



# How TMRS Invests Your Money

Presented by

Dave Hunter, Chief Investment Officer

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## The Board's Role

The Board of Trustees is responsible for oversight of TMRS' investment program, including:

- Adopting the Investment Policy Statement (IPS)
- Establishing Actuarial Return Assumption of 6.75%
- Reviewing staff's implementation of the IPS

# Investment Policy Statement

- The Investment Policy Statement (IPS) provides TMRS investment staff with guidelines, instructions and rules to follow when investing Trust Fund assets
- The Board of Trustees reviews the IPS annually with investment staff, consultants, and legal counsel

# The Role of Consultants & Investment Staff

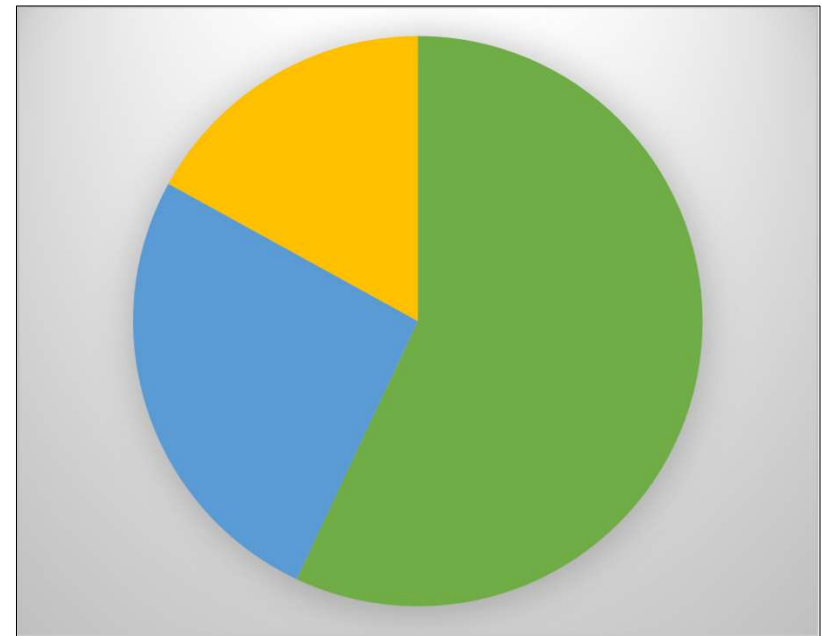
- The Board retains investment consultants to work with staff to develop prudent investment policies and asset allocation targets.
- TMRS' investment staff is experienced (more than 350 years of investment experience) and well educated (MBA, CFA, CAIA, CPA, JD & MS).

# Asset Allocation is the #1 Driver of Returns

- The IPS includes the Board-approved asset allocation policy
- Investments are well diversified to reduce risk

# Board-Approved Asset Allocation

<b>Equities</b>	<b>57%</b>
<b>Fixed Income</b>	<b>26%</b>
<b>Real Estate &amp; Other</b>	<b>17%</b>



## 2021 Investment Returns

- TMRS' 2021 net investment return was 12.86%
- The 2021 return exceeded both TMRS' asset allocation benchmark of 12.23% and assumed rate of return of 6.75%

## TMRS' Investment Goal is to Exceed Return Expectations

TMRS Actual Net Returns exceeded Market Based Returns and the Board-approved Assumed Rate of Return (6.75%) for the 1, 3, 5, and 10 years ended December 31, 2021.

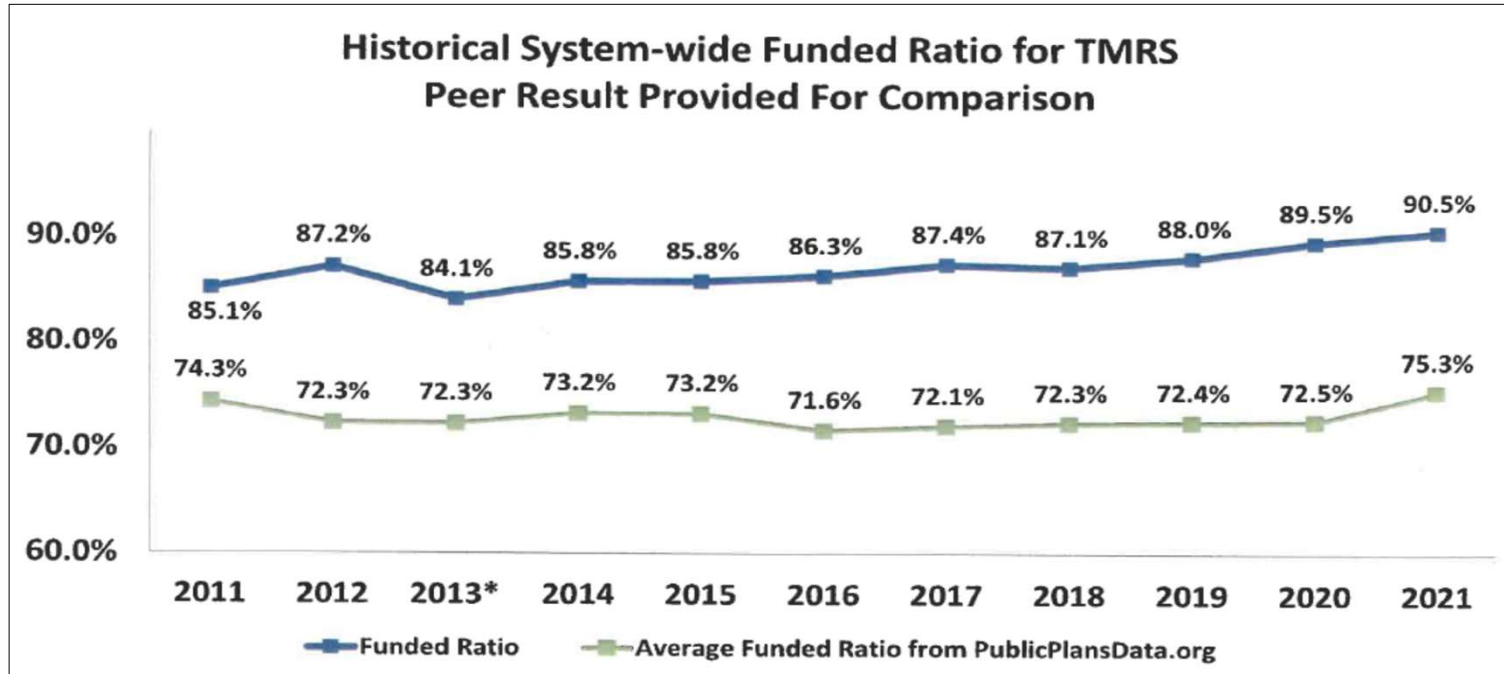
	TMRS Trust Fund - Net Investment Returns			
	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Actual Net Returns	12.86%	12.08%	9.28%	7.82%
Market Based Returns	12.23%	11.85%	8.98%	7.56%
Assumed Rate of Return	6.75%	6.75%	6.75%	6.75%



# TMRS Trust Fund Asset Growth



# TMRS' Funded Ratio Exceeds 90%



## TMRS' 2021 Investment Returns are GIPS Compliant

- TMRS' 2021 Investment Returns can claim compliance with the Global Investment Performance Standards (GIPS®)
- GIPS® are industry standards promulgated by the CFA Institute to promote ethical and transparent performance reporting
- TMRS is the only Texas public pension plan that can claim compliance with GIPS®

**Is TMRS Meeting Return Expectations?**

**Absolutely!**



## **Have Questions? Please Contact:**

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