

PLANNING
RETIREMENT
TOGETHER FOR

70
YEARS



Advanced Practices of Managing MERS Investments

Roles and Responsibilities

- 3 Board members
- Monitors risk/ asset allocation
- Provides portfolio oversight

**Investment
Committee**

- Decision making body consisting of CIO and Investment Officers
- Determines tactical shifts to the portfolio

**Portfolio
Review
Committee**

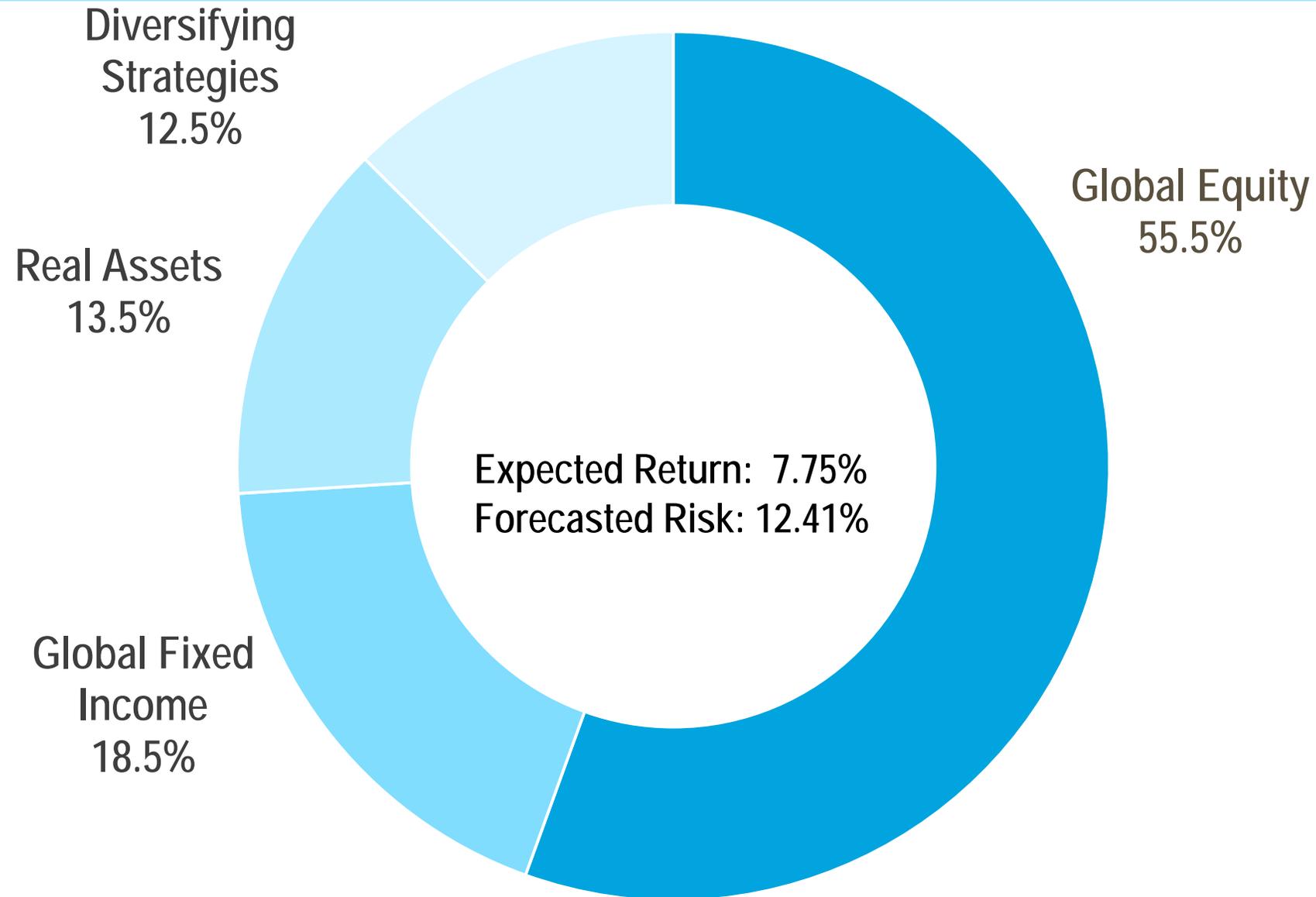
- Reviews investment regulatory risk
- Promotes cross office discussion

