarks from committee members
5. Public comment
6. Updated Investment Data Report
7. Update on investment research, including:
    a. Capital markets
    b. Investment liquidity
    c. Investment expense data
8. Future meetings: Agenda items, dates, locations, and related matters
9. Adjournment

NOTE: The committee may go into closed session concerning any item on this agenda as authorized under the Texas Open Meetings Act, Government Code, Chapter 551. Persons with disabilities who plan to attend this meeting and who may need special assistance are requested to contact Jessimond McLaughlin at (512) 463-1736 as far in advance as possible, but no less than three business days prior to the meeting date so that appropriate arrangements can be made.

How to provide public comment: Members of the public who wish to provide public comment to the committee may attend the meeting in person at the address above or register for the meeting using the Zoom link provided above. If you wish to provide comment remotely by Zoom, you must contact Jessimond McLaughlin (jessimond.mclaughlin@prb.texas.gov) no later than Monday, September 28, 2026. Note that public comments will be limited to no more than three minutes.

Item 3a. May 2, 2024, meeting minutes

TEXAS PENSION REVIEW BOARD

Investment Committee Meeting Minutes
May 2, 2024

1. **Meeting called to order (00:12)**

   The Pension Review Board (PRB) Investment Committee meeting was called to order Thursday, May 2, 2024, at 10:00 AM in Capitol Extension, Committee Room E2.030, 1100 N. Congress Avenue, Austin, Texas, 78701.

2. **Roll call of committee members (00:20)**

   Board members present:

   Chair Christopher Zook
   Christopher Gonzales, via videoconference
   Rob Ries

   A quorum being present, the meeting was called to order by Christopher Zook.

3. **Consideration and possible action to approve November 21, 2023, meeting minutes (00:32)**

   Chair Christopher Zook entertained a motion to suspend the reading of minutes of the November 21, 2023, meeting and approve them as circulated.

   The motion was made by Rob Ries and seconded by Christopher Gonzales.

   The motion passed unanimously.

4. **Invitation for public comment (1:15)**

   Tyler Grossman, El Paso Firemen and Policemen's Pension Fund Executive Director, thanked PRB staff for their help with the investment policy guidance and examples.

5. **Revised Investment Data Report (03:06)**

   Robert Munter stated that since the last meeting, staff made changes to the table sorting for investment returns and expenses, as well as added color-coding to better identify key metrics. Mr. Munter noted staff has made progress in updating the graphs, with the goal to load the graphs on the data center and make the data from the tables available on Texas PRB's website. Staff is working to add other metrics to the tables by the end of the year.

6. **Status report on Investment Practices and Performance Evaluations and PRB Investment Performance Report (10:05)**

   Mr. Munter provided investment practices and performance evaluation (IPPE) status updates based on evaluations due to the PRB on June 1, 2024. He provided early IPPE findings, which included an increase in the number of independent third-party recommendations compared to past evaluations. Mr. Munter noted that there was a high degree of systems only describing practices without providing substantive additional analysis.

Mr. Munter provided legislative IPPE updates and suggested clarifying language to the evaluation timeline and asset criteria for determining applicability of IPPE requirement. He noted that staff is working towards processing all evaluations and confirming compliance with statutes, and the 2024 Investment Performance Report will be included in the November biennial report.

7. **Investment policy statement guidelines, guidance, and tools (24:08)**

   a. **Stakeholder feedback**

   Mr. Munter provided an overview of comments from systems on the drafts and presented changes staff made in response. Updated drafts were provided to systems that submitted feedback in March to confirm changes, and drafts were made available on the website.

   b. **Staff recommendations**

   Mr. Munter noted the next updated draft for final comments will be sent out in late May. Feedback on updated draft due to the PRB by June 21 and final draft will be presented to the board on July 25 for possible approval.

8. **Preliminary proposed revision of 40 T.A.C. Chapter 609, Public Retirement System Investment Expense Reporting rules (39:57)**

   Tamara Aronstein presented proposed changes for the investment expense reporting rules. Ms. Aronstein gave an overview of the timeline of the comments and revisions made following the notice posted in September of 2023. Staff recommended changes to increase the clarity, consistency, and accuracy of investment expense reports. The changes also would address frequently asked questions from systems and reflect current practices. No impact on systems is expected from these recommended changes.

9. **Future meetings; Agenda items, dates, locations, and related matters (45:36)**

   Chair Zook stated the next board meeting would take place July 25, 2024.

10. **Adjournment (45:50)**

    The meeting was adjourned at 10:49 AM.

PRB staff in attendance:

Amy Cardona   Tamara Aronstein   Ashley Rendon   Lindsay Seymour   Mariah Miller
Bryan Burnham   Robert Munter   David Fee   Jasmin Loomis   Wes Allen

Members of the public in attendance:

Erik Brown – Odessa Fireman's Relief & Retirement Fund

Tyler Grossman – El Paso Firemen and Policemen's Pension Fund

Paul Thompson – El Paso Firemen and Policemen's Pension Fund

Art Alfaro - TEXPERS

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Chair Christopher Zook

Item 6. Updated Investment Data Report

Robert Munter

Overview

- Update from received reports
- Data report improvements
- Potential new performance measures

At-a-Glance

- 10-year annualized net investment performance across Texas public retirement systems

99	7.8%	70 / 99	87 / 99
Systems analyzed	Median 10-yr net return	Beat their actuarial assumption	Plans above or within 1 percent of actuarial assumption
▼ *-1 vs. Dec. '25*	▲ *+1.3pp vs. Dec. '25*	▲ *+43 vs. Dec. '25*	▲ *+21 vs. Dec. '25*

FY 2023: 1 plan · FY 2024: 15 plans · FY 2025: 82 plans · FY 2026: 1 plan · 10-year returns are geometric annualized net returns

10-Year Returns vs. Actuarial Assumptions

- 70 of 99 systems met or exceeded their actuarial target for the 10-year period.

70 beat assumption

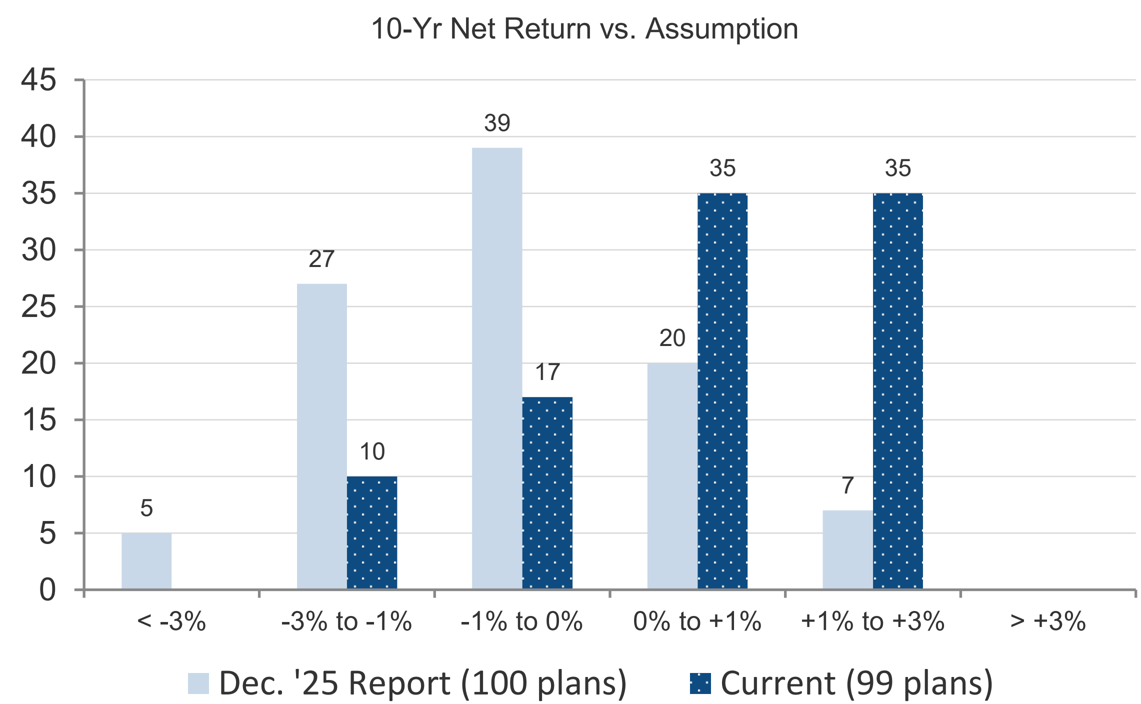
was 27

10 missed assumption by more than 1%

was 32

Median 10-yr Return

7.8%



Overview of Suggested Changes

- Select one or more benchmark options
- Remove or add data to report
    1. Remove Annual Audit Investment Expense column
    2. Add benchmark column
    3. Add new drift benefit
    4. Other ideas from the committee?
- Optional
    1. Split report into a key figures and performance report
        - Key figures: Reports the high-level summary figures for a system
        - Performance report: Shows multiple performance and benchmark figures for a system

Benchmark Options

- Three benchmark options that provide context on performance.
- Option 1 or 2 staff recommended, option 3 more specific but requires more data.

Option 1 —
Passive Blend

40% US Equity · 15% Intl Equity · 30% Bonds · 10% Real Estate · 5% Commodities

34 / 96

systems beat this benchmark

Latest (FYE 12/31/25): 8.3%

Option 2 —
Passive 60/40

60% US Equity · 40% Bonds — a generic balanced index fund using IWV and AGG

6 / 96

systems beat this benchmark

Latest (FYE 12/31/25): 9.3%

Option 3 —
Asset Class - Weighted

Each system's own actual asset mix, priced with passive index proxies and a US PE Index for alternatives

27 / 86

systems beat their own benchmark

Avg. across systems: 8.1%

Option 2 Mutual Fund Check: VBIAX (60/40 US index fund, 0.07% ER) returned 9.50% actual 10-yr vs. 9.31% our synthetic proxy (FYE 12/31/25).

Report Redesign: A Look at a New Format Option

- Same underlying data, restructured around fiscal-year-end groups with headline benchmark figures shown once per group.

Current Format

System	Fiscal Year End	Net Total Assets	Funded Ratio	Investment Return Assumption	1-Year Net Return	3-Year Net Return	10-Year Net Return	SB 322 Total Direct & Indirect Expenses	SB 322 Total Investment Expense	Annual Audit Investment Expense	10YR Return Vs Assumption
Brazos River Authority Retirement Plan	2/28/26	$27	92.84%	6.50%	14.30%	13.59%	9.41%	0.47%	0.59%	0.00%	2.91%
Guadalupe Regional Medical Center	12/31/25	$144	112.92%	6.75%	15.05%	14.83%	9.48%	0.11%	0.13%	0.02%	2.73%

- Benchmarks would be added to columns
- Extraneous columns would be removed

Proposed Format Option

System	Fiscal Year End	Net Assets ($M)	Funded Ratio	Return Assumption	10-Year Net Return	10-Year Return vs. Assumption
FYE: 06/30/2023 | Blended (Opt 1): 6.4% | Passive 60/40 (Opt 2): 7.9%						
Nacogdoches County Hospital District	06/30/2023	34.8	63.9%	6.75%	6.61%	-0.14%
FYE: 10/31/2024 | Blended (Opt 1): 6.5% | Passive 60/40 (Opt 2): 7.9%						
Refugio County Memorial Hospital	10/31/2024	1.4	105.5%	6.00%	5.70%	-0.30%
FYE: 12/31/2024 | Blended (Opt 1): 6.6% | Passive 60/40 (Opt 2): 7.9%						
Capital MTA Admin Employees	12/31/2024	68.1	80.6%	6.75%	7.38%	0.63%
Capital MTA Bargaining	12/31/2024	41.7	69.7%	6.50%	6.78%	0.28%

- Benchmarks appear once per fiscal-year-end group

Impact of Assumption Changes

- The “drift benefit” measures how much a system’s performance is explained by assumption changes alone.

