

June 24, 2021

Texas Municipal Retirement System

Asset Class Benchmarking



Current Asset Classes and Benchmarks

Asset Class	Benchmarks
Global Equities	MSCI All Country World Investable Market Index (Net)
Core Fixed Income	Bloomberg Barclays US Aggregate Bond Index
Non-Core Fixed Income	<i>Rollup of underlying manager benchmarks</i>
Real Return	<i>Rollup of underlying manager benchmarks</i>
Real Estate	National Council of Real Estate Investment Fiduciaries Open Diversified Core Equity Index (NCREIF-ODCE)
Absolute Return	Hedge Fund Research, Inc.(HFRI) Fund of Funds Diversified Index
Private Equity	<i>Rollup of underlying manager benchmarks</i>
Cash Equivalents	30 Day US Treasury Bills

Recommended Asset Classes and Benchmarks

Asset Class (New Structure)	Benchmarks
Global Equities	NO CHANGE. MSCI All Country World Investable Market Index (Net)
Core Fixed Income	NO CHANGE. Bloomberg Barclays US Aggregate Bond Index
Non-Core Fixed Income	<i>Bloomberg Barclays US Aggregate Bond Index + 1.50%</i>
Other Public & Private Markets	<i>MSCI All Country World Investable Market Index (Net)</i>
Real Estate	NCREIF-ODCE <i>(Net)</i>
Hedge Funds	<i>HFRI Asset Weighted Composite Index</i>
Private Equity	<i>MSCI All Country World Investable Market Index (Net)</i>
Cash Equivalents	NO CHANGE. 30 Day US Treasury Bills

Asset Class Benchmarks – Additional Context

- The recommended benchmarks simplify performance measurement and create more objective comparisons.
- There may be more variation from the benchmark in the short term when comparing certain asset classes to the recommended benchmarks, but this is expected. Our recommendations represent long-term views of the portfolio structure and should be viewed and evaluated as such.
- As the TMRS Private Equity portfolio continues to move toward its long term target, RVK recommends utilizing a standard public equity benchmark. However, once the asset class is near its target, we recommend further review and likely favor adding a “premium” on top of the public equity benchmark.

Board Direction on Next Steps

Guidance on Implementation

- **Staff and RVK recommend the changes to the IPS Asset Class benchmarks be effective July 1, 2021.**

PORTLAND

BOISE

CHICAGO

NEW YORK

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