

Real Return Recommendation

May 24–25, 2018



Agenda

- I. Executive Summary
- II. Portfolio Construction
- III. Manager Selection & Recommendation
- IV. Requested Board Action

*Names used in this presentation are a shortened version that is used for ease of communication purposes throughout this document. The formal recommendation to the Board on the last page of this presentation reflects the full legal name of the investment.

Section I

EXECUTIVE SUMMARY

Manager Recommendation

Executive Summary

Summary of Recommendation			
Recommended Manager/Fund	Strategy Classification	Target Return	Recommended Amount
Orion Mineral Royalty Fund, LP (Orion)	Private Real Return	10%+ Net IRR	Up to \$75 million
Total Approximate Recommended Investment/Commitment			Up to \$75 million

Inclusive of the recommendation noted above, total real return allocation activity for 2018 is \$75 million, on pace to be within the approved range of targeted pacing of \$400 – \$800 million.

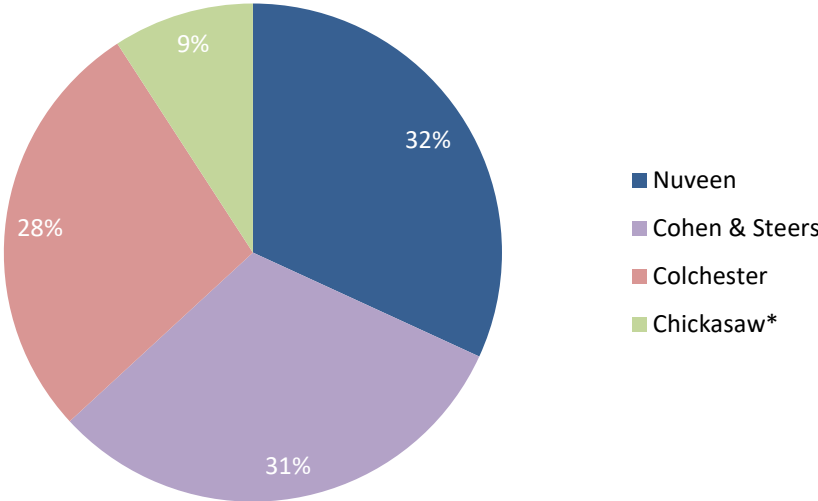
Section II

PORTFOLIO CONSTRUCTION

Real Return Portfolio Statistics

Portfolio Exposure by Manager

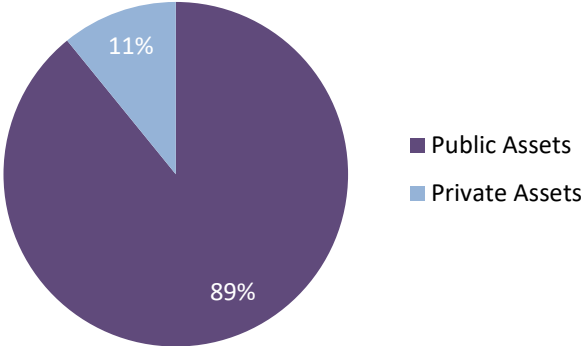
Public Markets Detail as of 3/31/18



TMRS is well diversified across public markets and private allocations are growing as commitments are drawn.

