



Board Presentation/Executive Summary

Texas Municipal Retirement System

Period Ended: March 31, 2018



Capital Markets Update

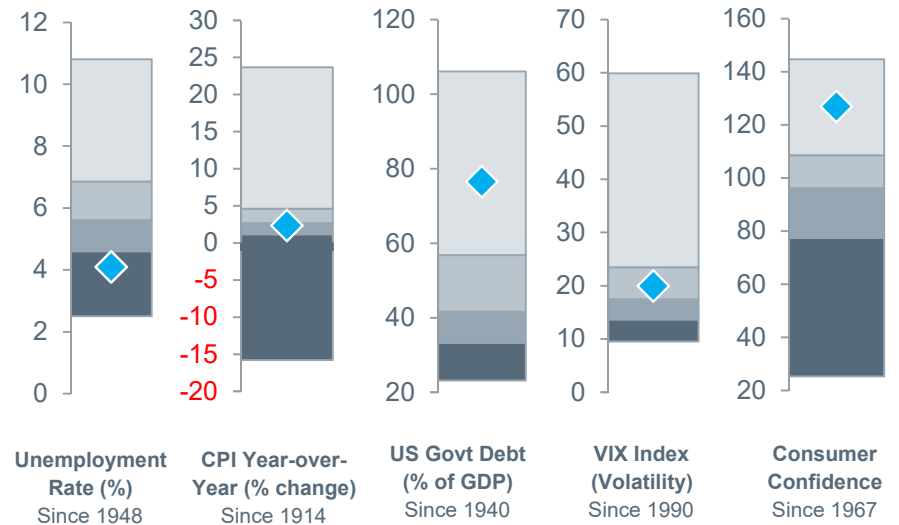


First Quarter Economic Environment

Key Economic Indicators

The quarter began with a substantial global equity market rally in January. Drivers of the rally included improving global economic fundamentals, continuation of generally accommodative monetary policies among global central banks, and continued corporate earnings growth. The market rally reversed sharply in February in response to an uptick in inflation expectations, a repricing of the yield curve, and a dramatic spike in equity market volatility. The quarter ended with developed equity markets in negative territory, US duration sensitive assets down moderately, and global bond markets maintaining slight gains in part due to a weakening US Dollar. The Federal Open Market Committee set the federal funds target range at 1.50% to 1.75%, an increase of 0.25%, and maintained guidance for two additional rate increases in 2018. US economic data continued to generally indicate a robust economic expansion. Non-farm payroll growth averaged in excess of 200,000 job gains per month while Purchasing Manager's data for both the US manufacturing and non-manufacturing sectors indicated continued expansion.

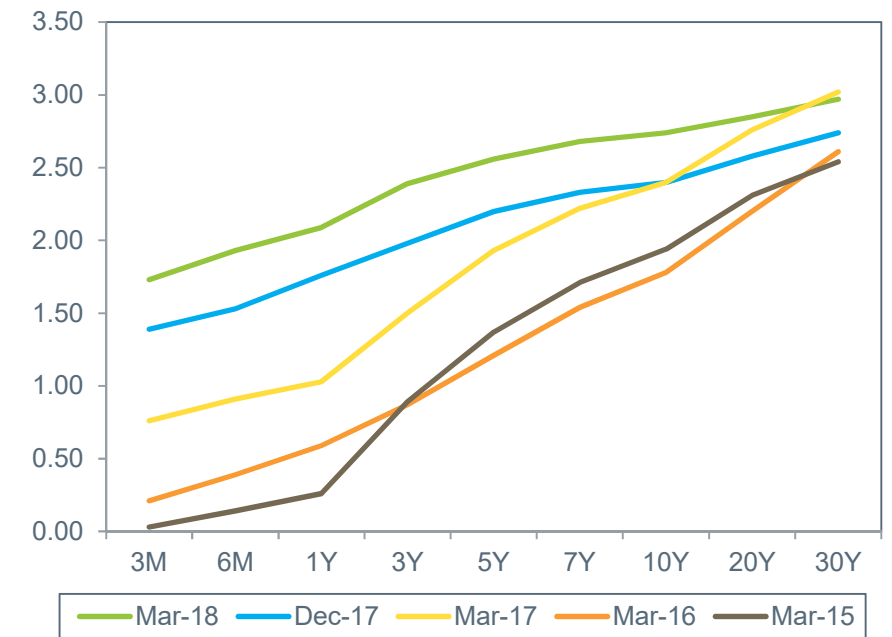
Key Economic Indicators



Economic Indicators

| | Mar-18 | Dec-17 | Mar-17 | Mar-15 | 20 Yr |
|-------------------------------|---------|--------|--------|--------|-------|
| Federal Funds Rate (%) | 1.68 ▲ | 1.33 | 0.82 | 0.06 | 2.07 |
| Breakeven Infl. - 1 Yr (%) | 2.23 ▲ | 0.85 | 2.06 | 1.46 | N/A |
| Breakeven Infl. - 10 Yr (%) | 2.06 ▲ | 1.98 | 1.98 | 1.78 | N/A |
| CPI YoY (Headline) (%) | 2.4 ▲ | 2.1 | 2.4 | -0.1 | 2.2 |
| Unemployment Rate (%) | 4.1 — | 4.1 | 4.5 | 5.5 | 5.9 |
| Real GDP YoY (%) | 2.8 ▲ | 2.6 | 2.0 | 3.8 | 2.2 |
| PMI - Manufacturing | 59.3 — | 59.3 | 56.6 | 51.8 | 52.5 |
| USD Total Wtd Idx | 86.37 ▼ | 87.47 | 93.96 | 92.06 | 86.59 |
| WTI Crude Oil per Barrel (\$) | 64.9 ▲ | 60.4 | 50.6 | 47.6 | 58.1 |
| Gold Spot per Oz (\$) | 1,326 ▲ | 1,303 | 1,249 | 1,184 | 843 |

Treasury Yield Curve (%)



Market Performance (%)

| | QTD | CYTD | 1 Yr | 5 Yr | 10 Yr |
|---------------------------|-------|-------|-------|-------|-------|
| S&P 500 (Cap Wtd) | -0.76 | -0.76 | 13.99 | 13.31 | 9.49 |
| Russell 2000 | -0.08 | -0.08 | 11.79 | 11.47 | 9.84 |
| MSCI EAFE (Net) | -1.53 | -1.53 | 14.80 | 6.50 | 2.74 |
| MSCI EAFE SC (Net) | 0.24 | 0.24 | 23.49 | 11.10 | 6.48 |
| MSCI Emg Mkts (Net) | 1.42 | 1.42 | 24.93 | 4.99 | 3.02 |
| Bloomberg US Agg Bond | -1.46 | -1.46 | 1.20 | 1.82 | 3.63 |
| ICE BofAML 3 Mo US T-Bill | 0.35 | 0.35 | 1.11 | 0.34 | 0.34 |
| NCREIF ODCE (Gross) | 2.20 | 2.20 | 8.07 | 11.43 | 5.11 |
| Wilshire US REIT | -7.48 | -7.48 | -3.64 | 6.13 | 6.22 |
| HFRI FOF Comp | 0.25 | 0.25 | 5.52 | 3.38 | 1.55 |
| Bloomberg Comdty (TR) | -0.40 | -0.40 | 3.71 | -8.32 | -7.71 |

Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service. Breakeven Inflation does not have 20 years of history; therefore, its 20-year average is shown as N/A.



Annual Asset Class Performance

As of March 31, 2018

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | YTD |
|-------|------------------------|-----------------------|------------------------------|-------------------------------|--------------------------------|----------------------------|----------------------------------|---------------------------------|-----------------------------------|-----------------------------------|--------------------------|---------------------------|--------------------------------|-------------------------------------|-------|
| Best | 33.16 | 34.00 | 35.97 | 39.38 | 8.44 | 78.51 | 28.60 | 22.49 | 20.00 | 38.82 | 31.78 | 15.02 | 21.31 | 37.28 | 2.20 |
| | 31.45 | 26.19 | 32.18 | 16.23 | 5.24 | 58.21 | 26.85 | 15.99 | 18.23 | 32.39 | 19.31 | 9.59 | 17.13 | 33.01 | 1.42 |
| | 25.55 | 21.39 | 26.34 | 15.97 | 2.06 | 46.78 | 22.04 | 13.56 | 17.59 | 29.30 | 13.69 | 4.23 | 11.96 | 25.03 | 0.35 |
| | 20.25 | 21.36 | 19.31 | 11.63 | -2.35 | 31.78 | 18.88 | 9.24 | 17.32 | 22.78 | 12.50 | 1.38 | 11.77 | 21.83 | 0.25 |
| | 18.33 | 13.82 | 18.37 | 11.17 | -10.01 | 28.60 | 16.83 | 7.84 | 16.35 | 13.94 | 5.97 | 0.55 | 11.19 | 14.65 | 0.24 |
| | 13.06 | 13.54 | 16.32 | 10.25 | -21.37 | 27.17 | 16.36 | 4.98 | 16.00 | 8.96 | 4.89 | 0.05 | 8.77 | 10.71 | -0.08 |
| | 11.14 | 7.49 | 15.79 | 6.97 | -26.16 | 26.46 | 15.12 | 2.11 | 15.81 | 7.44 | 3.64 | -0.27 | 7.24 | 7.77 | -0.40 |
| | 10.88 | 5.34 | 11.86 | 6.60 | -33.79 | 18.91 | 15.06 | 0.10 | 10.94 | 1.86 | 3.37 | -0.81 | 6.67 | 7.62 | -0.76 |
| | 9.15 | 4.91 | 10.39 | 5.49 | -35.65 | 11.47 | 10.16 | -4.18 | 8.78 | 0.07 | 2.45 | -1.44 | 4.68 | 7.50 | -0.79 |
| | 8.56 | 4.55 | 4.85 | 5.00 | -37.00 | 11.41 | 7.75 | -5.72 | 6.98 | -2.02 | 0.04 | -3.30 | 2.65 | 4.18 | -0.86 |
| | 8.46 | 3.07 | 4.34 | 1.87 | -39.20 | 5.93 | 6.54 | -12.14 | 4.79 | -2.60 | -2.19 | -4.41 | 2.18 | 3.54 | -1.46 |
| | 6.86 | 2.84 | 2.72 | 1.45 | -43.38 | 1.92 | 6.31 | -13.32 | 4.21 | -8.61 | -4.90 | -4.47 | 1.00 | 3.01 | -1.53 |
| | 4.34 | 2.74 | 2.07 | -1.57 | -47.01 | 0.21 | 5.70 | -15.94 | 0.11 | -8.83 | -4.95 | -14.92 | 0.51 | 1.70 | -3.58 |
| Worst | 1.33 | 2.43 | 0.49 | -17.55 | -53.33 | -29.76 | 0.13 | -18.42 | -1.06 | -9.52 | -17.01 | -24.66 | 0.33 | 0.86 | -7.48 |
| | S&P 500 - US Large Cap | R 2000 - US Small Cap | MSCI EAFE (Net) - Int'l Dev. | MSCI EAFE SC (Net) - Int'l SC | MSCI EM (Net) - Int'l Emg Mkts | Bloomberg US Agg Bond - FI | Bloomberg US Corp: Hi Yield - FI | Bloomberg US Trsy: US TIPS - FI | Bloomberg US Gov/Credit: Lng - FI | NCREIF ODCE (Gross) - Real Estate | Wilshire US REIT - REITs | HFRI FOF Comp Index - ARS | Bloomberg Cmdty (TR) - Commod. | ICE BofAML 3 Mo T-Bill - Cash Equiv | |

