

TMRS Investment Staff Report

Q3 2016



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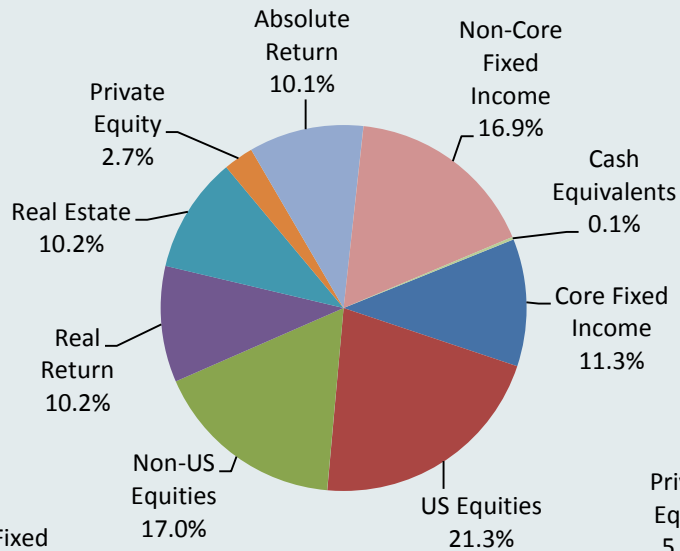
I. Performance and Asset Allocation



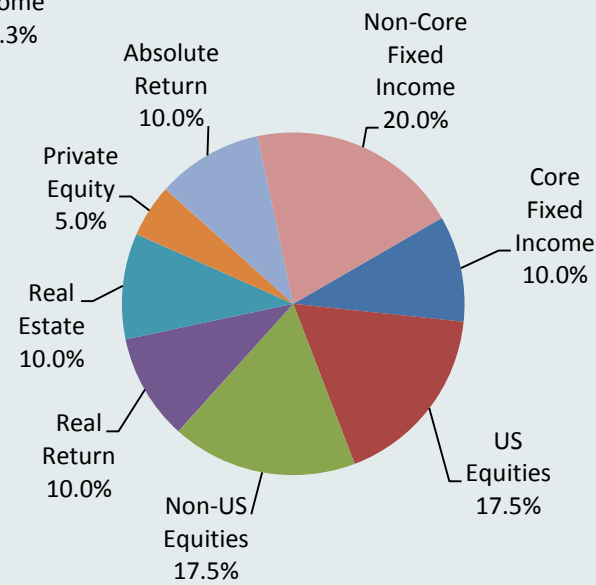
TMRS INVESTMENT PORTFOLIO

Asset Allocation

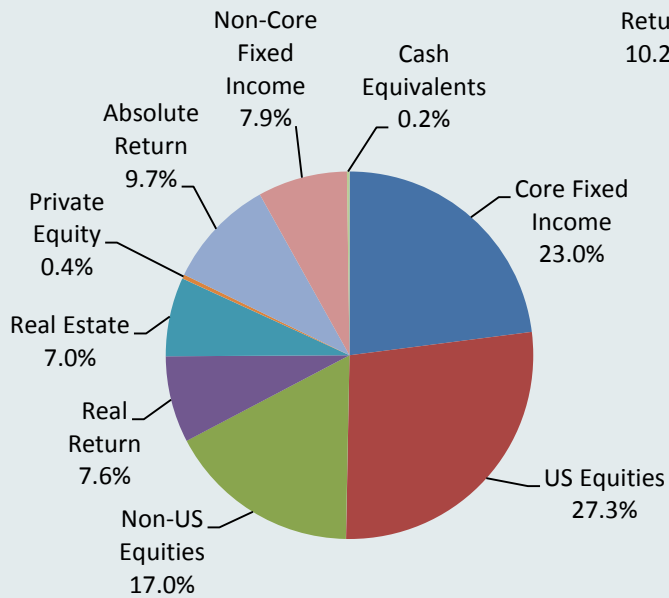
9/30/2016 Allocation Recognizing Un-funded Commitments



Target Allocation Adopted July 2015



Allocation as of 9/30/2016



**Total Market Value:
\$25.0 Billion**

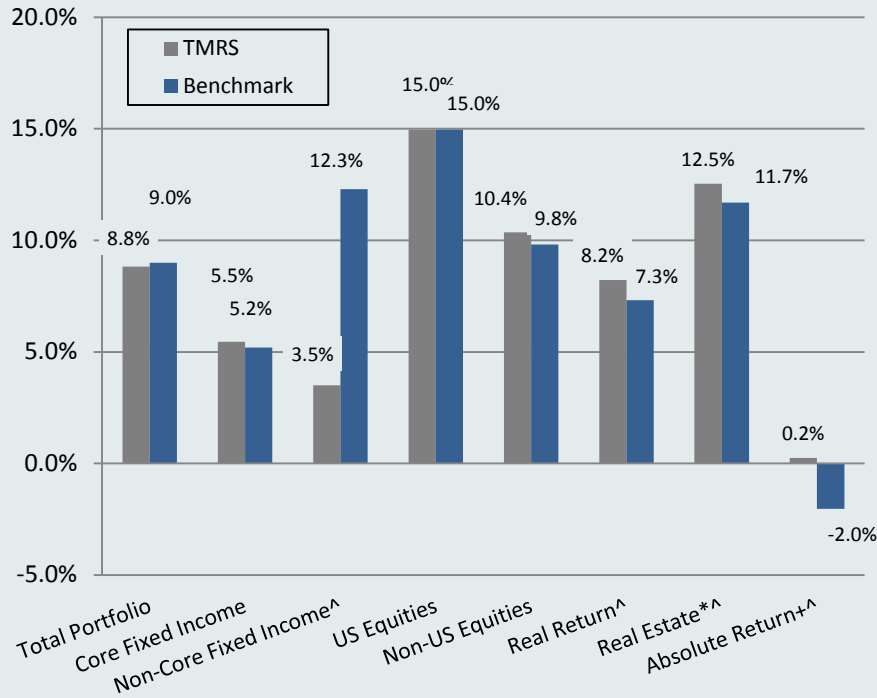
Cash equivalents allocation represents unallocated invested cash equivalent instruments. The sum of individual asset class allocations may not add up to 100% due to rounding. Source: State Street Investment Analytics

TMRS INVESTMENT PORTFOLIO

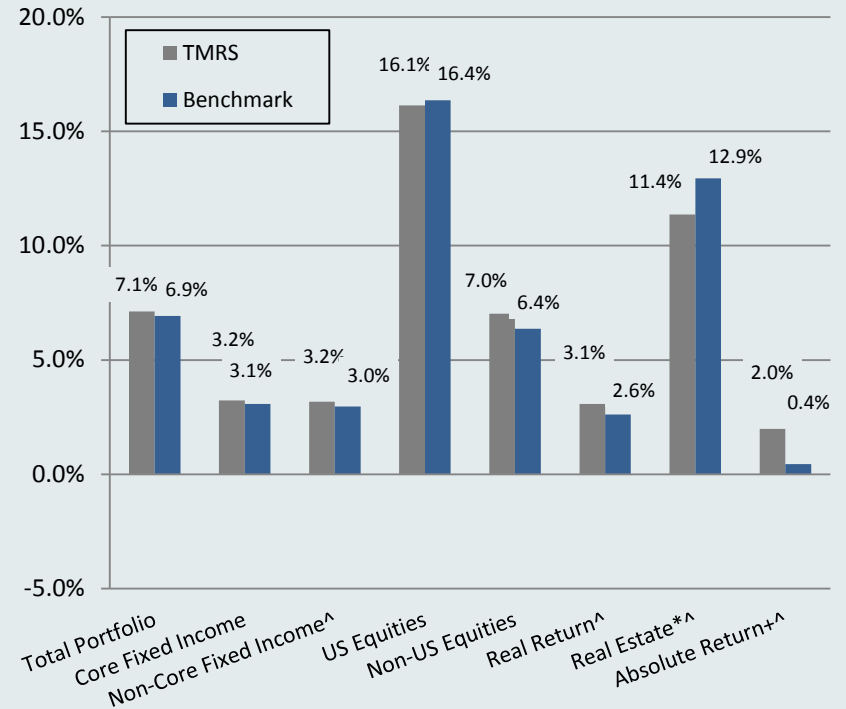
Net Performance By Asset Class

September 2016

1 Year Performance



5 Year Performance



*Real Estate return as of prior quarter end (real estate returns are available on a quarterly basis only)

[^]Non-Core Fixed Income, Real Estate and Absolute Return performance are the annualized return since inception, given their performance history are less than 5 years

Source: State Street Investment Analytics

II. Public Equities



Public Equities

Asset Class Overview

US Equity

- Objective
 - Intended to provide capital appreciation and is structured using a Core-Satellite Approach with the overall objective of exceeding its benchmark performance net of fees over rolling five year periods.
 - Satellite strategies (Active and Rules-Based strategies with an active component) are expected to add excess return within established tracking error limits and will meet quality, diversification, and liquidity guidelines as specified in the Managers' contracts.

International Equity

- Objective
 - Intended to provide capital appreciation and diversification, and is structured using a Core-Satellite Approach with the overall objective of exceeding its benchmark performance net of fees over rolling five year periods.
 - Satellite strategies (Active and Rules-Based strategies with an active component) are expected to add excess return within established tracking error limits and will meet quality, diversification, and liquidity guidelines as specified in the Managers' contracts or otherwise agreed to in writing between TMRS and the Investment Manager.

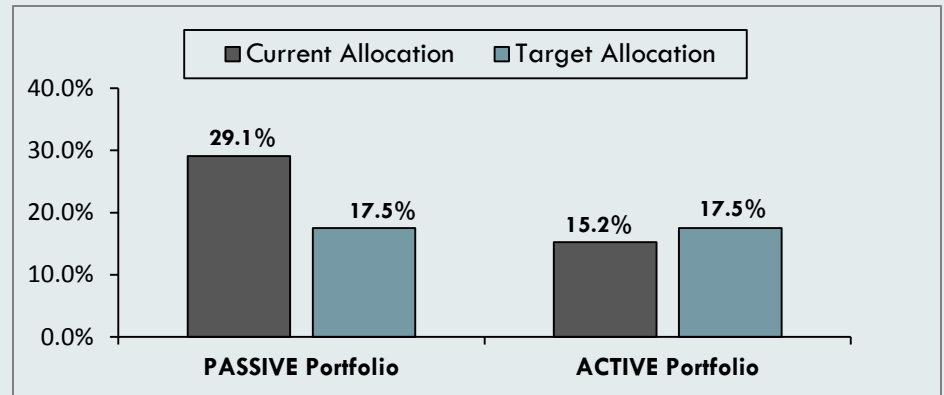
Public Equities -Portfolio Management Structure