How it works

- The compounded performance gap measures how much a system over- or under-performed vs. assumption for the 10-year period.
- When an assumption drops from 8 to 7 percent, the same returns produce a larger (or less negative) performance gap vs. the new target.
- Drift benefit = gap vs. current assumption minus gap vs. assumption from 10 years ago.
- A positive drift benefit number means the plan looks better today because the bar was lowered, not because of improved returns.
- A larger positive drift benefit number denotes significant assumption changes.

6.6%

Avg. drift benefit (compounded 10-yr)

82 of 87

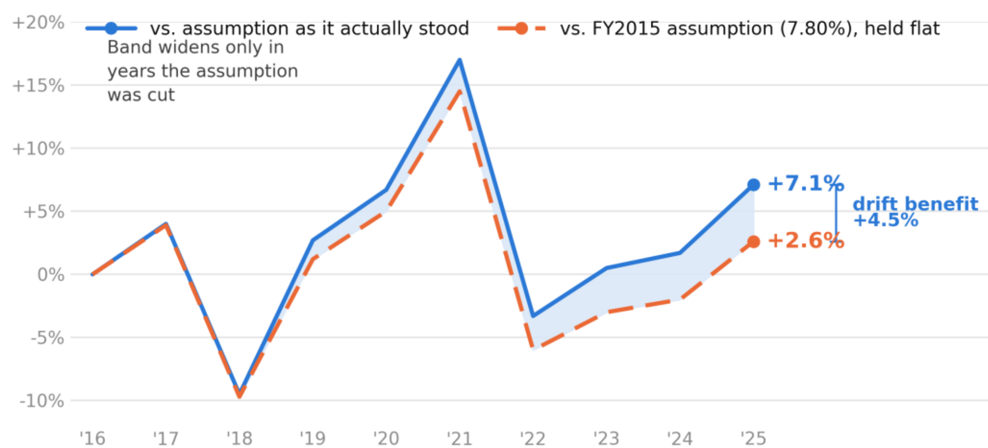
Systems with positive drift benefit

Excludes 12 newer systems without sufficient 10-year historical assumption data.

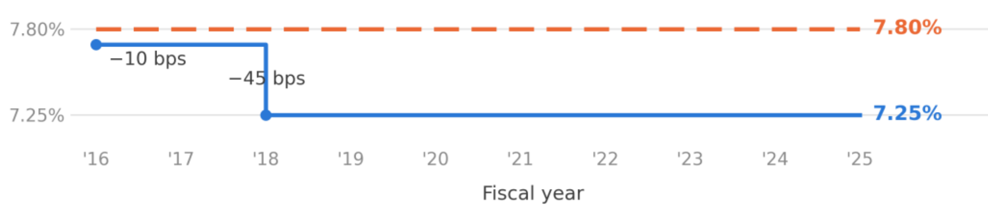
Assumption Drift Benefit Example

- A 55 basis points cut to the return assumption makes the same decade of returns look 4.5 percent better against it.

Cumulative performance against the assumption



Investment return assumption, by fiscal year



Source: Texas PRB investment return reports and actuarial valuations, FY2016–FY2025. Net returns as reported.

Who Is Really Outperforming?

- Removing the drift benefit reveals fewer genuine outperformers. Only 41 of 87 systems beat their original 10-year target.
- Helps show importance of setting realistic investment assumptions.

41

(47% of systems)

Beat both current and original actuarial target

19

(22% of systems)

Only cleared current target because assumption was lowered

27

(31% of systems)

Missed both the current and original return target

Avg. Compounded Performance vs. Current Assumption

+5.2%

10-yr compounded avg. across 87 plans

→ *~6.6% drift benefit*

Avg. Compounded Performance vs. Original Assumption

-1.5%

The more accurate picture after removing drift

Excludes 12 systems without sufficient 10-year historical assumption data.

Committee Feedback Sought

- Select one or more benchmark option
  1. Option 1 Passive Blend
  2. Option 2 Passive 60/40 or 60/40 Mutual fund
  3. Option 3 Asset Class – Weighted
  4. Keep current report style or use proposed
- Remove or add data to report
  1. Remove Annual Audit Investment Expense column
  2. Add benchmark column
  3. Add new drift benefit
  4. Other ideas from the committee?
- Optional
  1. Split report into a key figures and performance report

Key Takeaways

1. **Most systems are exceeding or within 1 percent of their return targets.**
   87 of 99 systems (88 percent) exceeded or were within 1 percent of their actuarial assumption over 10 years. For those underperforming assumptions, the shortfall compounds materially over longer horizons.
2. **Benchmarks provide additional performance context.**
   A performance benchmark provides additional context for system under- or overperformance.
3. **Declining assumptions mask performance shortfalls.**
   82 of 87 plans lowered their assumed return by an average of 75 basis points. On average, this created a ~6.6 percent apparent improvement in 10-year compounded returns vs. target.

Investment Data Report Next Steps

- Update report based on committee preferences.
- Present data for 2025 fiscal year end at full board meeting in December.
- Other requests?

Summary Investment Returns and Expenses Report
September 30, 2026

Summary of Key Statistics

10YR Return Vs Assumption

Excess Return Range	Count	Cumulative
>2%	10	10
>1%, <2%	25	35
>0%, <1%	35	70
<0%, >-1%	17	87
<-1%, >-2%	5	92
<-2%	5	97
N/A	2	99

Investment Return Assumption Rates

Assumption Rate	Count	Cumulative
> 7.50%, < 8.00%	5	5
7.50%	7	12
> 7.00%, < 7.50%	26	38
7.00%	30	68
> 6.50%, < 7.00%	12	80
<= 6.50%	19	99

SB 322 Total Investment Expense

Expenses as Percentage of Assets Range	Count	Cumulative
>2%	0	0
>1.25%, <2%	3	3
>1%, <1.25%	5	8
>0.75%, <1%	21	29
>0.5%, <0.75%	37	66
<0.5%	33	99

Investment Data Returns and Expenses Report
September 30, 2026
(Dollars in Millions) (Fees as Percent of Net Total Assets)

System	Fiscal Year End	Net Total Assets	Funded Ratio	Investment Return Assumption	1-Year Net Return	3-Year Net Return	10-Year Net Return	SB 322 Total Direct & Indirect Expenses	SB 322 Total Investment Expense	Annual Audit Investment Expense	10YR Return Vs Assumption
Brazos River Authority Retirement Plan	2/28/2026	$27	92.84%	6.50%	14.30%	13.59%	9.41%	0.47%	0.59%	0.00%	2.91%
Guadalupe Regional Medical Center	12/31/2025	$144	112.92%	6.75%	15.05%	14.83%	9.48%	0.11%	0.13%	0.02%	2.73%
Galveston Wharves Pension Plan	12/31/2025	$17	104.31%	7.00%	14.11%	15.48%	9.66%	0.64%	0.64%	0.44%	2.66%
JPS - Tarrant County Hospital District	9/30/2025	$617	108.28%	6.75%	10.95%	16.57%	9.38%	0.12%	0.15%	0.03%	2.63%
Harris County Hospital District Pension Plan	12/31/2025	$1,192	97.62%	5.75%	12.94%	12.05%	8.37%	0.17%	0.21%	0.00%	2.62%
Houston Municipal Employees Pension System	6/30/2025	$4,723	79.61%	7.00%	11.55%	9.27%	9.60%	1.20%	1.26%	0.24%	2.60%
University Health System Pension Plan	12/31/2025	$768	85.41%	7.00%	16.99%	12.66%	9.16%	0.46%	0.49%	0.25%	2.16%
CPS Energy Pension Plan	12/31/2025	$2,684	94.26%	7.00%	13.52%	14.32%	9.15%	0.34%	0.37%	0.24%	2.15%
Plano Retirement Security Plan	12/31/2025	$271	115.08%	6.75%	15.80%	14.34%	8.87%	0.32%	0.37%	0.18%	2.12%
Amarillo Firemen's Relief & Retirement Fund	12/31/2025	$267	88.78%	7.35%	7.11%	9.26%	9.37%	0.25%	0.27%	0.25%	2.02%
Texas County & District Retirement System	12/31/2025	$56,480	N/A	7.50%	12.64%	11.32%	9.47%	1.87%	1.89%	0.07%	1.97%
San Antonio Metropolitan Transit Retirement Plan	9/30/2025	$397	74.15%	7.00%	7.70%	12.30%	8.90%	0.30%	0.34%	0.33%	1.90%
Denton Firemen's Relief & Retirement Fund	12/31/2025	$183	96.29%	6.75%	6.56%	8.22%	8.59%	0.11%	0.32%	0.32%	1.84%
Employees of Brownsville Navigation District	12/31/2025	$16	133.13%	6.00%	12.28%	12.30%	7.83%	0.78%	0.78%	0.78%	1.83%
Beaumont Firemen's Relief & Retirement Fund	12/31/2025	$125	54.83%	7.25%	12.27%	12.98%	9.07%	0.43%	0.55%	0.58%	1.82%
Weslaco Firemen's Relief & Retirement Fund	9/30/2025	$25	106.41%	7.25%	11.92%	18.38%	8.97%	0.04%	0.46%	0.46%	1.72%
Employees Retirement System of Texas	8/31/2025	$40,066	77.60%	7.00%	8.90%	9.08%	8.67%	0.64%	0.65%	0.11%	1.67%
Judicial Retirement System of Texas Plan Two	8/31/2025	$805	100.18%	7.00%	8.90%	9.08%	8.67%	0.64%	0.65%	0.10%	1.67%
Law Enforcement & Custodial Off Sup. Ret. Fund	8/31/2025	$2,117	106.00%	7.00%	8.90%	9.08%	8.67%	0.64%	0.65%	0.12%	1.67%
Houston Police Officers' Pension System	6/30/2025	$8,270	94.29%	7.00%	9.40%	9.40%	8.60%	1.09%	1.11%	0.08%	1.60%
Laredo Firefighters Retirement System	9/30/2025	$279	69.42%	7.10%	12.71%	16.60%	8.59%	0.53%	0.59%	0.11%	1.49%
Travis County ESD #6 FRRF	12/31/2025	$68	95.07%	6.50%	12.06%	12.07%	7.97%	0.48%	0.67%	0.28%	1.47%
Sweeny Community Hospital	12/31/2025	$3	94.94%	5.00%	8.35%	7.88%	6.45%	0.11%	0.13%	0.02%	1.45%
Teacher Retirement System of Texas	8/31/2025	$226,328	78.24%	7.00%	9.77%	8.75%	8.44%	1.04%	1.06%	0.57%	1.44%
The Woodlands Firefighters' Retirement System	12/31/2025	$95	113.02%	7.00%	13.95%	13.56%	8.34%	0.37%	0.46%	0.22%	1.34%
Denison Firemen's Relief & Retirement Fund	12/31/2025	$27	79.38%	7.25%	11.34%	10.69%	8.49%	0.26%	0.62%	0.39%	1.24%
Texas Municipal Retirement System	12/31/2025	$49,405	N/A	6.75%	13.75%	11.93%	7.96%	1.25%	1.25%	0.09%	1.21%
Austin Employees' Retirement System	12/31/2025	$4,086	65.78%	6.75%	15.02%	12.37%	7.93%	0.21%	0.25%	0.15%	1.18%
Houston Firefighters' Relief & Retirement Fund	6/30/2025	$5,799	99.98%	7.00%	11.84%	8.44%	8.17%	0.91%	0.98%	0.10%	1.17%
Killeen Firemen's Relief & Retirement Fund	9/30/2025	$86	74.08%	7.25%	11.62%	13.64%	8.41%	0.39%	0.48%	0.15%	1.16%
Corpus Christi Regional Transportation Authority	12/31/2025	$58	85.96%	6.75%	11.35%	11.42%	7.90%	0.52%	0.52%	0.00%	1.15%
Fort Worth Employees' Retirement Fund	9/30/2025	$3,277	59.11%	7.00%	10.94%	11.71%	8.10%	1.05%	1.12%	0.67%	1.10%
Odessa Firemen's Relief & Retirement Fund	9/30/2025	$59	38.20%	7.00%	10.33%	9.80%	8.10%	0.36%	0.45%	0.27%	1.10%
Fort Worth Employees' Retirement Fund Staff Plan	9/30/2025	$12	85.70%	7.00%	10.94%	11.71%	8.10%	1.05%	1.12%	0.67%	1.10%
Wichita Falls Firemen's Relief & Retirement Fund	12/31/2025	$67	59.87%	7.50%	15.18%	13.20%	8.54%	0.10%	0.87%	0.87%	1.04%
Citizens Medical Center	2/28/2025	$181	120.01%	6.75%	11.98%	6.66%	7.75%	0.15%	0.18%	0.07%	1.00%
Harlingen Firemen's Relief & Retirement Fund	9/30/2025	$48	70.52%	7.50%	11.06%	14.46%	8.45%	0.42%	0.52%	0.43%	0.95%