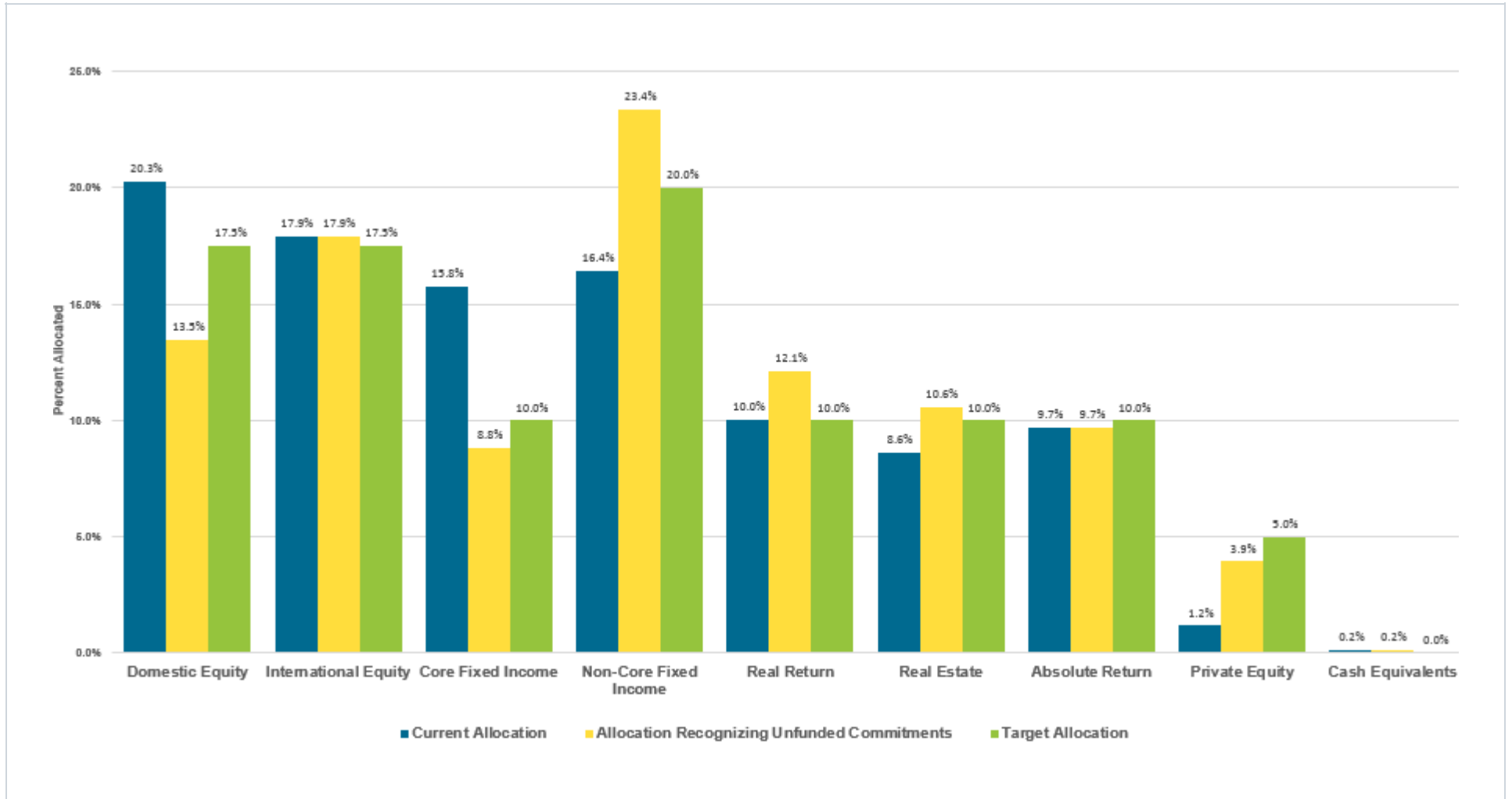
NCREIF ODCE (Gross) performance is reported quarterly; performance is shown N/A in interim-quarter months.



TMRS Total Fund



TMRS Investment Portfolio Asset Allocation and Performance



| | Allocation | | Performance (%) | | | | | | | | | |
|-----------------------------|-------------------|--------|-----------------|-------|--------|---------|---------|---------|----------|----------|--------------|----------------|
| | Market Value (\$) | % | Quarter | CYTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | 15 Years | Since Incep. | Inception Date |
| Total Fund Composite | 28,439,813,468 | 100.00 | 0.17 | 0.17 | 9.74 | 6.17 | 6.53 | 6.59 | 6.35 | 6.47 | 8.57 | 01/01/1989 |
| Actual Allocation Benchmark | | | -0.10 | -0.10 | 8.98 | 5.78 | 6.29 | 6.34 | 6.31 | 6.05 | 8.00 | |

Performance shown is net of fees and provided by State Street. Performance is annualized for periods greater than one year. Please see Supplemental Information for custom benchmark definitions.

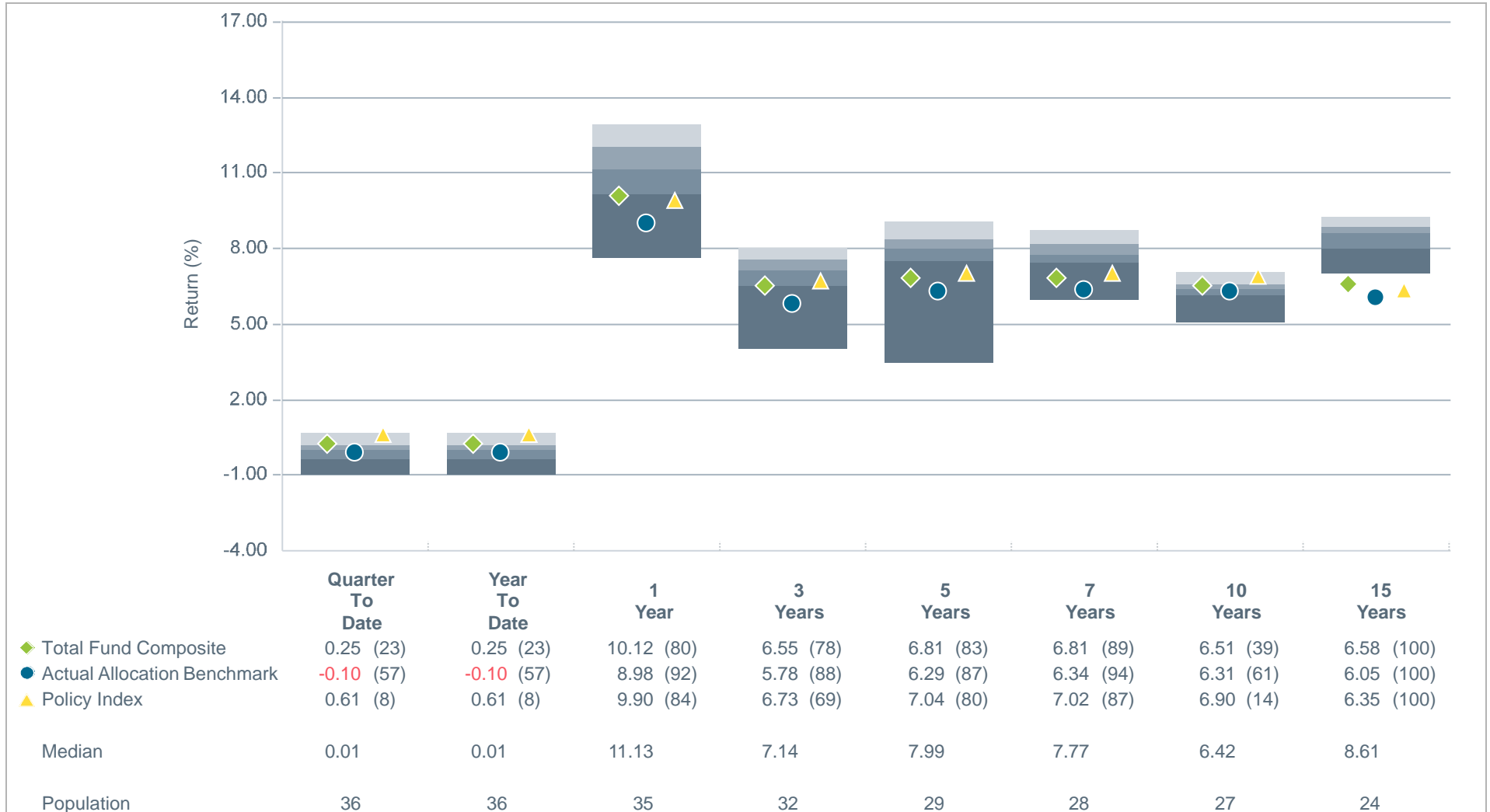
Asset Class Composite Performance (Net)

| | Allocation | | Performance (%) | | | | | | | | | |
|--|-------------------|--------|-----------------|-------|--------|---------|---------|---------|----------|----------|--------------|----------------|
| | Market Value (\$) | % | Quarter | CYTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | 15 Years | Since Incep. | Inception Date |
| Total Fund Composite | 28,439,813,468 | 100.00 | 0.17 | 0.17 | 9.74 | 6.17 | 6.53 | 6.59 | 6.35 | 6.47 | 8.57 | 01/01/1989 |
| Actual Allocation Benchmark | | | -0.10 | -0.10 | 8.98 | 5.78 | 6.29 | 6.34 | 6.31 | 6.05 | 8.00 | |
| Global Equity Composite | 10,851,761,236 | 38.16 | -0.24 | -0.24 | 15.92 | 9.17 | 10.26 | 8.98 | 6.34 | N/A | 6.06 | 02/01/2008 |
| Global Equity Benchmark | | | -0.84 | -0.84 | 15.20 | 8.95 | 10.09 | 8.84 | 6.21 | N/A | 5.93 | |
| Domestic Equity Composite | 5,763,419,364 | 20.27 | -0.72 | -0.72 | 13.11 | 9.81 | 12.65 | 12.13 | 9.44 | N/A | 8.88 | 02/01/2008 |
| Russell 3000 Index | | | -0.64 | -0.64 | 13.81 | 10.22 | 13.03 | 12.39 | 9.62 | 10.43 | 9.05 | |
| International Equity Composite | 5,088,339,840 | 17.89 | 0.33 | 0.33 | 19.49 | 7.70 | 7.04 | 5.23 | 2.81 | N/A | 2.81 | 02/01/2008 |
| International Equity Benchmark | | | -1.06 | -1.06 | 17.10 | 6.75 | 6.24 | 4.63 | 2.31 | 8.32 | 2.31 | |
| Core Fixed Income Composite | 4,479,430,117 | 15.75 | -1.44 | -1.44 | 1.46 | 1.40 | 1.90 | 3.10 | 3.46 | 4.54 | 7.56 | 01/01/1989 |
| Fixed Income Benchmark | | | -1.46 | -1.46 | 1.20 | 1.20 | 1.82 | 2.92 | 3.51 | 4.18 | 7.02 | |
| Non-Core Fixed Income Composite | 4,668,205,541 | 16.41 | 1.39 | 1.39 | 6.51 | 5.17 | N/A | N/A | N/A | N/A | 4.99 | 10/01/2014 |
| Non-Core Fixed Income Benchmark | | | 1.13 | 1.13 | 5.09 | 3.74 | N/A | N/A | N/A | N/A | 3.86 | |
| Real Return Composite | 2,855,551,404 | 10.04 | -1.85 | -1.85 | 5.37 | 2.34 | 1.51 | 3.10 | N/A | N/A | 3.32 | 02/01/2011 |
| Real Return Benchmark | | | -1.76 | -1.76 | 6.56 | 3.82 | 1.99 | 3.27 | 2.83 | 5.25 | 3.60 | |
| Real Estate Composite | 2,445,656,424 | 8.60 | 2.58 | 2.58 | 10.56 | 11.64 | 12.27 | N/A | N/A | N/A | 11.50 | 01/01/2012 |
| Real Estate Benchmark | | | 2.07 | 2.07 | 7.63 | 10.40 | 11.52 | 12.07 | 5.02 | 8.29 | 11.46 | |
| Absolute Return Composite | 2,760,234,648 | 9.71 | 1.41 | 1.41 | 8.50 | 4.93 | N/A | N/A | N/A | N/A | 4.73 | 08/01/2014 |
| Absolute Return Benchmark | | | 1.46 | 1.46 | 5.75 | 1.85 | 3.50 | 2.59 | 1.36 | 3.71 | 2.45 | |
| Private Equity Composite | 334,959,911 | 1.18 | 11.77 | 11.77 | 25.08 | N/A | N/A | N/A | N/A | N/A | 14.65 | 01/01/2016 |
| Private Equity Benchmark | | | 11.77 | 11.77 | 25.08 | N/A | N/A | N/A | N/A | N/A | 14.65 | |
| TMRS Unallocated Cash | 44,014,187 | 0.15 | 0.24 | 0.24 | 0.88 | 0.74 | 0.54 | 0.39 | N/A | N/A | 0.41 | 06/01/2008 |
| FTSE 30 Day T-Bill Index | | | 0.35 | 0.35 | 1.04 | 0.46 | 0.28 | 0.21 | 0.25 | 1.14 | 0.23 | |

Performance shown is net of fees and provided by State Street. Performance is annualized for periods greater than one year. Market value for the Global Equity Composite includes assets held in the Transition Account. Real Estate and Private Equity fund returns are calculated by Private Edge. Private Real Estate fund returns are lagged 1 quarter. Inception dates shown for Real Estate and Private Equity composite represent the first full quarter following initial funding. Inception dates for all other composites represents the first full month following initial funding. Please see Supplemental Information for custom benchmark definitions.

