



November 18, 2021

**To: Board of Trustees**

**From: David Wescoe, Executive Director**

A handwritten signature in blue ink, appearing to read "David Wescoe", is written over the printed name in the "From:" field.

**Re: Agenda Item 18: 2022 Investment Pacing Plan**

Each December, TMRS Investment staff provides the Board with a Private Market Pacing Plan. This Plan is a new format that shows projected private market asset allocations as a percentage of the total Trust Fund.

The Plan is attached and will also be available in the Diligent Resource Center, in the tab titled "Investments" in the subfolder "Investment Pacing Plans."

**ATTACHMENT:**

1 – 2022 Private Market Pacing Plan

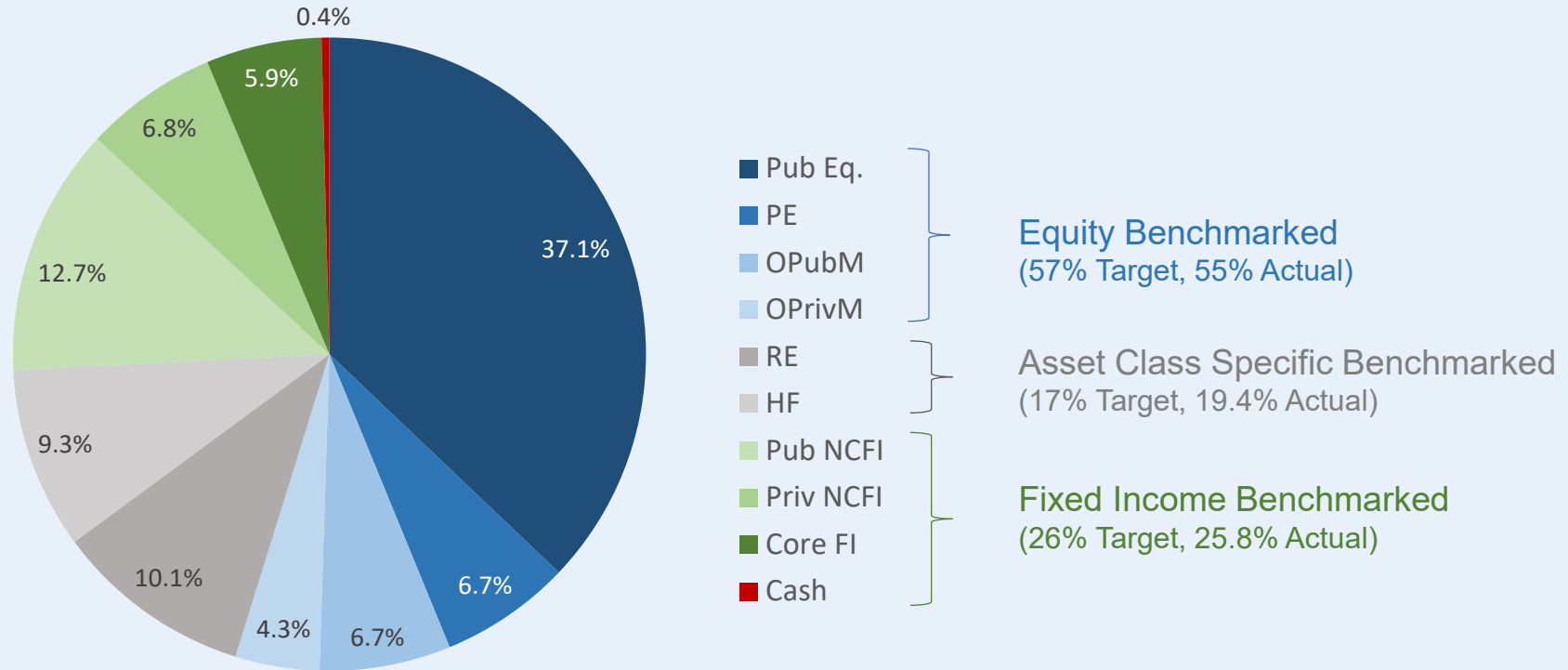


# 2022 Investment Pacing Plan

Tom Masthay

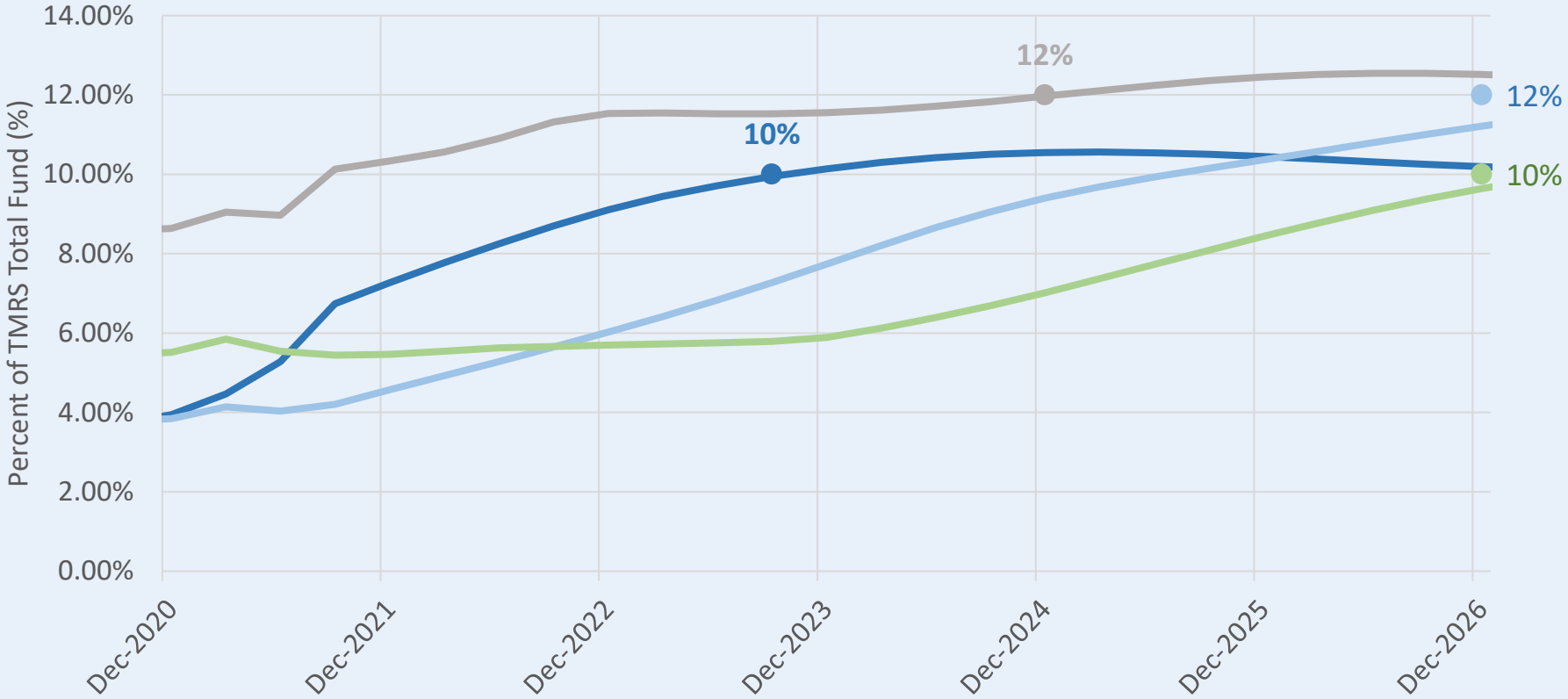
December 2, 2021

# Asset Allocation - 9/30/2021



The current asset allocation plus projected future cash flows from both investment activities and broader asset liability management considerations (i.e., member and city contributions, benefit payments) contribute to pacing model calculations.

# Private Market Pacing Plans: Q3 2021



Asset Class	Target Allocation
Private Equity	10%
Other Public & Private Markets	12%
Real Estate	10%
Non-Core Fixed Income	12% (est.)

# Proposed 2022 Pacing Plan

	2022 Modeled Commitments (\$ millions)	Anticipated Range (\$ millions)	Asset Class Pacing Notes