Investment Data Returns and Expenses Report
September 30, 2026
(Dollars in Millions) (Fees as Percent of Net Total Assets)

System	Fiscal Year End	Net Total Assets	Funded Ratio	Investment Return Assumption	1-Year Net Return	3-Year Net Return	10-Year Net Return	SB 322 Total Direct & Indirect Expenses	SB 322 Total Investment Expense	Annual Audit Investment Expense	10YR Return Vs Assumption
DART Employees	9/30/2025	$227	91.18%	6.25%	5.65%	9.78%	7.17%	0.25%	0.34%	0.27%	0.92%
Lubbock Fire Pension Fund	12/31/2025	$301	76.77%	7.50%	9.18%	9.17%	8.40%	0.54%	0.59%	0.05%	0.90%
DFW Airport Board DPS	12/31/2025	$328	87.03%	7.00%	10.80%	9.50%	7.90%	0.75%	0.75%	0.74%	0.90%
DFW Airport Board	12/31/2025	$703	90.27%	7.00%	10.80%	9.50%	7.90%	0.75%	0.75%	0.75%	0.90%
Austin Police Retirement System	12/31/2025	$1,211	62.00%	7.25%	13.04%	11.03%	8.08%	0.49%	0.52%	0.10%	0.83%
Irving Firemen's Relief & Retirement Fund	12/31/2025	$307	92.35%	7.00%	13.93%	11.46%	7.83%	0.58%	0.66%	0.20%	0.83%
Austin Firefighters Retirement Fund	12/31/2025	$1,260	81.19%	7.30%	13.96%	8.93%	8.08%	0.42%	0.45%	0.17%	0.78%
El Paso Firemen's Pension Fund	12/31/2025	$854	83.84%	7.75%	14.20%	10.72%	8.52%	0.74%	0.78%	0.19%	0.77%
El Paso Police Pension Fund	12/31/2025	$1,215	83.55%	7.75%	14.20%	10.72%	8.52%	0.74%	0.78%	0.18%	0.77%
El Paso Firemen & Policemen's Pension Staff Plan	12/31/2025	$2	113.05%	7.75%	14.20%	10.72%	8.52%	0.74%	0.78%	0.13%	0.77%
San Antonio Fire & Police Pension Fund	12/31/2025	$4,494	87.39%	7.25%	11.90%	10.70%	8.00%	1.02%	1.04%	0.26%	0.75%
Big Spring Firemen's Relief & Retirement Fund	12/31/2025	$19	67.48%	7.25%	13.70%	12.84%	7.98%	0.68%	0.90%	0.19%	0.73%
Guadalupe-Blanco River Authority	12/31/2025	$36	90.00%	6.25%	11.45%	10.17%	6.94%	0.13%	0.23%	0.23%	0.69%
Galveston Employees' Retirement Fund	12/31/2025	$89	78.95%	7.25%	12.96%	13.41%	7.92%	0.41%	0.45%	0.20%	0.67%
Houston MTA Non-Union Pension Plan	12/31/2025	$213	62.28%	6.25%	12.60%	10.10%	6.90%	0.21%	0.32%	0.24%	0.65%
Capital MTA Admin Employees	12/31/2024	$68	80.64%	6.75%	10.69%	2.83%	7.38%	0.46%	0.64%	0.07%	0.63%
Irving Supplemental Benefit Plan	12/31/2025	$131	105.77%	6.75%	11.18%	11.41%	7.36%	0.47%	0.58%	0.35%	0.61%
North Texas Municipal Water District Retirement Plan	12/31/2025	$184	68.43%	7.25%	16.75%	12.49%	7.85%	0.00%	0.00%	0.22%	0.60%
City of El Paso Employees Retirement Trust	8/31/2025	$1,061	78.03%	7.25%	9.32%	8.20%	7.81%	0.51%	0.56%	0.19%	0.56%
Houston MTA Workers Union Pension Plan	12/31/2025	$321	71.04%	6.25%	11.40%	9.30%	6.80%	0.20%	0.31%	0.23%	0.55%
Lower Colorado River Authority Retirement Plan	12/31/2025	$547	84.87%	7.00%	15.61%	13.70%	7.50%	0.37%	0.39%	0.39%	0.50%
Floresville Electric Light and Power System Pension Plan	12/31/2025	$14	64.54%	6.50%	8.46%	10.22%	6.97%	0.48%	0.97%	0.49%	0.47%
Temple Firemen's Relief & Retirement Fund	9/30/2025	$66	74.19%	7.30%	7.09%	10.83%	7.76%	0.68%	0.84%	0.15%	0.46%
Texarkana Firemen's Relief & Retirement Fund	12/31/2025	$46	81.67%	7.25%	12.71%	11.25%	7.67%	0.52%	0.57%	0.57%	0.42%
Texas Emergency Services Retirement System	8/31/2025	$152	75.80%	7.00%	13.09%	10.56%	7.34%	0.45%	0.53%	0.27%	0.34%
Longview Firemen's Relief & Retirement Fund	12/31/2025	$108	75.00%	7.50%	12.30%	12.18%	7.83%	0.60%	0.74%	0.74%	0.33%
Port of Houston Authority Retirement Plan	7/31/2025	$233	97.27%	6.00%	8.57%	9.31%	6.29%	0.48%	0.57%	0.20%	0.29%
Capital MTA Bargaining	12/31/2024	$42	69.74%	6.50%	13.77%	2.44%	6.78%	0.19%	0.43%	0.29%	0.28%
Colorado River Municipal Water Dist.	12/31/2025	$11	92.56%	6.00%	12.01%	10.28%	6.26%	0.90%	0.90%	0.00%	0.26%
Waxahachie Firemen's Relief & Retirement Fund	9/30/2025	$33	79.89%	7.00%	14.24%	16.60%	7.26%	0.37%	0.48%	0.48%	0.26%
Dallas Co. Hospital Dist. Retirement Income Plan	12/31/2024	$1,881	72.14%	6.00%	8.78%	1.62%	6.25%	0.36%	0.39%	0.20%	0.25%
Dallas Employees' Retirement Fund	12/31/2025	$3,971	69.83%	7.25%	11.77%	10.26%	7.36%	0.50%	0.52%	0.50%	0.11%
Lufkin Firemen's Relief & Retirement Fund	12/31/2025	$27	53.43%	7.25%	13.07%	13.28%	7.35%	0.50%	0.71%	0.19%	0.10%
Atlanta Firemen's Relief & Retirement Fund	12/31/2025	$5	79.11%	6.75%	14.03%	11.85%	6.63%	0.40%	0.77%	0.46%	-0.12%
Nacogdoches County Hospital District	6/30/2023	$35	63.92%	6.75%	7.08%	5.00%	6.61%	0.67%	0.67%	0.00%	-0.14%
Galveston Firefighter's Relief & Retirement Fund	12/31/2025	$66	67.82%	7.45%	11.87%	11.78%	7.27%	0.65%	0.80%	0.17%	-0.18%
Abilene Firemen's Relief & Retirement Fund	9/30/2025	$70	49.66%	7.50%	11.05%	14.11%	7.29%	0.35%	0.44%	0.40%	-0.21%

Investment Data Returns and Expenses Report
September 30, 2026
(Dollars in Millions) (Fees as Percent of Net Total Assets)

System	Fiscal Year End	Net Total Assets	Funded Ratio	Investment Return Assumption	1-Year Net Return	3-Year Net Return	10-Year Net Return	SB 322 Total Direct & Indirect Expenses	SB 322 Total Investment Expense	Annual Audit Investment Expense	10YR Return Vs Assumption
Paris Firefighters' Relief & Retirement Fund	12/31/2025	$18	118.26%	7.25%	14.41%	12.33%	6.99%	0.46%	0.83%	0.83%	-0.26%
Plainview Firemen's Relief & Retirement Fund	12/31/2025	$8	42.56%	7.25%	15.16%	11.66%	6.99%	0.40%	0.91%	0.77%	-0.26%
Galveston Employees' Retirement Plan for Police	12/31/2025	$35	52.67%	7.00%	13.32%	12.17%	6.73%	0.52%	0.52%	0.28%	-0.27%
Refugio County Memorial Hospital	10/31/2024	$1	105.55%	6.00%	20.63%	2.44%	5.70%	0.00%	0.00%	0.00%	-0.30%
McAllen Firemen's Relief & Retirement Fund	9/30/2025	$70	65.63%	7.25%	7.08%	10.77%	6.91%	0.44%	0.83%	0.46%	-0.34%
Corsicana Firemen's Relief & Retirement Fund	12/31/2025	$15	59.43%	7.00%	6.28%	7.58%	6.63%	0.38%	0.38%	0.38%	-0.37%
San Benito Firemen Relief & Retirement Fund	9/30/2025	$6	78.22%	7.00%	10.89%	16.42%	6.60%	0.63%	1.00%	0.64%	-0.40%
Corpus Christi Fire Fighters' Retirement System	12/31/2025	$218	63.84%	7.00%	11.84%	9.69%	6.49%	0.53%	0.61%	0.26%	-0.51%
Brownwood Firemen's Relief & Retirement Fund	12/31/2025	$7	50.06%	7.00%	11.53%	10.58%	6.37%	0.94%	0.94%	0.72%	-0.63%
Conroe Fire Fighters' Retirement Fund	12/31/2024	$54	68.23%	7.00%	13.97%	4.80%	6.37%	0.50%	0.50%	0.50%	-0.63%
Dallas Police & Fire Pension System-Combined Plan	12/31/2025	$2,251	39.00%	6.50%	16.40%	11.50%	5.60%	0.41%	0.51%	0.37%	-0.90%
Dallas Police & Fire Pension System-Supplemental	12/31/2025	$26	53.00%	6.50%	16.40%	11.50%	5.60%	0.36%	0.45%	0.32%	-0.90%
Tyler Firefighters' Relief & Retirement Fund	12/31/2024	$91	71.35%	7.00%	9.94%	2.10%	6.09%	0.54%	0.76%	0.76%	-0.91%
Port Arthur Firemen's Relief & Retirement Fund	12/31/2024	$60	75.57%	7.25%	10.67%	1.83%	6.02%	0.55%	0.72%	0.72%	-1.23%
Greenville Firemen's Relief & Retirement Fund	12/31/2024	$18	43.20%	7.25%	9.33%	2.36%	5.79%	0.22%	0.53%	0.38%	-1.46%
Cleburne Firemen's Relief & Retirement Fund	12/31/2024	$30	63.54%	7.35%	11.06%	3.65%	5.88%	0.06%	0.75%	0.69%	-1.47%
Orange Firemen's Relief & Retirement Fund	12/31/2024	$10	57.08%	7.75%	11.57%	1.29%	6.07%	0.44%	0.74%	0.00%	-1.68%
University Park Firemen's Relief & Retirement Fund	12/31/2024	$14	46.75%	7.00%	7.24%	1.50%	5.20%	0.46%	0.84%	0.84%	-1.80%
Marshall Firemen's Relief & Retirement Fund	12/31/2024	$9	37.00%	7.25%	6.94%	1.19%	5.23%	0.49%	0.79%	0.79%	-2.02%
Midland Firemen's Relief & Retirement Fund	12/31/2025	$155	71.46%	7.00%	11.15%	9.42%	4.87%	0.50%	0.58%	0.54%	-2.13%
Texas City Firemen's Relief & Retirement Fund	12/31/2024	$18	42.24%	7.25%	8.14%	1.92%	5.12%	0.26%	0.57%	0.42%	-2.13%
San Angelo Firemen's Relief & Retirement Fund	12/31/2024	$80	50.36%	7.80%	9.23%	1.35%	5.56%	0.42%	0.59%	0.18%	-2.24%
Sweetwater Firemen's Relief & Retirement Fund	12/31/2024	$9	46.70%	7.50%	7.36%	1.11%	5.04%	0.47%	0.78%	0.63%	-2.46%
Lower Neches Valley	12/31/2025	$19	98.46%	6.50%	21.48%	21.96%	N/A1	0.44%	0.44%	0.34%	N/A
Supplemental Retirement Plan of University Medical Center	8/31/2025	$6	91.18%	5.00%	8.24%	5.56%	N/A1	0.15%	0.38%	0.23%	N/A