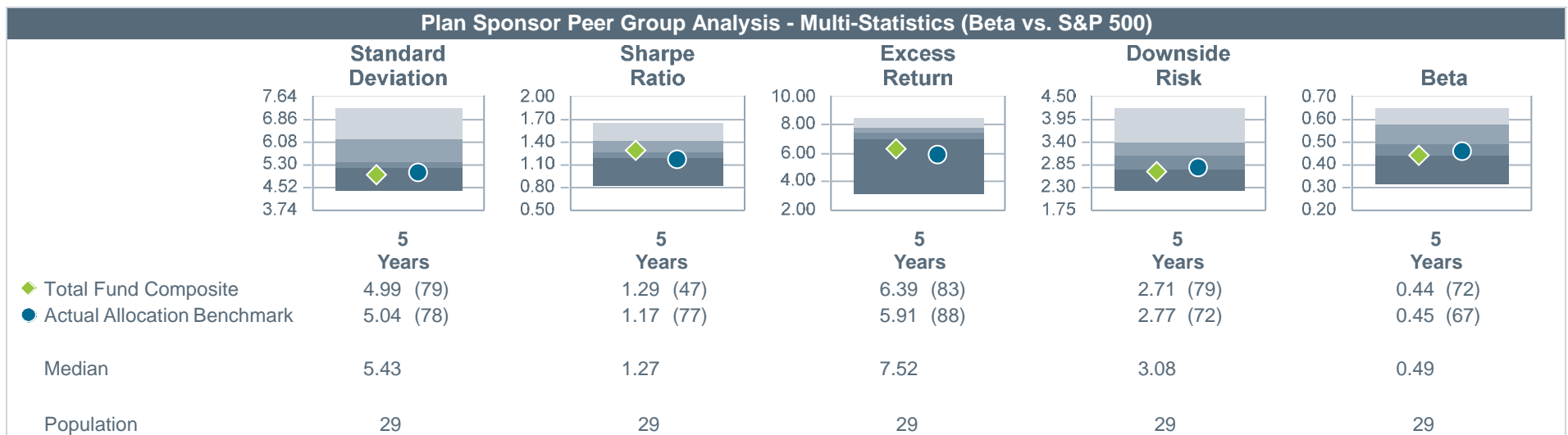
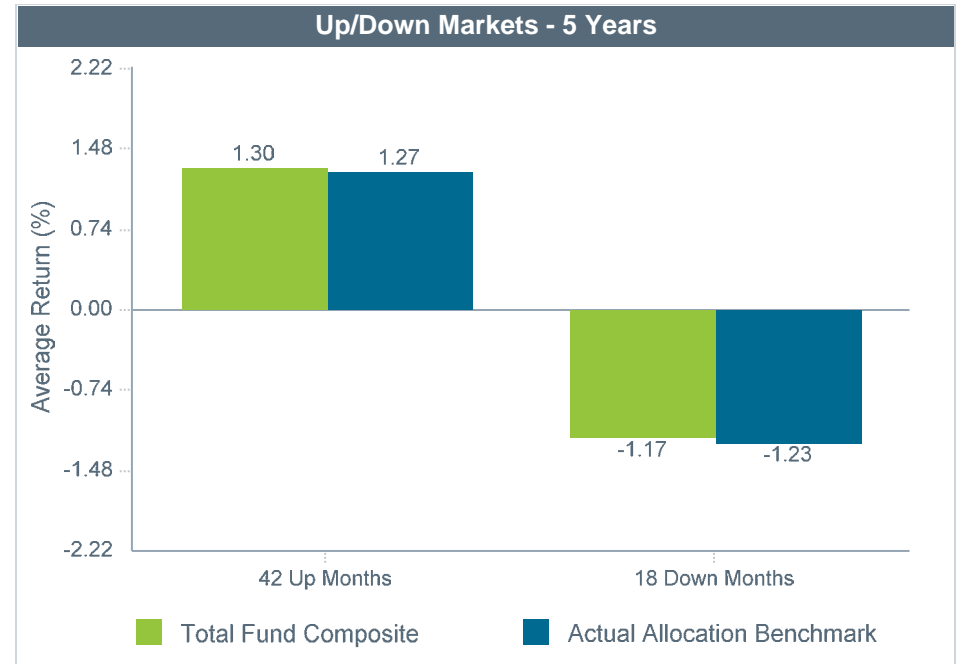
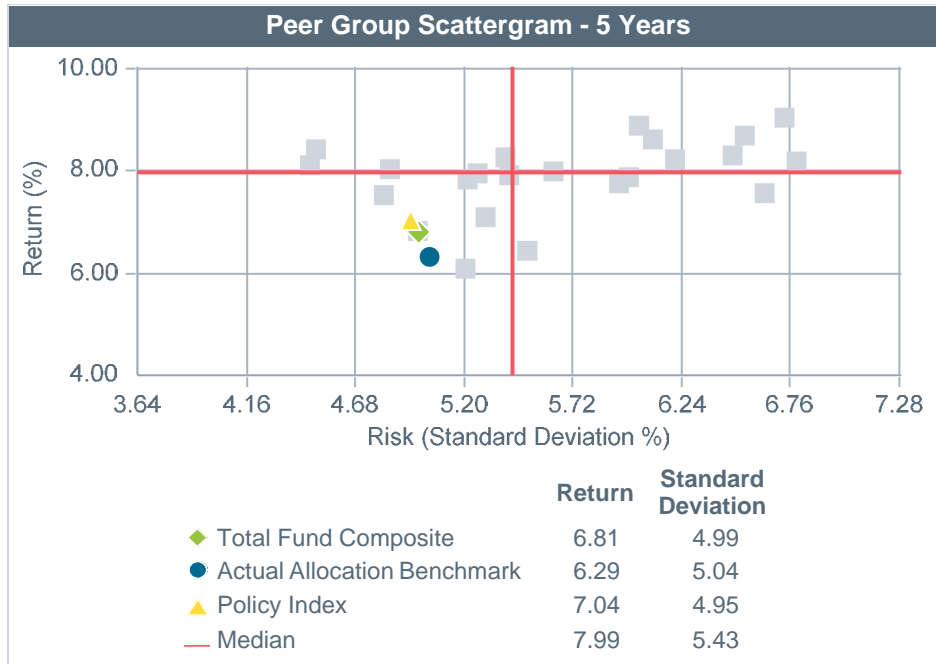
Total Fund Performance vs. Peers

While performance relative to other systems is not an objective of the TMRS fund given the wide range in investment objectives and different benefit plan structures, it is generally of interest to be aware of the performance of other public pension systems.



The Total Fund is ranked against a universe of Public Plans > \$10B.
Please see Supplemental Information for custom benchmark definitions.
Performance shown is gross of fees, as of March 31, 2018

Total Fund Composite vs. All Public Funds > \$10B-Total Fund



Performance shown is gross of fees. Calculations based on monthly periodicity. Parenthesis contain percentile ranks. Please see Supplemental Information for custom benchmark definitions.

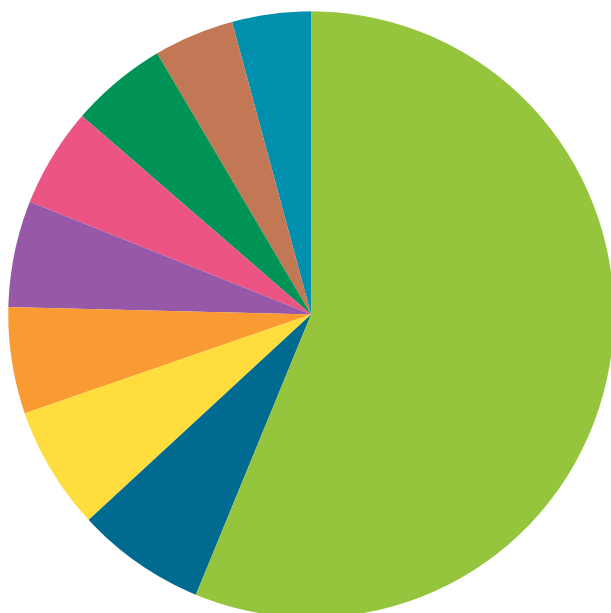
TMRS Asset Class Composites



Domestic Equity Composite Performance & Allocation

Asset Allocation by Manager

\$5,763,409,865



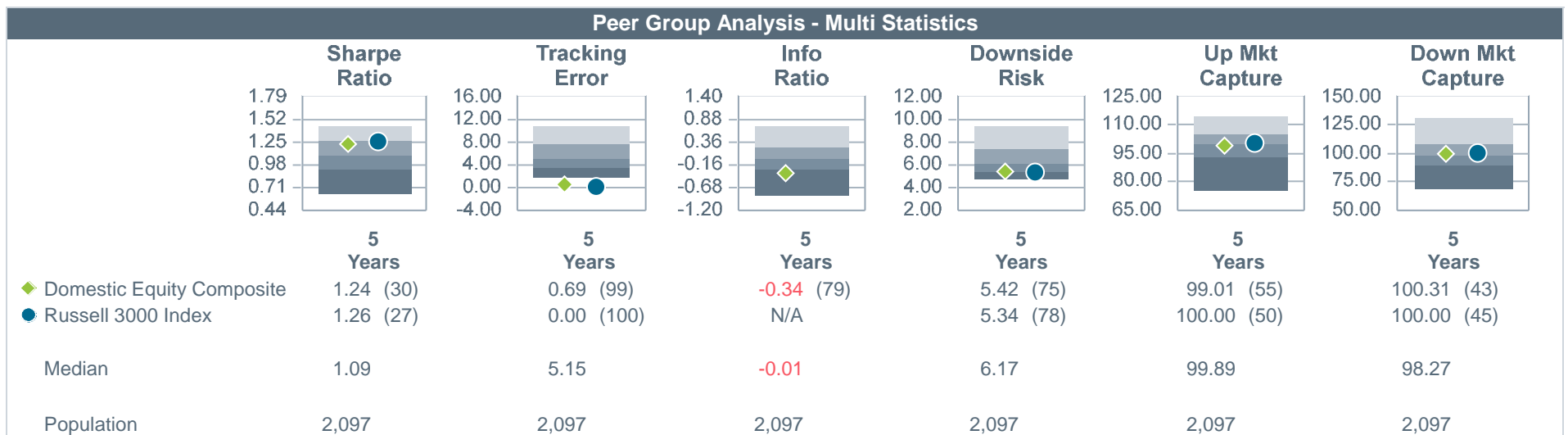
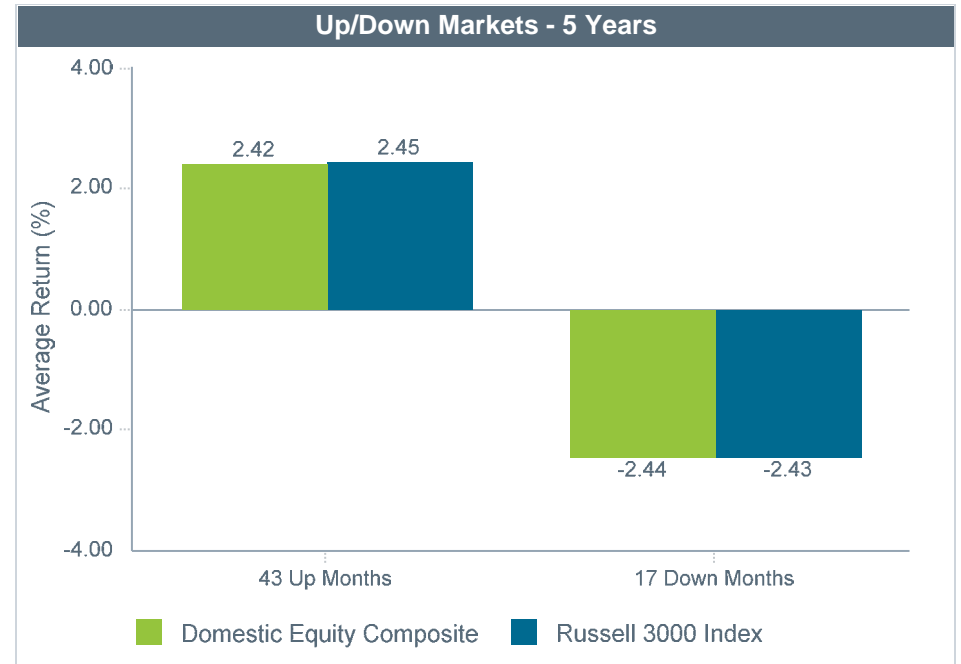
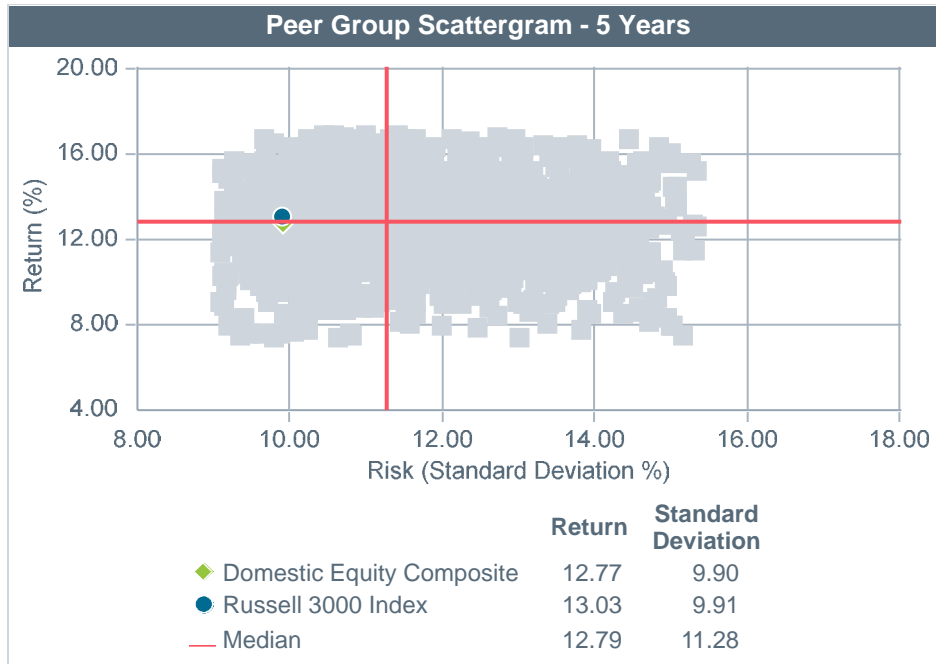
| Manager | Market Value (\$) | Allocation (%) |
|--|-------------------|----------------|
| NT Collective Russell 3000 Index NL (CF) | 3,239,313,597 | 56.20 |
| UBS US Equity Min Volatility Index (CF) | 399,179,708 | 6.93 |
| State Street Russell Fndmtl US Index NL (CF) | 379,093,271 | 6.58 |
| Wellington US Small Cap Opp (SA) | 327,581,504 | 5.68 |
| The Boston Company Small Cap Opp Value (SA) | 326,234,538 | 5.66 |
| Champlain Mid-Cap Core (SA) | 305,488,728 | 5.30 |
| Epoch U.S. Choice (SA) | 297,734,535 | 5.17 |
| The Boston Company Mid Cap Opp Value (SA) | 246,339,890 | 4.27 |
| Sasco U.S. Contrarian Value (SA) | 242,444,094 | 4.21 |

Comparative Performance

| | 1 Quarter | Year To Date | 1 Year | 3 Years | 5 Years | 10 Years | 2017 | 2016 | 2015 | 2014 | 2013 | Since Incep. | Inception Date |
|----------------------------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| Domestic Equity Composite | -0.68 | -0.68 | 13.33 | 9.97 | 12.77 | 9.51 | 20.55 | 13.33 | -0.32 | 12.61 | 33.20 | 8.94 | 02/01/2008 |
| Russell 3000 Index | -0.64 | -0.64 | 13.81 | 10.22 | 13.03 | 9.62 | 21.13 | 12.74 | 0.48 | 12.56 | 33.55 | 9.05 | |
| Difference | -0.04 | -0.04 | -0.48 | -0.25 | -0.26 | -0.11 | -0.58 | 0.59 | -0.80 | 0.05 | -0.35 | -0.11 | |

Performance shown is gross of fees. Allocations shown may not sum up to 100% exactly due to rounding. Total Domestic Equity market value excludes Citigroup Global Markets, Inc.