ASSET CLASS	MANAGER	STRATEGY	PORTFOLIO BENCHMARK
Domestic Equities US Core/Passive	Northern Trust Asset Management	Passive Broad Market Index	Russell 3000 Index
US Rules-Based	State Street Global Advisors	Passive Fundamental Index	Russell US Fundamental Index
US Rules-Based	UBS Global Asset Management	Passive Minimum Volatility	MSCI US Min Vol Index
US Satellite/Active	Epoch Investment Partners, Inc.	US Traditional All Cap	Russell 3000 Index
US Satellite/Active	Sasco Capital, Inc.	US Opportunistic All Cap	Russell Mid Cap Value Index
US Satellite/Active	The Boston Company	US Mid Cap Opportunistic	Russell Mid Cap Index
US Satellite/Active	Champlain Investment Partners	US Mid Cap Core	Russell Mid Cap Index
US Satellite/Active	The Boston Company	US Small Cap Opportunistic	Russell 2000 Index
US Satellite/Active	Wellington Management	US Small Cap Opportunities	Russell 2000 Index
International Equities Non-US Core/Passive	Northern Trust Asset Management	Passive Broad Market Index	All Country World (ACW) ex US Investable Market Index (IMI)
Non-US Rules-Based	State Street Global Advisors	Passive Fundamental Index	Russell Fundamental Global ex US
Non-US Rules-Based	UBS Global Asset Management	Passive Minimum Volatility	MSCI World ex US Min Vol Index
Non-US Satellite/Active	Wellington Management	Non-US Opportunistic Relative Value	MSCI ACWI ex US Index
Non-US Satellite/Active	Lazard Asset Management	Non-US Opportunistic Core	MSCI ACWI ex US Index
Non-US Satellite/Active	Acadian Asset Management	Non-US Emerging Markets	MSCI Emerging Markets (EM) Index
Non-US Satellite/Active	William Blair & Company	Non-US Emerging Markets	MSCI Emerging Markets (EM) Index
Non-US Satellite/Active	Wellington Management	Non-US Small Cap Opportunities	MSCI EAFE Small Cap Index
Non-US Satellite/Active	Wasatch Advisors	Non-US Small Cap Growth	MSCI AC World ex. US Small Cap Index

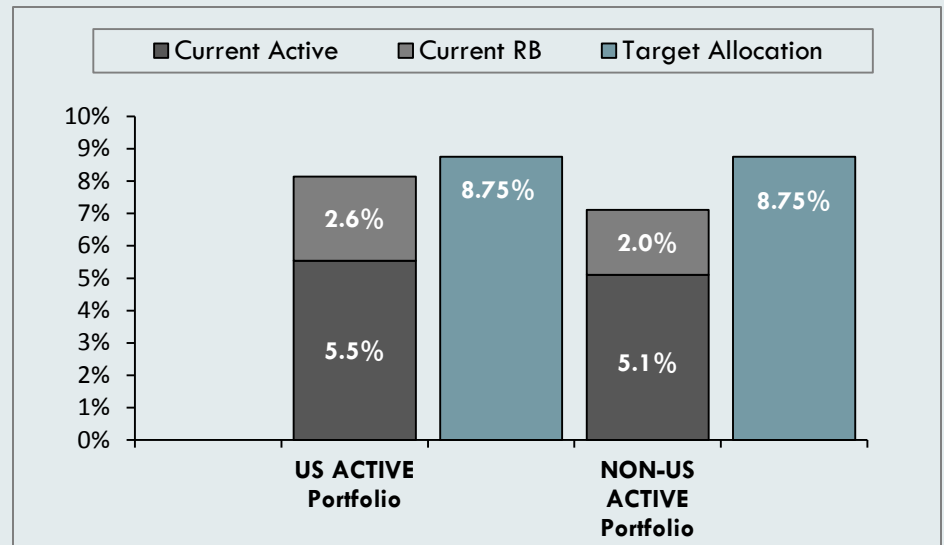
Passive/Active Structure Allocation

% of Total Fund as of 9/30/2016

PASSIVE Portfolio Managers	Market Value	% of Total Portfolio
US CORE EQUITY: NTGI Russell 3000	4,805,310,633	19.2%
NON-US CORE EQUITY: NTGI ACW ex. US IMI	2,473,522,831	9.9%
TOTAL:	7,278,833,464	29.1%



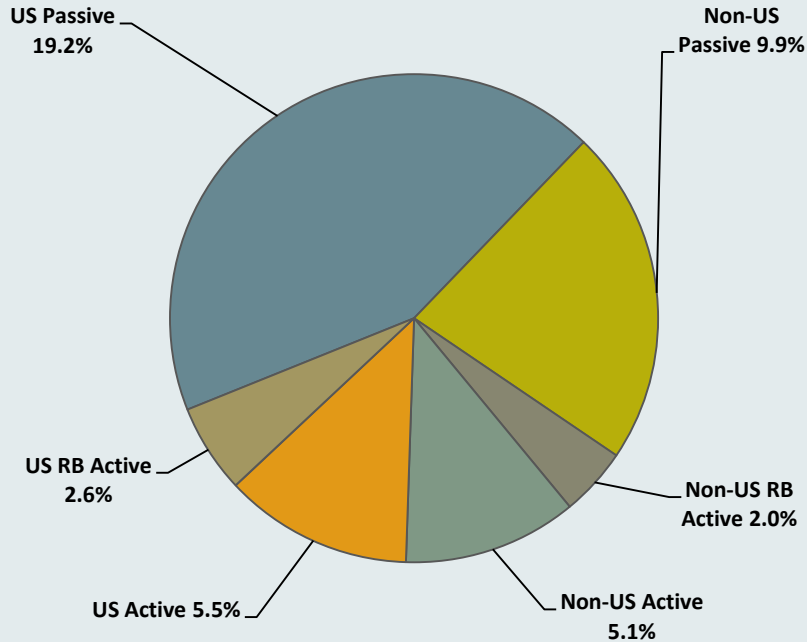
ACTIVE Portfolio Managers	Market Value	% of Total Portfolio
US RULES-BASED EQUITY:	651,224,013	2.6%
US ACTIVE EQUITY:	1,386,523,422	5.5%
NON-US RULES-BASED EQUITY:	501,841,847	2.0%
NON-US ACTIVE EQUITY:	1,278,076,209	5.1%
TOTAL:	3,817,665,490	15.2%



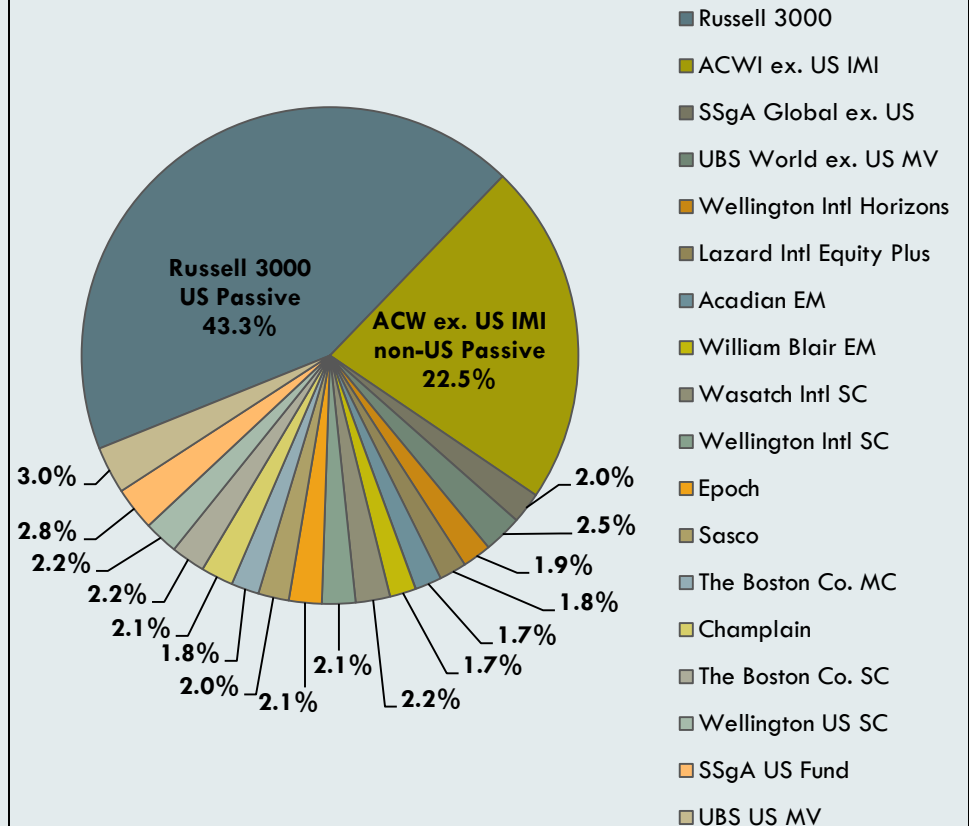
NOTE: Percentages may not be exact due to rounding

Current Passive/Active Allocation

Current Allocation By Asset Category vs. Total Portfolio



Current Allocation by Manager vs. Total Equity Portfolio



Public Equities

Performance - Domestic

Period ending September 30th, 2016(Net All)

	MKT VAL	% of plan	1 Month	3 Months	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.	ITD	Incept Date
NGR0A06 - TMRS - TOTAL DOMESTIC EQUITY	6,843,612,424.90	27.70	0.24	4.47	8.64	15.12	10.28	16.20	13.07		7.44	01-01-08
<i>TMRS - RUSSELL 3000 DAILY</i>			<i>0.16</i>	<i>4.40</i>	<i>8.18</i>	<i>14.96</i>	<i>10.44</i>	<i>16.36</i>	<i>13.18</i>		<i>7.52</i>	<i>01-01-08</i>
<i>Excess</i>			<i>0.08</i>	<i>0.07</i>	<i>0.46</i>	<i>0.15</i>	<i>-0.16</i>	<i>-0.16</i>	<i>-0.11</i>		<i>-0.08</i>	
NGR6 - TMRS - RUSSELL 3000 INDEX FUND (NL)	4,805,390,728.36	19.45	0.15	4.39	8.19	15.00	10.44	16.35	13.18		14.76	12-01-08
<i>RUSSELL 3000 (DAILY)</i>			<i>0.16</i>	<i>4.40</i>	<i>8.18</i>	<i>14.96</i>	<i>10.44</i>	<i>16.36</i>	<i>13.18</i>		<i>14.76</i>	<i>12-01-08</i>
<i>Excess</i>			<i>-0.01</i>	<i>-0.01</i>	<i>0.01</i>	<i>0.03</i>	<i>0.00</i>	<i>-0.01</i>	<i>-0.01</i>		<i>0.00</i>	
NGTM - SSGA RUSSELL FUNDAMENTAL US	312,846,964.36	1.27	0.10	3.05	10.20	16.09	9.97				12.28	02-01-13
<i>Russell Fundamental US Index</i>			<i>0.09</i>	<i>3.12</i>	<i>10.33</i>	<i>16.35</i>	<i>10.06</i>				<i>12.40</i>	<i>02-01-13</i>
<i>Excess</i>			<i>0.00</i>	<i>-0.07</i>	<i>-0.13</i>	<i>-0.26</i>	<i>-0.08</i>				<i>-0.12</i>	
NGTN - UBS US EQUITY MIN VOL FUND NL	338,404,965.63	1.37	-0.65	-1.13	10.40	17.35	13.40				15.21	01-01-13
<i>MSCI USA Minimum Volatility Index-Net</i>			<i>-0.73</i>	<i>-1.33</i>	<i>9.88</i>	<i>16.59</i>	<i>12.71</i>				<i>14.48</i>	<i>01-01-13</i>
<i>Excess</i>			<i>0.07</i>	<i>0.20</i>	<i>0.52</i>	<i>0.76</i>	<i>0.69</i>				<i>0.74</i>	
NGTY - EPOCH U.S. CHOICE	237,600,916.85	0.96	0.13	4.80	1.32	10.27					5.91	01-01-14
<i>RUSSELL 3000 (DAILY)</i>			<i>0.16</i>	<i>4.40</i>	<i>8.18</i>	<i>14.96</i>					<i>7.62</i>	<i>01-01-14</i>
<i>Excess</i>			<i>-0.03</i>	<i>0.40</i>	<i>-6.86</i>	<i>-4.69</i>					<i>-1.71</i>	
NGTZ - SASCO U.S. CONTRARIAN VALUE	220,464,397.04	0.89	-0.64	3.61	15.95	16.13					2.82	01-01-14
<i>Russell Midcap Value Total Return Index</i>			<i>0.42</i>	<i>4.45</i>	<i>13.72</i>	<i>17.26</i>					<i>8.23</i>	<i>01-01-14</i>
<i>Excess</i>			<i>-1.05</i>	<i>-0.84</i>	<i>2.24</i>	<i>-1.13</i>					<i>-5.40</i>	
NGUG - THE BOSTON COMPANY OPP VALUE	201,068,823.11	0.81	-1.10	5.52	8.19	10.59					-0.07	12-01-14
<i>RUSSELL MIDCAP (DAILY)</i>			<i>0.20</i>	<i>4.52</i>	<i>10.26</i>	<i>14.25</i>					<i>4.19</i>	<i>12-01-14</i>
<i>Excess</i>			<i>-1.30</i>	<i>1.01</i>	<i>-2.08</i>	<i>-3.66</i>					<i>-4.26</i>	
NGUF - CHAMPLAIN MID-CAP CORE	233,713,507.73	0.95	1.31	5.43	15.09	21.69					8.86	12-01-14
<i>RUSSELL MIDCAP (DAILY)</i>			<i>0.20</i>	<i>4.52</i>	<i>10.26</i>	<i>14.25</i>					<i>4.19</i>	<i>12-01-14</i>
<i>Excess</i>			<i>1.11</i>	<i>0.91</i>	<i>4.83</i>	<i>7.44</i>					<i>4.67</i>	
NGUR - BOSTON CO US SM CAP OPPORTUNISTIC VALUE	246,374,721.20	1.00	3.27	10.61	7.57	12.62					5.25	09-01-15
<i>RUSSELL 2000 (DAILY)</i>			<i>1.11</i>	<i>9.05</i>	<i>11.46</i>	<i>15.47</i>					<i>9.03</i>	<i>09-01-15</i>
<i>Excess</i>			<i>2.16</i>	<i>1.56</i>	<i>-3.89</i>	<i>-2.85</i>					<i>-3.78</i>	
NGUN - WELLINGTON US SMALL CAP OPP	247,732,637.24	1.00	1.50	9.13	10.15						5.33	12-01-15
<i>RUSSELL 2000 (DAILY)</i>			<i>1.11</i>	<i>9.05</i>	<i>11.46</i>						<i>5.87</i>	<i>12-01-15</i>
<i>Excess</i>			<i>0.39</i>	<i>0.08</i>	<i>-1.31</i>						<i>-0.54</i>	