1 System not older than 10 years and does not have a 10-Year Net Return.

Investment Data Performance Figures

September 30, 2026

System	Fiscal Year End	Net Assets ($M)	Funded Ratio	Return Assumption	10-Year Net Return	10-Year Return vs. Assumption
FYE: 06/30/2023 | Blended (Opt 1): 6.4% | Passive 60/40 (Opt 2): 7.9%						
Nacogdoches County Hospital District	06/30/2023	34.8	63.9%	6.75%	6.61%	-0.14%
FYE: 10/31/2024 | Blended (Opt 1): 6.5% | Passive 60/40 (Opt 2): 7.9%						
Refugio County Memorial Hospital	10/31/2024	1.4	105.5%	6.00%	5.70%	-0.30%
FYE: 12/31/2024 | Blended (Opt 1): 6.6% | Passive 60/40 (Opt 2): 7.9%						
Capital MTA Admin Employees	12/31/2024	68.1	80.6%	6.75%	7.38%	0.63%
Capital MTA Bargaining	12/31/2024	41.7	69.7%	6.50%	6.78%	0.28%
Dallas Co. Hospital Dist. Retirement Income Pla	12/31/2024	1,881.0	72.1%	6.00%	6.25%	0.25%
Conroe Fire Fighters' Retirement Fund	12/31/2024	53.8	68.2%	7.00%	6.37%	-0.63%
Tyler Firefighters' Relief & Retirement Fund	12/31/2024	91.1	71.3%	7.00%	6.09%	-0.91%
Port Arthur Firemen's Relief & Retirement Fund	12/31/2024	59.6	75.6%	7.25%	6.02%	-1.23%
Greenville Firemen's Relief & Retirement Fund	12/31/2024	18.1	43.2%	7.25%	5.79%	-1.46%
Cleburne Firemen's Relief & Retirement Fund	12/31/2024	29.7	63.5%	7.35%	5.88%	-1.47%
Orange Firemen's Relief & Retirement Fund	12/31/2024	10.2	57.1%	7.75%	6.07%	-1.68%
University Park Firemen's Relief & Retirement F	12/31/2024	14.3	46.8%	7.00%	5.20%	-1.80%
Marshall Firemen's Relief & Retirement Fund	12/31/2024	9.2	37.0%	7.25%	5.23%	-2.02%
Texas City Firemen's Relief & Retirement Fund	12/31/2024	17.5	42.2%	7.25%	5.12%	-2.13%
San Angelo Firemen's Relief & Retirement Func	12/31/2024	79.8	50.4%	7.80%	5.56%	-2.24%
Sweetwater Firemen's Relief & Retirement Func	12/31/2024	9.1	46.7%	7.50%	5.04%	-2.46%
FYE: 02/28/2025 | Blended (Opt 1): 6.6% | Passive 60/40 (Opt 2): 7.9%						
Citizens Medical Center	02/28/2025	180.5	120.0%	6.75%	7.75%	1.00%
FYE: 06/30/2025 | Blended (Opt 1): 7.2% | Passive 60/40 (Opt 2): 8.4%						
Houston Municipal Employees Pension System	06/30/2025	4,723.0	79.6%	7.00%	9.60%	2.60%
Houston Police Officers' Pension System	06/30/2025	8,269.5	94.3%	7.00%	8.60%	1.60%
Houston Firefighters' Relief & Retirement Fund	06/30/2025	5,799.1	100.0%	7.00%	8.17%	1.17%
FYE: 07/31/2025 | Blended (Opt 1): 7.2% | Passive 60/40 (Opt 2): 8.3%						
Port of Houston Authority Retirement Plan	07/31/2025	233.1	97.3%	6.00%	6.29%	0.29%
FYE: 08/31/2025 | Blended (Opt 1): 7.9% | Passive 60/40 (Opt 2): 9.0%						
Employees Retirement System of Texas	08/31/2025	40,066.0	77.6%	7.00%	8.67%	1.67%
Judicial Retirement System of Texas Plan Two	08/31/2025	805.1	100.2%	7.00%	8.67%	1.67%
Law Enforcement & Custodial Off Sup. Ret. Fur	08/31/2025	2,116.5	106.0%	7.00%	8.67%	1.67%
Teacher Retirement System of Texas	08/31/2025	226,328.3	78.2%	7.00%	8.44%	1.44%
City of El Paso Employees Retirement Trust	08/31/2025	1,060.6	78.0%	7.25%	7.81%	0.56%
Texas Emergency Services Retirement System	08/31/2025	152.3	75.8%	7.00%	7.34%	0.34%
Supplemental Retirement Plan of University Me	08/31/2025	6.0	91.2%	5.00%	N/A	N/A
FYE: 09/30/2025 | Blended (Opt 1): 8.3% | Passive 60/40 (Opt 2): 9.4%						
JPS - Tarrant County Hospital District	09/30/2025	616.6	108.3%	6.75%	9.38%	2.63%
San Antonio Metropolitan Transit Retirement Pl	09/30/2025	397.0	74.2%	7.00%	8.90%	1.90%
Weslaco Firemen's Relief & Retirement Fund	09/30/2025	25.0	106.4%	7.25%	8.97%	1.72%
Laredo Firefighters Retirement System	09/30/2025	278.7	69.4%	7.10%	8.59%	1.49%
Killeen Firemen's Relief & Retirement Fund	09/30/2025	86.1	74.1%	7.25%	8.41%	1.16%
Fort Worth Employees' Retirement Fund	09/30/2025	3,277.5	59.1%	7.00%	8.10%	1.10%
Odessa Firemen's Relief & Retirement Fund	09/30/2025	59.1	38.2%	7.00%	8.10%	1.10%
Fort Worth Employees' Retirement Fund Staff F	09/30/2025	11.9	85.7%	7.00%	8.10%	1.10%

Harlingen Firemen's Relief & Retirement Fund	09/30/2025	48.3	70.5%	7.50%	8.45%	0.95%
DART Employees	09/30/2025	226.5	91.2%	6.25%	7.17%	0.92%
Temple Firemen's Relief & Retirement Fund	09/30/2025	66.0	74.2%	7.30%	7.76%	0.46%
Waxahachie Firemen's Relief & Retirement Fur	09/30/2025	33.1	79.9%	7.00%	7.26%	0.26%
Abilene Firemen's Relief & Retirement Fund	09/30/2025	69.5	49.7%	7.50%	7.29%	-0.21%
McAllen Firemen's Relief & Retirement Fund	09/30/2025	70.1	65.6%	7.25%	6.91%	-0.34%
San Benito Firemen Relief & Retirement Fund	09/30/2025	6.5	78.2%	7.00%	6.60%	-0.40%
FYE: 12/31/2025 | Blended (Opt 1): 8.3% | Passive 60/40 (Opt 2): 9.3%						
Guadalupe Regional Medical Center	12/31/2025	144.2	112.9%	6.75%	9.48%	2.73%
Galveston Wharves Pension Plan	12/31/2025	16.9	104.3%	7.00%	9.66%	2.66%
Harris County Hospital District Pension Plan	12/31/2025	1,191.6	97.6%	5.75%	8.37%	2.62%
University Health System Pension Plan	12/31/2025	768.0	85.4%	7.00%	9.16%	2.16%
CPS Energy Pension Plan	12/31/2025	2,683.7	94.3%	7.00%	9.15%	2.15%
Plano Retirement Security Plan	12/31/2025	271.3	115.1%	6.75%	8.87%	2.12%
Amarillo Firemen's Relief & Retirement Fund	12/31/2025	266.7	88.8%	7.35%	9.37%	2.02%
Texas County & District Retirement System	12/31/2025	56,480.2	N/A	7.50%	9.47%	1.97%
Denton Firemen's Relief & Retirement Fund	12/31/2025	182.6	96.3%	6.75%	8.59%	1.84%
Employees of Brownsville Navigation District	12/31/2025	16.0	133.1%	6.00%	7.83%	1.83%
Beaumont Firemen's Relief & Retirement Fund	12/31/2025	124.8	54.8%	7.25%	9.07%	1.82%
Travis County ESD #6 FRRF	12/31/2025	68.1	95.1%	6.50%	7.97%	1.47%
Sweeny Community Hospital	12/31/2025	3.0	94.9%	5.00%	6.45%	1.45%
The Woodlands Firefighters' Retirement Systen	12/31/2025	95.2	113.0%	7.00%	8.34%	1.34%
Denison Firemen's Relief & Retirement Fund	12/31/2025	26.7	79.4%	7.25%	8.49%	1.24%
Texas Municipal Retirement System	12/31/2025	49,405.5	N/A	6.75%	7.96%	1.21%
Austin Employees' Retirement System	12/31/2025	4,085.9	65.8%	6.75%	7.93%	1.18%
Corpus Christi Regional Transportation Authorit	12/31/2025	57.8	86.0%	6.75%	7.90%	1.15%
Wichita Falls Firemen's Relief & Retirement Fur	12/31/2025	66.8	59.9%	7.50%	8.54%	1.04%
Lubbock Fire Pension Fund	12/31/2025	300.8	76.8%	7.50%	8.40%	0.90%
DFW Airport Board DPS	12/31/2025	327.5	87.0%	7.00%	7.90%	0.90%
DFW Airport Board	12/31/2025	703.3	90.3%	7.00%	7.90%	0.90%
Austin Police Retirement System	12/31/2025	1,211.3	62.0%	7.25%	8.08%	0.83%
Irving Firemen's Relief & Retirement Fund	12/31/2025	306.9	92.3%	7.00%	7.83%	0.83%
Austin Firefighters Retirement Fund	12/31/2025	1,260.1	81.2%	7.30%	8.08%	0.78%
El Paso Firemen's Pension Fund	12/31/2025	854.5	83.8%	7.75%	8.52%	0.77%
El Paso Police Pension Fund	12/31/2025	1,214.6	83.6%	7.75%	8.52%	0.77%
El Paso Firemen & Policemen's Pension Staff F	12/31/2025	2.0	113.1%	7.75%	8.52%	0.77%
San Antonio Fire & Police Pension Fund	12/31/2025	4,493.8	87.4%	7.25%	8.00%	0.75%
Big Spring Firemen's Relief & Retirement Fund	12/31/2025	18.9	67.5%	7.25%	7.98%	0.73%
Guadalupe-Blanco River Authority	12/31/2025	35.6	90.0%	6.25%	6.94%	0.69%
Galveston Employees' Retirement Fund	12/31/2025	89.2	79.0%	7.25%	7.92%	0.67%
Houston MTA Non-Union Pension Plan	12/31/2025	213.1	62.3%	6.25%	6.90%	0.65%
Irving Supplemental Benefit Plan	12/31/2025	130.6	105.8%	6.75%	7.36%	0.61%
North Texas Municipal Water District Retiremer	12/31/2025	183.7	68.4%	7.25%	7.85%	0.60%
Houston MTA Workers Union Pension Plan	12/31/2025	320.9	71.0%	6.25%	6.80%	0.55%
Lower Colorado River Authority Retirement Plar	12/31/2025	546.7	84.9%	7.00%	7.50%	0.50%
Floresville Electric Light and Power System Per	12/31/2025	13.8	64.5%	6.50%	6.97%	0.47%
Texarkana Firemen's Relief & Retirement Fund	12/31/2025	46.2	81.7%	7.25%	7.67%	0.42%
Longview Firemen's Relief & Retirement Fund	12/31/2025	108.3	75.0%	7.50%	7.83%	0.33%
Colorado River Municipal Water Dist.	12/31/2025	10.7	92.6%	6.00%	6.26%	0.26%
Dallas Employees' Retirement Fund	12/31/2025	3,970.6	69.8%	7.25%	7.36%	0.11%
Lufkin Firemen's Relief & Retirement Fund	12/31/2025	26.9	53.4%	7.25%	7.35%	0.10%
Atlanta Firemen's Relief & Retirement Fund	12/31/2025	5.3	79.1%	6.75%	6.63%	-0.12%