Domestic Equity Composite vs. IM U.S. Equity

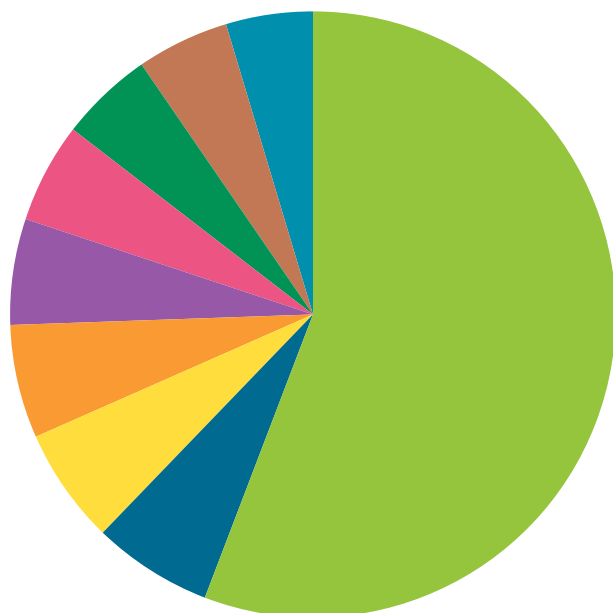


Performance shown is gross of fees. Calculations based on monthly periodicity. Parenthesis contain percentile ranks.

International Equity Composite Performance and Allocation

Asset Allocation by Manager

\$5,088,339,840



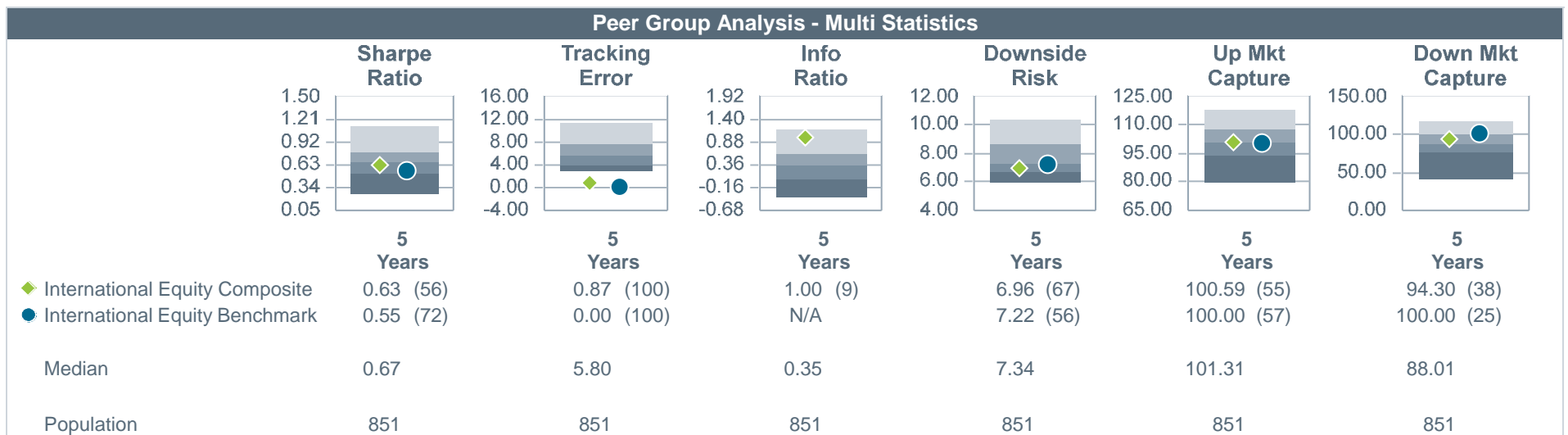
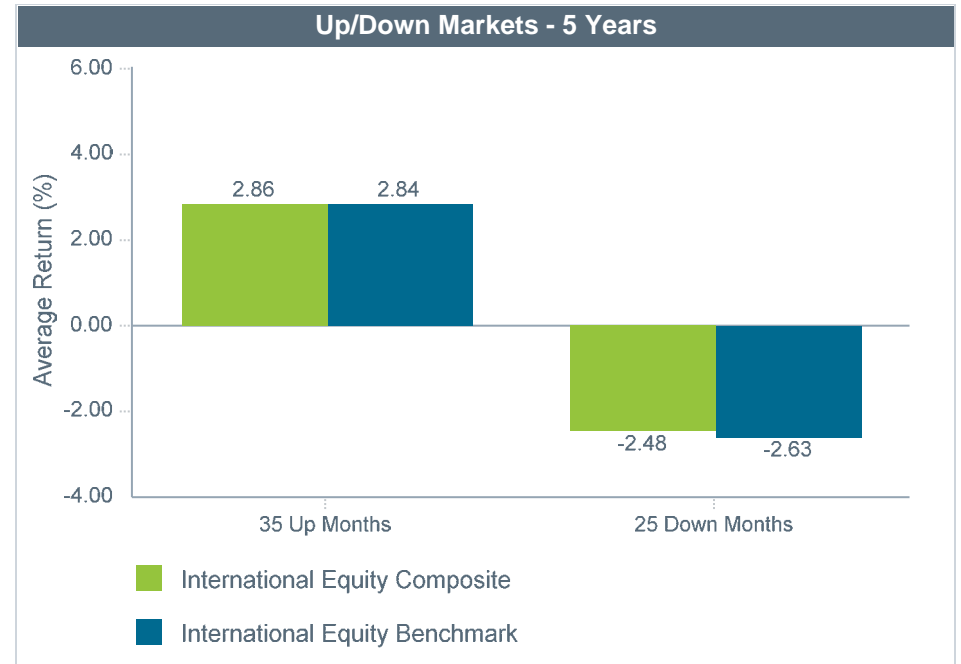
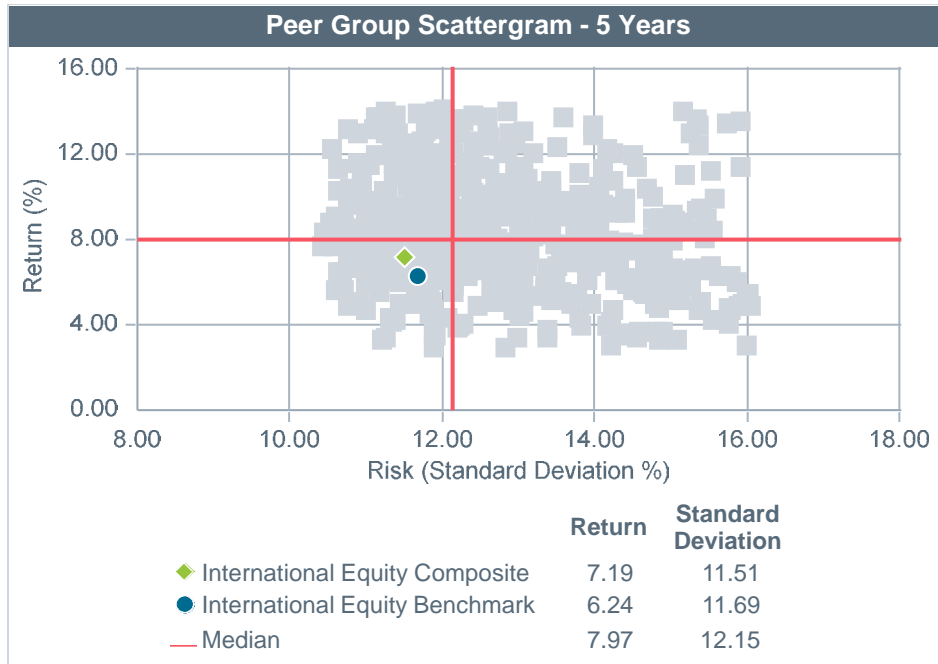
| Manager | Market Value (\$) | Allocation (%) |
|---|-------------------|----------------|
| NT Daily Collective ACW Ex US IMI Non-Lending (CF) | 2,839,578,772 | 55.81 |
| Wellington International Small Cap Opp (SA) | 325,518,603 | 6.40 |
| UBS World Ex US Min Volatility NL (CF) | 314,488,555 | 6.18 |
| Wasatch International Small Cap Growth (SA) | 308,626,724 | 6.07 |
| State Street Russell Fndmtl Gbl ex-US Index NL (CF) | 286,984,189 | 5.64 |
| Acadian Emerging Markets (SA) | 272,782,936 | 5.36 |
| Wellington International Horizons (SA) | 252,778,167 | 4.97 |
| William Blair Emerging Markets (SA) | 251,625,715 | 4.95 |
| Lazard International Equity Plus (SA) | 235,956,179 | 4.64 |

Comparative Performance

| | 1 Quarter | Year To Date | 1 Year | 3 Years | 5 Years | 10 Years | 2017 | 2016 | 2015 | 2014 | 2013 | Since Incep. | Inception Date |
|--------------------------------|-----------|--------------|--------|---------|---------|----------|-------|-------|-------|-------|-------|--------------|----------------|
| International Equity Composite | 0.39 | 0.39 | 19.76 | 7.91 | 7.19 | 2.90 | 29.41 | 3.72 | -3.32 | -3.11 | 16.31 | 2.89 | 02/01/2008 |
| International Equity Benchmark | -1.06 | -1.06 | 17.10 | 6.75 | 6.24 | 2.31 | 27.81 | 4.41 | -4.60 | -3.89 | 15.82 | 2.31 | |
| Difference | 1.45 | 1.45 | 2.66 | 1.16 | 0.95 | 0.59 | 1.60 | -0.69 | 1.28 | 0.78 | 0.49 | 0.58 | |

Performance shown is gross of fees. Allocations shown may not sum up to 100% exactly due to rounding. Please see Supplemental Information for custom benchmark definitions.

International Equity Composite vs. IM International Equity

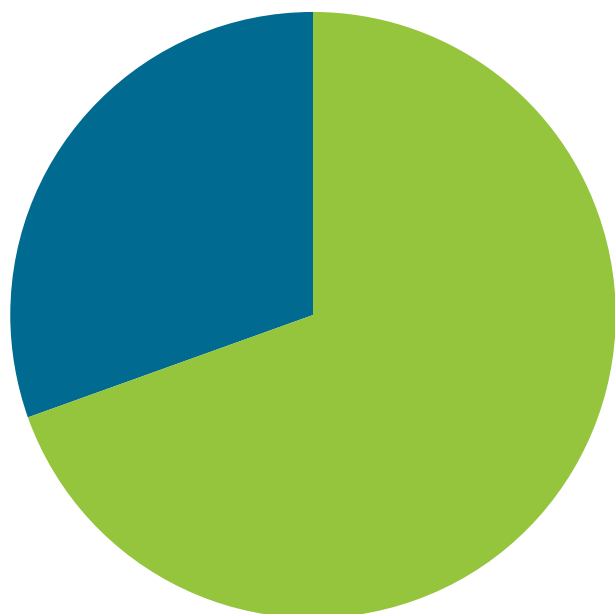


Performance shown is gross of fees. Calculations based on monthly periodicity. Parenthesis contain percentile ranks. Please see Supplemental Information for custom benchmark definitions.