Source: State Street Investment Analytics

Public Equities

Performance - International

Period ending September 30th, 2016(Net All)

	MKT VAL	% of plan	1 Month	3 Months	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.	ITD	Incept Date
NGR0A07 - TMRS - TOTAL INTERNATIONAL EQUITY	4,253,997,537.65	17.22	1.86	6.56	6.84	10.58	1.58	7.11	3.93		-0.21	01-01-08
<i>INTL EQ ACTIVE WEIGHTED INDEX(DAILY)</i>			1.41	7.05	6.08	9.81	0.62	6.36	3.36		-0.72	01-01-08
<i>Excess</i>			0.46	-0.49	0.76	0.77	0.96	0.74	0.57		0.51	
NGTA - NTGI ACWI ex. US IMI (NL)	2,473,611,361.31	10.01	1.45	7.11	6.33	10.09	0.88	6.65			5.19	09-01-10
<i>TMRS MSCI ACWI ex-US IMI NET (DAILY)</i>			1.41	7.05	6.08	9.81	0.62	6.37			4.94	09-01-10
<i>Excess</i>			0.04	0.05	0.25	0.28	0.25	0.27			0.25	
NGTP - SSGA RUSSELL FUND GLOBAL EX-US	226,296,927.00	0.92	1.66	7.53	9.32	12.44	0.63				3.04	02-01-13
<i>Russell Fundamental Global Ex-US Index NET</i>			1.69	7.72	9.63	12.90	0.73				3.10	02-01-13
<i>Excess</i>			-0.03	-0.19	-0.30	-0.47	-0.09				-0.06	
NGTQ - UBS WORLD EX US MIN VOL FD NL	275,571,026.77	1.12	1.66	2.06	7.78	12.58	6.89				8.87	01-01-13
<i>MSCI world ex USA Minimum Volatility-Net</i>			1.63	2.03	7.53	12.34	6.74				8.76	01-01-13
<i>Excess</i>			0.03	0.03	0.24	0.24	0.15				0.11	
NGT9 - LAZARD INT'L EQUITY PLUS	196,370,841.95	0.79	2.14	4.71	4.83	8.38					-1.41	09-01-14
<i>MSCI AC WORLD ex US (NET)</i>			1.23	6.91	5.82	9.26					-4.27	09-01-14
<i>Excess</i>			0.91	-2.20	-0.99	-0.87					2.85	
NGT8 - WELLINGTON INT'L HORIZONS	209,035,359.30	0.85	2.26	6.42	2.13	10.05					1.78	09-01-14
<i>MSCI AC WORLD ex US (NET)</i>			1.23	6.91	5.82	9.26					-4.27	09-01-14
<i>Excess</i>			1.03	-0.49	-3.69	0.80					6.05	
NGUP - WILLIAM BLAIR EMERGING MARKETS	190,644,352.38	0.77	1.54	6.07	13.09	15.36					13.17	09-01-15
<i>MSCI EMERGING MARKETS</i>			1.29	9.03	16.02	16.78					12.21	09-01-15
<i>Excess</i>			0.26	-2.95	-2.93	-1.42					0.96	
NGUQ - ACADIAN EMERGING MARKETS	192,621,561.04	0.78	1.57	9.26	18.85	17.62					13.71	09-01-15
<i>MSCI EMERGING MARKETS IMI INDEX (NET)</i>			1.29	8.83	15.02	16.19					12.12	09-01-15
<i>Excess</i>			0.28	0.44	3.83	1.43					1.59	
NGUX - WASATCH INT'L SMALL CAP GROWTH	247,974,457.65	1.00	4.13	5.46	5.42						5.42	01-01-16
<i>MSCI ACWI Ex US Small Cap (DAILY)</i>			2.47	7.91	7.70						7.70	01-01-16
<i>Excess</i>			1.66	-2.45	-2.28						-2.28	
NGUY - WELLINGTON INT'L SMALL CAP OPP	241,871,650.23	0.98	4.18	6.69	3.15						3.15	01-01-16
<i>MSCI EAFE SMALL CAP NET</i>			2.97	8.64	5.19						5.19	01-01-16
<i>Excess</i>			1.21	-1.95	-2.04						-2.04	

Source: State Street Investment Analytics

III. Fixed Income



Core Fixed Income Asset Class Overview

- US Core Fixed Income
 - Objective
 - Purpose is to diversify the risk of the overall investment portfolio with a secondary goal of capital preservation.
 - Performance objective is to exceed the Barclay's US Aggregate Bond Index net of fees over rolling five-year periods and within tracking errors as specified in the Manager contracts, determined according to the specific strategies employed.
 - Investment Philosophy- BlackRock
 - Top down determination of investment themes are based on bottom-up inputs. Investment themes establish parameters for sector, sub-sector and security selection. Macro overlays for duration and volatility are viewed as a separate sector and used opportunistically.
 - Investment Philosophy- PIMCO
 - PIMCO's investment philosophy is driven by diversifying strategies and focuses on longer term secular (3-5 year) trends.
 - Seek to add value through top down strategies including interest rate exposures, duration, volatility, yield curve positioning and sector rotation.
 - Employ "bottom-up" strategies through in depth credit analysis and specific security selection.

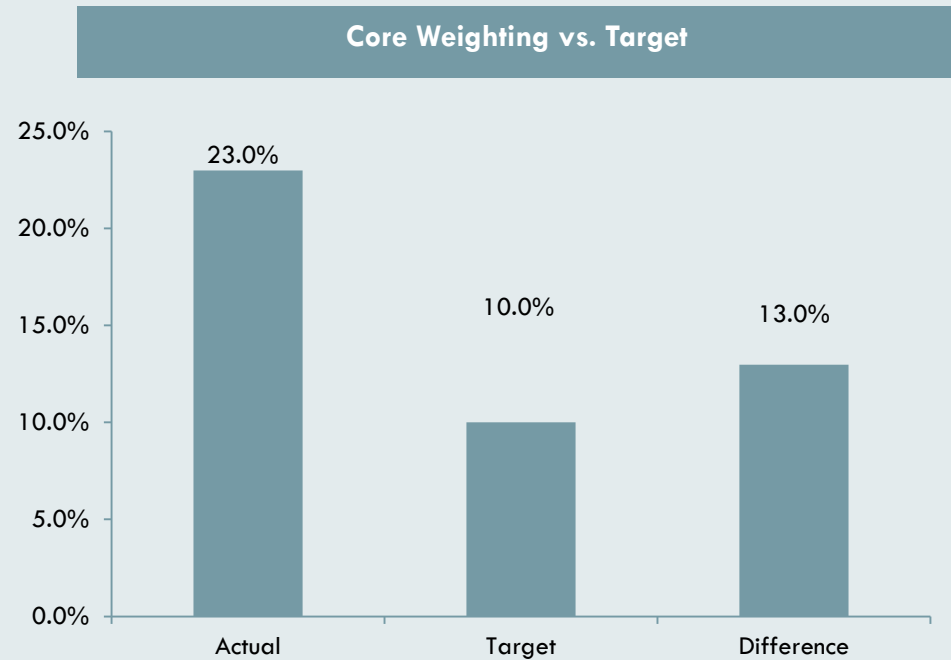
Core Fixed Income Portfolio Management Structure

MANAGER	STRATEGY	PORTFOLIO BENCHMARK
BlackRock	US Core (enhanced index)	Barclays US Aggregate Bond Index
PIMCO	Active Core Plus	Barclays US Aggregate Bond Index

Core Fixed Income Allocation

As of September 30, 2016

Mandate	Market Value	% of Total Fund
CORE FIXED INCOME		
BlackRock	\$3,856,079,495	15.40%
PIMCO	\$1,897,311,367	7.58%
TOTAL	\$5,753,390,861	22.98%



Core Fixed Income Performance

Period ending September 30, 2016 (Net All)

	MKT VAL	% of Plan	1 Mo.	QTR	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.	ITD	Incept Date
TMRS - TOTAL CORE FIXED INCOME	5,753,390,861.34	22.98	0.01	0.63	5.93	5.45	3.97	3.23	4.19	4.6	8.01	01-01-89
TMRS - Total Fixed Income Index (Daily)			-0.06	0.46	5.8	5.19	4.03	3.08	4.1	4.47	7.45	01-01-89
EXCESS			0.06	0.17	0.13	0.26	-0.06	0.15	0.09	0.13	0.56	
TMRS - BLACKROCK CORE FIXED INCOME	3,856,079,494.68	15.4	0.03	0.56	5.89	5.43	4.07	3.25	4.19		4.19	10-01-09
TMRS-Custom Core Fixed Income Index (Daily)			-0.06	0.46	5.8	5.19	4.03	3.08	4.1		4.1	10-01-09
EXCESS			0.09	0.1	0.1	0.24	0.04	0.17	0.09		0.09	
TMRS PIMCO CORE PLUS FIXED INC	1,897,311,366.65	7.58	-0.05	0.78	5.99	5.48	3.65	3.2			4.27	02-01-10
Barclays Aggregate (Daily)			-0.06	0.46	5.8	5.19	4.03	3.08			4.05	02-01-10
EXCESS			0.01	0.32	0.2	0.29	-0.38	0.12			0.22	

Non-Core Fixed Income Asset Class Overview

- Objective
 - The purpose is to enhance total return through income and capital appreciation and provide diversification to the total investment portfolio. This allocation may be managed actively and/or passively through multiple managers in consideration of manager concentration risk.
 - The Performance Objectives is to exceed the returns of a blended benchmark comprised of the Barclays US Corporate High Yield Index 50%, the JPM GBI-EM Global Diversified Index (USD Unhedged) 25%, and JPM CEMBI Broad Diversified Index 25%, net of fees over rolling five-year periods and within tracking errors as specified in the manager contracts or otherwise agreed to in writing, determined according to the specific strategies employed.