**Investment
Management
Risk and
Compliance
Committee**

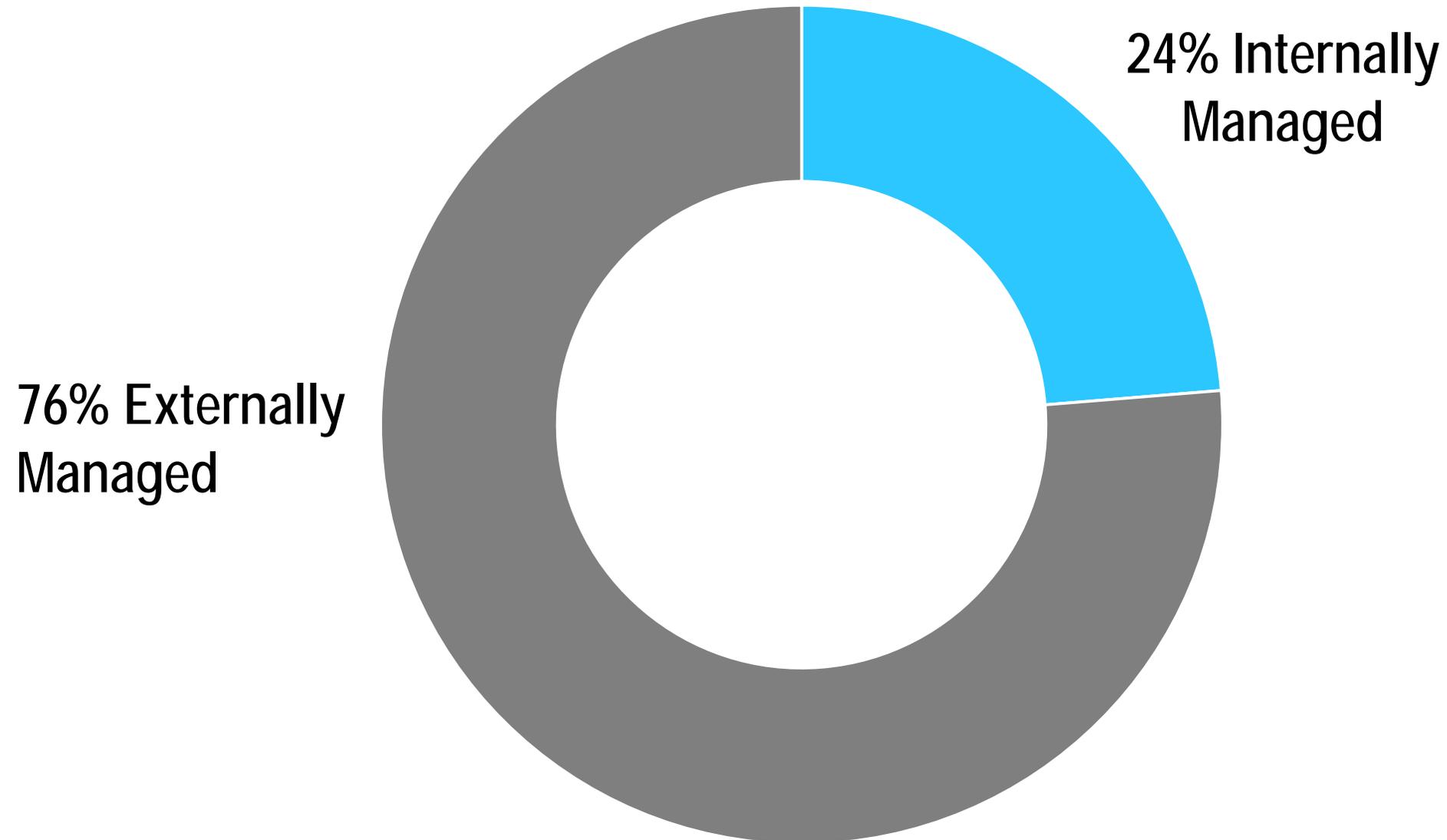
- Facilitates investment activity on behalf of fund
- Develops asset allocation strategies for Board approval
- Manages internal assets and external investment managers