Core Fixed Income Composite Performance and Allocation

Asset Allocation by Manager

\$4,479,430,117



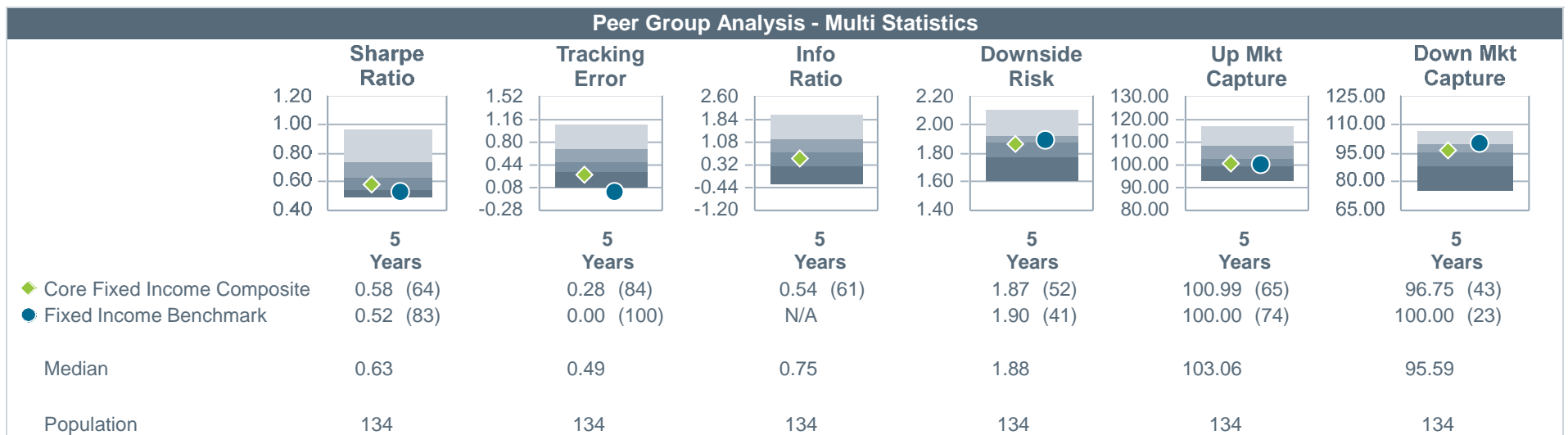
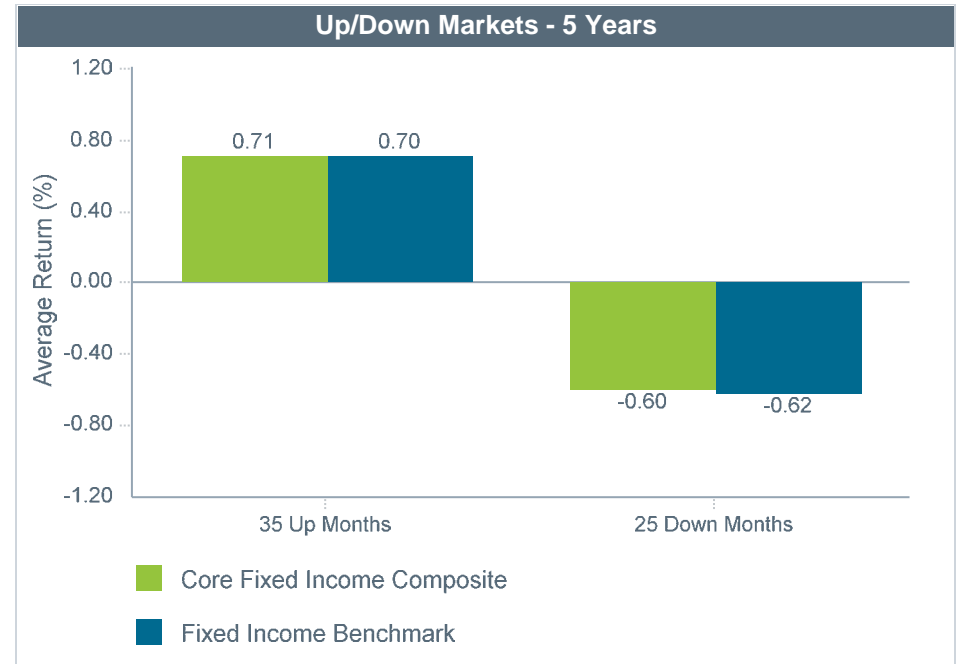
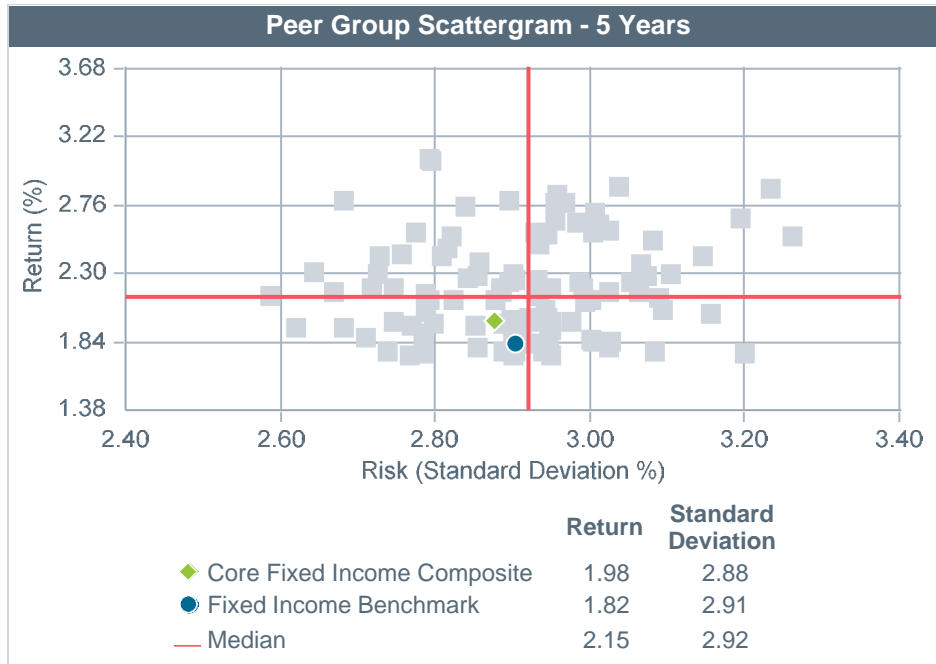
| | Market Value (\$) | Allocation (%) |
|-----------------------------------|-------------------|----------------|
| BlackRock, Inc. Core (SA) | 3,113,845,900 | 69.51 |
| PIMCO Core Plus Fixed Income (SA) | 1,365,584,217 | 30.49 |

Comparative Performance

| | 1 Quarter | Year To Date | 1 Year | 3 Years | 5 Years | 10 Years | 2017 | 2016 | 2015 | 2014 | 2013 | Since Incep. | Inception Date |
|------------------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------------|
| Core Fixed Income Composite | -1.42 | -1.42 | 1.55 | 1.49 | 1.98 | 3.53 | 3.93 | 2.98 | 0.80 | 5.77 | -1.94 | 7.58 | 01/01/1989 |
| Fixed Income Benchmark | -1.46 | -1.46 | 1.20 | 1.20 | 1.82 | 3.51 | 3.54 | 2.65 | 0.55 | 5.97 | -2.02 | 7.02 | |
| Difference | 0.04 | 0.04 | 0.35 | 0.29 | 0.16 | 0.02 | 0.39 | 0.33 | 0.25 | -0.20 | 0.08 | 0.56 | |

Performance shown is gross of fees. Allocations shown may not sum up to 100% exactly due to rounding. Please see Supplemental Information for custom benchmark definitions.

Core Fixed Income Composite vs. IM U.S. Broad Market Core Fixed Income

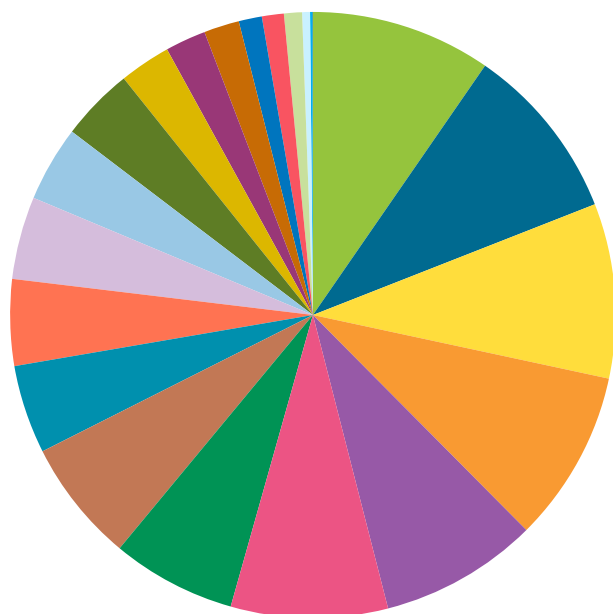


Performance shown is gross of fees. Calculations based on monthly periodicity. Parenthesis contain percentile ranks. Please see Supplemental Information for custom benchmark definitions.

Non-Core Fixed Income Composite Performance & Allocation

Asset Allocation by Manager

\$4,668,205,541



| | Market Value (\$) | Allocation (%) |
|---|-------------------|----------------|
| Highland Bandera Strategic Credit Partners I, LP | 449,542,766 | 9.63 |
| Ellington RMBS/CMBS (SA) | 439,614,341 | 9.42 |
| Voya RMBS/CMBS (SA) | 435,020,549 | 9.32 |
| Guggenheim Bandera Strategic Credit Partners II, LP | 428,720,669 | 9.18 |
| BlueBay Emerging Mkt Debt (SA) | 394,455,128 | 8.45 |
| Alliance Bernstein Emerging Mkt Debt (SA) | 391,312,153 | 8.38 |
| Columbia Management Investment Advisers, LLC | 310,182,000 | 6.64 |
| Neuberger Berman Investment Advisers, LLC | 305,700,000 | 6.55 |
| Beach Point Total Ret Fd II, LP | 220,663,600 | 4.73 |
| Waterfall Eden Fund, LP | 214,825,800 | 4.60 |
| GoldenTree Asset Management, LP | 205,846,000 | 4.41 |
| TCW Brazos Fund, LLC | 188,343,414 | 4.03 |
| White Oak Summit Fund, LP | 182,787,237 | 3.92 |
| Marathon SPS Fund, LP | 127,835,336 | 2.74 |
| Bain Capital Credit, LP | 101,421,200 | 2.17 |
| H.I.G. Whitehorse Capital, LLC | 88,108,289 | 1.89 |
| PIMCO Corp Op Fd II Onshore, LP | 57,661,981 | 1.24 |
| Golub Capital Pearls DLP, LP | 54,642,964 | 1.17 |
| Marathon ECO Fund III, LP | 44,882,250 | 0.96 |
| Marathon CLO Equity Fund, LP | 19,847,709 | 0.43 |
| BlackRock Global Credit Opportunities, LP | 5,080,176 | 0.11 |
| Adams Street Private Credit Fund-A, LP | 1,711,979 | 0.04 |
| *GSO Capital Partners, LP | - | 0.00 |
| *Octagon Credit Investors, LLC | - | 0.00 |

Comparative Performance

| | 1 Quarter | Year To Date | 1 Year | 3 Years | 5 Years | 10 Years | 2017 | 2016 | 2015 | 2014 | 2013 | Since Incep. | Inception Date |
|--|-------------|--------------|-------------|-------------|------------|------------|-------------|-------------|-------------|------------|------------|--------------|-------------------|
| Non-Core Fixed Income Composite | 1.43 | 1.43 | 6.89 | 5.70 | N/A | N/A | 8.06 | 7.96 | 1.09 | N/A | N/A | 5.50 | 10/01/2014 |
| Non-Core Fixed Income Benchmark | 1.13 | 1.13 | 5.09 | 3.74 | N/A | N/A | 5.50 | 7.14 | -0.87 | N/A | N/A | 3.86 | |
| Difference | 0.30 | 0.30 | 1.80 | 1.96 | N/A | N/A | 2.56 | 0.82 | 1.96 | N/A | N/A | 1.64 | |

Performance shown is gross of fees. Allocations shown may not sum up to 100% exactly due to rounding. Please see Supplemental Information for custom benchmark definitions.

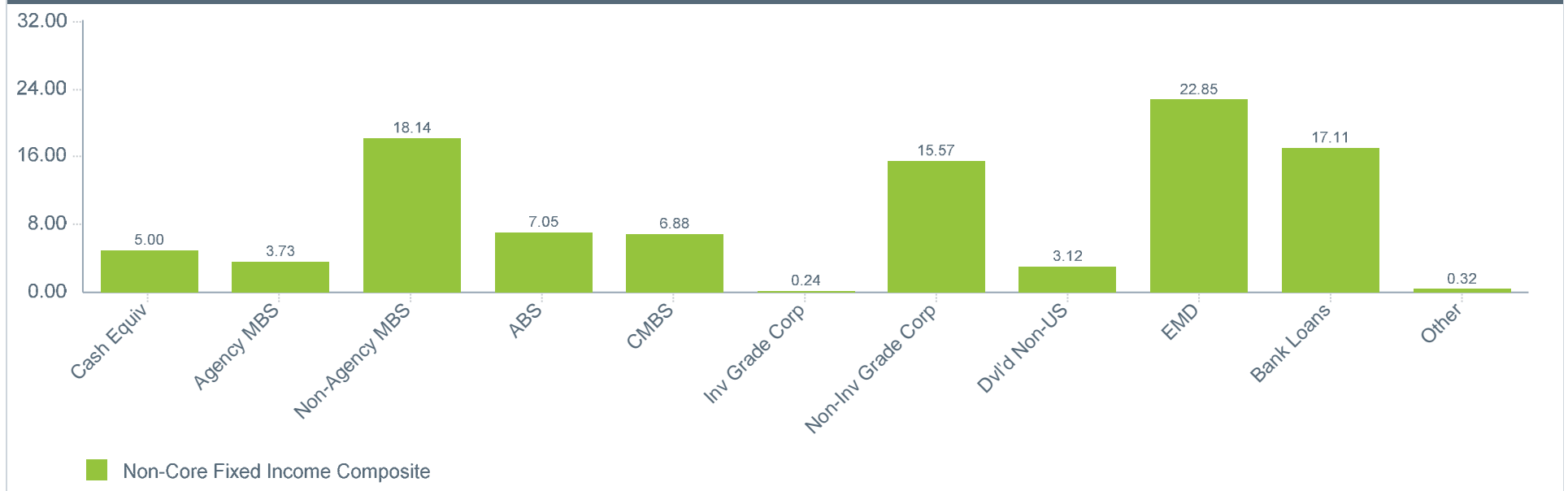
*Represents approved investments that have not been funded and/or are pending legal documents.

