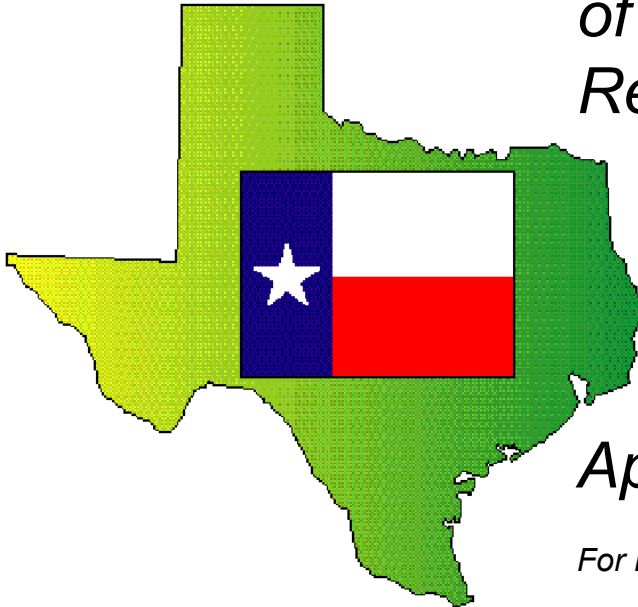


Austin, TX:
1504 San Antonio St.,
Austin, TX 78701
713-622-8018

Houston, TX:
13111 Northwest Freeway, Suite 100,
Houston, TX 77040
713-622-8018

*The Texas Association
of Public Employee
Retirement Systems*



April 2022

For Periods Ending September 30, 2021

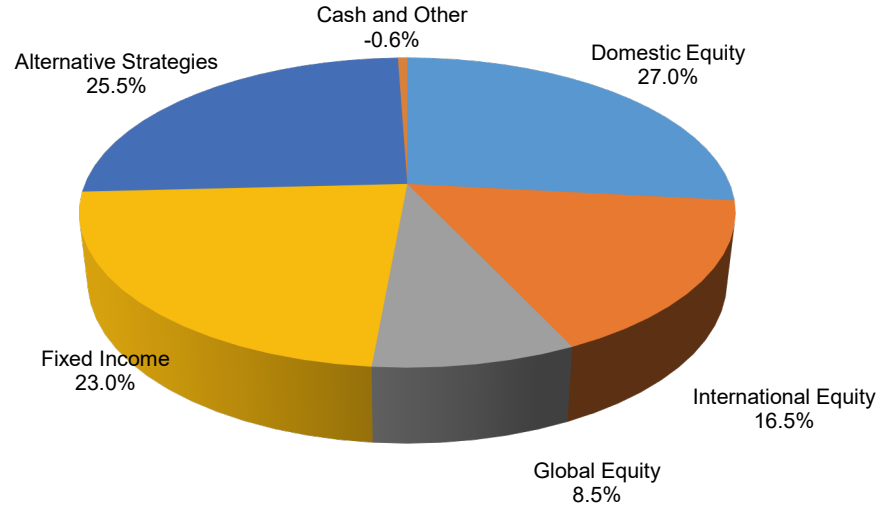
Forty participating members contributed data for the fiscal year 2021 Asset Allocation and Investment Performance of Texas Public Employee Retirement Systems, and represented approximately \$26.69 billion in total assets.

- Participating TEXPERS members' FY 2020 dollar-weighted asset allocation (for the fiscal year ending September 30, 2021) was: equities (domestic, international, and global), 52.02%; alternative strategies, 25.54%; fixed income, 23.00%; and short-term securities/cash/other, -0.56%.
- In terms of relative performance, TEXPERS members have on a weighted average basis outperformed the current average actuarial target of 7.3% over the 1, 3, 5, 10, and 20 year time horizons. The group's weighted average performance has also outperformed a global 60/40 benchmark over all time horizons (1, 3, 5, 10, 15, and 20 years).

Weighted Average TEXPERS Asset Allocation

Figure 1

Market Value \$26.69 Billion
As of September 30, 2021



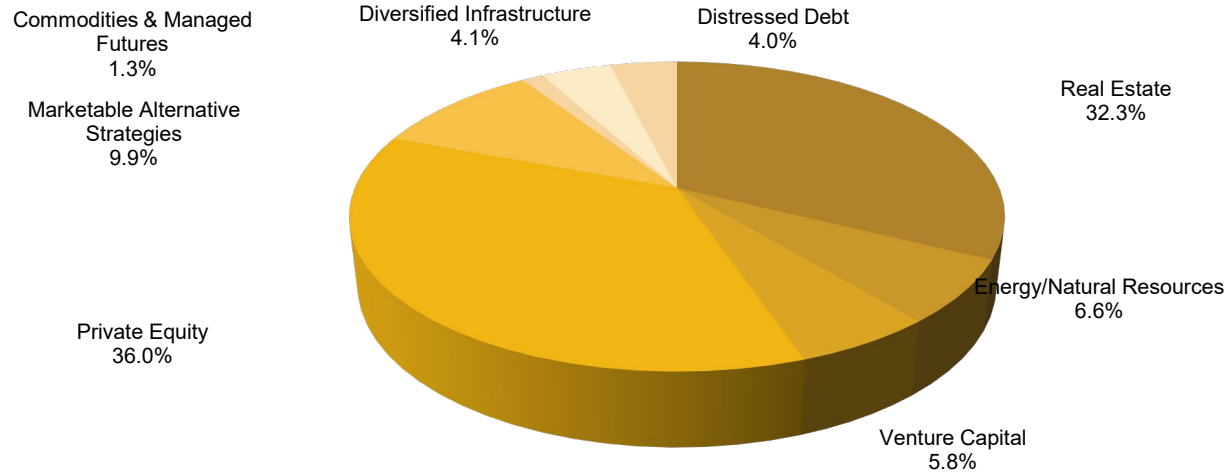
The asset allocation demonstrates that, in aggregate, the respondents have a level of diversification within the norm for public pension systems.

** Dollar-weighted means that individual responses are weighted according to size of the asset base when calculating the average results – meaning that responses from large participants have a greater impact on average results than those of smaller participants.*

