

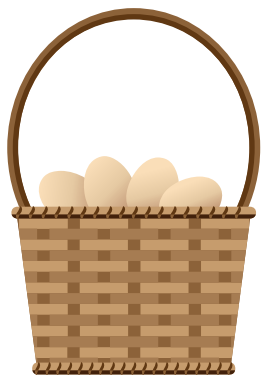
UNDERSTANDING THE MOSERS INVESTMENT APPROACH

MOSERS strives to balance investment risk exposures to avoid “putting all our eggs in one basket.”



MOSERS' Balanced Investment Risk

- Focuses on the allocation of risk rather than the allocation of capital
- Weights assets so that ALL investment types influence the portfolio similarly across various economic environments and market cycles
- Ability to generate equity-like returns over time
- Balanced diversification can reduce risk



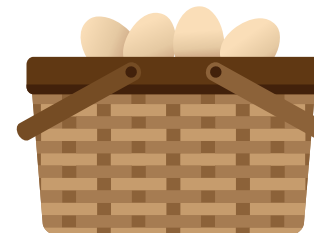
Growth Assets (Equities)



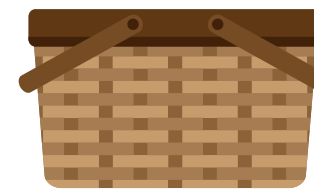
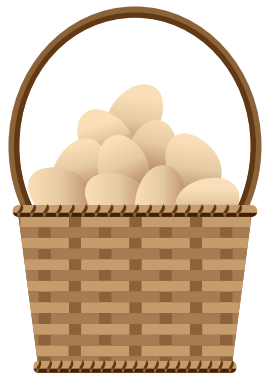
Fixed Income Assets



Real Assets



Alternative Beta



- Concentration of risk in equities

Common Investment Mix

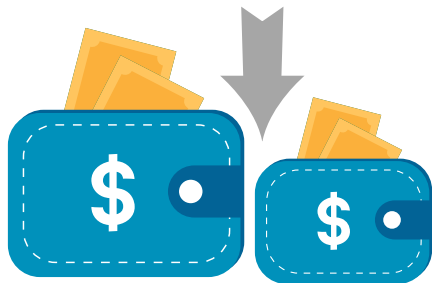
MOSERS' CY19 Investment Highlights



The total fund return for CY19 was **16.6%**

Net investment income totaled **\$1.22B**

Over the last three years, the total fund return exceeded the policy benchmark by **1.8%** producing nearly **\$430M** more than expected



In CY19, investment fees were reduced by more than **\$30M**

Our long-term investment results exceed our current assumed rate of return of **7.10%**, putting us in a good position to outperform our assumptions in the future



9.5%
Since 1981
(first available returns)

Board Initiatives

- Build a portfolio that better serves the needs of stakeholders
 - Implementation of new portfolio 2019-2022
- Engaged in improving MOSERS' funded status by making necessary adjustments and adapting to changing times
- Reduced the assumed rate of return on investments (ARR) from 7.25% to 7.10% and intends to further reduce the ARR to 6.95% for the June 30, 2020 actuarial valuation
 - Higher employer contributions and lower funded status in the short term
 - Will strengthen MOSERS' financial position and, ultimately, members' retirement security in the long term

Investment Staff Initiatives

- Implementation of new portfolio 2019-2022
- Lead the industry in fee transparency
- Work to set a higher standard for due diligence

MOSERS