MPERS
Serving those who keep us safe.

CIO INVESTMENT REPORT
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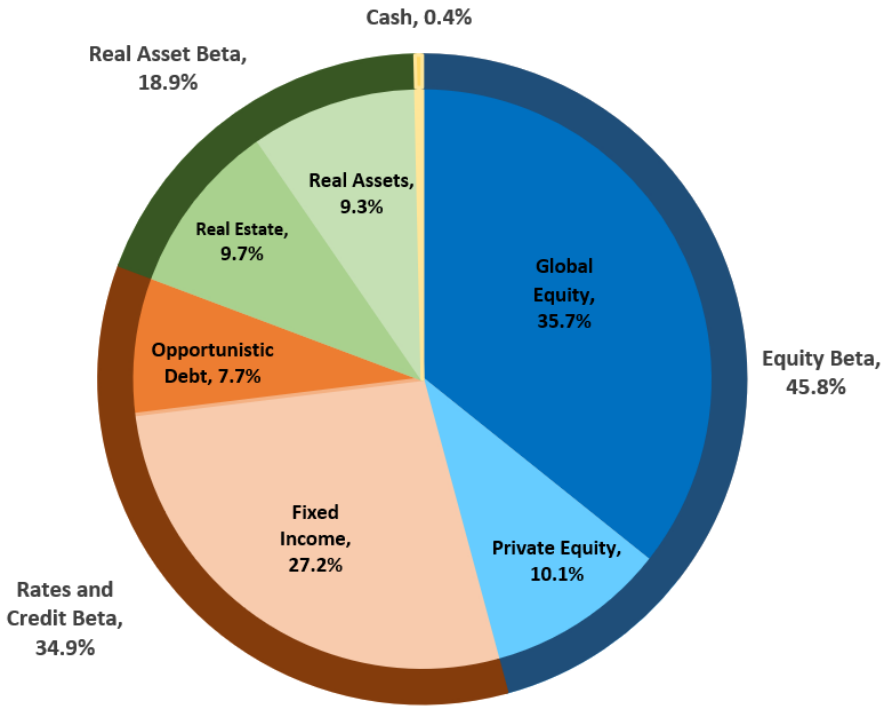
Investment Performance Report

NEPC will present MPERS' Fiscal Year 2026 investment performance report. Below is a high-level summary.

MPERS' Asset Allocation June 30, 2026
Net Asset Value $4,627,512,360



1-Year Return:	16.16%
Benchmark Return:	13.81%
Excess:	2.35%
5-Year Return:	10.91%
Benchmark Return:	7.58%
Excess:	3.33%
10-Year Return:	11.01%
Benchmark Return:	9.17%
Excess:	1.84%
20-Year Return:	8.38%
Benchmark Return:	7.49%
Excess:	0.89%

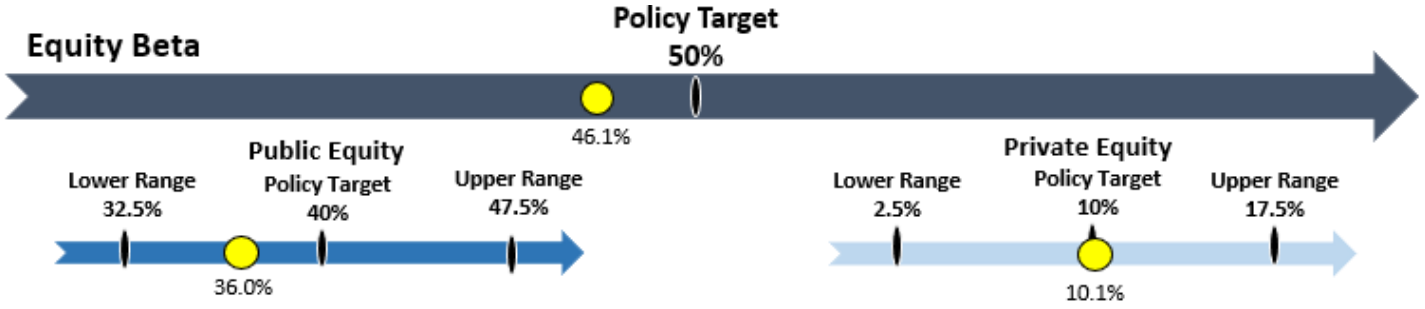
- The investment portfolio generated a 16.16% return in Fiscal Year 2026, outperforming the policy benchmark (13.81%), median public fund (15.1%), and most importantly, the actuarial assumption (6.5%). Simpler was better yet again this year, as global equities were up 23.7% - which, together with modest returns in traditional fixed income, produced a 15.7% return for a traditional 60/40 portfolio of stocks and bonds. The strong performance pushed MPERS' funded status over 80% for the first time in history and will provide further downward pressure on employer contribution rates.