Galveston Firefighter's Relief & Retirement Fun	12/31/2025	66.3	67.8%	7.45%	7.27%	-0.18%
Paris Firefighters' Relief & Retirement Fund	12/31/2025	17.6	118.3%	7.25%	6.99%	-0.26%
Plainview Firemen's Relief & Retirement Fund	12/31/2025	8.5	42.6%	7.25%	6.99%	-0.26%
Galveston Employees' Retirement Plan for Polic	12/31/2025	35.3	52.7%	7.00%	6.73%	-0.27%
Corsicana Firemen's Relief & Retirement Fund	12/31/2025	14.8	59.4%	7.00%	6.63%	-0.37%
Corpus Christi Fire Fighters' Retirement Systen	12/31/2025	218.4	63.8%	7.00%	6.49%	-0.51%
Brownwood Firemen's Relief & Retirement Func	12/31/2025	6.7	50.1%	7.00%	6.37%	-0.63%
Dallas Police & Fire Pension System-Combinec	12/31/2025	2,251.1	39.0%	6.50%	5.60%	-0.90%
Dallas Police & Fire Pension System-Suppleme	12/31/2025	25.9	53.0%	6.50%	5.60%	-0.90%
Midland Firemen's Relief & Retirement Fund	12/31/2025	154.5	71.5%	7.00%	4.87%	-2.13%
Lower Neches Valley	12/31/2025	19.4	98.5%	6.50%	0.00%	-6.50%
FYE: 02/28/2026 | Blended (Opt 1): N/A | Passive 60/40 (Opt 2): N/A						
Brazos River Authority Retirement Plan	02/28/2026	27.1	92.8%	6.50%	9.41%	2.91%

Investment Data Services Report
September 30, 2026
(Dollars in Millions) (Fees as Percent of Net Total Assets)

System	Fiscal Year End	Net Total Assets	Investment Consultant	Custodial	Legal	Research	Other	Total
Abilene Firemen's Relief & Retirement Fund	9/30/2025	$70	0.07%	0.03%	0.00%	0.00%	0.00%	0.09%
Amarillo Firemen's Relief & Retirement Fund	12/31/2025	$267	0.00%	0.01%	0.00%	0.00%	0.00%	0.01%
Atlanta Firemen's Relief & Retirement Fund	12/31/2025	$5	0.27%	0.10%	0.00%	0.00%	0.00%	0.37%
Austin Employees' Retirement System	12/31/2025	$4,086	0.01%	0.01%	0.00%	0.00%	0.01%	0.03%
Austin Firefighters Retirement Fund	12/31/2025	$1,260	0.02%	0.01%	0.00%	0.00%	0.00%	0.03%
Austin Police Retirement System	12/31/2025	$1,211	0.02%	0.01%	0.00%	0.00%	0.00%	0.03%
Beaumont Firemen's Relief & Retirement Fund	12/31/2025	$125	0.07%	0.02%	0.02%	0.00%	0.00%	0.12%
Big Spring Firemen's Relief & Retirement Fund	12/31/2025	$19	0.19%	0.03%	0.00%	0.00%	0.00%	0.22%
Brazos River Authority Retirement Plan	2/28/2026	$27	0.13%	0.00%	0.00%	0.00%	0.00%	0.13%
Brownwood Firemen's Relief & Retirement Fund	12/31/2025	$7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital MTA Admin Employees	12/31/2024	$68	0.08%	0.10%	0.00%	0.00%	0.00%	0.18%
Capital MTA Bargaining	12/31/2024	$42	0.24%	0.00%	0.00%	0.00%	0.00%	0.24%
City of El Paso Employees Retirement Trust	8/31/2025	$1,061	0.03%	0.01%	0.00%	0.00%	0.00%	0.05%
Cleburne Firemen's Relief & Retirement Fund	12/31/2024	$30	0.69%	0.00%	0.00%	0.00%	0.00%	0.69%
Colorado River Municipal Water Dist.	12/31/2025	$11	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Conroe Fire Fighters' Retirement Fund	12/31/2024	$54	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corpus Christi Fire Fighters' Retirement System	12/31/2025	$218	0.05%	0.04%	0.00%	0.00%	0.00%	0.09%
Corpus Christi Regional Transportation Authority	12/31/2025	$58	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corsicana Firemen's Relief & Retirement Fund	12/31/2025	$15	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CPS Energy Pension Plan	12/31/2025	$2,684	0.01%	0.01%	0.00%	0.00%	0.01%	0.03%
Dallas Co. Hospital Dist. Retirement Income Plan	12/31/2024	$1,881	0.02%	0.02%	0.00%	0.00%	0.00%	0.03%
Dallas Employees' Retirement Fund	12/31/2025	$3,971	0.02%	0.00%	0.00%	0.00%	0.00%	0.02%
Dallas Police & Fire Pension System-Combined Plan	12/31/2025	$2,251	0.03%	0.01%	0.04%	0.00%	0.02%	0.10%
Dallas Police & Fire Pension System-Supplemental	12/31/2025	$26	0.02%	0.01%	0.03%	0.00%	0.02%	0.09%
DFW Airport Board DPS	12/31/2025	$328	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DFW Airport Board	12/31/2025	$703	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DART Employees	9/30/2025	$227	0.06%	0.04%	0.00%	0.00%	0.00%	0.10%
Denison Firemen's Relief & Retirement Fund	12/31/2025	$27	0.36%	0.00%	0.00%	0.00%	0.00%	0.36%
Denton Firemen's Relief & Retirement Fund	12/31/2025	$183	0.15%	0.03%	0.00%	0.00%	0.04%	0.22%
El Paso Firemen & Policemen's Pension Staff Plan	12/31/2025	$2	0.03%	0.00%	0.00%	0.00%	0.00%	0.04%
El Paso Firemen's Pension Fund	12/31/2025	$854	0.03%	0.00%	0.00%	0.00%	0.00%	0.04%
El Paso Police Pension Fund	12/31/2025	$1,215	0.03%	0.00%	0.00%	0.00%	0.00%	0.04%
Employees Retirement System of Texas	8/31/2025	$40,066	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
Floresville Electric Light and Power System Pension Pl	12/31/2025	$14	0.40%	0.09%	0.00%	0.00%	0.00%	0.49%
Fort Worth Employees' Retirement Fund	9/30/2025	$3,277	0.04%	0.02%	0.01%	0.00%	0.00%	0.07%
Fort Worth Employees' Retirement Fund Staff Plan	9/30/2025	$12	0.04%	0.02%	0.01%	0.00%	0.00%	0.07%
Galveston Employees' Retirement Fund	12/31/2025	$89	0.00%	0.04%	0.00%	0.00%	0.00%	0.04%
Galveston Employees' Retirement Plan for Police	12/31/2025	$35	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Galveston Firefighter's Relief & Retirement Fund	12/31/2025	$66	0.13%	0.02%	0.00%	0.00%	0.00%	0.15%
Galveston Wharves Pension Plan	12/31/2025	$17	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Greenville Firemen's Relief & Retirement Fund	12/31/2024	$18	0.21%	0.10%	0.00%	0.00%	0.00%	0.31%
Guadalupe-Blanco River Authority	12/31/2025	$36	0.10%	0.00%	0.00%	0.00%	0.00%	0.10%
Harlingen Firemen's Relief & Retirement Fund	9/30/2025	$48	0.10%	0.00%	0.00%	0.00%	0.00%	0.10%
Harris County Hospital District Pension Plan	12/31/2025	$1,192	0.01%	0.02%	0.00%	0.00%	0.00%	0.04%
Houston Firefighters' Relief & Retirement Fund	6/30/2025	$5,799	0.02%	0.00%	0.00%	0.00%	0.00%	0.03%
Houston MTA Non-Union Pension Plan	12/31/2025	$213	0.03%	0.08%	0.00%	0.00%	0.00%	0.11%
Houston MTA Workers Union Pension Plan	12/31/2025	$321	0.03%	0.08%	0.00%	0.00%	0.00%	0.11%
Houston Municipal Employees Pension System	6/30/2025	$4,723	0.02%	0.01%	0.00%	0.00%	0.03%	0.06%
Houston Police Officers' Pension System	6/30/2025	$8,270	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
Irving Firemen's Relief & Retirement Fund	12/31/2025	$307	0.07%	0.01%	0.00%	0.00%	0.00%	0.09%
Irving Supplemental Benefit Plan	12/31/2025	$131	0.06%	0.03%	0.01%	0.00%	0.00%	0.11%
JPS - Tarrant County Hospital District	9/30/2025	$617	0.02%	0.01%	0.00%	0.00%	0.00%	0.03%

Investment Data Services Report

September 30, 2026

(Dollars in Millions) (Fees as Percent of Net Total Assets)