Weighted Average TEXPERS Allocation to Alternatives

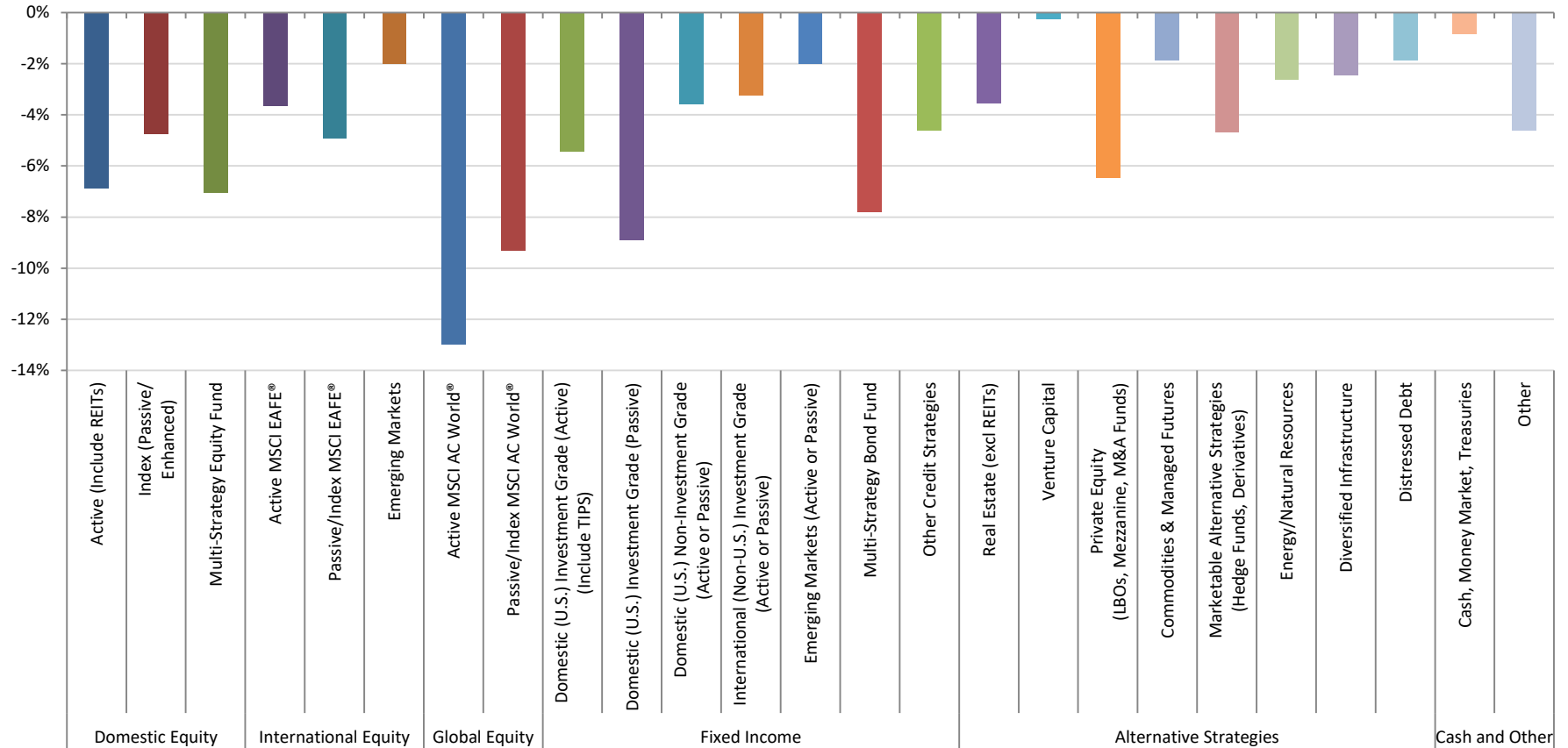
Figure 2

Alternative Strategies Breakout

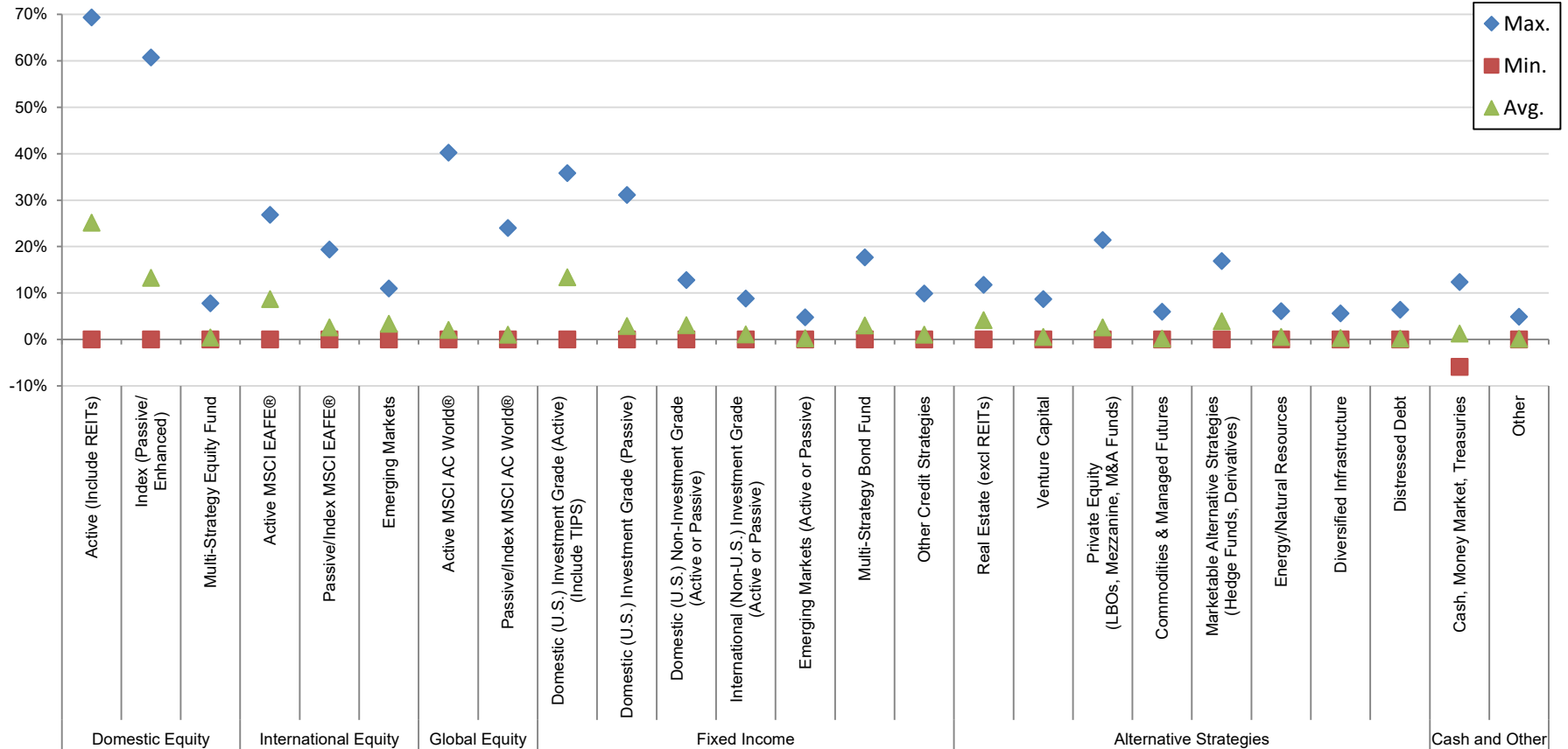


* Marketable Alternative Strategies include Hedge Funds, Absolute Return, Market Neutral, Long/Short, 130/30 Strategy, Event Driven and Derivatives

Variance of Average Asset Allocation: 2022 vs 2021



Allocation Dispersion



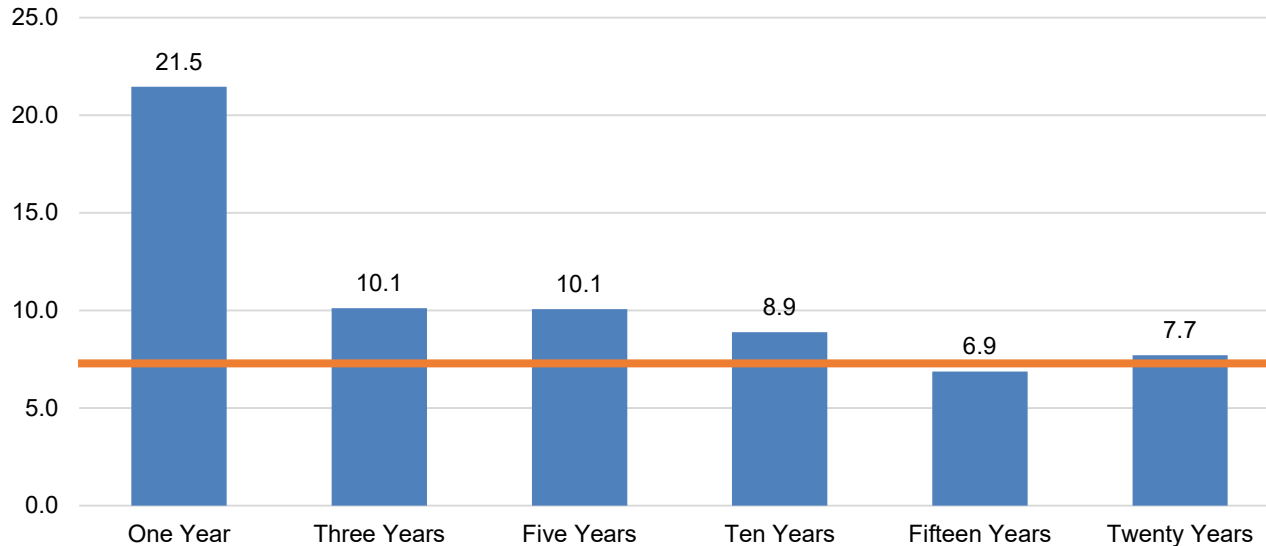
Investment Performance

Trailing Period Returns - Chart

Figure 3

Returns vs. Average Actuarial Assumption*

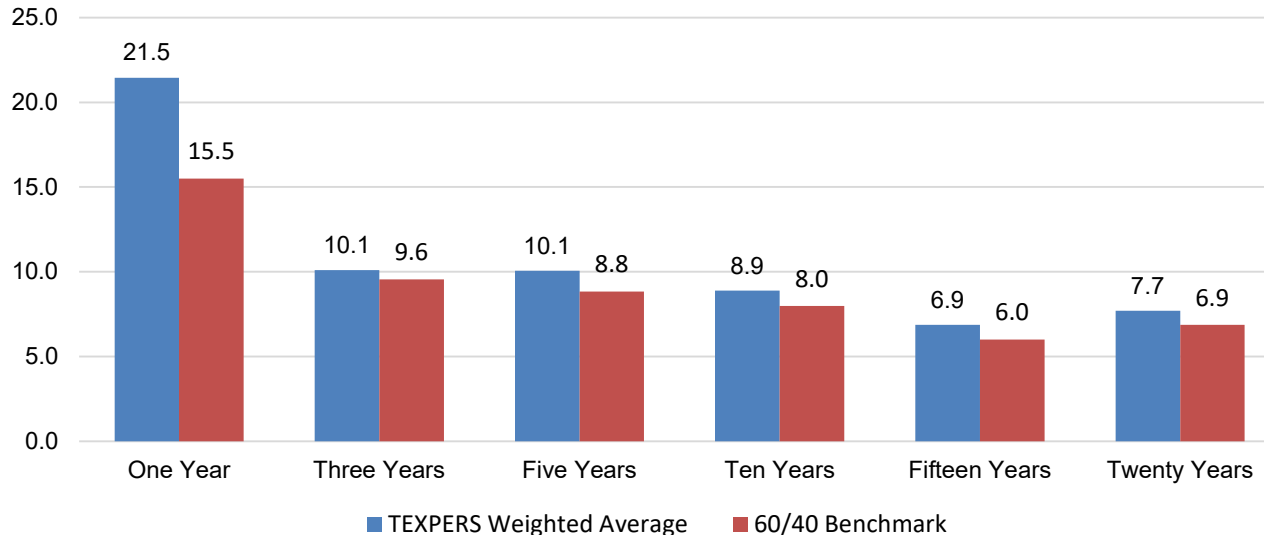
For periods ending September 30, 2021



* This year's actuarial assumption of 7.3% is the average of what was reported among participating TEXPERS members.

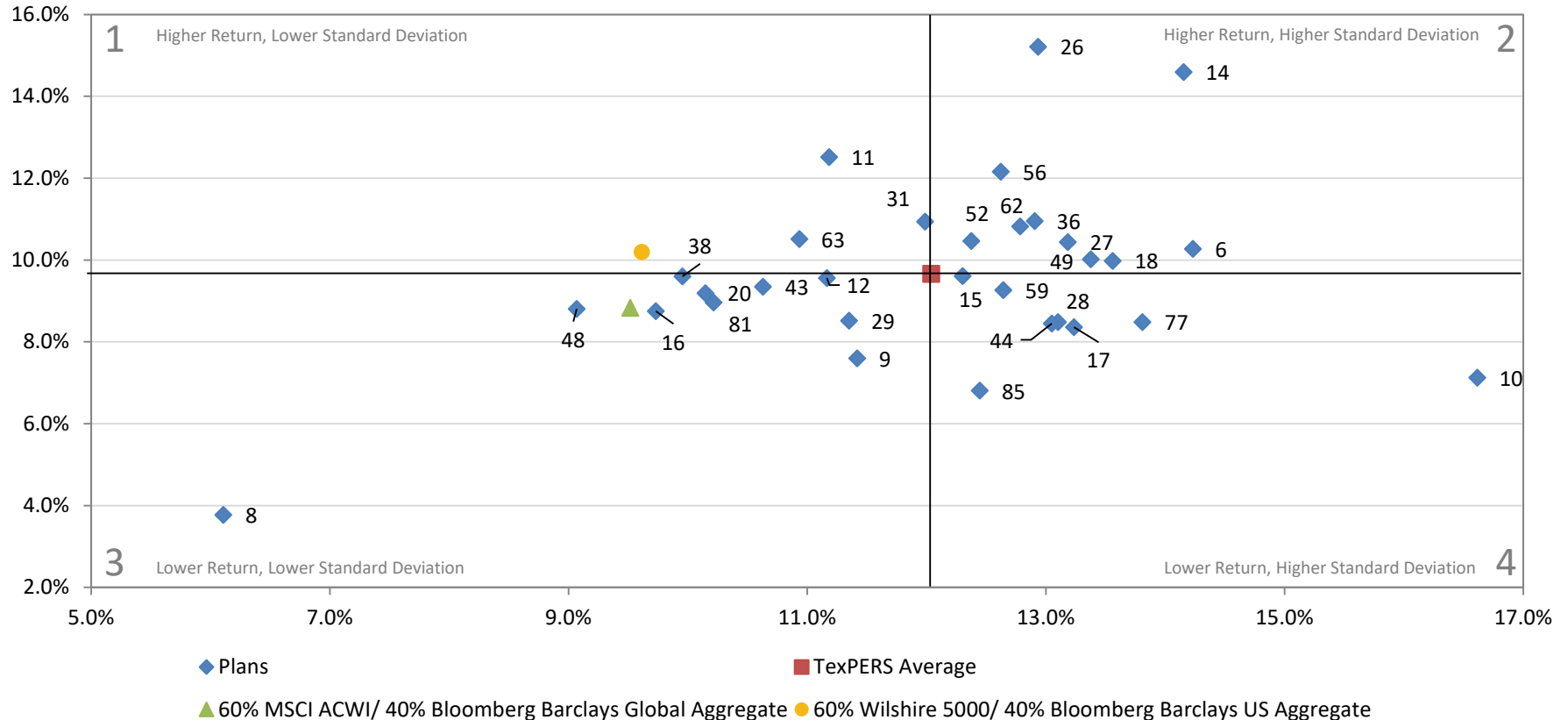
Investment Performance

Annualized Returns for the Periods Ending 9/30/2021	One Year	Three Years	Five Years	Ten Years	Fifteen Years	Twenty Years
TEXPERS Weighted Average	21.5	10.1	10.1	8.9	6.9	7.7
60/40 Benchmark	15.5	9.6	8.8	8.0	6.0	6.9