**Office of
Investments**

2016 Asset Allocation



2016 Asset Allocation



Value Added through Internal Asset Management

8 Strategies

\$2.14 Billion in AUM

**Total Value
Added
\$15,570,996**

Annual Cost Savings

\$3,073,667

Investment Earnings

\$12,497,329

Global Agriculture Investments



GRAPES



ALMONDS



AVOCADO



Global Real Estate Investments

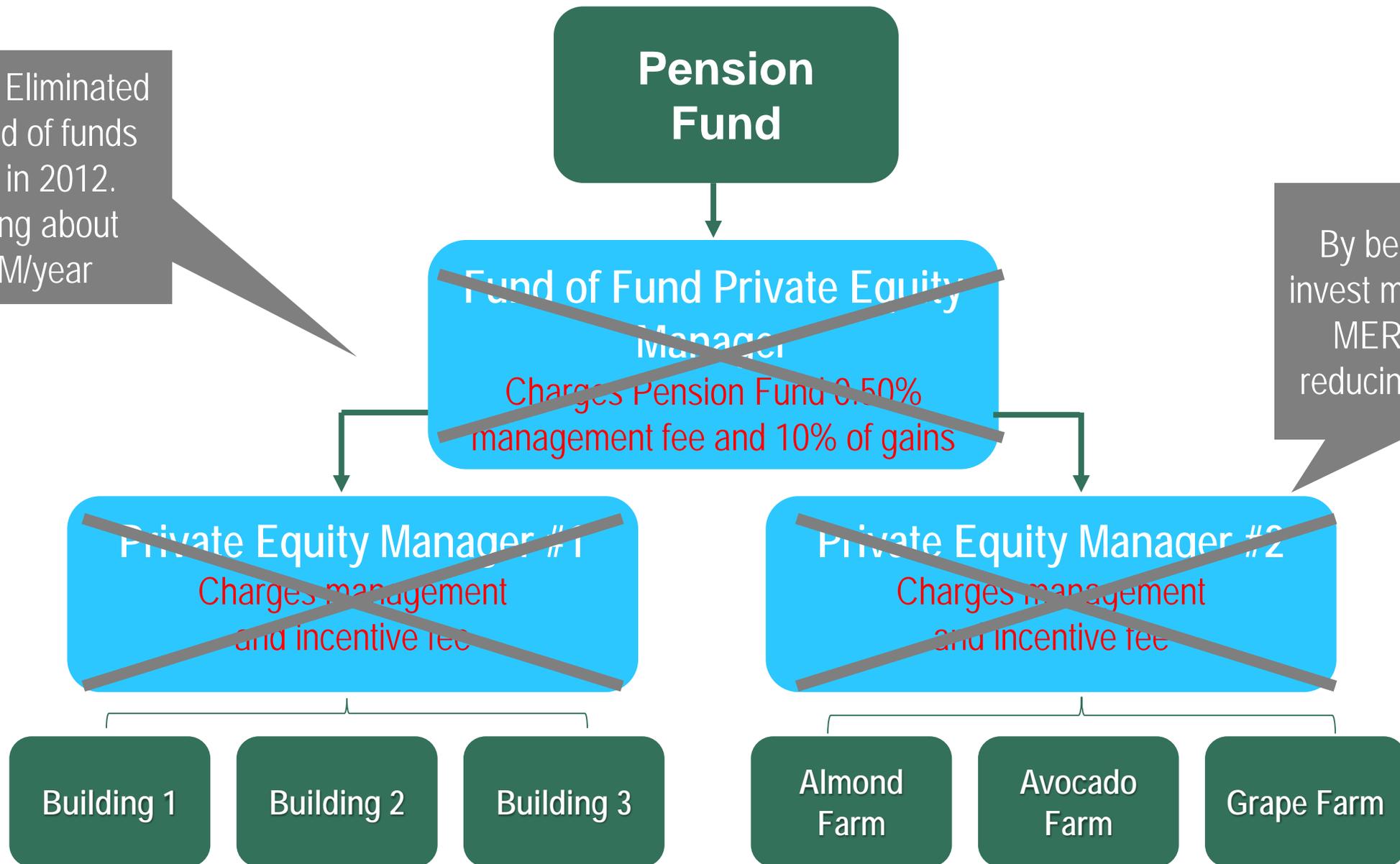


Global Commodity and Energy Investments



Alternative Investments Structure

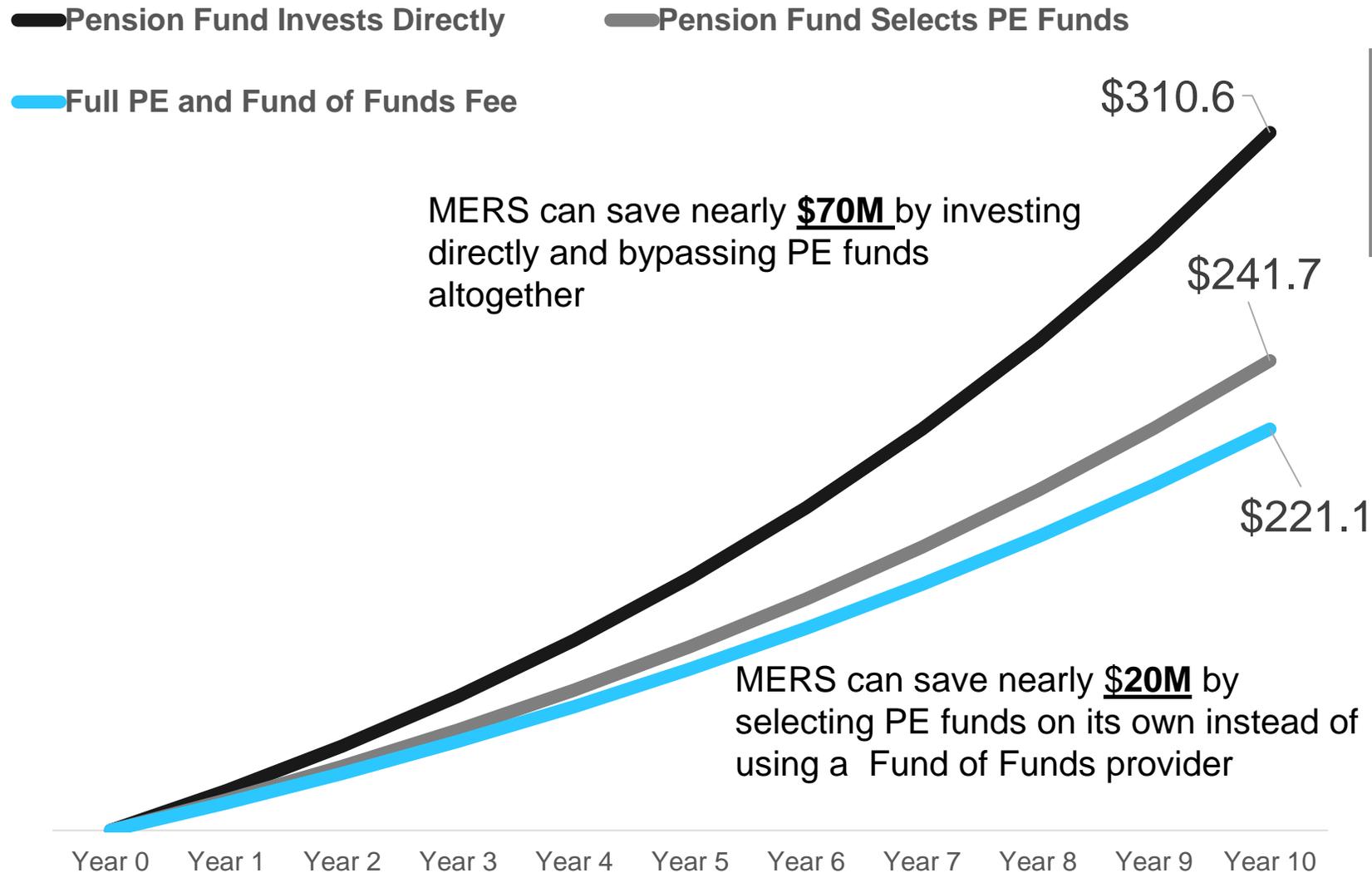
MERS Eliminated its fund of funds fees in 2012. Saving about \$2M/year