System	Fiscal Year End	Net Total Assets	Investment Consultant	Custodial	Legal	Research	Other	Total
Judicial Retirement System of Texas Plan Two	8/31/2025	$805	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
Killeen Firemen's Relief & Retirement Fund	9/30/2025	$86	0.07%	0.01%	0.01%	0.00%	0.00%	0.09%
Laredo Firefighters Retirement System	9/30/2025	$279	0.03%	0.02%	0.00%	0.00%	0.00%	0.05%
Law Enforcement & Custodial Off Sup. Ret. Fund	8/31/2025	$2,117	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
Longview Firemen's Relief & Retirement Fund	12/31/2025	$108	0.12%	0.02%	0.00%	0.00%	0.00%	0.14%
Lower Colorado River Authority Retirement Plan	12/31/2025	$547	0.00%	0.02%	0.00%	0.00%	0.00%	0.02%
Lower Neches Valley	12/31/2025	$19	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lubbock Fire Pension Fund	12/31/2025	$301	0.03%	0.02%	0.00%	0.00%	0.00%	0.05%
Lufkin Firemen's Relief & Retirement Fund	12/31/2025	$27	0.19%	0.03%	0.00%	0.00%	0.00%	0.21%
Marshall Firemen's Relief & Retirement Fund	12/31/2025	$10	0.18%	0.10%	0.00%	0.00%	0.00%	0.28%
McAllen Firemen's Relief & Retirement Fund	9/30/2025	$70	0.21%	0.05%	0.10%	0.02%	0.02%	0.40%
Midland Firemen's Relief & Retirement Fund	12/31/2025	$155	0.08%	0.00%	0.00%	0.00%	0.00%	0.08%
Nacogdoches County Hospital District	6/30/2023	$35	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
North Texas Municipal Water District Retirement Plan	12/31/2025	$184	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Odessa Firemen's Relief & Retirement Fund	9/30/2025	$59	0.07%	0.02%	0.00%	0.00%	0.00%	0.09%
Orange Firemen's Relief & Retirement Fund	12/31/2024	$10	0.24%	0.06%	0.00%	0.00%	0.00%	0.31%
Paris Firefighters' Relief & Retirement Fund	12/31/2025	$18	0.27%	0.10%	0.00%	0.00%	0.00%	0.37%
Plainview Firemen's Relief & Retirement Fund	12/31/2025	$8	0.51%	0.00%	0.00%	0.00%	0.00%	0.51%
Plano Retirement Security Plan	12/31/2025	$271	0.03%	0.02%	0.00%	0.00%	0.00%	0.05%
Port Arthur Firemen's Relief & Retirement Fund	12/31/2024	$60	0.14%	0.03%	0.00%	0.00%	0.00%	0.17%
Port of Houston Authority Retirement Plan	7/31/2025	$233	0.04%	0.05%	0.00%	0.00%	0.00%	0.09%
Refugio County Memorial Hospital	10/31/2025	$1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Citizens Medical Center	2/28/2025	$181	0.02%	0.01%	0.00%	0.00%	0.00%	0.03%
Employees of Brownsville Navigation District	12/31/2025	$16	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Guadalupe Regional Medical Center	12/31/2025	$144	0.01%	0.01%	0.00%	0.00%	0.00%	0.02%
Supplemental Retirement Plan of University Medical C	12/31/2025	$3	0.01%	0.01%	0.00%	0.00%	0.00%	0.02%
San Angelo Firemen's Relief & Retirement Fund	12/31/2024	$80	0.06%	0.07%	0.00%	0.04%	0.01%	0.17%
San Antonio Fire & Police Pension Fund	12/31/2025	$4,494	0.02%	0.01%	0.00%	0.00%	0.00%	0.02%
San Antonio Metropolitan Transit Retirement Plan	9/30/2025	$397	0.03%	0.01%	0.00%	0.00%	0.00%	0.04%
San Benito Firemen Relief & Retirement Fund	9/30/2025	$6	0.02%	0.36%	0.00%	0.00%	0.00%	0.37%
Supplemental Retirement Plan of University Medical C	8/31/2025	$6	0.00%	0.23%	0.00%	0.00%	0.00%	0.23%
Sweetwater Firemen's Relief & Retirement Fund	12/31/2024	$9	0.21%	0.10%	0.00%	0.00%	0.00%	0.31%
Teacher Retirement System of Texas	8/31/2025	$226,328	0.00%	0.01%	0.00%	0.00%	0.01%	0.02%
Temple Firemen's Relief & Retirement Fund	9/30/2025	$66	0.09%	0.05%	0.02%	0.00%	0.00%	0.16%
Texarkana Firemen's Relief & Retirement Fund	12/31/2025	$46	0.03%	0.02%	0.00%	0.00%	0.00%	0.05%
Texas City Firemen's Relief & Retirement Fund	12/31/2025	$20	0.27%	0.10%	0.00%	0.00%	0.00%	0.37%
Texas County & District Retirement System	12/31/2025	$56,480	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
Texas Emergency Services Retirement System	8/31/2025	$152	0.06%	0.02%	0.00%	0.00%	0.00%	0.08%
Texas Municipal Retirement System	12/31/2025	$49,405	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
The Woodlands Firefighters' Retirement System	12/31/2025	$95	0.06%	0.03%	0.00%	0.00%	0.00%	0.09%
Travis County ESD #6 FRRF	12/31/2025	$68	0.13%	0.05%	0.02%	0.00%	0.00%	0.19%
Tyler Firefighters' Relief & Retirement Fund	12/31/2025	$103	0.12%	0.09%	0.00%	0.00%	0.00%	0.21%
University Health System Pension Plan	12/31/2025	$768	0.02%	0.01%	0.00%	0.00%	0.00%	0.03%
University Park Firemen's Relief & Retirement Fund	12/31/2024	$14	0.28%	0.10%	0.00%	0.00%	0.00%	0.38%
Waxahachie Firemen's Relief & Retirement Fund	9/30/2025	$33	0.09%	0.03%	0.00%	0.00%	0.00%	0.12%
Wichita Falls Firemen's Relief & Retirement Fund	9/30/2025	$25	0.42%	0.00%	0.00%	0.00%	0.00%	0.42%

Item 7a. Capital Markets

Robert Munter

Systems Reviewed

The board asked staff to review systems with less than $30M that are not subject to the Investment Practices and Performance Evaluations (IPPE) requirement.

- Universe: 29 active Texas public pension plans with net assets under $30M (24 ultimately selected by excluding some supplemental plans, staff plans tied to larger trusts, and newer plans with limited data.)
- Capital market assumptions drawn from the Horizon Actuarial Services 2025 survey, used unaltered.
- Each plan's actual (or current-target) allocation is mapped to the survey's asset classes, as best as possible, to produce an expected return and a probability of meeting its assumed rate.
- These are preliminary findings intended to flag potential outliers for further review, not conclusions about any individual plan's assumption.

Source: Horizon Actuarial Services, LLC, Survey of Capital Market Assumptions, 2025 Edition (August 2025).

Preliminary Findings

16 of 24 plans

- Have an expected return below their own assumed rate, under median advisor assumptions.
- Expected returns cluster tightly across the group (6.5–7.3%); assumed rates span a much wider 5.0–7.75%.
- The spread mostly reflects differences in the assumption, not differences in the portfolio as most of these plans are invested in similar ways.
- For context: a plan's 30-year probability of meeting its assumed rate is exactly 50% when the assumption equals the expected return.

Tier 1: Least Cushion (7 plans)

Below even the 75th-percentile advisor optimism

Plan	Assumed	Expected (median advisor scenario)	Funded Ratio
Sweetwater Fire	7.50%	6.71%	51.3%
Orange Fire	7.75%	7.11%	56.4%
Cleburne Fire	7.35%	6.79%	64.0%
Lufkin Fire	7.25%	6.70%	50.0%
Paris Fire	7.25%	6.70%	105.1%
Greenville Fire	7.25%	6.71%	44.2%
Texas City Fire	7.25%	6.72%	43.9%

Tier 2 & Tier 3

- **Tier 2 — 9 plans**
- Below median, passable with modest optimism or more accurate data (gaps within ~0.4 pts).
- Weslaco, San Benito, Plainview, University Park, Big Spring, Denison, Corsicana, Marshall, and Atlanta Fire.

- **Tier 3 — 8 plans**
- Assumption currently supported by the allocation.
- Galveston Wharves, Brownwood, Brazos River Authority, Lower Neches Valley Authority, Colorado River MWD, Refugio County Hospital District, Brownsville Navigation District, and Sweeny Community Hospital.

Items to Monitor: Policy Currency

- 17 of the 24 screened plans are operating on investment policy statements more than eight years old, with two of the oldest dating to 2006 and 2008.
- Outdated investment policies have come up before as a standing concern and the board encouraged systems to review and refresh their policies on a regular cycle. This type of recommendation was common in many IPPEs.
- Separately, comparing actual holdings to policy targets shows several systems (about one in five of the 24) running equity allocations more than 10 percentage points away from their stated target based on audit allocation figures.
- That gap does not necessarily indicate a problem as it may simply reflect a policy that has not been updated to match a deliberate strategy shift or reported figures do not accurately capture enough detail.

Limitations & Next Steps

- This is a first pass built using nine broad asset categories the PRB collects from reports to the Horizon survey's 17; more detailed or updated documents could materially shift a few plans between tiers.
- Findings primarily reflect the median advisor scenario with most systems' expectations closer the 75th percentile advisor scenario.
- Suggested next steps:
  - Committee may direct staff to focus review on desired content.
  - Staff will update the CMA research for the 2026 annual Horizon survey update released recently
- No action is being recommended for any individual plan based on this initial screen alone.

Item 7b. Investment Liquidity

Robert Munter

How Liquid are Texas Pensions?

- If markets fall sharply, could a Texas public retirement system be forced to sell illiquid assets at whatever price a stressed market offers just to keep paying benefits and any DROP withdrawals?
- Systems can use contributions coming in but existing assets are the largest source to satisfy distribution needs for mature systems.
- Our analysis is focused on liquidity, not a funding or investment-performance test.
- A well-funded plan with few liquid assets can fail this test; a plan with funding challenges but a liquid portfolio can pass it.

How We Tested Liquidity

Three tiers of access

- **Liquid** (daily/weekly) — available immediately
- **Semi-liquid** (monthly/quarterly) — reachable within a quarter or two following the investment distribution policy
- **Illiquid** — excluded entirely; treated as unsellable, not marked down

The stress scenario

- Market shock of -30 percent applied to both liquid tiers
- DROP balances withdrawal request of 25 percent assumed in year one
- Evaluated over a 3-year horizon
- Two tests: "immediate access" (liquid only) and "managed access" (liquid + semi-liquid)
- Screened: 99 systems, $432.6B in combined net assets

The Bottom Line

95 of 99

Texas systems pass on both tests

$432.6B

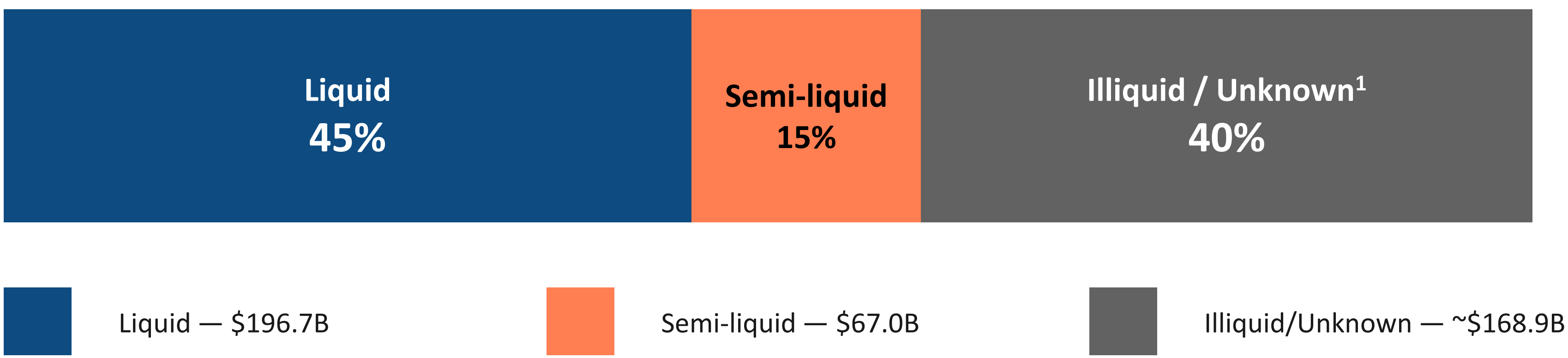
Combined net assets screened

$263.7B

Combined liquid and semi-liquid investments available

The overwhelming majority of the state's pension assets could absorb a severe, sustained market shock without being forced to sell illiquid holdings.

Investment Asset Liquidity Split



Liquid and semi-liquid holdings together make up 60% of assets statewide — the combined sleeve available for a managed-access response.

[1]Unknown asset liquidity represents investments that are private without a clear redemption period specified in available materials or small allocation rounding differences between reports. All together unknown represents less than 1 percent.

Large Systems Carry More Illiquid Assets By Design

System	Net Assets	Liquid %	Semi-liquid %	Illiquid %	Status
Teacher Retirement System of Texas	$226.3B	41%	19%	40%	**Pass**
Texas County & District Retirement System	$56.5B	32%	16%	52%	**Pass**
Texas Municipal Retirement System	$49.4B	46%	16%	38%	**Pass**
Employees Retirement System of Texas	$40.1B	56%	7%	37%	**Pass**

- These four systems hold roughly 71 percent of all screened assets.
- Their larger illiquid allocations reflect deliberate long-horizon investment in private equity, real estate, and infrastructure which are used to improve long-term returns.
- All four systems pass the stress test comfortably: scale, diversification, and stable cash flows give them ample cushion even with a substantial illiquid assets.

Potential Risk in a Worst-Case Scenario

The profile of a system

Systems that are potentially susceptible to a worst-case.

- Large DROP/PROP balances relative to system size.
- Small liquid and semi-liquid allocation relative to potential distribution needs.
- System policies limited in managing distributions in event of a shock.
- Liquid assets fail to cover one year of distribution needs.
- Liquid and semi-liquid assets fail to cover multiple years of distributions.

The two tests

- Immediate access (liquid tier only): Tests the assets on covering cashflow needs in the first year.
- Managed access (liquid + semi-liquid): Tests the assets over a long-term period. (Our test does not include projected income, distributions or capital calls)
- Takeaway: The two tests catch two different issues. Failing the immediate test suggests a liquidity issue. Failing the managed access test suggests distribution policies might be needed.