Non-Core Fixed Income Composite

Portfolio Characteristics

| | Portfolio |
|-----------------------|-----------|
| Spread Duration | 4.17 |
| Avg. Maturity | 9.21 |
| Avg. Quality | Ba3 |
| Yield To Maturity (%) | 5.99 |
| Coupon Rate (%) | 5.23 |

Sector Distribution (%)

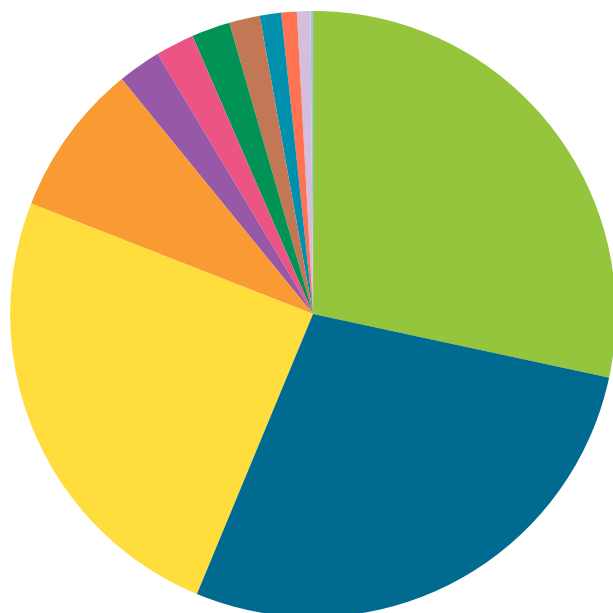


Bond characteristics exclude Private and Opportunistic Credit. Allocation to "Other" consists of interest rate derivatives, derivative offsets, private placements, and miscellaneous differences between the account's net asset value and its trade date based clean holdings.

Real Return Composite Performance and Allocation

Asset Allocation by Manager

\$2,855,551,404



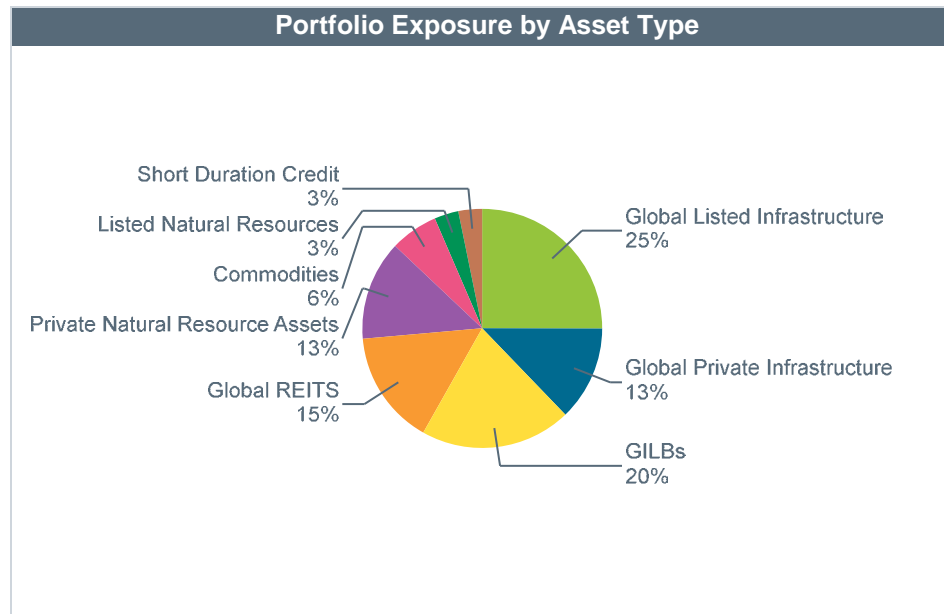
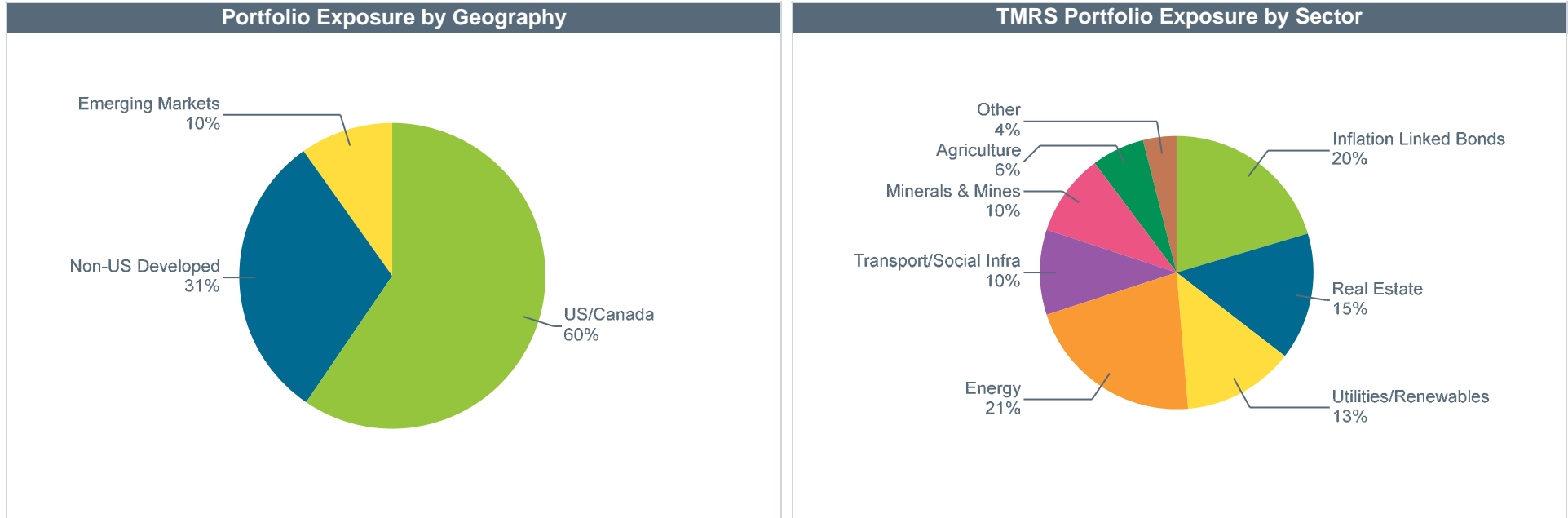
| | Market Value (\$) | Allocation (%) |
|--|-------------------|----------------|
| Nuveen Real Asset Income | 810,040,298 | 28.37 |
| Cohen & Steers Real Asset | 796,679,126 | 27.90 |
| Colchester Global Inflation Linked Bond (SA) | 704,306,235 | 24.66 |
| Chickasaw Capital Management, LLC | 233,565,849 | 8.18 |
| Amerra Agriculture Fund III | 66,149,920 | 2.32 |
| Brookfield Infrastructure Partner Fund III | 58,834,320 | 2.06 |
| MTP Energy Opportunities Fund II | 58,492,506 | 2.05 |
| Orion Mine Finance Fund II | 47,076,536 | 1.65 |
| Blue Sky Strategic Australian Agriculture Fund | 32,511,139 | 1.14 |
| Sprott Resource Lending Fund, LP | 23,611,326 | 0.83 |
| Actis Energy IV, LP | 20,569,607 | 0.72 |
| Stonepeak Infrastructure Fund III, LP | 3,714,540 | 0.13 |
| *I Squared Global Infrastructure Fund II | - | 0.00 |
| *MTP Energy Opportunities Fund III | - | 0.00 |
| *Orion Mine Finance Co-Fund II | - | 0.00 |
| *Orion Mineral Royalty Fund, LP | - | 0.00 |

Comparative Performance

| | 1 Quarter | Year To Date | 1 Year | 3 Years | 5 Years | 10 Years | 2017 | 2016 | 2015 | 2014 | 2013 | Since Incep. | Inception Date |
|-----------------------|-----------|--------------|--------|---------|---------|----------|-------|-------|-------|------|-------|--------------|----------------|
| Real Return Composite | -1.78 | -1.78 | 5.65 | 2.51 | 1.67 | N/A | 8.32 | 6.99 | -5.55 | 4.44 | -4.06 | 3.49 | 02/01/2011 |
| Real Return Benchmark | -1.76 | -1.76 | 6.56 | 3.82 | 1.99 | 2.83 | 9.91 | 7.51 | -4.70 | 4.08 | -4.84 | 3.60 | |
| Difference | -0.02 | -0.02 | -0.91 | -1.31 | -0.32 | N/A | -1.59 | -0.52 | -0.85 | 0.36 | 0.78 | -0.11 | |

Performance shown is gross of fees. Allocations shown may not sum up to 100% exactly due to rounding. Please see Supplemental Information for custom benchmark definitions. *Represents approved investments that have not been funded and/or are pending legal documents.

Real Return Portfolio Diversification

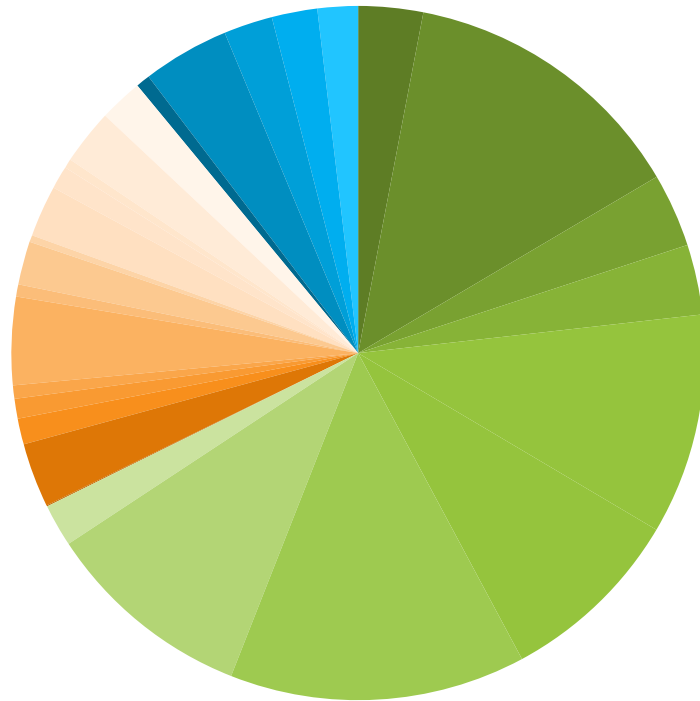


Allocations may not sum up to 100% exactly due to rounding. Allocations shown are by adjusted commitments and were provided by TMRS.

Real Estate Composite Allocation

Asset Allocation by Manager

\$2,445,656,424



| | Market Value (\$) | Allocation (%) |
|---|-------------------|----------------|
| Abacus Core Income Fund, LP | 73,744,376 | 3.02 |
| BlackStone Property Partners | 330,462,892 | 13.51 |
| H/2 CP, LP | 83,907,654 | 3.43 |
| H/2 CP Core RE Debt Fund, LP | 79,934,175 | 3.27 |
| Harrison St. Real Estate | 251,248,806 | 10.27 |
| INVESCO Advisers, Inc. | 211,827,779 | 8.66 |
| Stockbridge Smart Markets Fund, LP | 337,558,428 | 13.80 |
| USAA Eagle Real Estate Fund, LP | 238,894,427 | 9.77 |
| Walton St Real Estate Debt Fund | 48,379,151 | 1.98 |
| Abacus Multi-Family Partners II, LP | 1,251,358 | 0.05 |
| Abacus Multi-Family Partners III, LP | 73,408,927 | 3.00 |
| *Abacus Multi-Family Partners IV, LP | - | 0.00 |
| Alcion RE Part Fund III-B, LP | 29,631,942 | 1.21 |
| DivcoWest V | 22,342,739 | 0.91 |
| Greenfield Acquisition Partners VI, LP | 15,163,097 | 0.62 |
| Greenfield Acquisition Partners VII, LP | 100,341,088 | 4.10 |
| IC Berkeley Partners IV, LP | 13,707,426 | 0.56 |
| Madison Realty Capital Debt Fund IV, LP | 49,425,920 | 2.02 |
| Miller Global Fund VII | 7,757,805 | 0.32 |
| Rubenstein Properties Fund II | 58,809,867 | 2.40 |
| Rubenstein Properties Fund III | 26,229,488 | 1.07 |
| Stockbridge Value Fund, LLC | 10,366,273 | 0.42 |
| Stockbridge Value Fund II, LP | 62,955,699 | 2.57 |
| *Stockbridge Value Fund III, LP | - | 0.00 |
| Torchlight Debt Opp Fund V, LP | 49,457,475 | 2.02 |
| European Property Inv Special | 16,197,914 | 0.66 |
| *Kildare European Partners II | - | 0.00 |
| Lubert-Adler Fund VII | 98,890,925 | 4.04 |
| Moorfield Real Estate III | 55,712,431 | 2.28 |
| TPG Real Estate Part II, LP | 52,160,176 | 2.13 |
| *TPG Real Estate Partners III, LP | - | 0.00 |
| Walton St Real Estate Fund VII | 45,888,185 | 1.88 |