Non-Core Fixed Income Portfolio Management Structure

MANAGER	STRATEGY	PORTFOLIO BENCHMARK
Highland Capital	Bank Loan/CLO Debt	Credit Suisse Leveraged Loan Index
Guggenheim	Bank Loan/CLO Debt	Credit Suisse Leveraged Loan Index
Voya	RMBS/CMBS	33% Barclays US Agg Corp Index and 67% Barclays US Corp High Yield Index
Ellington	RMBS/CMBS	33% Barclays US Agg Corp Index and 67% Barclays US Corp High Yield Index
Alliance Bernstein**	EMD	20% JP Morgan EMBI, 40% JP Morgan CEMBI and 40% JP Morgan GBI
Bluebay**	EMD	20% JP Morgan EMBI, 40% JP Morgan CEMBI and 40% JP Morgan GBI
Golub*	Direct Lending	
H.I.G. Whitehorse**	Direct Lending	
TCW**	Direct Lending	
White Oak*	Direct Lending	
Marathon SPS*	Opportunistic Credit	
Marathon ECO**	Opportunistic Credit	
Marathon CLO**	Opportunistic Credit	
PIMCO COF II*	Opportunistic Credit	
Beach Point	Opportunistic Credit	
Columbia**	High Yield	BofA Merrill Lynch US High Yield Constrained Index
Neuberger Berman**	High Yield	BofA Merrill Lynch US High Yield Constrained Index

Note:

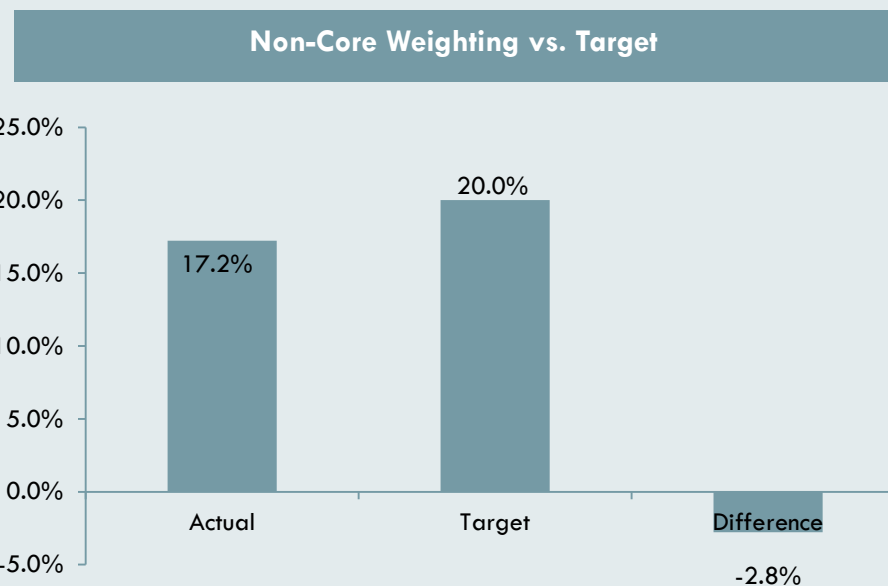
* Partially funded

** Approved. Funding pending.

Non-Core Fixed Income Allocation

As of September 30, 2016

Mandate	Market Value	% of Total Fund
NON-CORE FIXED INCOME		
Guggenheim	\$400,614,338	1.60%
Highland	\$394,000,035	1.57%
Voya	\$394,577,830	1.58%
Ellington	\$393,758,504	1.57%
Alliance Bernstein**	\$240,000,000	0.96%
Bluebay**	\$240,000,000	0.96%
Golub*	\$300,000,000	1.20%
H.I.G. Whitehorse**	\$150,000,000	0.60%
TCW**	\$300,000,000	1.20%
White Oak*	\$200,000,000	0.80%
Marathon SPS*	\$150,000,000	0.60%
Marathon ECO**	\$100,000,000	0.40%
Marathon CLO**	\$50,000,000	0.20%
PIMCO COF II*	\$200,000,000	0.80%
Beach Point	\$200,956,357	0.80%
Columbia**	\$300,000,000	1.20%
Neuberger Berman**	\$300,000,000	1.20%
TOTAL	\$4,313,907,064	17.23%



NOTE: Percentages may not be exact due to rounding; State Street Analytics as of 9/30/16.

* Partially funded

** Approved. Funding pending.

Non-Core Fixed Income Performance

Period Ending September 30, 2016 (Net All)

	MKT VAL	% of Plan	1 Mo.	QTR	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.	ITD	Incept Date
TOTAL NON-CORE FIXED INCOME	1,969,118,957.16	7.86	0.79	3.52	5.31	3.5					3.18	10-01-14
TOT NON-CORE FIXED INCOME INDEX			0.88	4.21	14.69	12.3					2.96	10-01-14
EXCESS			-0.08	-0.69	-9.38	-8.8					0.22	
BANDERA II - GUGGENHEIM	400,614,338.10	1.6	0.77	3.56	6.45	5.3					3.88	10-01-14
CS Leveraged Loan Index			0.87	3.1	7.46	4.65					3.27	10-01-14
EXCESS			-0.1	0.47	-1	0.66					0.61	
BANDERA I - HIGHLAND	394,000,034.85	1.57	1.08	6.58	8.52	3.08					3.19	10-01-14
CS Leveraged Loan Index			0.87	3.1	7.46	4.65					3.27	10-01-14
EXCESS			0.21	3.48	1.06	-1.56					-0.08	
VOYA NON CORE FIXED INCOME	394,577,829.56	1.58	0.63	2.35	3.05	3.21					3.17	01-01-15
Non Agency RMBS/CMBS Strategy Index			0.36	4.17	13.15	11.38					5.36	01-01-15
EXCESS			0.26	-1.82	-10.1	-8.17					-2.19	
ELLINGTON NON CORE FIXED INC	393,758,504.39	1.57	0.87	2.34	3.82	2.85					3.08	01-01-15
Non Agency RMBS/CMBS Strategy Index			0.36	4.17	13.15	11.38					5.36	01-01-15
EXCESS			0.5	-1.83	-9.34	-8.53					-2.29	
GOLUB CAPITAL PEARLS DLP LP	45,613,691.66	0.18	1.15	2.57							2.57	07-01-16
WHITE OAK SUMMIT FUND, L.P	77,152,470.83	0.31	0.01	1.64							1.64	05-01-16
MARATHON SPS	37,848,712.50	0.15	0.93								0.93	08-01-16
PIMCO COF II	24,597,018.23	0.1										09-01-16
BEACH POINT	200,956,357.00	0.8										09-01-16

Source: State Street Investment Analytics

* Quarterly reporting. No performance data available.

IV. Real Estate



Real Estate

Asset Class Overview

- **Objective**
 - To enhance total return and provide diversification to the overall investment portfolio.
 - Due to the illiquid and cyclical nature of the real estate asset class, Staff and the Real Estate Investment Consultant recommend that the target allocation be invested over a multi-year period in order to avoid considerable vintage year risks.
- **Performance Objective**
 - Long term performance objective is a real rate of return (adjusted for inflation) of five percent (5%) net of investment management fees.
 - The real estate portfolio is expected to generate returns net of all fees and expenses, in excess of their respective indices, over rolling five year investment time horizons.

Real Estate Portfolio Management Structure

Manager	Strategy	Allocated/Committed	Drawn / Invested (Quarterly)
Abacus Core Income Fund I	Core	\$ 75,000,000	\$ 66,015,441
Harrison Street Core Property Fund	Core	\$ 150,000,000	\$ 150,000,000
Invesco US Core Income Fund	Core	\$ 150,000,000	\$ 150,000,000
Smart Markets Fund	Core	\$ 200,000,000	\$ 200,000,000
Walton Street Debt Fund	Core Debt	\$ 100,000,000	\$ 22,400,000
Tristan EPISO 4	Opportunistic	\$ 32,599,590	\$ 4,197,545
Abacus Multi-Family Fund II	Value Add	\$ 50,000,000	\$ 47,455,082
Abacus Multi-Family Fund III	Value Add	\$ 75,000,000	\$ 40,630,642
Greenfield Acquisition Partners VI	Value Add	\$ 75,000,000	\$ 71,948,697
Greenfield Acquisition Partners VII	Value Add	\$ 100,000,000	\$ 67,591,099

Real Estate

Portfolio Management Structure, Cont.

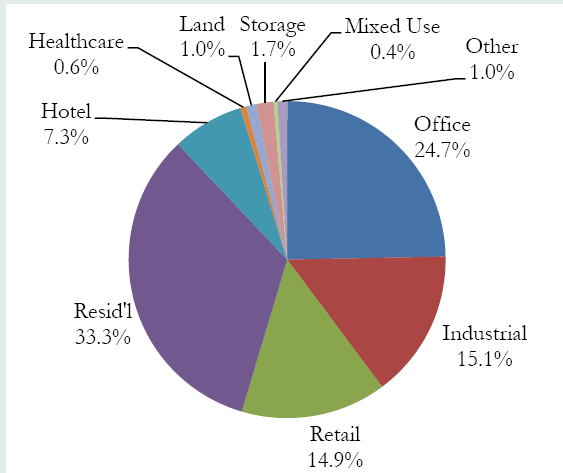
Manager	Strategy	Allocated/Committed	Drawn / Invested (Quarterly)
Miller Global	Value Add	\$ 75,000,000	\$ 57,148,594
Rubenstein Properties II	Value Add	\$ 75,000,000	\$ 52,432,281
Rubenstein Properties III	Value Add	\$ 75,000,000	\$ 15,750,000
Stockbridge Value Fund I	Value Add	\$ 75,000,000	\$ 58,983,571
Stockbridge Value Fund II	Value Add	\$ 75,000,000	\$ 47,560,625
Lubert-Adler Fund VII	Opportunistic	\$ 100,000,000	\$ 70,000,000
Moorfield Real Estate Fund III	Opportunistic	\$ 73,816,850	\$ 10,091,833
H/2 CP	Core	\$ 125,000,000	\$ 125,000,000
H/2 Core RE Debt	Core	\$ 75,000,000	\$ 75,000,000
Walton Street	Opportunistic	\$ 75,000,000	\$ 42,167,028
Alcion	Value Add	\$ 50,000,000	\$ 10,824,318

Real Estate Portfolio Management Structure, Cont.