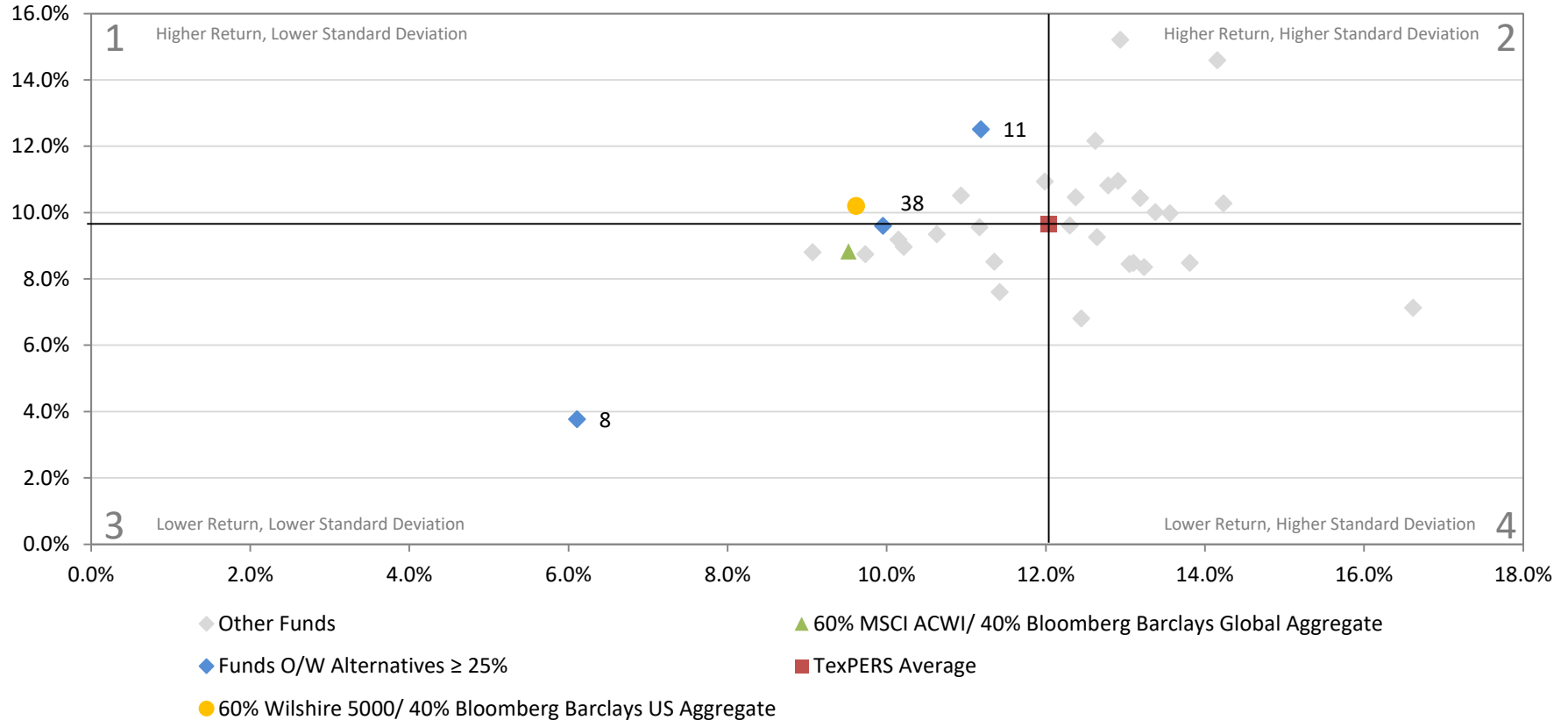


* 60% MSCI ACWI / 40% Bloomberg Barclays Global Aggregate

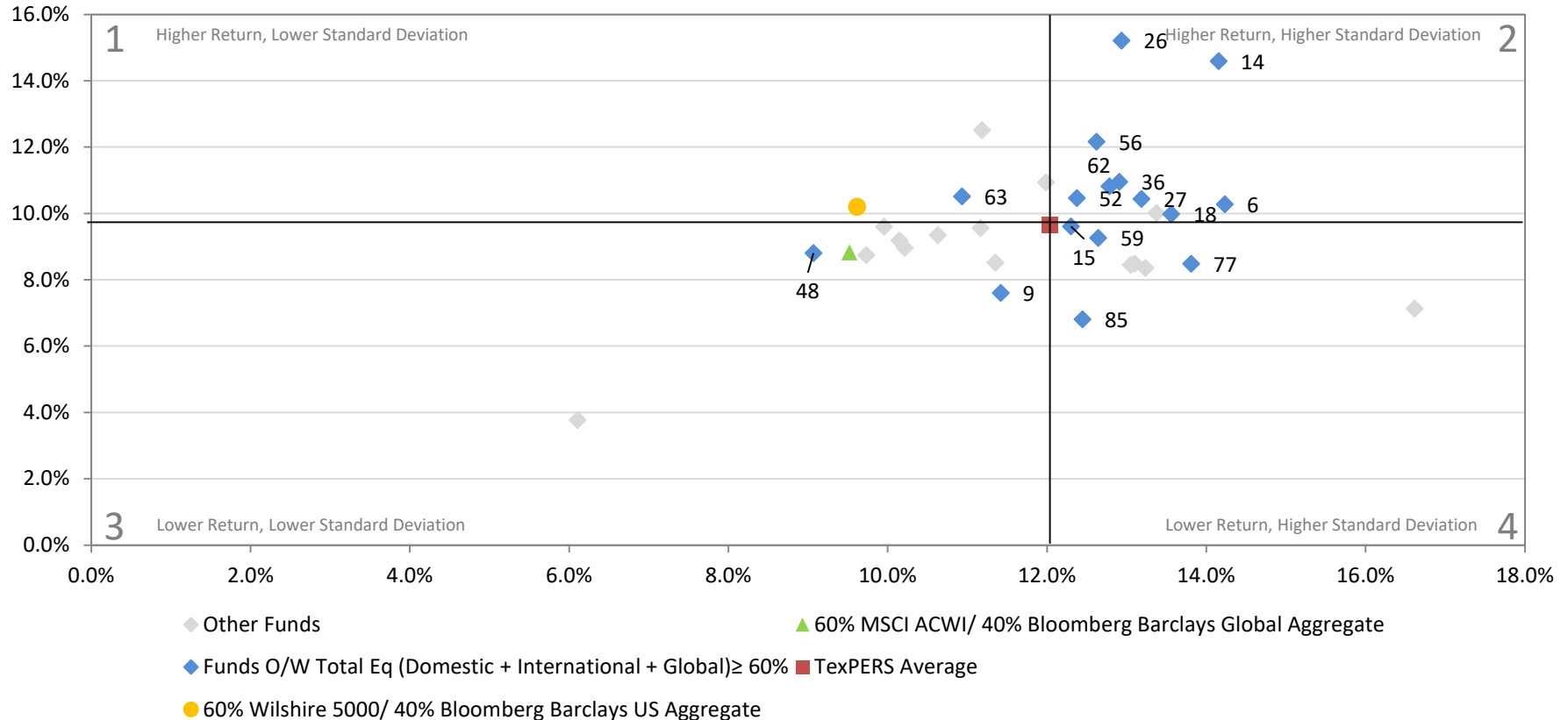
Risk vs Return: 5 Year Time Horizon



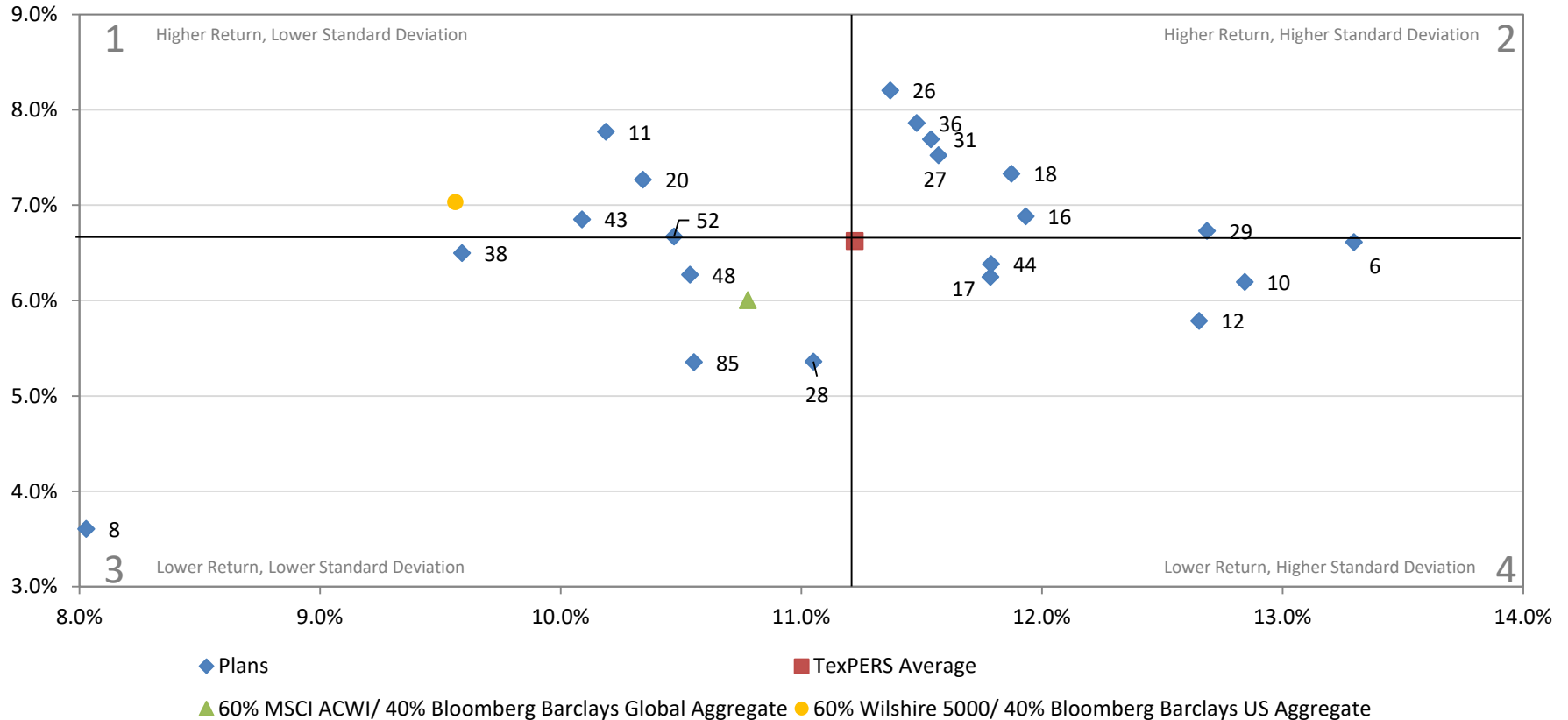
Risk vs Return: 5 Year Time Horizon



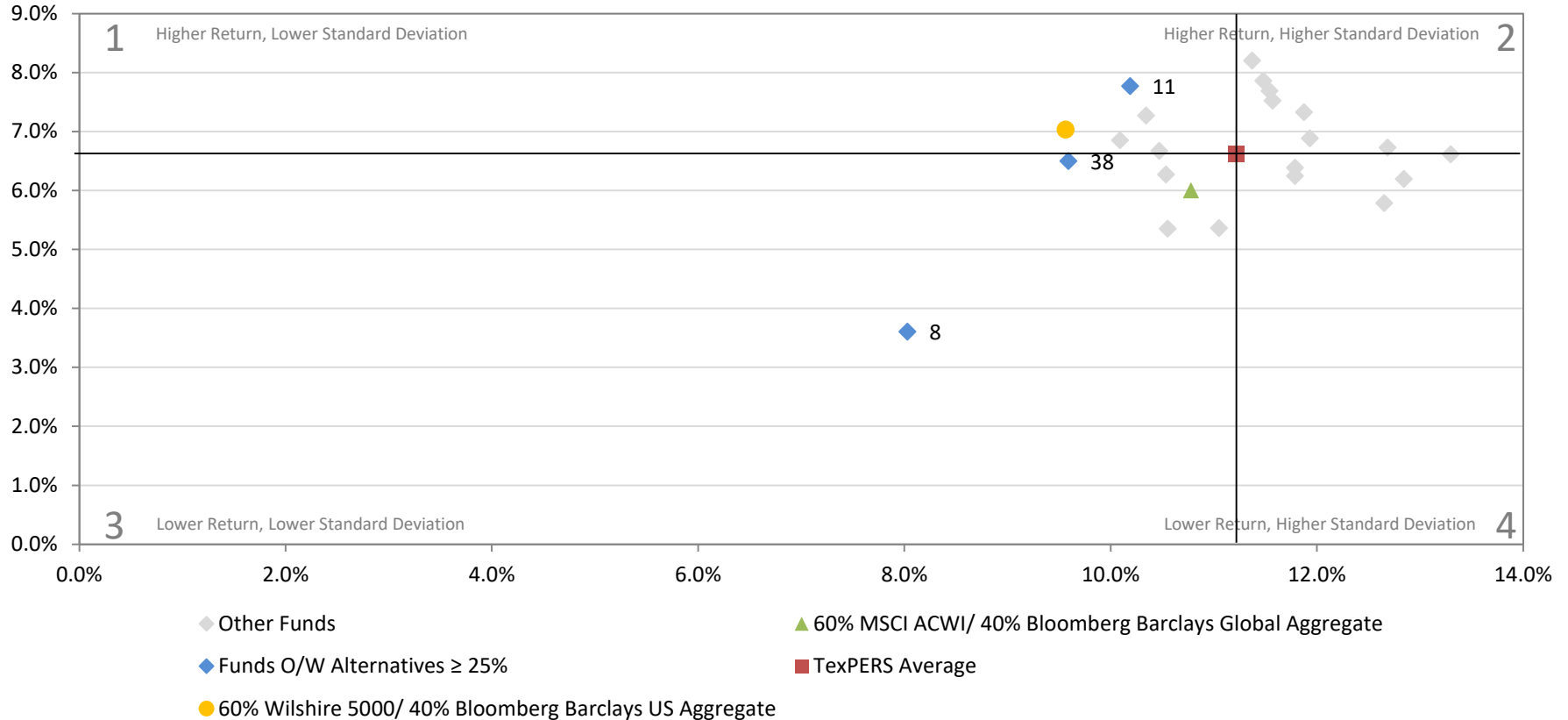
Risk vs Return: 5 Year Time Horizon



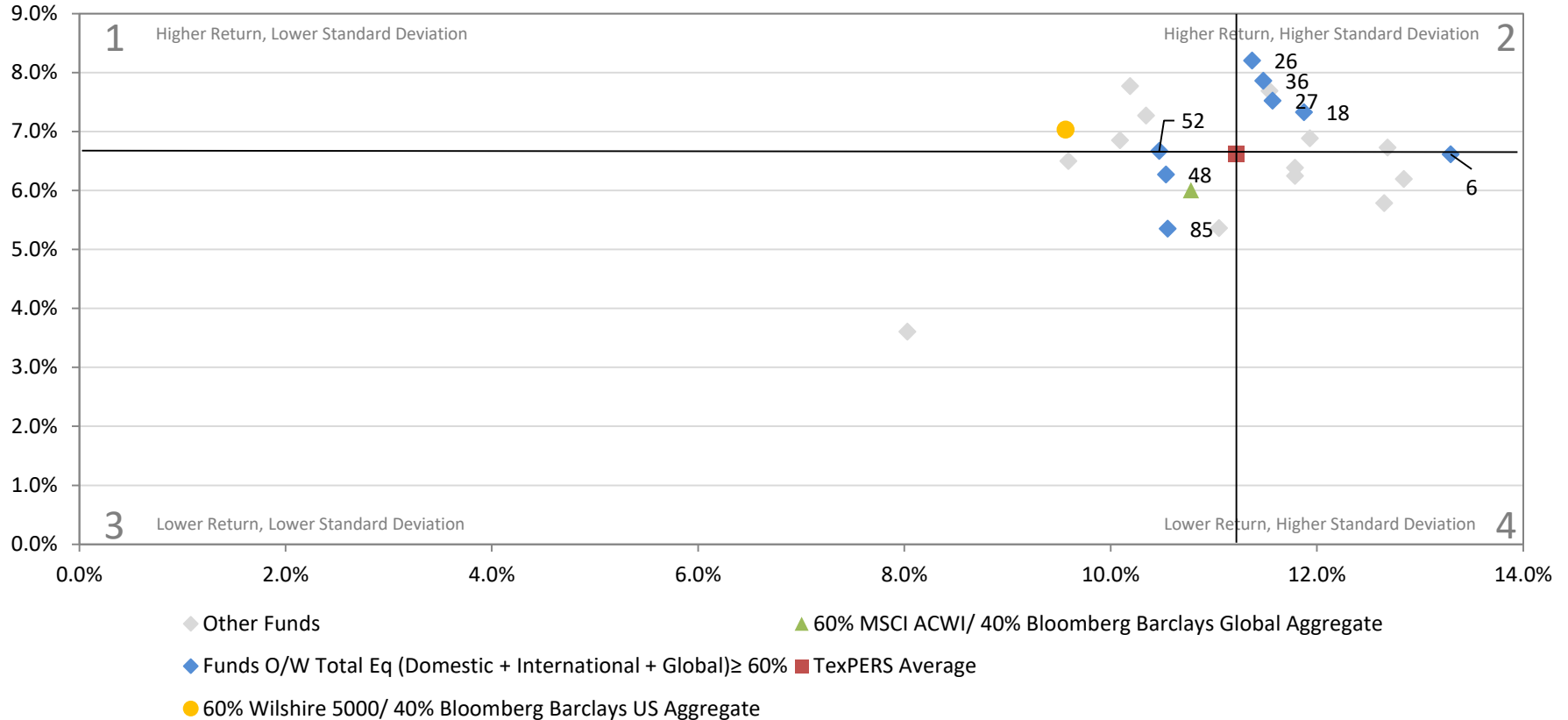
Risk vs Return: 15 Year Time Horizon



Risk vs Return: 15 Year Time Horizon



Risk vs Return: 15 Year Time Horizon



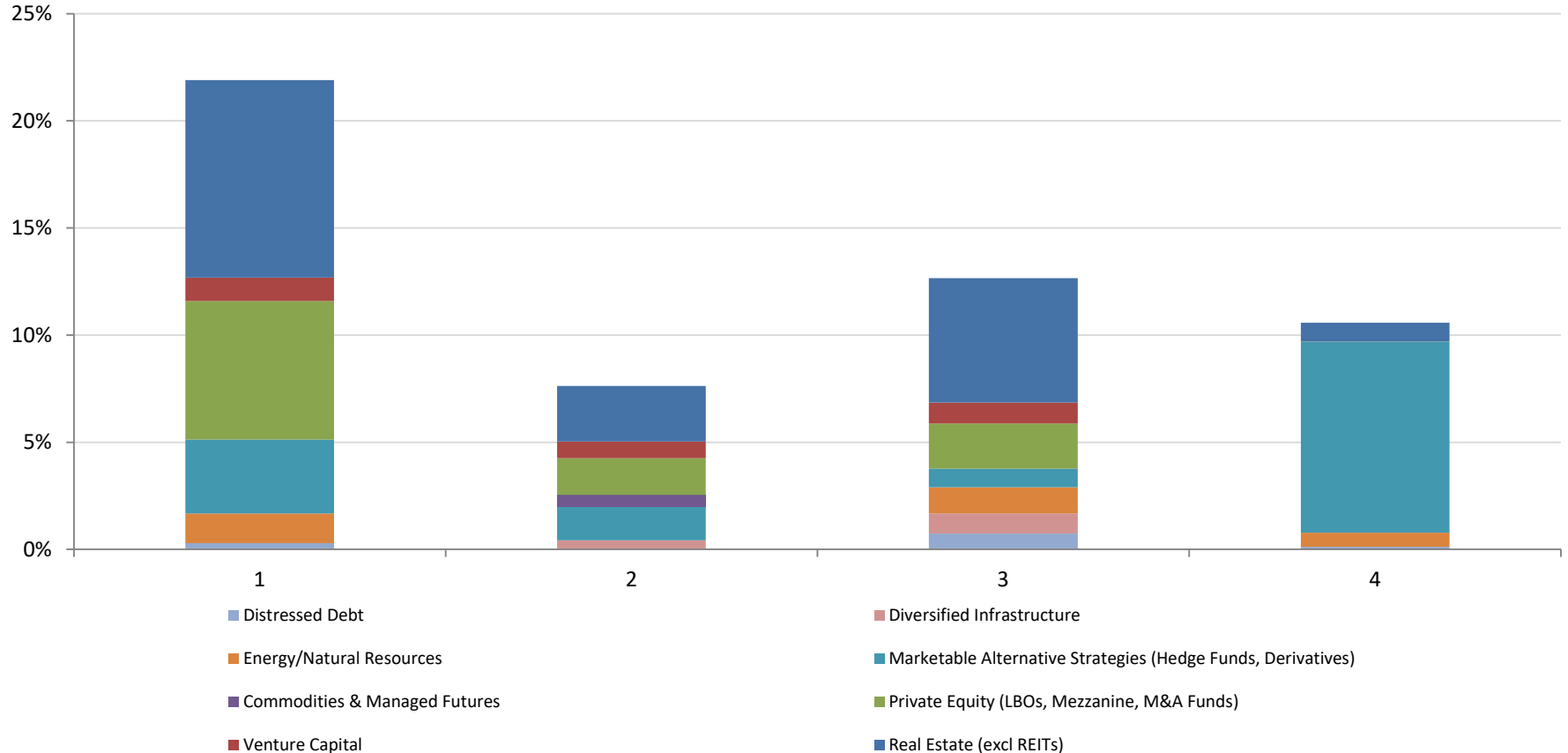
Average Asset Allocation Comparison

Asset	5 Year Quadrant			
	1	2	3	4
Domestic Equity	32.31%	49.04%	35.27%	43.02%
International Equity	11.45%	17.54%	13.97%	16.15%