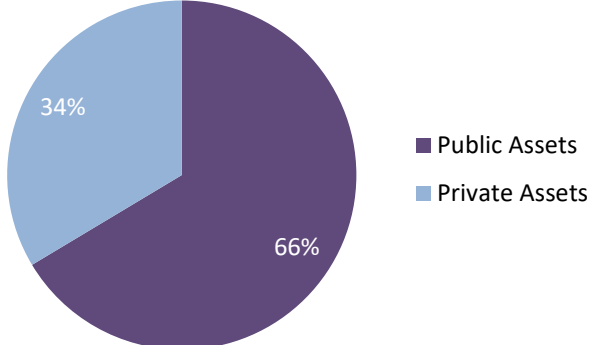
Current Private vs. Public Assets

as of 3/31/18



Projected Private vs. Public Assets

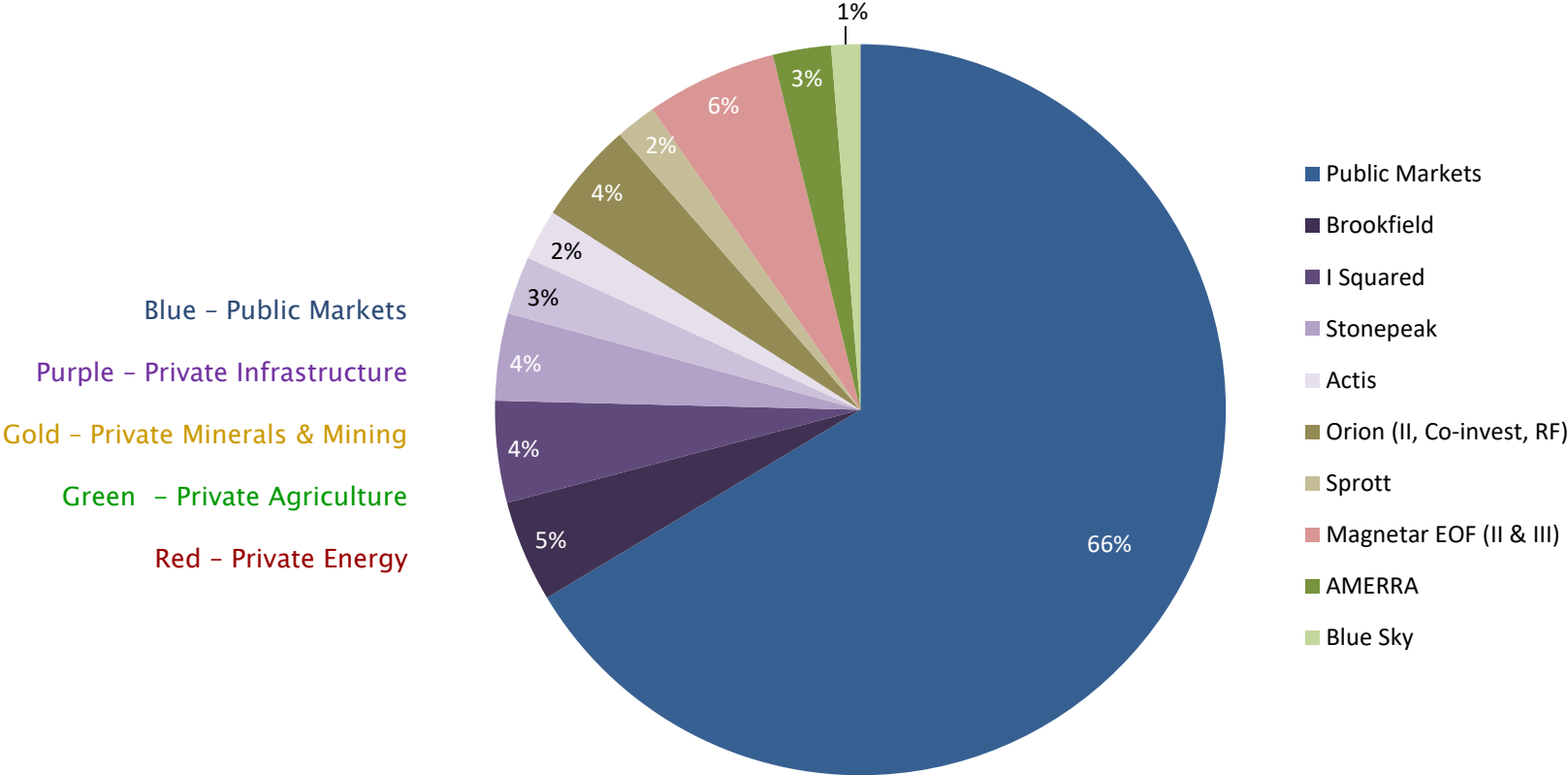
based on current commitments/recommendations



All charts presented on an adjusted committed basis and inclusive of recommendations.

Real Return Portfolio Statistics

Portfolio Exposure by Manager



Private investment strategy commitments will begin to draw down real return public markets exposure going forward.

All charts presented on an adjusted committed basis and inclusive of recommendations.

Section III

MANAGER SELECTION & RECOMMENDATION

Top Candidate Characteristics – Orion

\$75 million Recommendation

Orion Resource Partners is a leading global mining fund manager. The firm's flagship fund offering generally provides multiple forms of capital investment for construction completion and related capex projects for the mining of precious, base, and industrial metals and minerals.

Orion has extended its fund offerings to include a long lived royalty fund which seeks to provide long duration royalty, stream and offtake financing on projects not reserved for the flagship mine finance fund. Royalties in the mining sector are typically structured based on a percentage of revenues of mine production and those rights are associated with the total life of the mine. Royalty holders bear no liability for operator actions and no additional capital is required to be provided by the royalty holder after its initial creation.

Orion Resource Partners

Orion OMRF
(\$75mm)

Date of First TMRS Meeting

2/05/15 (Austin)

Dates of Subsequent Meetings*

9/22/16; 1/18/17;

6/27/17; 8/25/17;

9/13/17; 3/12/18;

3/19/18; *Royalty Fund only

Dates of Diligence Advancement

'A' Rating – 3/29/18

Date of Consultant Report

May, 2018

Legal Negotiation Initiated

May 2018

Comparable Strategies Reviewed

Private Natural Resource Credit (33)

Mining Credit (6)

Long Life Royalty (1)

Public Companies (16)

Section IV

REQUESTED BOARD ACTION

Approval of Recommendation

TMRS Staff and Albourne recommend that the Board of Trustees approve the selection of the following fund as detailed in the Board Communication Memo:

Recommendation:

- Orion Mineral Royalty Fund, LP Up to \$75 million

DISCLOSURES

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 Managing General Partner (GP), any of its Associates or other data provider to TMRS or a TMRS service provider, and contained in these materials (i) may have been independently produced or modified by TMRS or the TMRS service provider; (ii) has not been reviewed or approved by the manager, Managing GP or any of its Associates; and (iii) may not reflect the historical performance or asset value reflected in the manager's, Managing GP's or any of its Associates' records and, therefore, should not be used for comparative purposes.