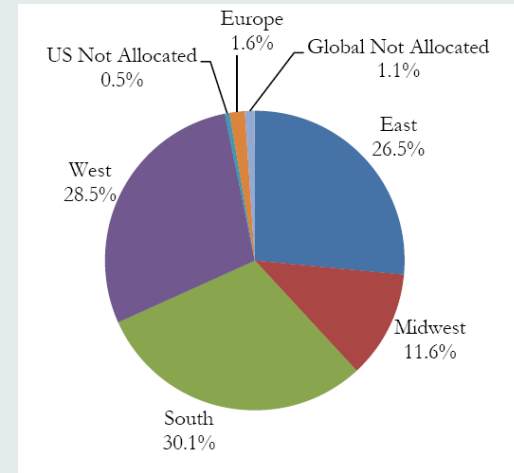
Manager	Strategy	Allocated/Committed	Drawn / Invested (Quarterly)
Torchlight Debt Fund V	Value Add	\$ 75,000,000	\$ 15,000,000
TPG Real Estate Partners II	Opportunistic	\$ 100,000,000	\$ 26,785,056
USAA Eagle Fund	Core	\$ 250,000,000	\$ 164,248,403
DivcoWest V	Value Add	\$ 75,000,000	\$ 0
Blackstone Property Partners	Core	\$ 300,000,000	\$ 0
Kildare EP II	Opportunistic	\$ 100,000,000	\$ 0
TOTAL		\$ 2,306,000,000	\$ 1,444,429,164

Real Estate Portfolio Diversification

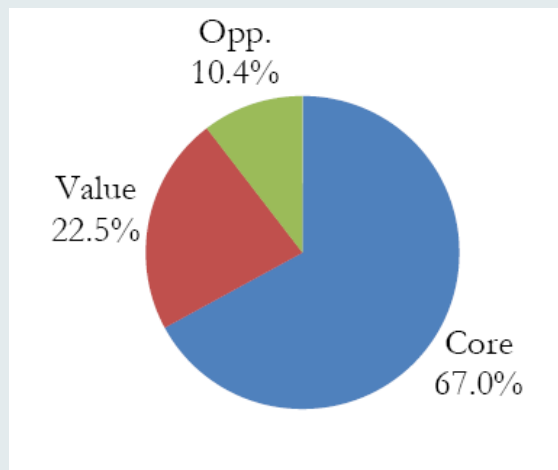
Property Type Diversification Based on Market Value



Geographic Diversification Based on Market Value



Sector Diversification Based on Market Value



Real Estate Performance

Period Ending September 30, 2016 (Net All)

	MKT VAL	% of Plan	1 Month	3 Month	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.	ITD	Incept Date
NGR0A09 - TMRS - TOTAL REAL ESTATE	1,741,323,551.41	6.95	2.34	2.69	9.49	12.54	14.26				11.36	11-01-11
<i>TOTAL REAL ESTATE INDEX</i>			2.13	2.13	7.75	11.69	12.98				12.94	11-01-11
<i>Excess</i>			0.21	0.56	1.74	0.85	1.27				-1.59	
NGR0A10 - PRIVATE REAL ESTATE EX LIQUID FUNDS	1,607,110,301.40	6.42	2.49	2.49	9.55	13.08	14.76				11.96	11-01-11
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82	13.00				12.95	11-01-11
<i>Excess</i>			0.36	0.36	1.69	1.25	1.76				-0.99	
NGTD - SMART MARKETS FUND LP	296,880,238.84	1.19	1.63	1.63	7.05	9.81	11.84				11.10	01-01-12
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82	13.00				12.61	01-01-12
<i>Excess</i>			-0.51	-0.51	-0.80	-2.02	-1.16				-1.51	
NGTE - HARRISON ST REAL ESTATE - CORE OPEN END	219,761,339.65	0.88	2.61	2.61	7.52	9.77	10.09				9.48	01-01-12
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82	13.00				12.61	01-01-12
<i>Excess</i>			0.47	0.47	-0.34	-2.06	-2.90				-3.14	
NGTF - GREENFIELD ACQUISITION PTRS VI	37,226,604.23	0.15	-3.69	-3.69	0.05	1.91	11.23				11.96	07-01-12
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82	13.00				12.66	07-01-12
<i>Excess</i>			-5.82	-5.82	-7.80	-9.91	-1.76				-0.70	
NGTG - STOCKBRIDGE VALUE FUND	32,692,664.51	0.13	1.89	1.89	13.41	17.72	22.58				23.10	10-01-12
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82	13.00				12.79	10-01-12
<i>Excess</i>			-0.24	-0.24	5.56	5.90	9.58				10.31	
NGTH - WALTON ST REAL ESTATE FUND VII	60,996,528.21	0.24	2.06	2.06	8.16	10.79	19.80				18.14	07-01-13
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82	13.00				13.24	07-01-13
<i>Excess</i>			-0.07	-0.07	0.31	-1.03	6.80				4.89	
NGTI - ABACUS MULTI-FAMILY PTRS II	25,952,668.17	0.10	8.60	8.60	33.17	35.40	36.62				27.31	08-01-12
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82	13.00				12.93	08-01-12
<i>Excess</i>			6.47	6.47	25.31	23.57	23.63				14.38	
NGTJ - RUBENSTEIN PROPERTIES FUND II	44,983,995.43	0.18	0.09	0.09	-0.63	2.96	18.43				14.85	04-01-13
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82	13.00				13.10	04-01-13
<i>Excess</i>			-2.04	-2.04	-8.48	-8.86	5.43				1.75	

Real Estate Performance

Period Ending September 30, 2016 (Net All)

	MKT VAL	% of Plan	1 Month	3 Month	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.	ITD	Incept Date
NGTL - MILLER GLOBAL FUND VII	27,720,824.84	0.11	0.71	0.71	8.16	9.92	21.58				13.35	10-01-12
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82	13.00				12.79	10-01-12
<i>Excess</i>			-1.42	-1.42	0.30	-1.90	8.58				0.55	
NGTV - LUBERT-ADLER FUND VII	70,288,336.95	0.28	5.48	5.48	6.76	6.97					2.12	01-01-14
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82					12.83	01-01-14
<i>Excess</i>			3.35	3.35	-1.09	-4.85					-10.71	
NGTX - ABACUS CORE INCOME FUND I LP	70,605,122.95	0.28	1.20	1.20	13.32	14.20					8.74	01-01-14
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82					12.83	01-01-14
<i>Excess</i>			-0.93	-0.93	5.47	2.37					-4.09	
NGTW - INVESCO ADVISERS, INC.	180,031,408.28	0.72	2.59	2.59	9.41	14.56					11.49	01-01-14
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82					12.83	01-01-14
<i>Excess</i>			0.46	0.46	1.56	2.74					-1.34	
NGT3 - GREENFIELD ACQ PART VII LP	81,509,812.79	0.33	4.50	4.50	13.15	14.51					14.90	01-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82					13.09	01-01-15
<i>Excess</i>			2.36	2.36	5.29	2.68					1.82	
NGT4 - STOCKBRIDGE VALUE FD II LP	50,664,206.61	0.20	3.96	3.96	10.36	12.43					11.27	02-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82					13.80	02-01-15
<i>Excess</i>			1.82	1.82	2.50	0.60					-2.52	
NGUJ - ABACUS MULTI-FAMILY III	41,556,820.18	0.17	3.69	3.69	25.23	30.29					4.63	02-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82					13.80	02-01-15
<i>Excess</i>			1.55	1.55	17.38	18.46					-9.17	
NGUL - MOORFIELD REAL ESTATE III	26,673,019.30	0.11	-6.98	-6.98	30.44	24.96					18.42	02-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85	11.82					13.80	02-01-15
<i>Excess</i>			-9.11	-9.11	22.59	13.13					4.62	
NGUH - WALTON STREET REAL ESTATE DEBT FUND	23,952,566.69	0.10	0.88	0.88	3.17						3.17	12-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85						11.82	12-01-15
<i>Excess</i>			-1.26	-1.26	-4.69						-8.66	

Real Estate Performance

Period Ending September 30, 2016 (Net All)

	MKT VAL	% of Plan	1 Month	3 Month	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.	ITD	Incept Date
NGAS - TORCHLIGHT DEBT OPP FUND V,LP	14,668,530.00	0.06	3.40	3.40	1.67						1.67	12-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85						11.82	12-01-15
<i>Excess</i>			1.26	1.26	-6.18						-10.15	
NGAR - TPG REAL ESTATE PART II, LP	27,086,466.77	0.11	22.13	22.13	39.43						39.43	12-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85						11.82	12-01-15
<i>Excess</i>			20.00	20.00	31.58						27.60	
NGAP - ALCION RE PART FD III-B,LP	9,658,593.07	0.04	5.01	5.01	0.65						0.65	11-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85						11.82	11-01-15
<i>Excess</i>			2.87	2.87	-7.21						-11.18	
NGAM - EUROPEAN PROPERTY INV SPECIAL	3,969,179.37	0.02	-7.20	-7.20	-3.33						-3.33	12-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85						11.82	12-01-15
<i>Excess</i>			-9.33	-9.33	-11.18						-15.16	
NGAQ - USAA EAGLE REAL ESTATE FD	169,541,307.79	0.68	2.88	2.88	6.54						6.54	12-01-15
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13	7.85						11.82	12-01-15
<i>Excess</i>			0.75	0.75	-1.31						-5.28	
NGAV - H/2 CP CORE RE DEBT FUND,LP	75,113,175.00	0.30	2.06	2.06							2.06	04-01-16
<i>NCREIF ODCE 1 QTR LAG</i>			2.13	2.13							4.36	04-01-16
<i>Excess</i>			-0.07	-0.07							-2.30	
NGAN - RUBENSTEIN PROP FD III LP	15,576,891.75	0.06										09-01-16
<i>NCREIF ODCE 1 QTR LAG</i>			2.13									09-01-16
<i>Excess</i>												
NGR0A017 - REAL ESTATE LIQUID FUNDS	134,213,250.00	0.54	0.53	5.04	9.03						7.37	11-01-15
NGAU - H/2 CP, LP	134,213,250.00	0.54	0.53	5.04	9.03						7.37	11-01-15
<i>NCREIF OPEN FUND INDEX (DAILY)</i>			2.07	2.07	6.52						10.08	11-01-15
<i>Excess</i>			-1.53	2.97	2.51						-2.71	

V. Real Return



Real Return Asset Class Overview

- Objective

- Purpose is to enhance total return and provide diversification and hedge against inflation risks to the overall investment portfolio.
- Due to the varied nature of the *Real Return* space the portfolio will include strategies across a variety of real asset types as well as a number of investment vehicle types in order to maintain a diversified approach.

- Performance Objective

- Long term performance objective over a period 5 years or a full market cycle is a real rate of return (adjusted for inflation) of CPI + 400 basis points.
- On a short term basis the real return portfolio is expected to generate returns net of all fees and expenses, in excess of their respective indices individually and in excess of the Barclay's World Government Inflation Linked Bond Index for the portfolio as a whole.

Liquid Real Return Portfolio Management Structure

MANAGER	STRATEGY	PORTFOLIO BENCHMARK
Colchester	Active Global Linkers	Barclays World Govt Infl-Linked Bond Index
Nuveen	Real Asset Income – Public Securities	28% S&P Global Infrastructure Index, 21% FTSE EPRA/NAREIT Developed Index, 18% Wells Fargo Hybrid and Preferred Securities REIT Index, 15% Barclays Global Capital Securities Index, 18% Barclays U.S. Corporate High Yield Index
Cohen & Steers	Real Asset Multi-Strategy	27.5% Bloomberg Commodity Index, 27.5% FTSE NAREIT Developed Real Estate Index (Net), 15% Dow Jones Brookfield Global Infrastructure Index, 15% S&P Global Natural Resources Index—Net), 10% BAML US Corporate Index, 1–3 Years and 5% Gold Index

Private Real Return Portfolio Management Structure

Manager	Strategy	Allocated/Committed	Drawn / Invested (Quarterly)
Magnetar	Energy Finance	\$100,000,000	\$ 22,052,261
Orion	Mining Finance	\$100,000,000	\$ 39,568,354
Amerra	Agriculture Finance	\$100,000,000	\$ 58,664,482
Brookfield	Infrastructure	\$150,000,000	\$ 23,060,461

VI. Absolute Return



Absolute Return Asset Class Overview

- Objective

- Purpose is to diversify equity and credit market risk by targeting hedge fund return streams that are independent of the directionality of the broad stock and bond markets. The ARS portfolio will be invested in a wide variety of hedge fund strategies, with specific constraints on overall portfolio risk and individual manager exposure.
- Performance objective is to exceed the benchmark, defined as the HFRI Fund of Funds Diversified Index, net of fees, and to earn in excess of the appropriate long-term benchmark (3-month LIBOR + 500 basis points) on an ongoing rolling 5-year period.