Global Equity	13.40%	0.00%	6.37%	0.35%
Fixed Income	22.56%	24.73%	30.00%	26.98%
Alternative Strategies	21.90%	7.63%	12.65%	10.58%
Cash and Other	-1.62%	1.06%	1.73%	2.92%

Detailed Average Asset Allocation Comparison

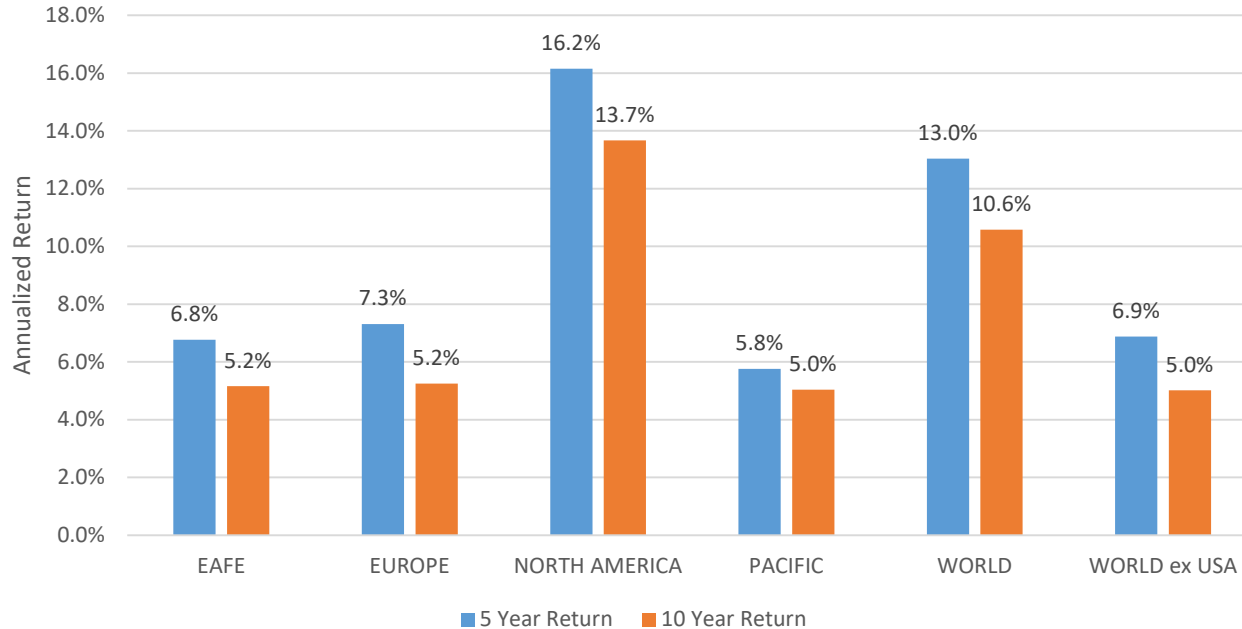
Asset	5 Year			
	1	2	3	4
Domestic Equity	32.31%	49.04%	35.27%	43.02%
International Equity	11.45%	17.54%	13.97%	16.15%
Global Equity	13.40%	0.00%	6.37%	0.35%
Fixed Income	22.56%	24.73%	30.00%	26.98%
Alternative Strategies	21.90%	7.63%	12.65%	10.58%
Real Estate (excl REITs)	9.21%	2.60%	5.80%	0.88%
Venture Capital	1.10%	0.77%	0.97%	0.00%
Private Equity (LBOs, Mezzanine, M&A Funds)	6.46%	1.71%	2.11%	0.01%