- MPERS' long-term returns continue to look good across all metrics. MPERS' 5-, 10-, and 20-year returns all rank in the top 3% of the peer universe, outperforming policy benchmarks and actuarial assumptions while maintaining a very low risk profile (as measured by the standard deviation of returns).

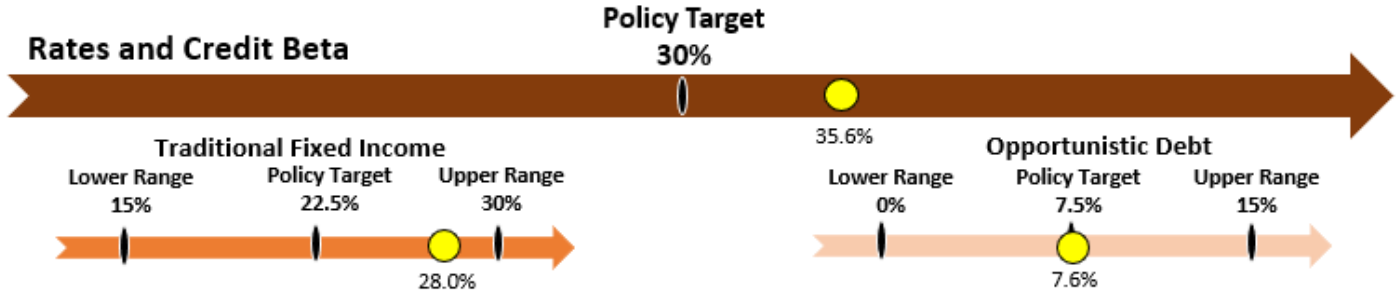
- The portfolio's current positioning is highlighted on the following page.

Current Asset Allocation and Positioning Relative to Targets

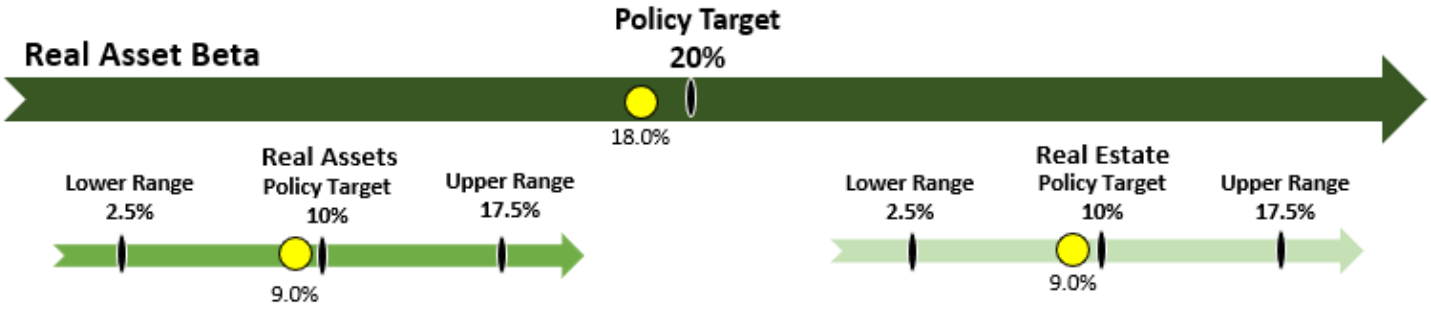
Fiscal Year 2027 is off to a shaky start, as the US-Iran conflict has driven oil prices over $100/barrel and exaggerated fears of higher long-term inflation and interest rates. The current asset allocations relative to policy targets are shown below, along with additional comments behind that positioning. As of September 7, 2026, each allocation is within the permissible ranges established in MPERS' *Investment Policy*, and total fund leverage stands at 7.0% of assets.



Global equities have essentially traded sideways over the past three months, balancing strong earnings reports against US-Iran conflicts and lingering inflation concerns. Staff continues to maintain an underweight position in public equity markets, anticipating better entry points in the future. The private equity allocation performed well again in Fiscal Year 2026 but continues to struggle with the challenging S&P +3% benchmark.



The underweight to equities is offset by an overweight position in traditional fixed income, as we continue to see opportunities to simplify and de-risk the investment portfolio. The long-duration segment of the fixed income portfolio (internally managed) now has over $1.1 billion in assets, with an average yield of 5.7%. The 28% allocation to traditional fixed income is the highest it's been in over 20 years, as we take advantage of this higher-yield environment.



Real estate returns stabilized and turned positive in Fiscal Year 2026, and we expect returns to further improve in the coming years given the higher interest rate environment. The agriculture/timber portfolio continues to be the star of the real assets portfolio and was up another 25% over the past year. We continue to expand upon that niche and have several new deals in the pipeline.