- Investment Philosophy

- Predicated on manager skill in:
 - Rotating (long/short trading) market factors based on valuation
 - Navigating less liquid, non public and opaque markets
 - Navigating special situations
 - Predicting and capturing market trends
- Accordingly, ARS is not an “asset class” (or market sector)

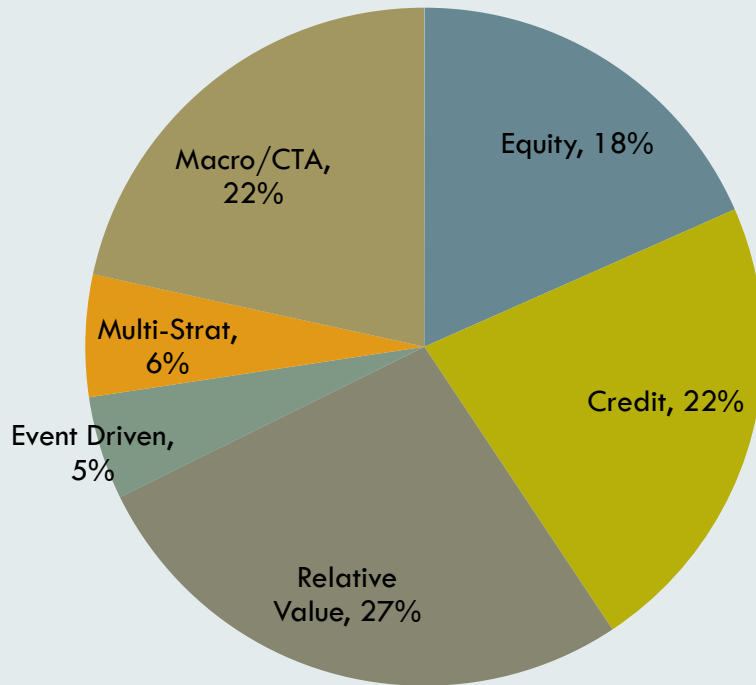
Absolute Return Portfolio Management Structure

Manager	Strategy	Portfolio Benchmark
Blackstone	Customized Fund of One	HFRI Fund of Funds Diversified Index
Alyeska Fund	Direct Manager	
Graticule Asia Macro Fund	Direct Manager	
Varde Investment Partners	Direct Manager	
Myriad Opportunities Fund	Direct Manager	
Roystone Capital Fund	Direct Manager	
Southpoint Fund	Direct Manager	
Man AHL Hydrogen LLC	Direct Manager	
PDT Mosaic Fund	Direct Manager	
DSAM Long/Short Equity Fund	Direct Manager	
East Lodge Capital Credit Opportunities Fund	Direct Manager	
River Birch Partners	Direct Manager	
Field Street Partners	Direct Manager	
Pharo Gaia Fund	Direct Manager	
D.E. Shaw Valence Fund, L.L.C.*	Direct Manager	
Redmile Capital Fund, LP*	Direct Manager	

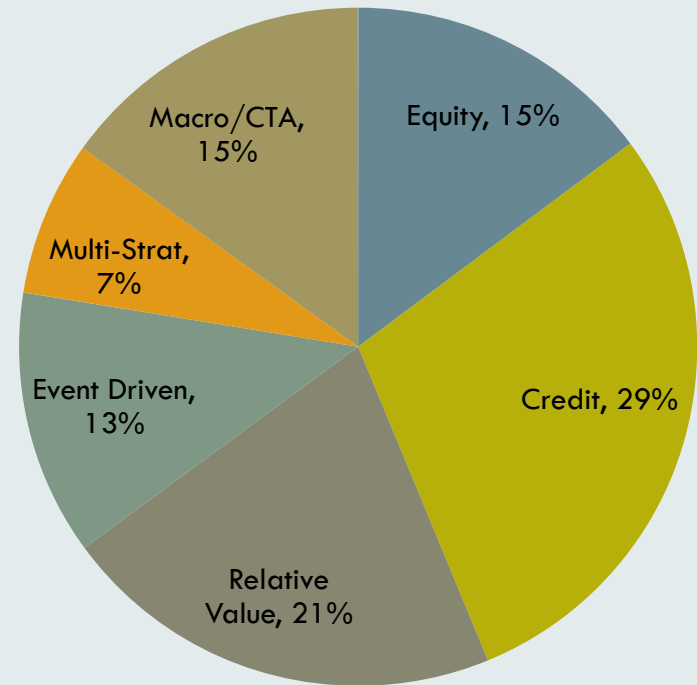
*Approved, but not yet funded as of September 30, 2016

Current Allocation (Strategy Exposures)

Direct Portfolio Aggregated Manager Exposures



BAAM Aggregated Manager Exposures



Source: BAAM; State Street

VII. Private Equity



Private Equity Asset Class Overview

- Objective

- The primary objective is to enhance the total return of the overall investment portfolio, and secondarily to provide diversification. Private Equity investments are commingled funds structured as limited partnerships with capital commitments that are drawn down over time based on manager discretion. Potential distributions are made as a fund matures and investments are typically realized over an 8-12 year horizon.
- The long term policy objective is to meet or exceed the Russell 3000 + 3.00% over periods of five years or greater.

- Investment Philosophy

- Manager selection is critical, and managers add value through:
 - Reducing agency conflicts and aligning equity holder/executive incentives
 - Investment structuring and balance sheet management
 - Deep sector experience and creating operating efficiencies
 - Navigating non-public information and capturing illiquidity premia
- *Note: Due to the illiquid nature of the Private Equity asset class, the target allocation will be invested over a multi-year period in order to avoid considerable vintage year risks.*

Private Equity Portfolio Management Structure

Manager	Strategy	Portfolio Benchmark
Tritium	Buy-out	Russell 3000 + 3%
Harvest	Buy-out	
Searchlight	Buy-out	
Kainos	Buy-out	
H.I.G Bayside	Special Situations	
Carlyle	Special Situations	
TPG	Special Situations	
GSO	Special Situations	
GSO Co-Investment Fund	Special Situations	
Providence Strategic Growth	Growth	
Updata	Growth	
Mercato	Growth	
FTV	Growth	
Foundry	Venture-Growth	

Private Equity Allocation

Figure 1 : Private Equity Strategy Diversification by Commitment

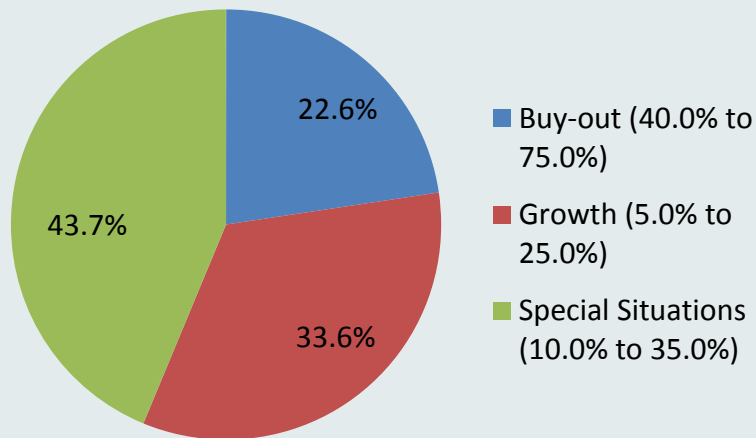
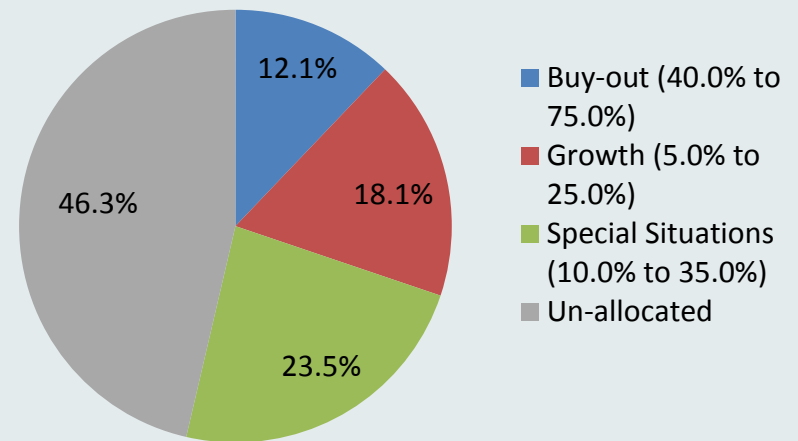


Figure 2 : Private Equity Target Diversification



Policy Strategy Range

Control/Buy-out	40.0% to 75.0%
Venture/Growth/Minority	5.0% to 25.0%
Special Situations/Opportunistic	10.0% to 35.0%

Private Equity Allocation

Figure 3 : Private Equity Manager Diversification by Commitment

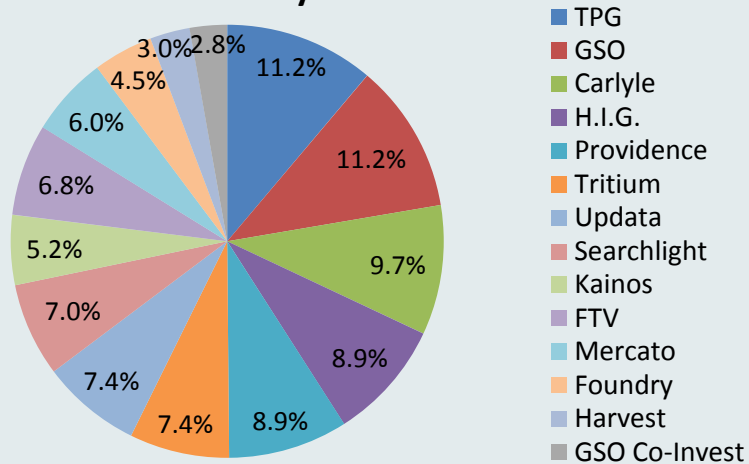
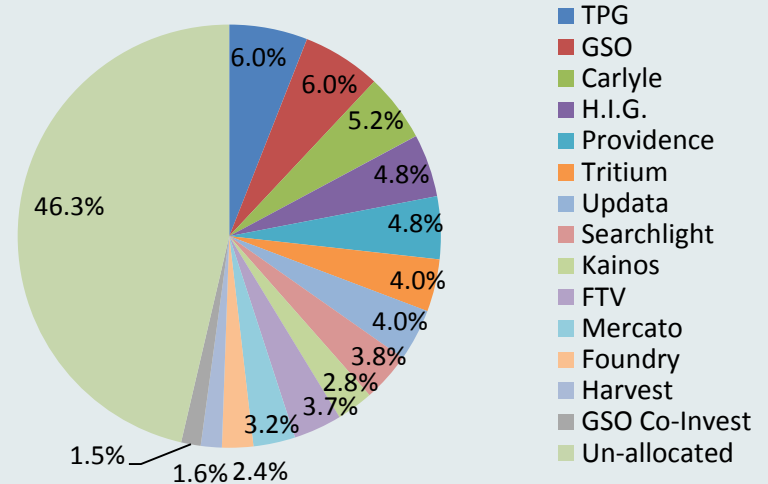


Figure 4 : Private Equity Target Manager Diversification



Policy Guidelines

No more than 35% with any one investment manager

No more than 25% in any one investment vehicle

VIII. Compliance



Compliance Overview

- **IPS Objectives**
 - The primary objective of Compliance is to implement a detailed compliance program which uses a combination of daily, weekly and monthly testing of all testable parameters of the Investment Policy Statement and all Manager guidelines at the Manager, asset class and total fund level, as appropriate.
 - Testing may be completed either through systematic resources (automated custodial compliance) or manually if necessary.
 - Compliance personnel shall create and present a quarterly report to the Board with the results of the testing performed during each period.