By beginning to invest more directly, MERS is also reducing this layer

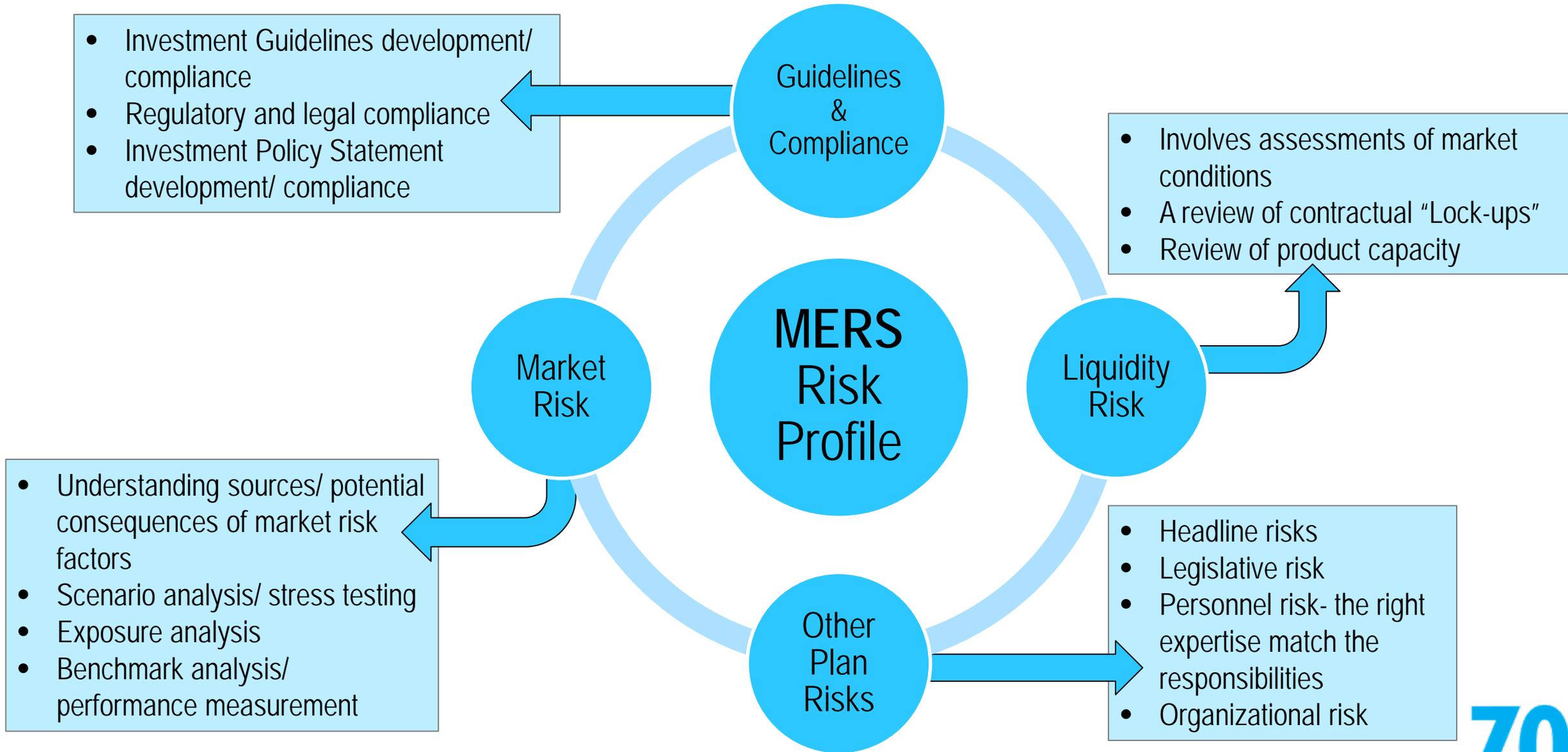
Impact of Fees on Portfolio Growth

Growth of \$100M Program



12.0% Gross Return
- 2.8% Direct Fees
- 1.0% Fund of Fund Fees
8.2% Net Return

Risk Management and Controls



MERS Investment Menu

- Overseen by the MERS Board and Office of Investments
- They establish performance objectives, perform due diligence, and monitor the different managers and funds
- Menu is designed to accommodate investors of all types and to help them create fully diversified portfolios to meet their investment goals

*Simplicity is the
ultimate sophistication*

Leonardo da Vinci



“Do it for me”



“Help me do it”



“I’ll do it myself”

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Questions...