Commodities & Managed Futures	0.00%	0.55%	0.00%	0.00%
Marketable Alternative Strategies (Hedge Funds, Derivatives)	3.45%	1.57%	0.87%	8.90%
Energy/Natural Resources	1.38%	0.00%	1.23%	0.66%
Diversified Infrastructure	0.00%	0.43%	0.94%	0.00%
Distressed Debt	0.30%	0.00%	0.74%	0.13%
Cash and Other	-1.62%	1.06%	1.73%	2.92%

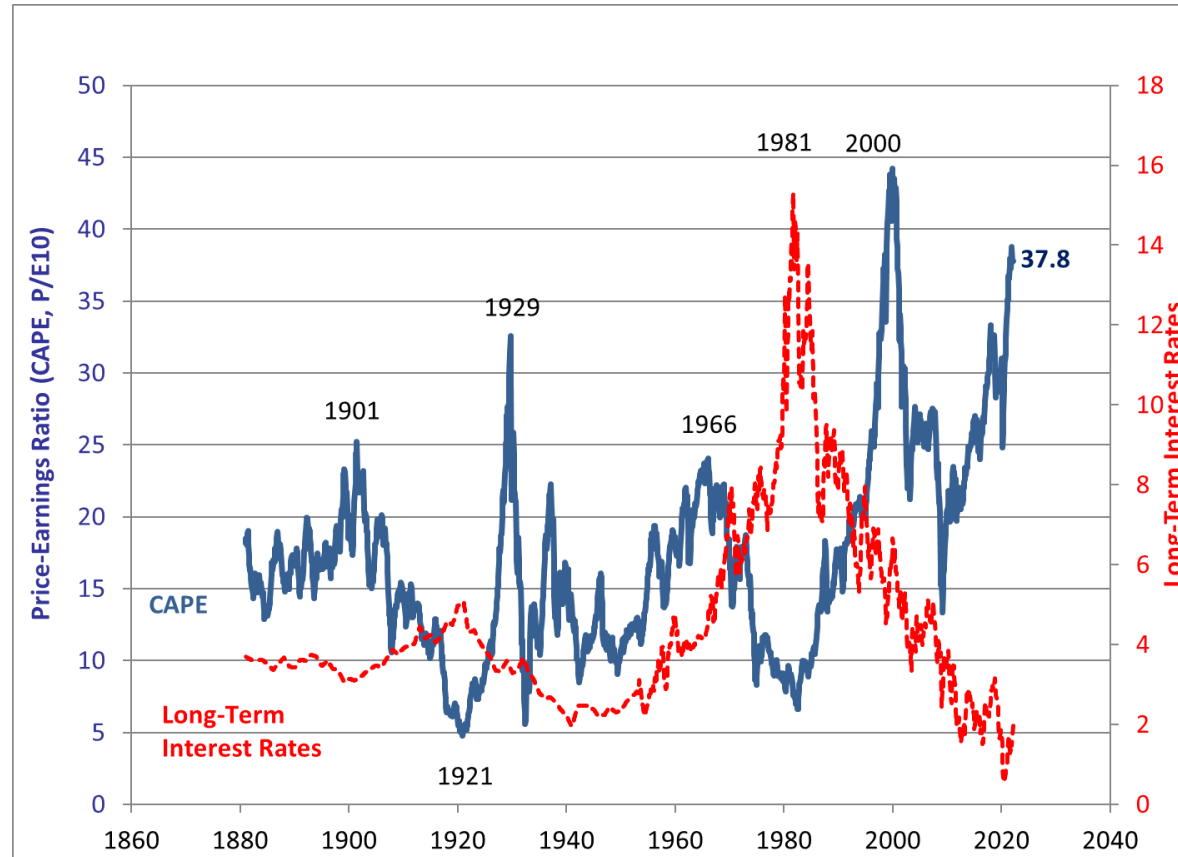
Comparison of Quadrants using Allocation to Alternatives



Comparison of Historical Regional Equity Performance

The below chart shows the relative performance of the various broad MSCI regional indices for the past 5 and 10 years, as of 12/31/2021. US centric strategies will have benefitted significantly from this regional overperformance.