Investment Guideline Compliance

September 2016

Policy Guidelines	Core Fixed Income	Non-Core Fixed Income	Real Return	Domestic Equities	Global Equities
Credit Quality					
Liquidity/Cash Management					
Permissible/Prohibited Investments					
Concentration Risk					
Country/Region & Currency					
Issue/Issuer					
Sector & Asset Type					
Interest Rate Risk				N/A	N/A
Spread Risk				N/A	N/A

- 383 separate compliance tests were run on TMRS portfolios as of September 30, 2016. There were no active violations of TMRS guidelines.

Compliance Pacing Plan Update

Topic	Update
Automate Tests	<p>Tests run internally by TMRS have been automated as much as possible using Bloomberg integration with Excel.</p> <p>State Street continues to run tests using the old system, Charles River, as well as beta tests using their new system, MIG21. During Q3, State Street added three new funds to MIG21, bringing the total to seven funds.</p>
Total Fund Annual Compliance Audit	<p>Complete audit of guidelines (including internal procedures) & compliance tests for the total fund aggregate in progress as part of MIG21 implementation process. Completion will coincide with successful MIG21 beta test results.</p>
Asset Class Annual Compliance Audit	<p>A complete audit of guidelines & compliance tests for funds & fund aggregates is in progress as part of the MIG21 implementation process. Fund level audit is complete. Fund aggregate level completion will coincide with successful MIG21 beta test results.</p>
TMRS Standards of Excellence	<p>Using fi360's global fiduciary standards as a foundation, develop a formal basis for the TMRS compliance function.</p>

IX. Risk Management



Risk Management Overview

September 2016

- Risk Report Highlights: Q3 2016
 - Two new reports (pages) have been added:
 - Evolution of Risk Over Time
 - Total Fund & Asset Class Regional Exposures
 - Total Risk is at 7.6% and in line with historical forward looking levels
 - Forward looking Tracking Error decreased to 1.1% and is in line with levels just prior to adoption of the new asset allocation in 2015
- Risk Management Objective
 - Management of the risk of not achieving TMRS investment objectives.
- Risk Management Responsibilities:
 - Defining investment risk management policy and strategy
 - Building a risk aware culture
 - Analytical tools for investment risk management
 - Reporting on investment risk to the Board

Total Fund Risk

September 2016

	BarraOne – One year outlook			Policy Benchmark			RV Kuhns
	Portfolio						Long Term Assumptions ¹
	Weight (%)	Risk	Contribution to Total Risk	Weight (%)	Risk	Contribution to Total Risk	Benchmark
							Risk
Total	100.0%	7.6	100.0%	100.0%	8.2	100.0%	11.5
Cash Assets	0.2%	0.0	0.0%	0.0%	0.0	0.0%	3.0
Equity - US	27.8%	13.4	46.4%	17.5%	13.2	26.2%	17.8
Equity - Non US	17.3%	16.0	34.1%	17.5%	16.8	34.0%	20.6
Core Fixed Income	23.3%	3.7	1.1%	10.0%	3.8	0.2%	6.0
Non-Core Fixed Income	6.9%	3.3	1.7%	20.0%	6.6	13.6%	12.5
Real Estate	7.0%	11.3	7.2%	10.0%	11.0	8.6%	14.0
Real Return	7.5%	6.4	5.2%	10.0%	7.0	3.7%	8.7 ²
Absolute Return	9.8%	3.3	3.7%	10.0%	4.1	3.9%	9.5
Private Equity	0.4%	16.6	0.6%	5.0%	18.3	9.9%	25.5

NOTES: 1. RVK forward -looking risk assumptions as presented in the August 2016 Asset Liability Study

2. Assumes a Real Return asset class benchmark of 100% Global Inflation Linked Bonds until the new Policy Benchmark is implemented

Total Fund Tracking Error

September 2016

Asset Class	Policy Benchmark	Strategic Target Allocation (%)	Portfolio Allocation (%)	Allocation Difference (%)	Pending Policy Allocations	Four Sources of Active Risk:			
						Contribution of Pending Policy Allocation Decisions ¹	Contribution of Investment Allocation Decisions ²	Contribution of Strategy Benchmark Decisions ³	Contribution of Active Manager Decisions ⁴
Cash Assets	30 Day T- Bill	0.00%	0.24%	0.24%		0.00	0.01	0.00	0.00
Equity - US	Russell 3000	17.50%	27.76%	10.26%	-10.4%	0.02	0.00	-0.09	0.05
Equity - Non US	MSCI ACWI ex USA IMI	17.50%	17.25%	-0.25%		0.00	0.01	0.00	0.08
Core Fixed Income	Barclays U.S. Agg	10.00%	23.29%	13.29%	-13.4%	0.69	-0.02	0.00	-0.02
Non-Core Fixed Income	50% Barclays HY 25% JPM EM GBI GD 25% JPM CEMBI	20.00%	6.89%	-13.11%	13.4%	0.03	0.00	0.04	0.23
Real Estate	NCREIF ODCE	10.00%	7.00%	-3.00%	3%	-0.01	0.00	0.00	0.00
Real Return	Barclays WG Inflation Linked Bond Index	10.00%	7.45%	-2.55%	2.7%	-0.03	0.00	-0.02	-0.01
Absolute Return	HFRI FOF Diversified Index	10.00%	9.77%	-0.23%		0.00	-0.01	0.00	0.00
Private Equity	Russell 3000 + 3%	5.00%	0.35%	-4.65%	4.7%	0.13	0.00	0.00	0.01
Active Total Risk		100.00%	100.00%	0.00%		0.83	0.00	-0.07	0.34
						Sum of Contributions to Active Risk			1.09

NOTES: 1. Amount of active risk due to Pending Policy Allocations

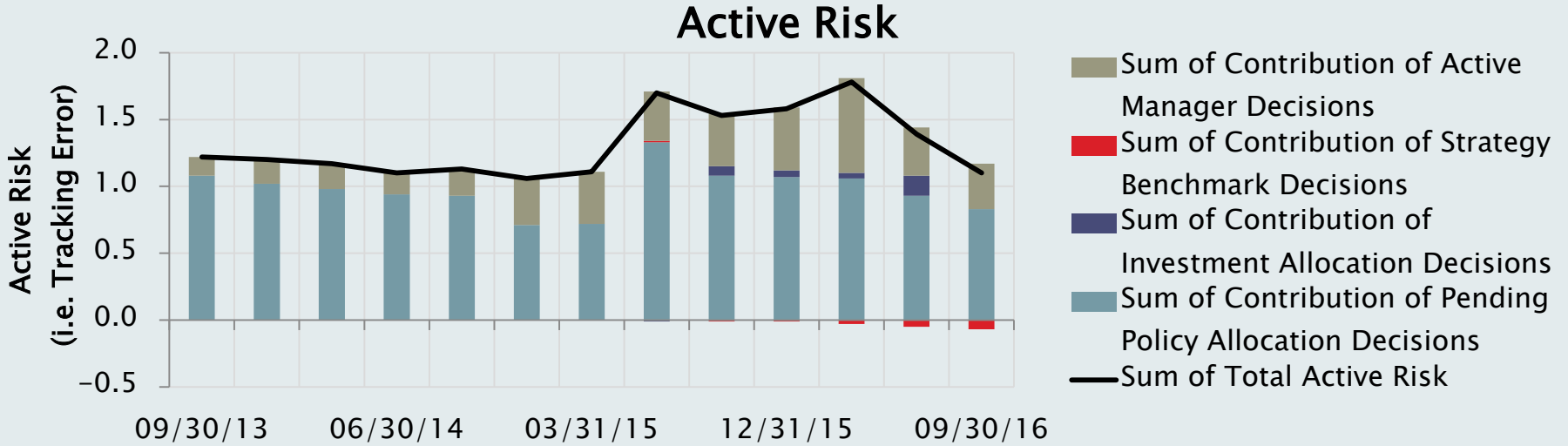
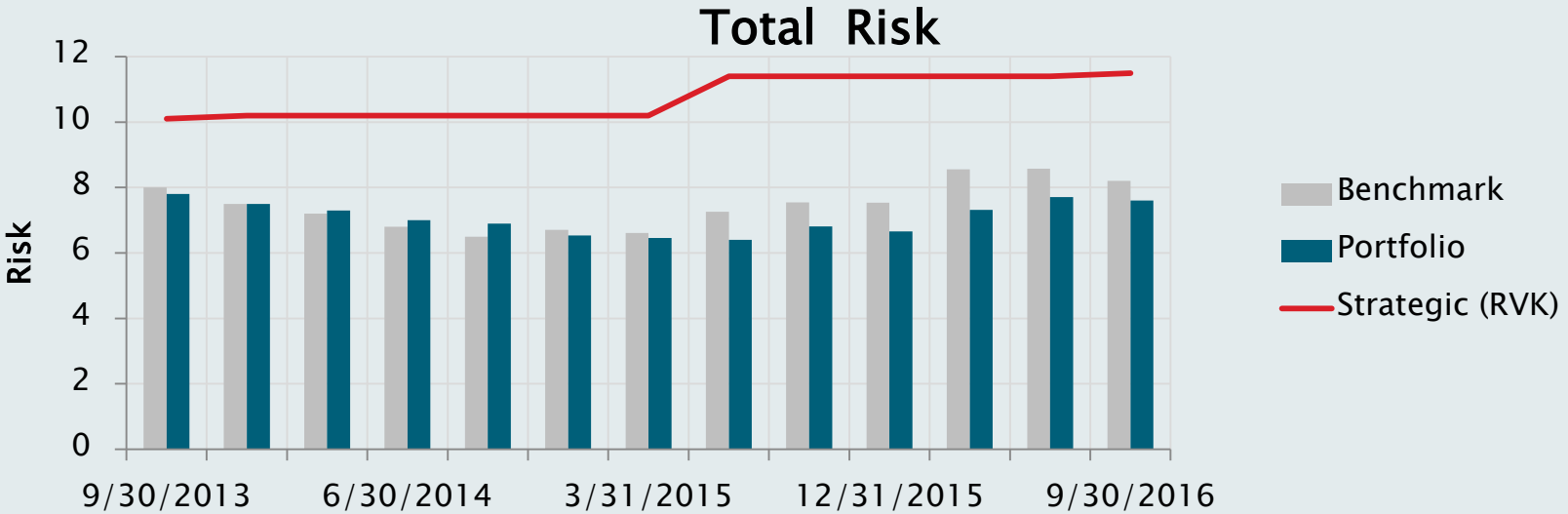
2. Amount of active risk due to allocation difference from Policy Benchmark target allocations due to investment decisions

3. Amount of active risk due to the difference between manager benchmarks chosen by Investment Staff and the Policy Benchmark for the Asset Class