Why DROP Terms Matter Here

- Policies can allow a full DROP/PROP balance withdrawal on as little as a week with no limitations specified and no board discretion required.
- Any system that passes the immediate access but fails the managed access does not point to a current problem, as the shock scenario is designed to be fairly extreme; however, developing a mitigation policy would be a beneficial next step by: reviewing redemption policy design, or developing a contingency liquidity plan, so the plan's resilience does not hinge on withdrawal timing.

Overall Liquidity Status of Texas Pensions

- Liquidity is strong statewide, not a systemic concern as 95 of 99 systems pass comfortably on both tests.
- Recommended:
  - Research further and potentially communicate with any boards that meet the profile to consider a contingency liquidity plan as a prudent safeguard.
  - Re-screen periodically as new reports arrive.
  - Framing for any board with large DROP/PROP Balances: Plan for a worst case that may never arrive and have a clear policy on how to manage distributions during market stress.

Methodology and Questions

- The semi-liquid tier is counted at face value; real-world notice periods and redemption gates are subject to change and could be less liquid during market shocks.
- The underlying liquidity data is self-reported in audits or quarterly reports and unverified.
- Reporting dates range from June 2023 to December 2025 across plans based on most recent or detailed reports available.

- Questions?

Item 7c. Investment Expense Data

Austin Pace

Investment Expense at a Glance

FY 2024 is a complete reporting year (97 systems); FY 2025 is preliminary (86 of ~99 reported).

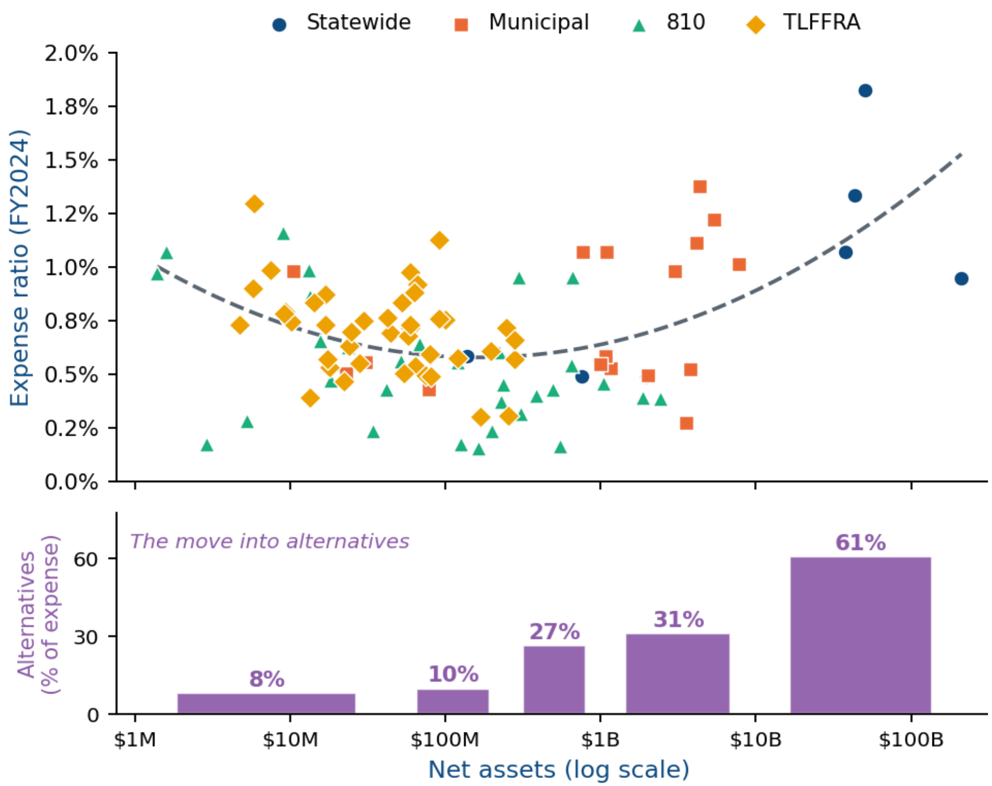
FY 2024	FY 2024	FY 2024	FY 2024	FY 2024
$4.33B	**0.63%**	**1.09%**	**$1.86B**	**43%**
Total investment expense	Median expense ratio	Asset-weighted expense	Carried / performance fees	Perf. fees as share of expense
FY 2025 · preliminary	FY 2025 · preliminary	FY 2025 · preliminary	FY 2025 · preliminary	FY 2025 · preliminary
$4.79B	**0.58%**	**1.11%**	**$2.33B**	**49%**

Carried interest is **nearly half** of all investment expense, which falls on the roughly one in four systems that pay it, and is climbing as those systems lean further into alternatives.

Net-asset basis. Expense ratio = total investment expense ÷ net assets. FY2025 figures preliminary and cover fewer systems.

Expense Ratio by System Size

Every system's FY 2024 investment expense ratio plotted against its size, with dots colored by system type.



Systems with more assets should cost less

As a system grows, it tends to pay less for every dollar it manages. Larger funds spread their fixed costs over a much bigger pool, so the cost per dollar falls.

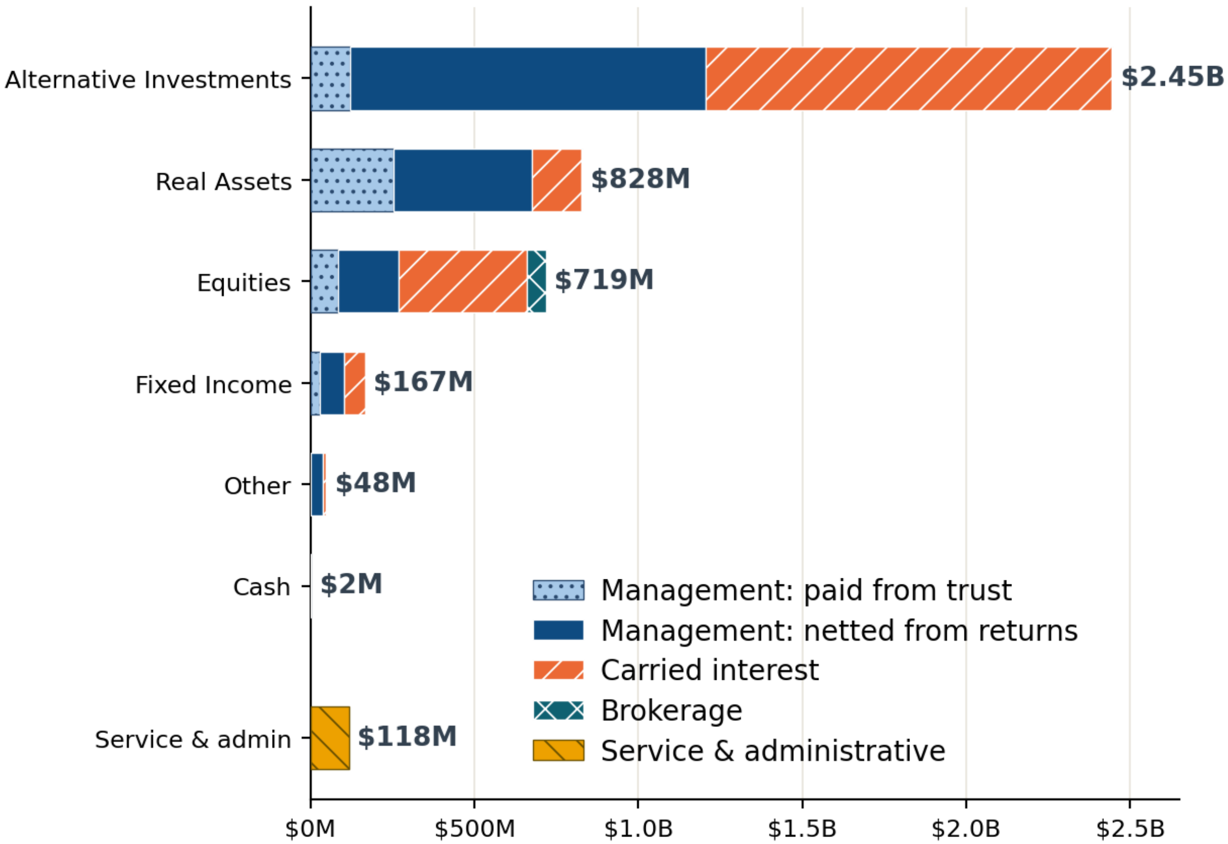
The dashed line follows that pattern. It bottoms out around $166M in assets, then drifts back up for the very largest systems as they move into alternatives.

Each dot a system; expense ratio = total investment expense ÷ net assets, FY 2024. Dashed line = quadratic least squares trend on log assets.

Pension Review Board

Where the Fees Go

FY 2024 investment expense by asset class and fee type, plus system-level service fees. Carried interest is concentrated in alternatives.



$1.86B

Carried interest (FY 2024)

43% of all investment expense

57%

Of all investment expense is alternatives

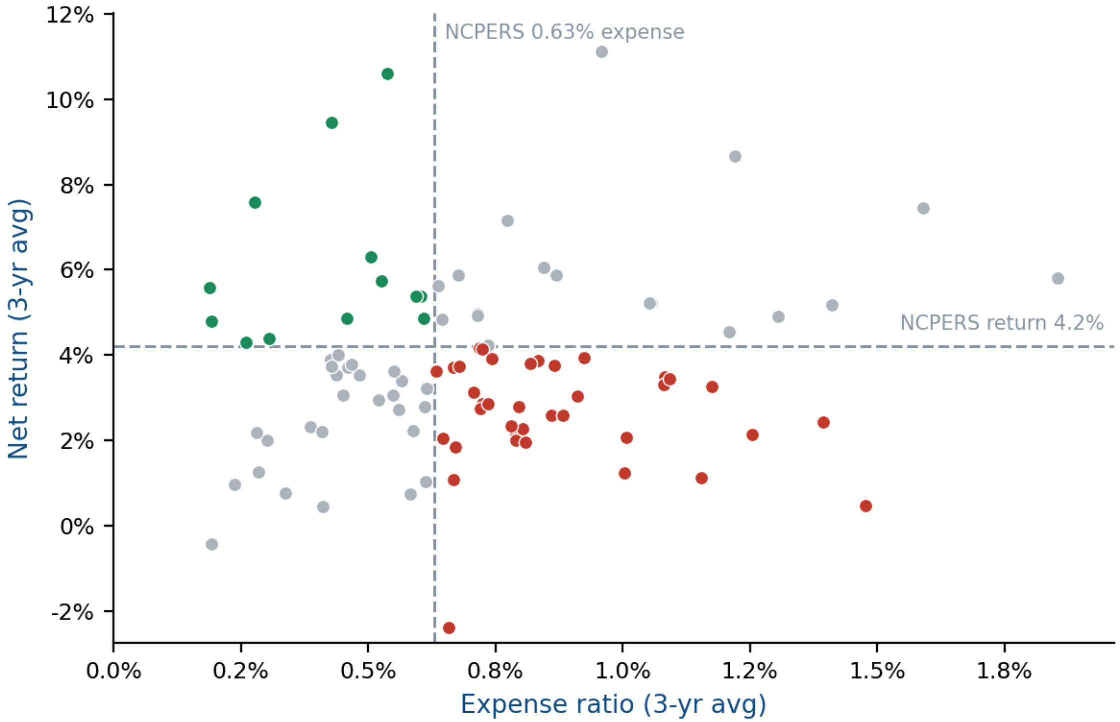
For 12 of 97 systems, alternatives account for more than half of all investment expense. Carried interest is a profit share, paid only when investments gain, so it rises in strong years as systems lean further into alternatives.

Pension Review Board

FY 2024-Management fees (paid from the trust vs. netted from returns), carried interest, and brokerage by asset class. Service and administrative fees are billed directly and shown system-level. Sum equals total investment expense.

Expenses vs. Return

Each system's 3-year average (FY 2022–24) net return against its investment expense ratio, measured against the NCPERS national benchmark.