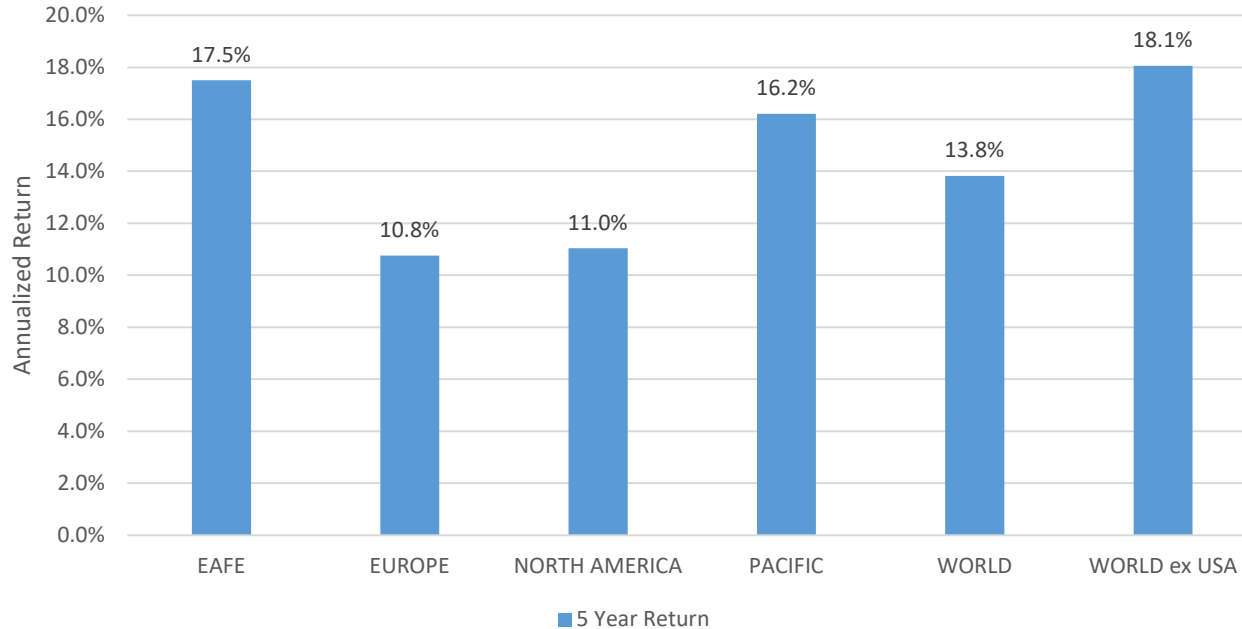




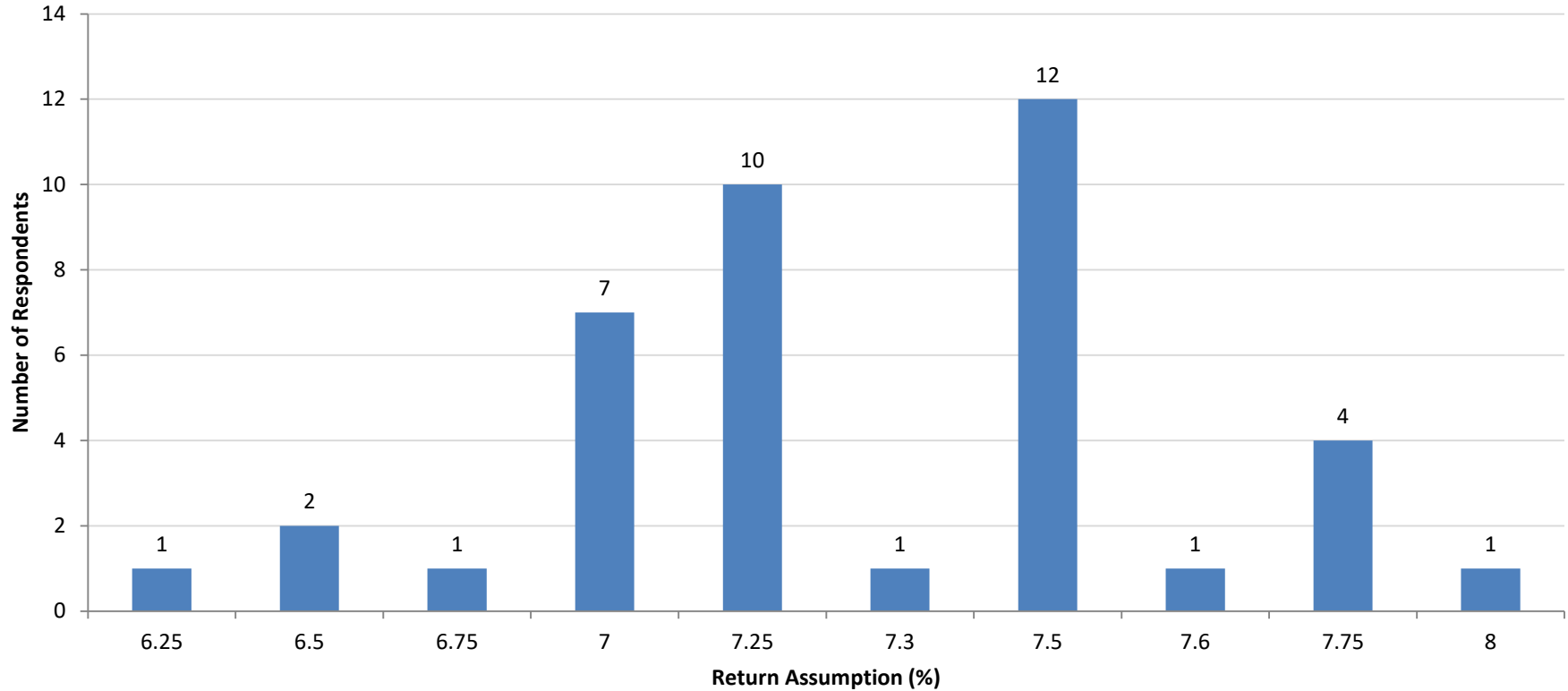
Source: <http://www.econ.yale.edu/~shiller/data.htm>

US Outperformance Has Historically Been Cyclical

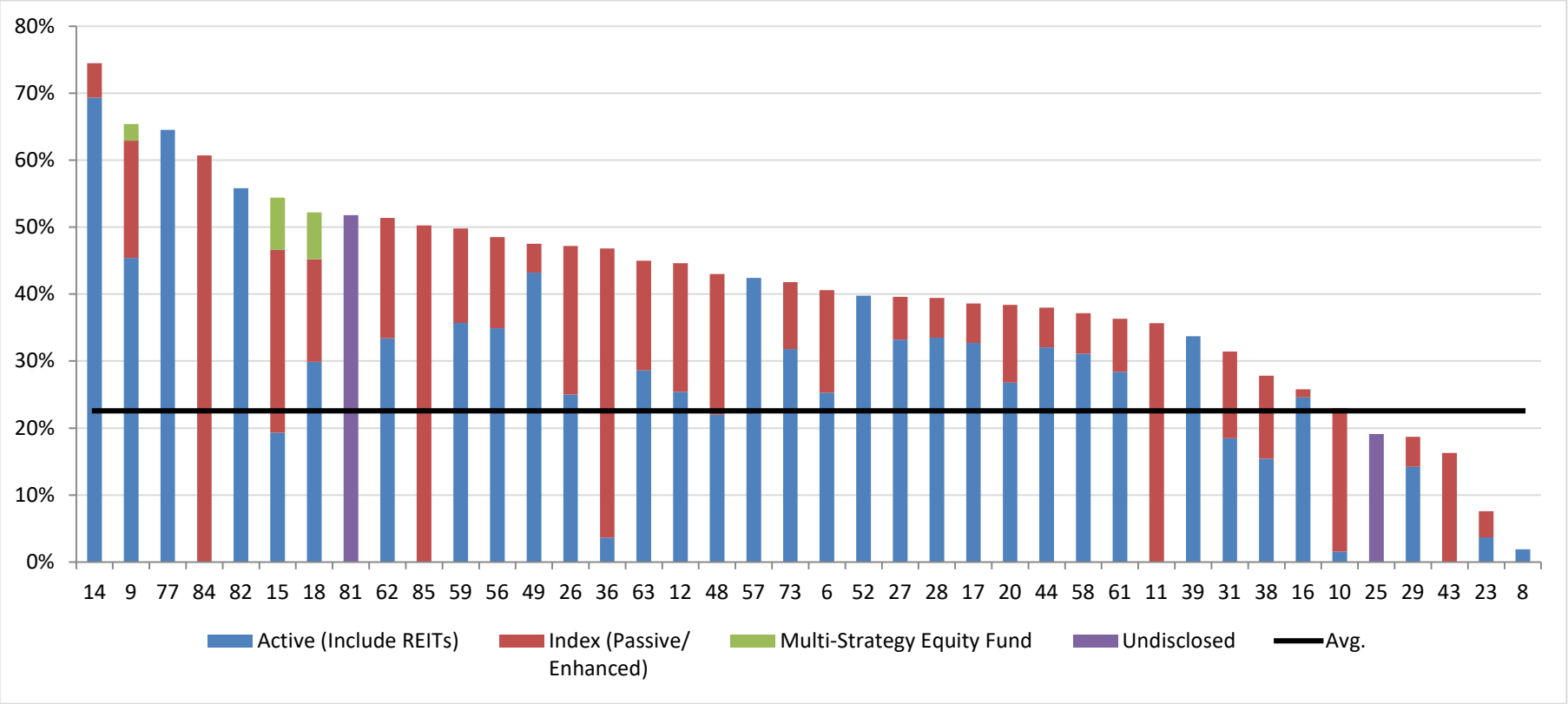
The below chart shows the relative performance of the various broad MSCI regional indices for the 5 year period ending 01/31/2008. US centric outperformance has historically been cyclical, and when it does underperform it can be significant.