Private Equity	\$900	+/- \$300	<ul style="list-style-type: none"> <li>- More likely to go over model midpoint than under</li> <li>- PE is the fastest scaling private asset class</li> <li>- 3.3% shortfall of 10% target as of 9/30/21</li> </ul>
Other Private Markets* (OPPM)	\$1,500	+/- \$500	<ul style="list-style-type: none"> <li>- More likely to go under model midpoint than over</li> <li>- Smaller manager universe than private equity</li> <li>- OPPM asset class plans to move fully private</li> <li>- 7.7% private market shortfall of 12% target as of 9/30/21</li> </ul>
Real Estate	\$750	+/- \$250	<ul style="list-style-type: none"> <li>- Equally likely to go over or under model midpoint</li> <li>- Real estate pacing is flexible because of open-end funds</li> <li>- 1.9% shortfall of 12% target as of 9/30/21</li> </ul>
Private Credit** (NCFI)	\$1,250	+/- \$750	<ul style="list-style-type: none"> <li>- Equally likely to go over or under model midpoint</li> <li>- Wider range given more portfolio implementation uncertainty</li> <li>- Asset class has no explicit private market target</li> <li>- 3.2% shortfall of tentative 10% private target as of 9/30/21</li> </ul>

\*Other private markets is a subcomponent of OPPM. Other Private Markets represents 4.3% of the Trust Fund as of 9/30/21. The total OPPM asset class target is 12%.

\*\*Private Credit is a subcomponent of NCFI. Private Credit is 6.8% of the Trust fund as of 9/30/21. The total NCFI asset class target is 20%.

## **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.***