NCPERS NATIONAL (3-YR AVG, FY 22–24)

4.2% net return

0.63% investment + admin expense

13

Lower cost & higher-returning

than national

39

Costlier & lower-returning

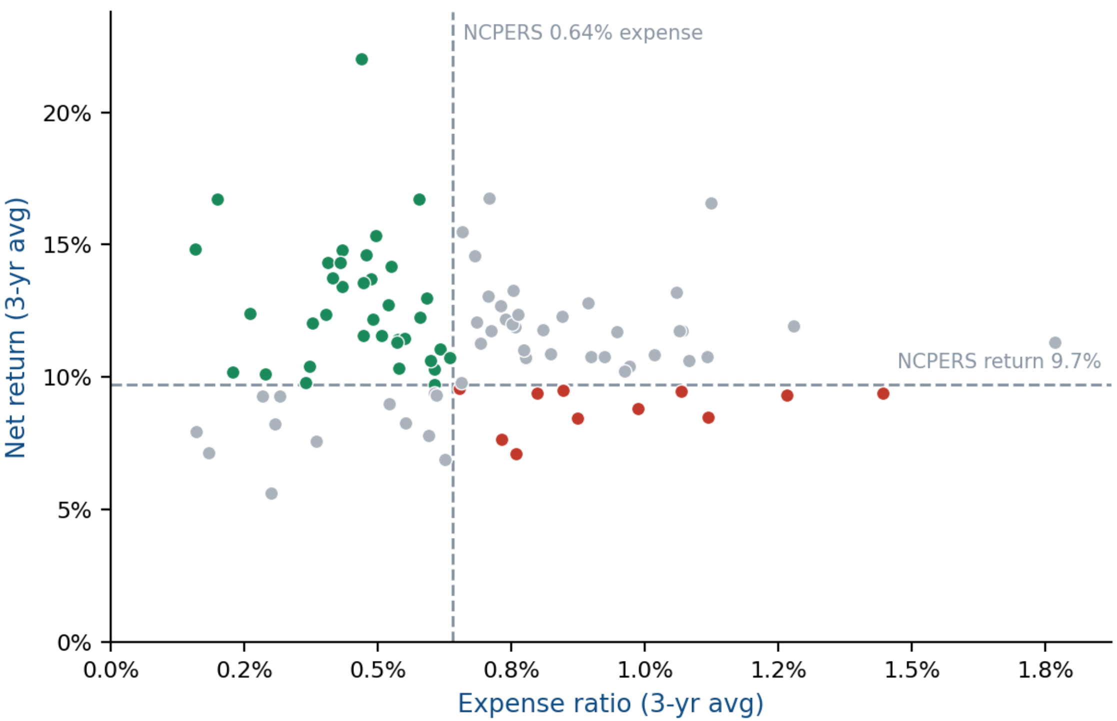
than national

NCPERS expenses are self-reported manager and administrative fees. Texas ratios throughout are total investment expense ÷ net assets.

Systems averaged over FY 2022-2024 (≥2 of 3 years). NCPERS benchmark is the FY 2022-2024 average, reporting-count-weighted across half-year periods (Figs. 17, 25), self-reported.
Source: NCPERS, 2026 Public Retirement Systems Study, ncpers.org/public-retirement-systems-study.

Expenses vs. Reward: FY 2023–25, Preliminary

The same 3-year view rolled to the latest window. FY 2025 is preliminary, so positions will shift as more systems submit reports.



NCPERS NATIONAL (3-YR AVG, FY23–25)

9.7% net return

0.64% investment + admin expense

36

Lower cost & higher-returning

than national

12

Costlier & lower-returning

than national

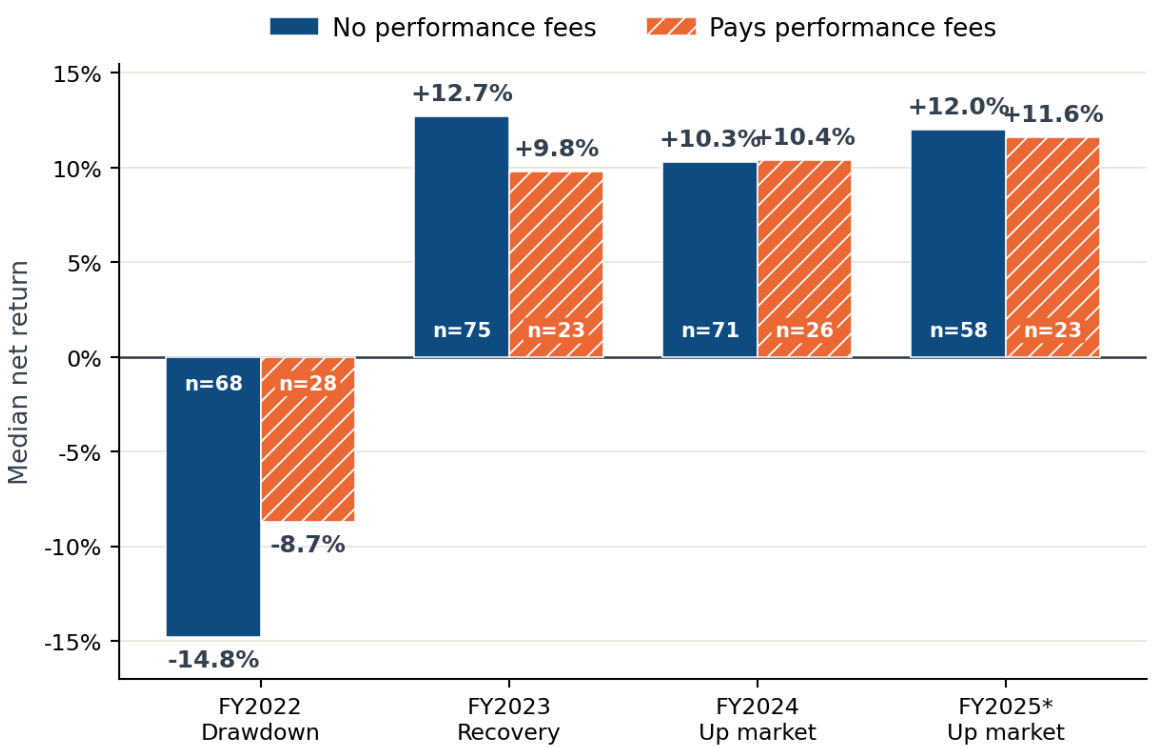
Preliminary: FY 2025 covers fewer systems, so these positions and counts will move as the PRB receives reports.

Systems averaged over FY 2023-2025 (≥2 of 3 years); FY2025 preliminary. NCPERS benchmark is the FY2023-2025 average, reporting-count-weighted (Figs. 17, 25), self-reported.

Is the Benefit of Alternatives a Smoother Ride?

Median net return through the cycle, carried-interest payers versus non-payers.

Shows a pattern only: not risk-adjusted, based largely on one down-cycle (FY 2022), and payers skew to larger systems.



DRAWDOWN · FY 2022

Payers fell ~6 pts less

-8.7% vs -14.8%

RECOVERY · FY 2023

Payers gained ~3 pts less

+9.8% vs +12.7%

UP MARKETS · FY 2024–25

Roughly even

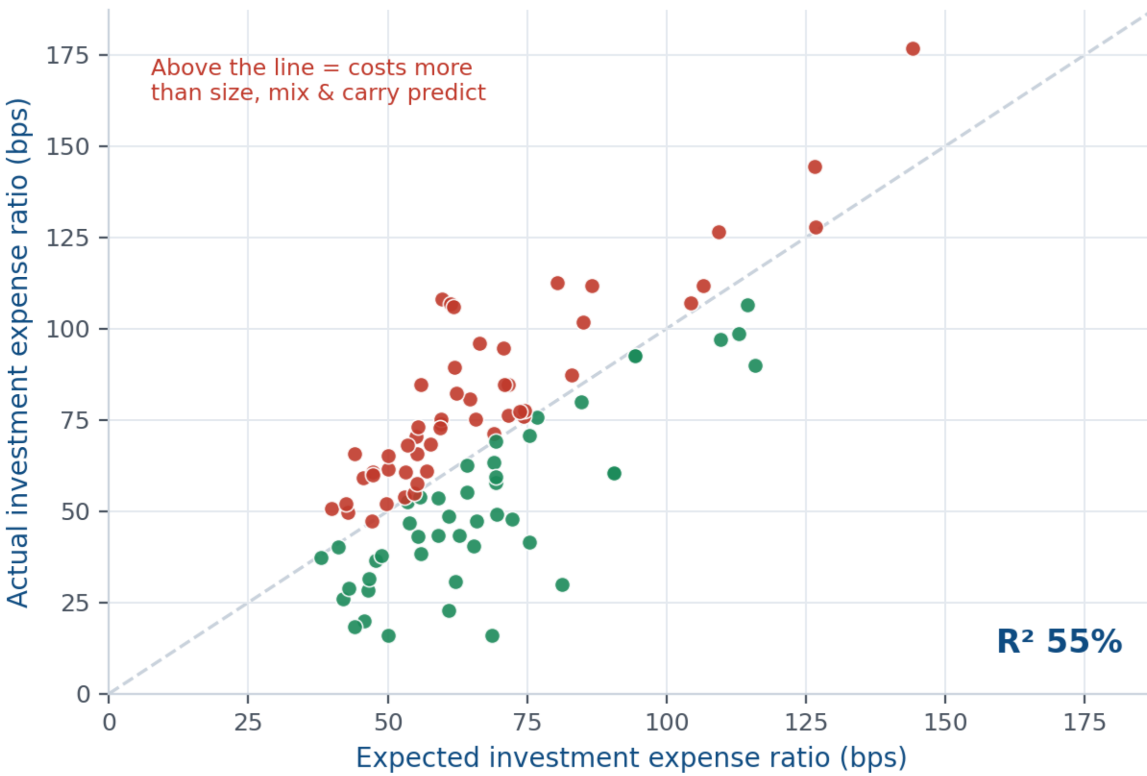
≈ same either way

In this window, payers' smaller drawdown roughly offset their softer rebound.

Pension Review Board

Actual vs. Expected Cost for Size and Mix

Outlier lens 1 of 2 — size, mix & carry model. Each systems investment expense ratio against what the model expects from its size, asset-class mix, and carried-interest share (FY 2023–25, 3-yr average). Above the line, a system costs more than the model predicts for its size and mix.



SIZE + MIX + CARRY MODEL
R^2 55% of cost explained
97 systems · FY 2023–25 3-yr avg

51
Cost more than expected
above the model line

46
In line or below
at or under expected

Expected cost fit on system size, asset-class shares, and carried-interest share, FY 2023–2025 (≥ 2 of 3 years, 97 systems). Model estimate; R^2 55 percent. Investment expense ratio = total investment expense ÷ net assets.

How Many Systems Pay Above Their Peers

Systems paying 50+ basis points more than same-size peers earning comparable returns, split by type. **The over-payers are municipal and fire systems — not the large statewide systems.**

System type	FY 2022	FY 2023	FY 2024	FY 2025	4-yr total
Municipal	2	3	5	3	13
TLFFRA (fire)	4	3	2	0	9
810	1	0	0	0	1
Statewide	0	0	0	0	0

Six systems sit 50+ bps above peers in two or more of the four years — one in all four. The persistence, not any single year, is the flag.

No statewide system is flagged (most lack three same-size peers). At the 25+ bps line, 19 systems repeat across two or more years.

Peer group: same size tier and comparable net return (within ±2 pts), minimum three peers. Cell = systems 50+ bps above their peer median. FY 2025 preliminary.

Takeaways

1

Some systems might have expenses that need further research

The size-and-mix model flags 51 of 97 systems above their expected cost. Seven pay 50+ basis points more than same-size peers, and six of those repeat across years. Staff will continue to monitor the peer view and the model to shortlist systems for further review.

2

System investment expenses largely determined by asset size

Fee mix shifts with size. Smaller systems pay mostly management and administrative fees; larger systems' costs are dominated by carried interest netted from returns. Thirteen of the 19 systems over $1B pay performance fees, and the largest net about 85 percent of their cost out of returns.

3

Judge the return, not just the fee

Cost alone explains almost none of the difference in returns. The important piece is whether a system earns a fair return for what it pays, not simply whether its fees are low.