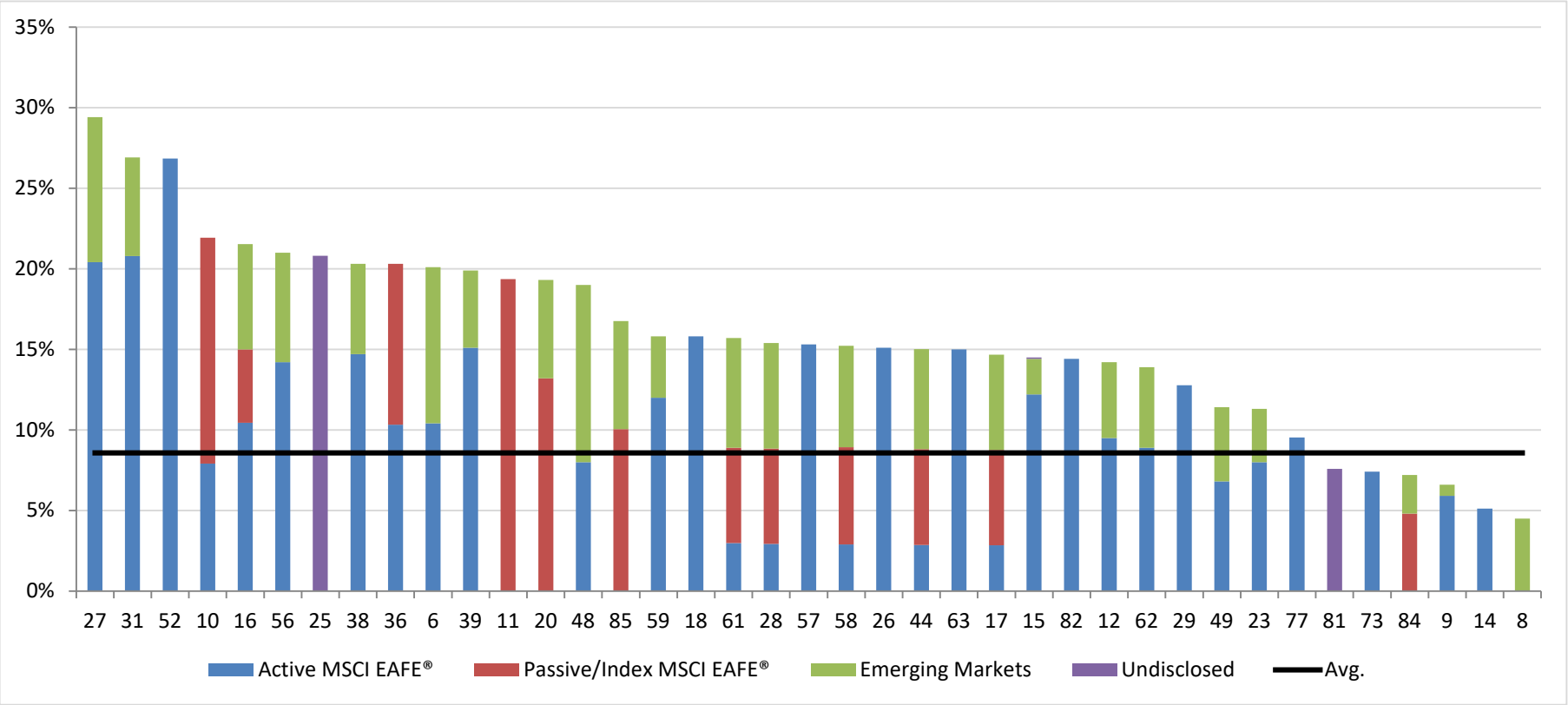
Actuarial Investment Return Assumption (%)