Comparative Performance

| | 1 Quarter | Year To Date | 1 Year | 3 Years | 5 Years | 10 Years | 2017 | 2016 | 2015 | 2014 | 2013 | Since Incep. | Inception Date |
|-----------------------|-----------|--------------|--------|---------|---------|----------|-------|-------|-------|-------|-------|--------------|----------------|
| Real Estate Composite | 2.58 | 2.58 | 10.92 | 13.49 | 14.05 | N/A | 11.93 | 14.76 | 15.25 | 20.35 | 11.69 | 13.28 | 01/01/2012 |
| Real Estate Benchmark | 2.07 | 2.07 | 7.63 | 10.40 | 11.52 | 5.02 | 7.65 | 9.97 | 15.00 | 12.40 | 13.04 | 11.46 | |
| Difference | 0.51 | 0.51 | 3.29 | 3.09 | 2.53 | N/A | 4.28 | 4.79 | 0.25 | 7.95 | -1.35 | 1.82 | |

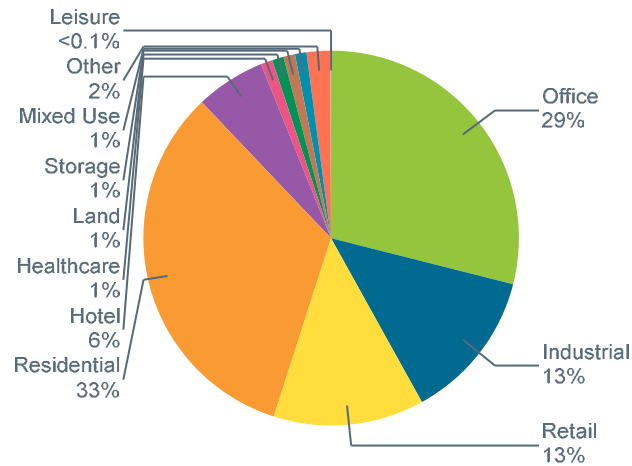
Performance shown is gross of fees. Allocations shown may not sum up to 100% exactly due to rounding.

Please see Supplemental Information for custom benchmark definitions.

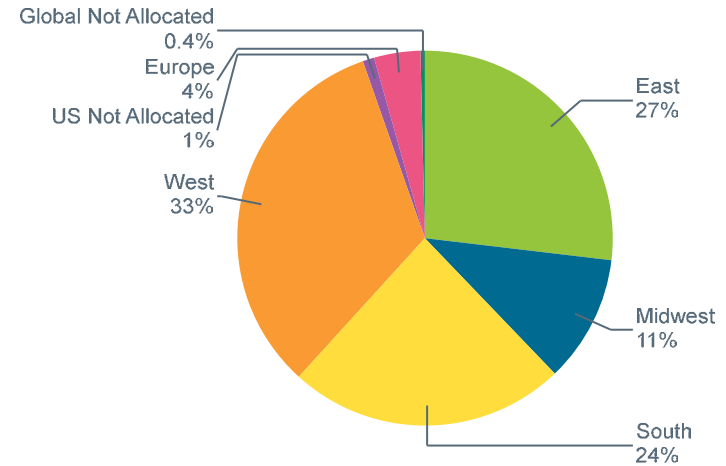
*Represents approved investments that have not been funded and/or are pending legal documents.

Real Estate Portfolio Diversification

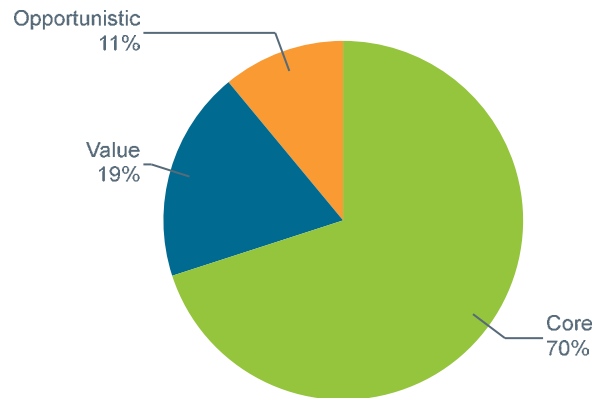
Property Type Diversification Based on Market Value



Geographic Diversification Based on Market Value



Sector Diversification Based on Market Value

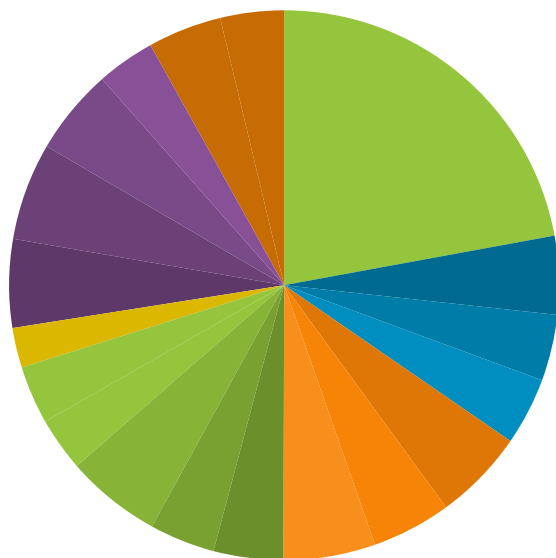


Allocations may not sum up to 100% exactly due to rounding. Allocation information is as of December 31, 2017 and provided by TMRS.

Absolute Return Performance and Allocation

Asset Allocation by Manager

March 31, 2018 : \$2,760,234,648



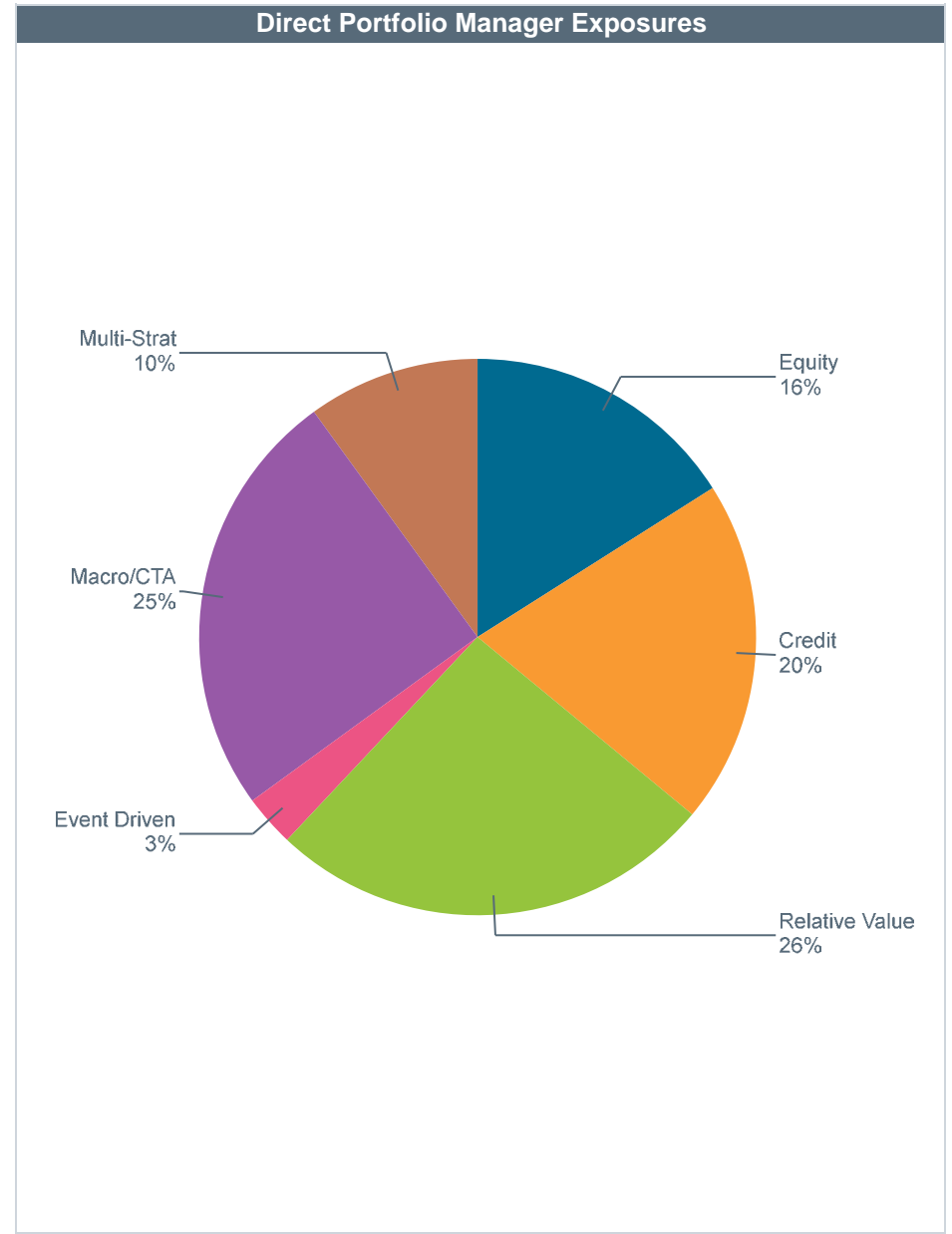
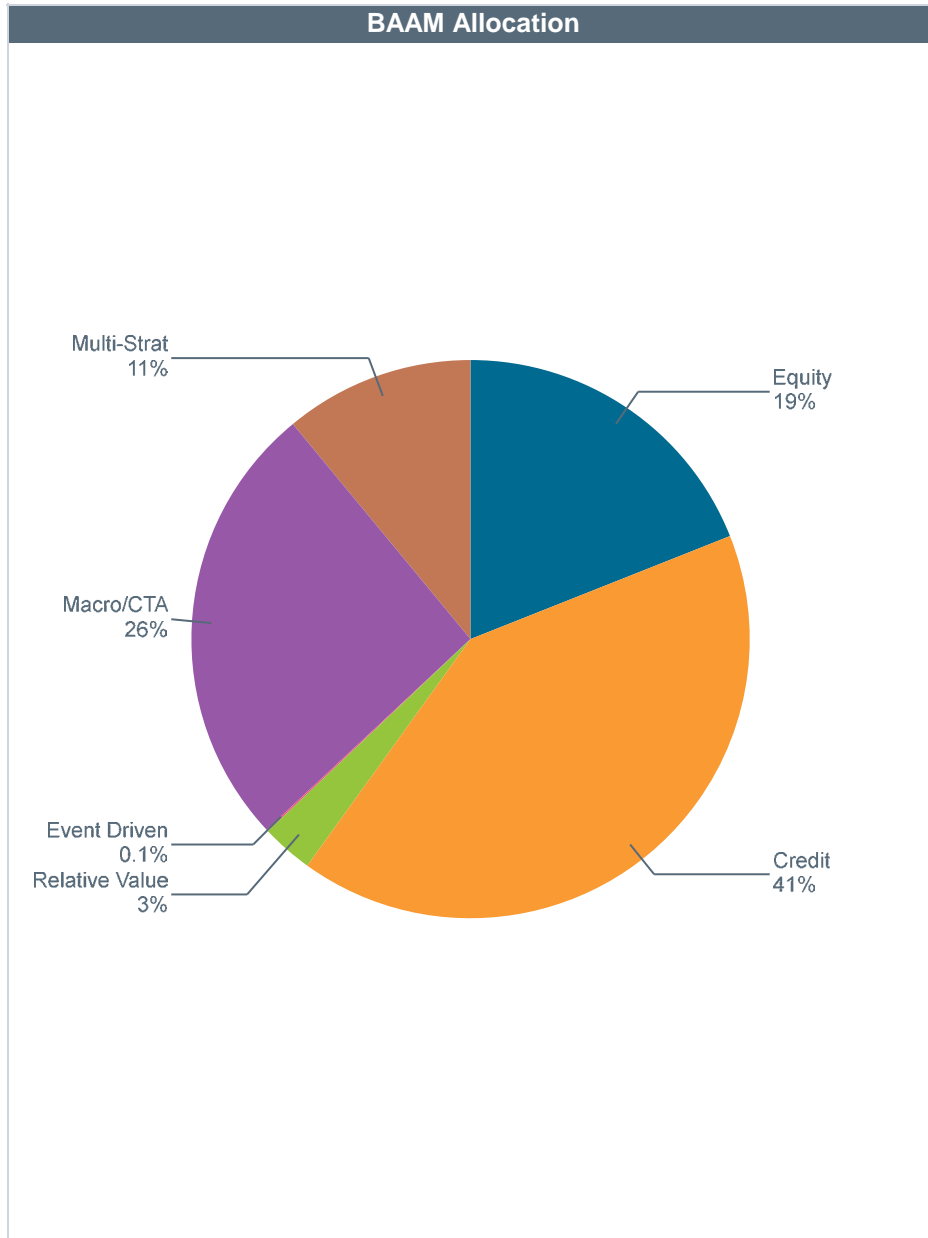
| | Market Value (\$) | Allocation (%) |
|--------------------------------|-------------------|----------------|
| Blackstone Treaty Oak Fund, LP | 610,209,344 | 22.11 |
| L/S Equity Manager 1 | 127,381,760 | 4.61 |
| L/S Equity Manager 2 | 107,261,100 | 3.89 |
| L/S Equity Manager 3 | 110,011,600 | 3.99 |
| Credit Manager 1 | 148,453,200 | 5.38 |
| Credit Manager 2 | 128,476,200 | 4.65 |
| Credit Manager 3 | 149,314,850 | 5.41 |
| Relative Value Manager 1 | 113,110,895 | 4.10 |
| Relative Value Manager 2 | 106,246,000 | 3.85 |
| Relative Value Manager 3 | 154,801,350 | 5.61 |
| Relative Value Manager 4 | 87,138,565 | 3.16 |
| Relative Value Manager 5 | 94,643,550 | 3.43 |
| Event Driven Manager 1 | 64,613,340 | 2.34 |
| Global Macro Manager 1 | 143,151,500 | 5.19 |
| Global Macro Manager 2 | 158,155,950 | 5.73 |
| Global Macro Manager 3 | 139,463,500 | 5.05 |
| Global Macro Manager 4 | 94,652,370 | 3.43 |
| Multi Strat Manager 1 | 119,946,900 | 4.35 |
| Multi Strat Manager 2 | 103,202,675 | 3.74 |