4. Amount of active risk due to manager portfolio holdings different from holdings of the Manager Benchmark

Evolution of Risk Over Time

September 2016



Manager and Asset Class Level Tracking Error (Selection Contribution to Total Fund Tracking Error) September 2016

Fixed Income-Core	Tracking Error Target	Tracking Error	Allocation (%)	Contribution of Strategy Benchmark Decisions ¹	Contribution of Active Manager Decisions ²
TMRS PIMCO CORE PLUS FIXED INC	1.5	0.82	32.84%	0	0.19
TMRS-BLACKROCK FIXED INCOME	0.5	0.39	67.16%	0	0.18
Active Total Risk					0.37

Non-Core Fixed Income	Tracking Error Target	Tracking Error	Allocation (%)	Contribution of Strategy Benchmark Decisions ¹	Contribution of Active Manager Decisions ²	Total Contribution
ELLINGTON NON CORE FIXED INC	6.0	6.91	23.12%	0	1.53	1.53
GGJA - RED RIVER II- GUGGENHEIM	4.5	4.24	23.36%	0.45	0.49	0.95
GOLUB CAPITAL PEARLS DLP LP	N/A	3.91	2.62%	0	0.05	0.05
MARATHON SPS FUND, L.P	N/A	6.62	2.21%	0	0.13	0.13
PY4A - RED RIVER STRATEGIC LN PT I	5.0	4.90	20.96%	0.41	0.50	0.91
TCW Asset Management LLC	N/A	6.62	0.00%	0	0.00	0.00
VOYA NON CORE FIXED INCOME	4.5	5.83	23.20%	0	1.31	1.31
WHITE OAK SUMMIT FUND, L.P	N/A	3.92	4.54%	0	0.09	0.09
Active Total Risk				0.86	4.11	4.97

NOTES: 1. Risk Contribution of strategy benchmark decisions relative to the Asset Class only; see Total Fund Tracking Error page for the contribution relative to the total fund
2. Selection Risk Contribution relative to the Asset Class only; see Total Fund Tracking Error page for the Selection Risk Contribution relative to the total fund
3. The Non-Core Fixed Income manager benchmarks are not yet included in BarraOne, so their active risk cannot yet be separated into active manager decisions and strategy benchmark decisions.

Manager and Asset Class Level Tracking Error

September 2016

Equity - US	Tracking Error Target	Tracking Error	Allocation (%)	Contribution of Strategy Benchmark Decisions ¹	Contribution of Active Manager Decisions ²	Total Contribution
BOSTON CO US SM CAP OPPORTUNISTIC VALUE	8.0	8.82	3.60%	0.20	0.05	0.26
CHAMPLAIN MID-CAP CORE	4.6	4.29	3.41%	0.10	-0.01	0.08
EPOCH U.S. CHOICE	4.0	3.21	3.47%	0.00	-0.01	-0.01
SASCO U.S. CONTRARIAN VALUE	6.0	5.64	3.22%	0.10	-0.01	0.10
THE BOSTON COMPANY OPP VALUE	8.0	5.81	2.94%	0.08	0.04	0.12
SSGA Russell Fundamental US	4.0	2.62	4.57%	0.00	0.03	0.03
TMRS RUSSELL 3000 NON-LENDING	0.0	0.00	70.21%	0.00	0.00	0.00
UBS US EQUITY MIN VOL FUND-NL	10.0	5.55	4.94%	-0.04	-0.08	-0.12
WELLINGTON US SMALL CAP OPP	6.0	6.11	3.62%	0.21	-0.02	0.18
Active Total Risk				0.65	-0.01	0.65

Equity - Non US	Tracking Error Target	Tracking Error	Allocation (%)	Contribution of Strategy Benchmark Decisions ¹	Contribution of Active Manager Decisions ²	Total Contribution
ACADIAN EMERGING MARKETS	7.0	7.56	4.53%	0.12	0.04	0.17
LAZARD INTL EQUITY PLUS	5.0	2.83	4.59%	-0.01	0.09	0.08
NTGI ACWI EX. US IMI-NL	0.0	0.00	58.16%	0.00	0.00	0.00
SSGA Russell Fund Global Ex-US	4.0	2.91	5.32%	0.01	-0.11	-0.10
UBS WORLD EX-US MIN VOL FD NL	10.0	6.09	6.48%	-0.07	0.34	0.27
WASATCH INTL SMALL CAP GROWTH	7.0	6.83	5.83%	0.08	0.25	0.33
WELLINGTON INTL HORIZONS	6.0	3.91	4.92%	-0.01	0.06	0.05
WELLINGTON INTL SMALL CAP OPP	6.0	6.45	5.69%	0.08	0.10	0.19
WILLIAM BLAIR EMERGING MARKETS	7.8	8.18	4.48%	0.12	0.06	0.18
Active Total Risk				0.32	0.85	1.16

NOTES: 1. Risk Contribution of strategy benchmark decisions relative to the Asset Class only; see Total Fund Tracking Error page for the contribution relative to the total fund
2. Selection Risk Contribution relative to the Asset Class only; see Total Fund Tracking Error page for the Selection Risk Contribution relative to the total fund

Manager and Asset Class Level Tracking Error

September 2016

Real Estate	Tracking Error Target	Tracking Error	Allocation (%)	Contribution of Strategy Benchmark Decisions ¹	Contribution of Active Manager Decisions ²
ABACUS CORE INCOME FUND I LP	N/A	6.08	4.09%	0	0.14
ABACUS MULTI-FAMILY III	N/A	10.29	2.41%	0	0.11
Abacus Multi-Family Ptrs II	N/A	8.58	1.50%	0	0.06
Alcion REPF III	N/A	6.36	0.56%	0	0.02
EUROPEAN PROPERTY INV SPECIAL	N/A	13.67	0.23%	0	0.01
GREENFIELD ACQ PART VII LP	N/A	4.13	4.72%	0	0.14
Greenfield Acquisition Ptrs VI	N/A	5.20	2.15%	0	0.06
H-2 CP CORE RE DEBT FUND,LP	N/A	10.85	4.35%	0	0.13
H-2 CP, LP	N/A	10.85	7.73%	0	0.23
Harrison Real Estate-Core Open	N/A	4.25	12.73%	0	0.40
Harrison Street Securities	N/A	11.05	0.00%	0	0.00
INVESCO ADVISERS, INC.	N/A	4.52	10.43%	0	0.34
LUBERT-ADLER FUND VII	N/A	6.03	4.07%	0	0.15
MOORFIELD REAL ESTATE III	N/A	25.19	1.55%	0	0.11
Miller Global Fund VII	N/A	5.29	1.61%	0	0.05
RUBENSTEIN PROPERTIES FD II	N/A	5.06	2.61%	0	0.07
SMART MARKETS FUND LP	N/A	3.32	17.20%	0	0.49
STOCKBRIDGE VALUE FD II LP	N/A	4.79	2.98%	0	0.10
Stockbridge Value Fund	N/A	6.28	1.90%	0	0.07
TORCHLIGHT DEBT OPP FUND V,LP	N/A	10.85	0.85%	0	0.02
TPG Real Estate Partners II	N/A	7.64	1.59%	0	0.06
USAA EAGLE REAL ESTATE FD	N/A	3.86	9.82%	0	0.29
WALTON ST REAL ESTATE FUND VII	N/A	4.60	3.53%	0	0.11
WALTON STREET REAL ESTATE DEBT FUND	N/A	10.85	1.39%	0	0.04
Active Total Risk					3.18

NOTES: 1. Risk Contribution of strategy benchmark decisions relative to the Asset Class only; see Total Fund Tracking Error page for the contribution relative to the total fund
2. Selection Risk Contribution relative to the Asset Class only; see Total Fund Tracking Error page for the Selection Risk Contribution relative to the total fund
3. Tracking Error Targets are generally not set for Private Real Estate because returns are reported quarterly based on appraised property values.
4. Percent allocations may lag actual allocations due to lagged quarterly reporting

Manager and Asset Class Level Tracking Error

September 2016

Real Return	Tracking Error Target	Tracking Error	Allocation (%)	Contribution of Strategy Benchmark Decisions ¹	Contribution of Active Manager Decisions ²	Total Contribution
BROOKFIELD INFRA PRTNR FD III	NA	6.99	1%	0.00	0.04	0.04
COHEN & STEERS REAL ASSET	NA	10.84	20%	1.90	0.00	1.90
COLCHEST GLBL INFLTN-LINK BNDS	3.0	2.19	55%	0.00	0.69	0.69
MTP ENERGY OPPORTUNITIES FD II	NA	6.99	1%	0.00	0.04	0.04
NUVEEN REAL ASSET INCOME	NA	8.48	21%	1.61	0.04	1.65
ORION MINE FINANCE FD II	NA	6.99	2%	0.00	0.07	0.07
Active Total Risk				3.51	0.88	4.39

NOTES: 1. Risk Contribution of strategy benchmark decisions relative to the Asset Class only; see Total Fund Tracking Error page for the contribution relative to the total fund
 2. Selection Risk Contribution relative to the Asset Class only; see Total Fund Tracking Error page for the Selection Risk Contribution relative to the total fund

Total Fund & Asset Class Regional Exposures September 2016

	Developed Americas	Developed Europe	Developed Asia & Pacific Rim	Emerging Americas	Emerging Europe	Emerging Asia & Pacific Rim	Middle East & Africa
Cash Assets	100%	0%	0%	0%	0%	0%	0%
Equity - US	100%	0%	0%	0%	0%	0%	0%
Equity - Non US	7%	41%	25%	3%	1%	20%	2%
Core Fixed Income	91%	6%	1%	1%	0%	1%	1%
Non-Core Fixed Income	98%	1%	1%	0%	0%	0%	0%
Real Estate	96%	3%	1%	0%	0%	0%	0%
Real Return	54%	27%	14%	3%	0%	0%	0%
Absolute Return	61%	20%	10%	3%	2%	5%	0%
Private Equity	91%	9%	0%	0%	0%	0%	0%
Total Fund	74%	13%	7%	1%	0%	4%	0%

NOTES: 1. Developed Americas consists almost entirely of the USA. Canada is a very small allocation.
2. The Absolute Return regional breakdown is based on manager and ARS consultant estimates.

Risk Management Update

September 2016

Topic	Update
Board and Internal Risk Reporting	Providing quarterly Board Risk Reports for the total fund and internal asset class reports analyzing risk taken by our managers.
Specialized Risk Analysis	Applying and further developing specialized risk analysis solutions for Alternative Asset Class investments
Performance Attribution	Performance Attribution allows us to better distinguish manager skill from luck by breaking down (attributing) returns to specific manager decisions.
Data Management Solution to support analysis and reporting	A Data Warehouse was developed to satisfy portfolio data needs of the Performance Attribution System. Expect to hire the Investment Data Analyst before the next Board meeting and continue work on the Data Warehouse including; covering all account related data needs and converting to a more powerful IT platform.
Performance Reporting	Expanding and refining Performance Reporting procedures and methodology to incorporate new asset types, new investment vehicles, and increased transparency. Responsibility for performance reporting will be assumed by the proposed Investment Operations team.
Quantitative Portfolio Analysis	Monitoring advances in quantitative portfolio analysis to ensure that risk and performance analysis remain current at TMRS

DISCLOSURE

TMRS periodically discloses public information that is not excepted from disclosure under Section 552.0225(b) of the Texas Public Information Act. Information provided by a manager, a general partner or other data provider to TMRS or a TMRS service provider, and contained in these materials, may have been independently produced or modified by TMRS or the TMRS service provider.