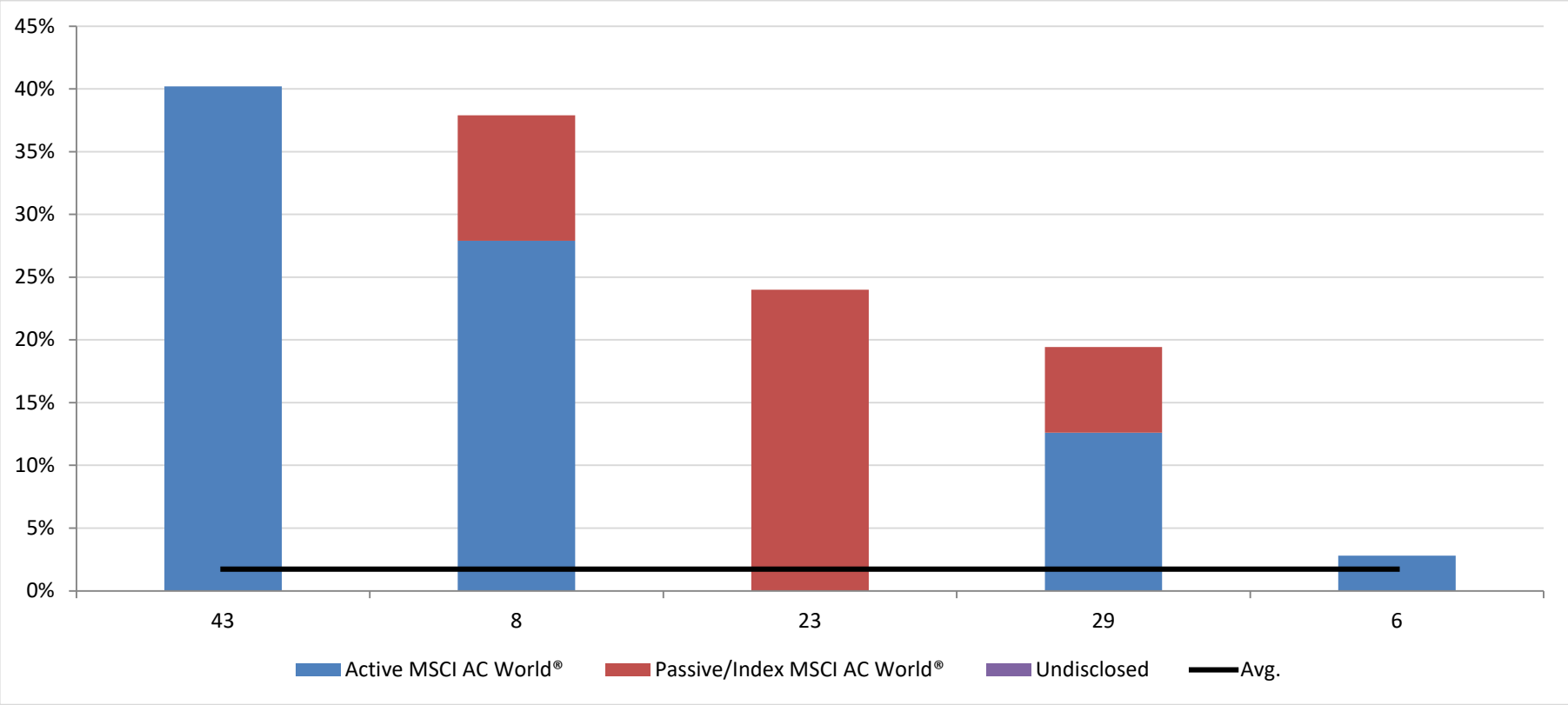
Domestic Equity



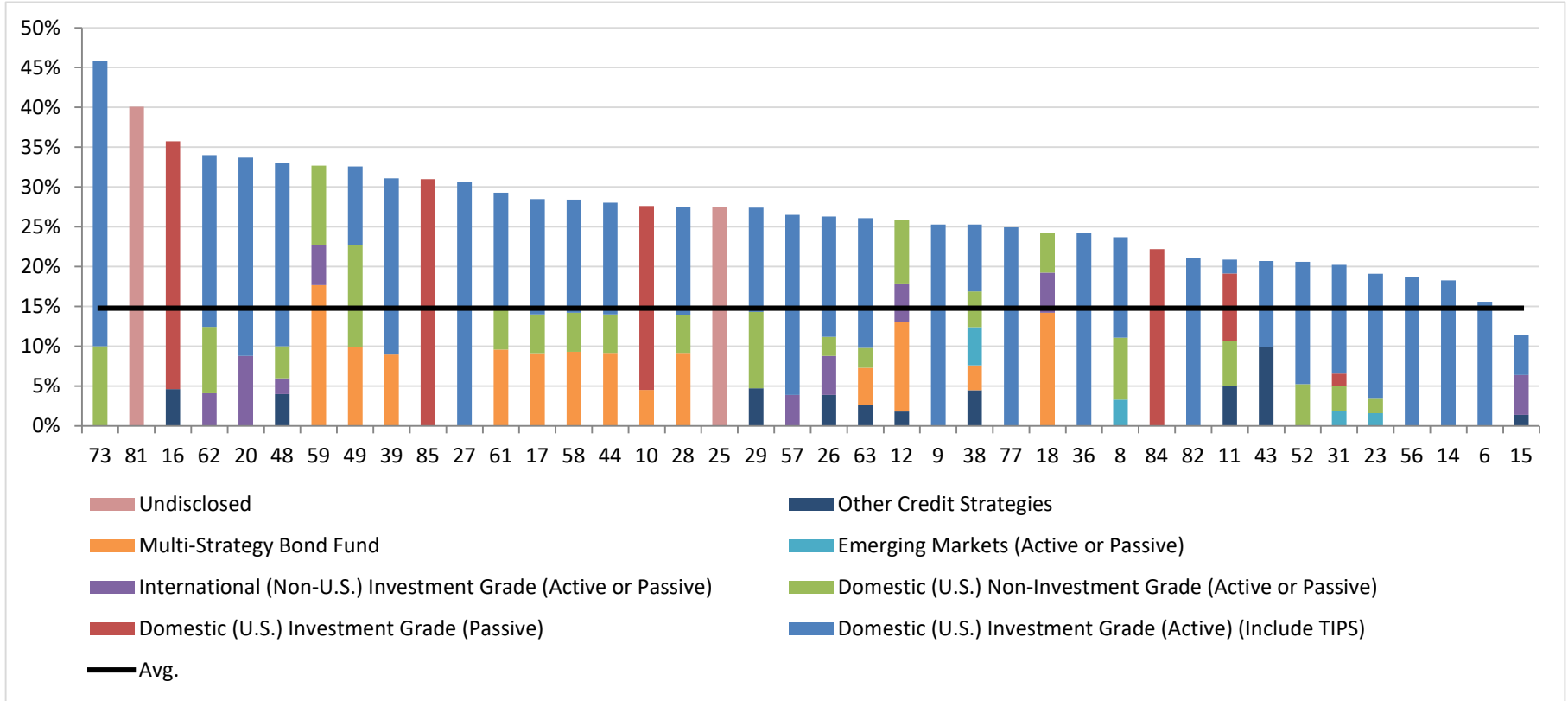
International Equity



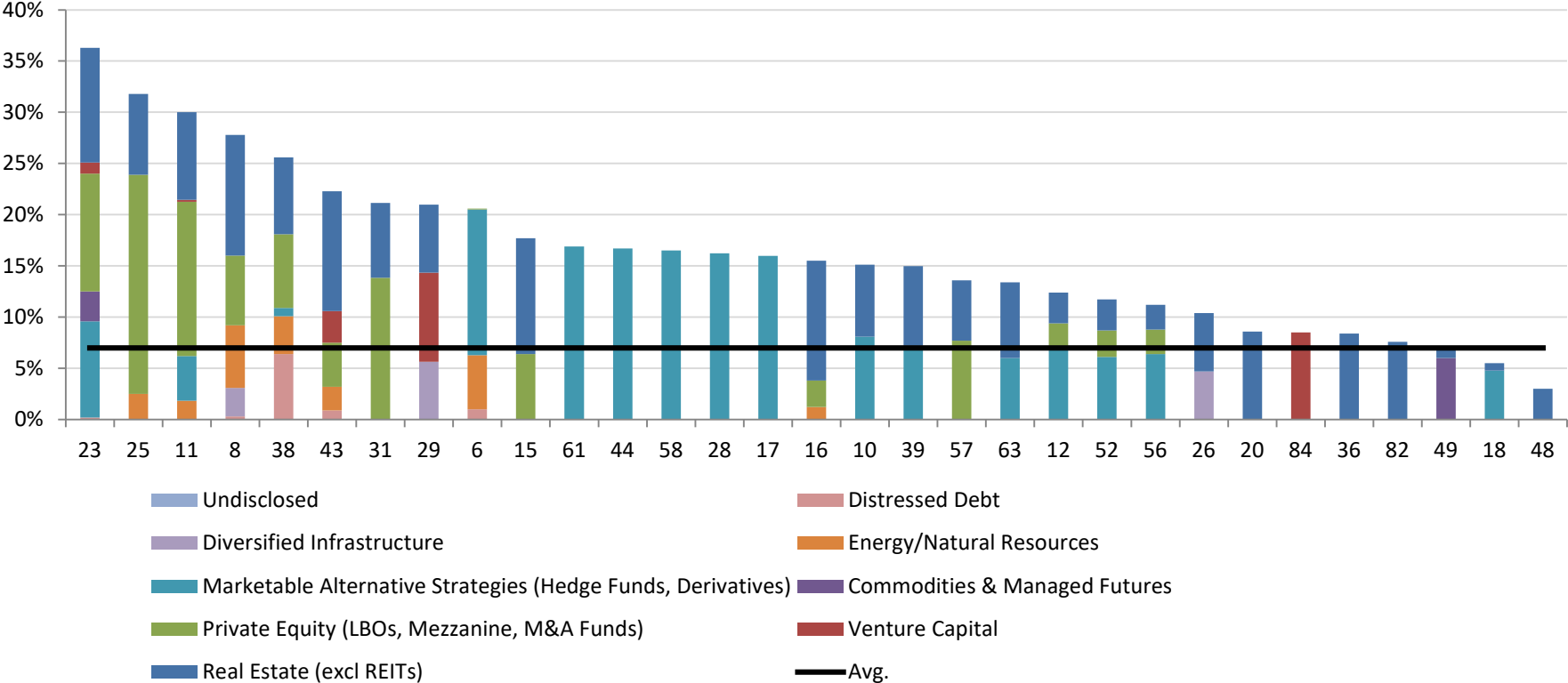
Global Equity



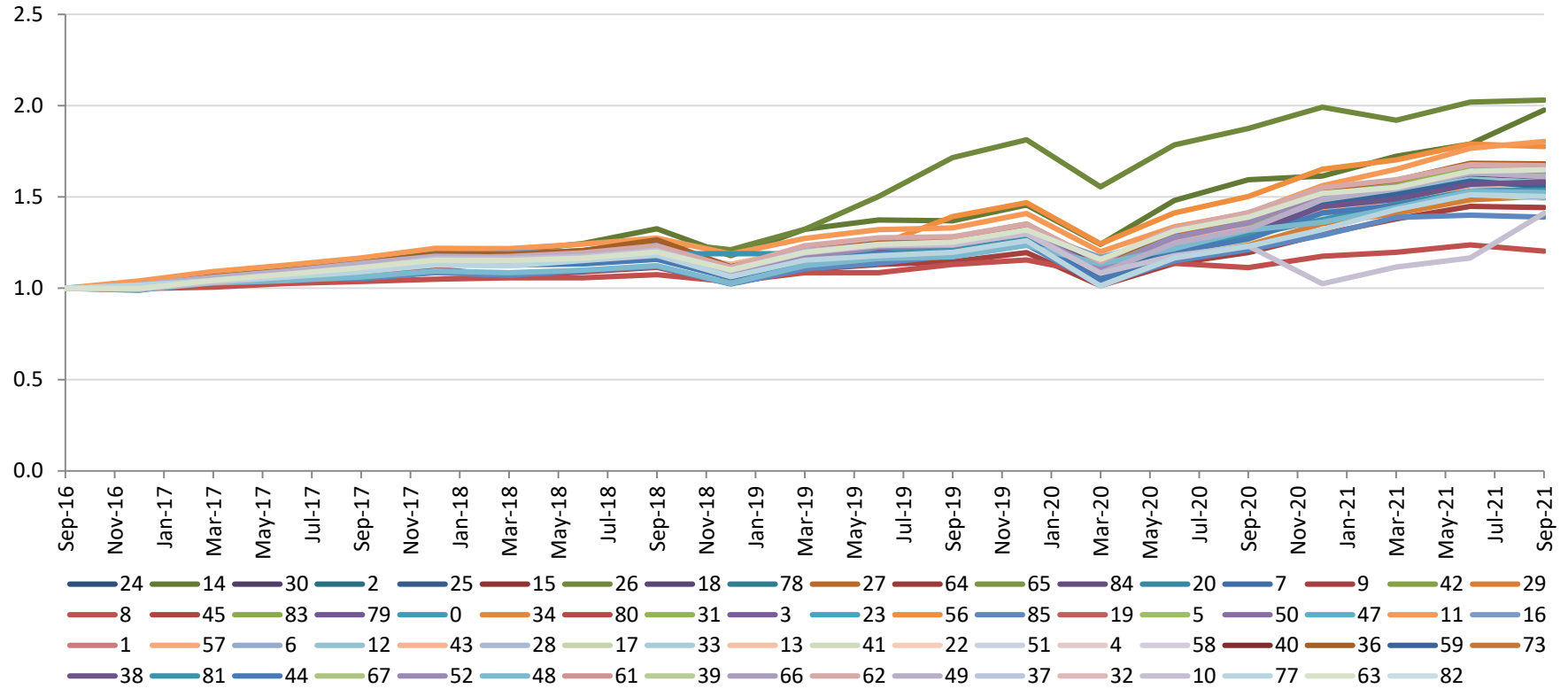
Fixed Income



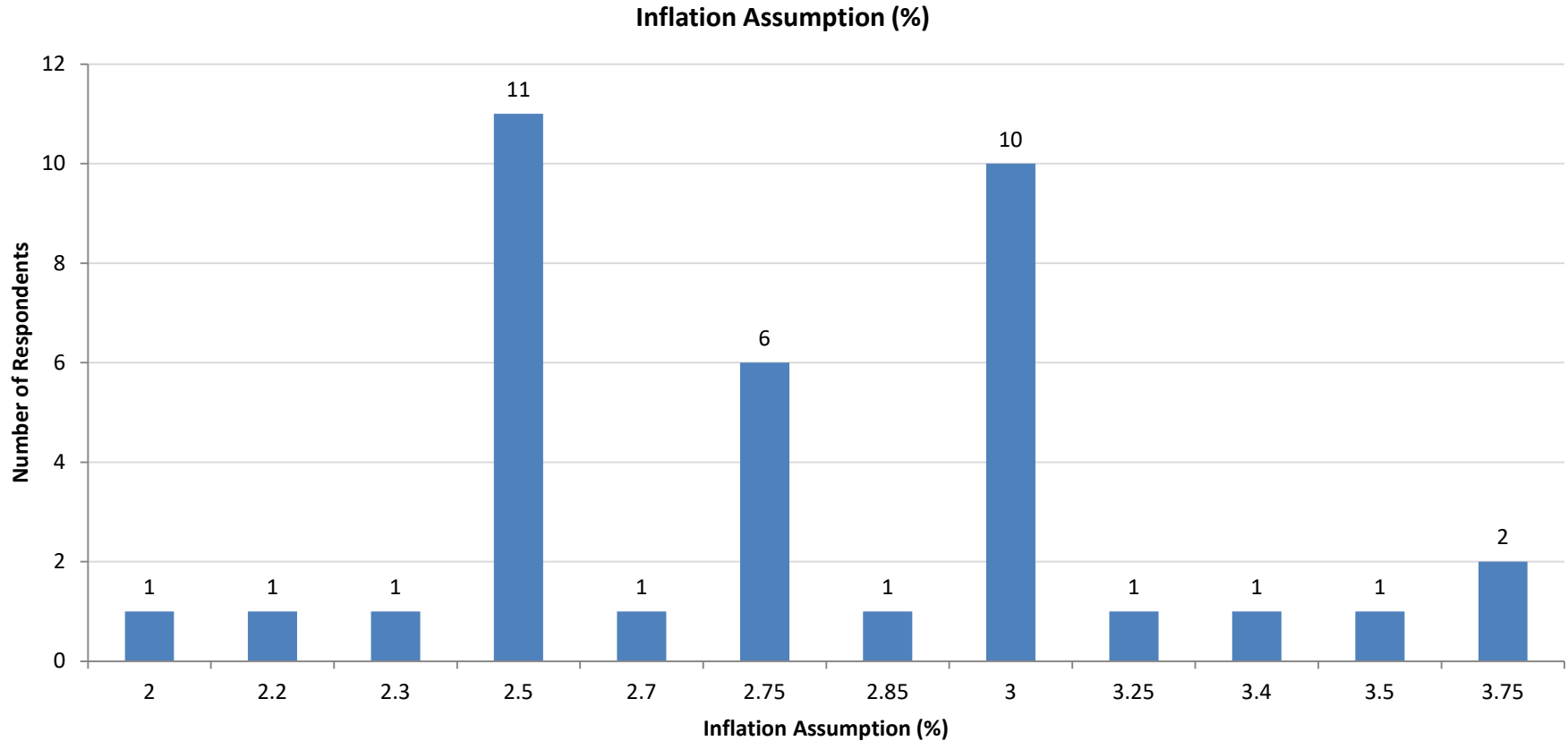
Alternative Strategies



Appendix – 5 Year Growth of \$1



* Only including funds with 5 full years of data



Number of survey participants by AUM