Comparative Performance

| | 1 Quarter | Year To Date | 1 Year | 3 Years | 5 Years | 10 Years | 2017 | 2016 | 2015 | 2014 | 2013 | Since Incep. | Inception Date |
|---|-----------|--------------|--------|---------|---------|----------|-------|-------|------|------|------|--------------|----------------|
| Absolute Return Composite | 1.41 | 1.41 | 9.30 | 5.65 | N/A | N/A | 11.35 | 2.97 | 3.39 | N/A | N/A | 5.39 | 08/01/2014 |
| Absolute Return Benchmark | 1.46 | 1.46 | 5.75 | 1.85 | 3.50 | 1.36 | 7.11 | -1.34 | 0.79 | 4.72 | 8.61 | 2.45 | |
| Difference | -0.05 | -0.05 | 3.55 | 3.80 | N/A | N/A | 4.24 | 4.31 | 2.60 | N/A | N/A | 2.94 | |
| Blackstone Treaty Oak Fund, LP | 0.87 | 0.87 | 5.18 | 4.06 | N/A | N/A | 6.91 | 3.04 | 3.39 | N/A | N/A | 4.10 | 08/01/2014 |
| Absolute Return Benchmark | 1.46 | 1.46 | 5.75 | 1.85 | 3.50 | 1.36 | 7.11 | -1.34 | 0.79 | 4.72 | 8.61 | 2.45 | |
| Difference | -0.59 | -0.59 | -0.57 | 2.21 | N/A | N/A | -0.20 | 4.38 | 2.60 | N/A | N/A | 1.65 | |
| Absolute Return Direct Composite | 1.56 | 1.56 | 10.54 | N/A | N/A | N/A | 13.21 | 2.65 | N/A | N/A | N/A | 7.65 | 01/01/2016 |
| Absolute Return Benchmark | 1.46 | 1.46 | 5.75 | 1.85 | 3.50 | 1.36 | 7.11 | -1.34 | 0.79 | 4.72 | 8.61 | 3.14 | |
| Difference | 0.10 | 0.10 | 4.79 | N/A | N/A | N/A | 6.10 | 3.99 | N/A | N/A | N/A | 4.51 | |

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Absolute Return Strategy Exposures

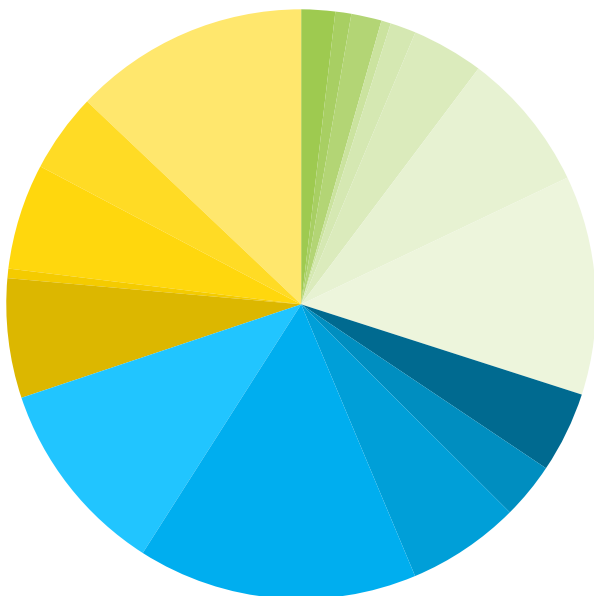


Allocations shown may not sum up to 100% exactly due to rounding. Allocation information is as of March 31, 2018 and provided by TMRS.

Private Equity Performance and Allocation

Asset Allocation by Manager

\$334,959,911



| | Market Value (\$) | Allocation (%) |
|--|-------------------|----------------|
| *Altaris Constellation Partners IV, LP | - | 0.00 |
| *Altaris Health Partners IV, LP | - | 0.00 |
| *Capital Partners Private Equity Income Fund III, LP | - | 0.00 |
| *Dunes Point Capital Fund II, LP | - | 0.00 |
| *GTCR Fund XII, LP | - | 0.00 |
| Harvest Partners VII | 6,247,714 | 1.87 |
| Incline Equity IV | 2,926,796 | 0.87 |
| Kainos Capital Partners II | 5,533,513 | 1.65 |
| Marlin Heritage II, LP | 1,757,689 | 0.52 |
| Marlin Equity V, LP | 4,747,486 | 1.42 |
| One Rock Capital Partners II, LP | 13,168,902 | 3.93 |
| *Providence Equity Partners VIII, LP | - | 0.00 |
| Searchlight Capital II | 25,703,564 | 7.67 |
| Tritium I, LP | 40,269,954 | 12.02 |
| Foundry Group Next Fund, LP | 14,869,999 | 4.44 |
| *Foundry Group Next 2018, LP | - | 0.00 |
| FTV V | 10,350,782 | 3.09 |
| Mercato Partners Growth III, LP | 20,758,849 | 6.20 |
| Providence Strategic Growth II | 51,352,850 | 15.33 |
| *Providence Strategic Growth III, LP | - | 0.00 |
| Update Partners V, LP | 36,308,512 | 10.84 |
| Carlyle Energy Mezzanine Fund II | 21,965,332 | 6.56 |
| GSO COF III Co-investment Fund, LP | 1,728,522 | 0.52 |
| GSO Capital Opportunities Fund III, LP | 19,432,767 | 5.80 |
| H.I.G. Bayside Fund IV | 14,555,109 | 4.35 |
| *LightBay Investment Partners, LP | - | 0.00 |
| *TPG Opportunities Partners IV, LP | - | 0.00 |
| TSSP Adjacent Opportunities Fund III | 43,281,572 | 12.92 |
| *TSSP Adjacent Opportunities (D), LP | - | 0.00 |

Comparative Performance

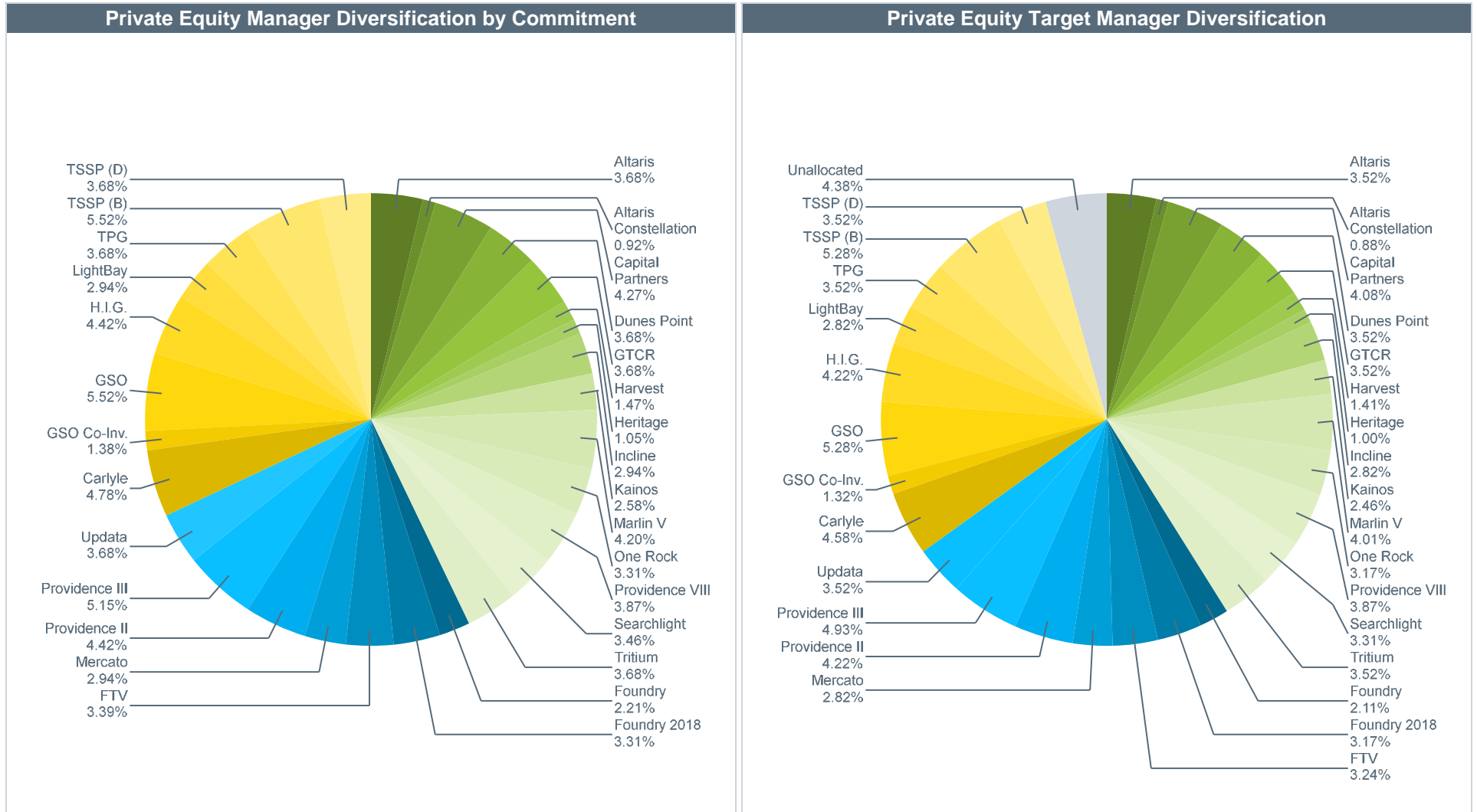
| | 1 Quarter | Year To Date | 1 Year | 3 Years | 5 Years | 10 Years | 2017 | 2016 | 2015 | 2014 | 2013 | Since Incep. | Inception Date |
|--|--------------|--------------|--------------|------------|------------|------------|--------------|--------------|------------|------------|------------|--------------|-------------------|
| Private Equity Composite | 11.77 | 11.77 | 25.08 | N/A | N/A | N/A | 19.69 | 1.68 | N/A | N/A | N/A | 14.65 | 01/01/2016 |
| Private Equity Benchmark | 11.77 | 11.77 | 25.08 | N/A | N/A | N/A | 19.69 | 1.68 | N/A | N/A | N/A | 14.65 | |
| Difference | 0.00 | 0.00 | 0.00 | N/A | N/A | N/A | 0.00 | 0.00 | N/A | N/A | N/A | 0.00 | |
| Private Equity - Buy Out | 13.65 | 13.65 | 10.06 | N/A | N/A | N/A | 7.09 | 23.91 | N/A | N/A | N/A | 20.03 | 01/01/2016 |
| Private Equity - Buy Out Index | 13.65 | 13.65 | 10.06 | N/A | N/A | N/A | 7.09 | 23.91 | N/A | N/A | N/A | 20.03 | |
| Difference | 0.00 | 0.00 | 0.00 | N/A | N/A | N/A | 0.00 | 0.00 | N/A | N/A | N/A | 0.00 | |
| Private Equity - Venture/Growth | 11.39 | 11.39 | 46.08 | N/A | N/A | N/A | 34.71 | N/A | N/A | N/A | N/A | 15.10 | 07/01/2016 |
| Private Equity - Venture/Growth Index | 11.39 | 11.39 | 46.08 | N/A | N/A | N/A | 34.71 | N/A | N/A | N/A | N/A | 15.10 | |
| Difference | 0.00 | 0.00 | 0.00 | N/A | N/A | N/A | 0.00 | N/A | N/A | N/A | N/A | 0.00 | |
| Private Equity - Special Situations | 7.10 | 7.10 | 14.28 | N/A | N/A | N/A | 12.52 | N/A | N/A | N/A | N/A | 10.54 | 04/01/2016 |
| Private Equity - Special Situations Index | 7.10 | 7.10 | 14.28 | N/A | N/A | N/A | 12.52 | N/A | N/A | N/A | N/A | 10.54 | |
| Difference | 0.00 | 0.00 | 0.00 | N/A | N/A | N/A | 0.00 | N/A | N/A | N/A | N/A | 0.00 | |

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Please see Supplemental Information for custom benchmark definitions.

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Private Equity Strategic Allocation



Policy Strategy Ranges

No more than 35% with any one investment manager
 No more than 25% in any one investment vehicle

Allocations may not sum up to 100% exactly due to rounding. Allocation information is by adjusted commitment as of March 31, 2018 and is provided by TMRS.

PORTLAND

CHICAGO

NEW YORK

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