



INVESTMENT POLICY STATEMENT

Effective October 1, 2026

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SECTION I: INTRODUCTION

The Board of Trustees (Board) of the Texas Municipal Retirement System (TMRS or the System) has adopted this Investment Policy Statement (IPS) to govern the System's Trust Fund investments. The IPS, along with its Exhibits, outlines TMRS' investment objectives and beliefs, Board and staff responsibilities and limitations, and asset allocation. The IPS also establishes accountability for the Board, staff, investment consultants, and investment managers. Board approval is required for any action that deviates from the IPS.

The objective of TMRS' investment program is to ensure that members, retirees and beneficiaries receive the benefits they have been promised by participating cities at a reasonable and predictable cost to those cities. To achieve this objective, the Board, in consultation with its Consulting Actuary, is responsible for adopting an Actuarial Return Assumption (ARA). Trust Fund assets will be invested to achieve a total return that meets or exceeds the current ARA of 6.75%.

The Board will review the IPS annually.

SECTION II: STANDARD OF CARE

Standard of Care. As System fiduciaries, the Board and staff must:

1. Exercise the degree of judgment and care, under the circumstances, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, considering the probable income from the securities and probable safety of their capital.
2. Evaluate investment decisions in the context of the entire Trust Fund portfolio and with appropriate risk and return objectives.

Conflict of Interest Prohibited. Board members, staff, investment consultants, and investment managers will refrain from any activity that could conflict with the proper execution and management of the TMRS investment program, or that could impair their ability to make impartial recommendations and decisions. These parties are required to disclose, in writing, any known relationships that could create or appear to create a conflict of interest.

Decisions in the Best Interest of the System. Board members and staff are required to make all investment decisions in the best interest of the System and shall comply with applicable TMRS policies on personal investment activities. To protect against unethical behavior between TMRS and investment managers during a manager search, any communication by a prospective manager with a Board member regarding an ongoing search should be referred to the Chief Investment Officer.

SECTION III: ROLES & RESPONSIBILITIES

A. BOARD OF TRUSTEES

The Board is responsible for the administration of the System and its investment program. To advise and assist the Board in fulfilling its fiduciary oversight responsibilities, the Board has established an Investment Committee operating under the Charter for the Board's Investment Committee. The Board, Investment Committee, and each Trustee must discharge their duties solely in the interest of providing benefits to members, retirees and beneficiaries. While the Board maintains oversight responsibility for the investment of the Trust Fund, to improve the efficient use of its resources, the Board has delegated Capital Allocation Decisions up to certain limitations, specific Portfolio Management Decisions, and Operational Management of the investment program (collectively "Delegated Investment Activities") to staff.

The Board's investment role includes, but is not limited to, adopting a written IPS which establishes the following:

1. investment goals, objectives and beliefs of the System consistent with plan funding needs;
2. a list of Delegated Investment Activities;
3. monitoring and evaluation standards for investment performance, investment risk, Delegated Investment Activities, and compliance with the IPS and applicable state and federal laws;
4. Standards for the selection of Key Service Providers including, but not limited to, the General Investment Consultant, Specialized Investment Consultants to the Board, Custodian Bank, Proxy Voting Advisor, and Securities Lending Agent.

B. STAFF

Executive Director. The Board has determined that implementation of investment decisions within the limits set forth in the IPS shall be delegated to the Executive Director (ED) or their designees. The ED's responsibilities and duties include, but are not limited to:

1. Supervising the investment program by ensuring that investment staff act in accordance with the IPS and that internal controls and a compliance structure are in place to safeguard Trust Fund assets;
2. Negotiating, where necessary, and executing all contracts, agreements, and memorandums of understanding in accordance with the IPS;
3. Taking prudent action deemed necessary to protect Trust Fund assets
4. Ensuring regular investment reporting is provided to the Board; and
5. Performing or delegating additional duties as determined by the Board.

Chief Investment Officer. The Chief Investment Officer (CIO) is the senior member of the investment staff and directs the day-to-day activities of the investment program. The CIO's responsibilities and duties or its designees include, but are not limited to:

1. Providing information, support, and advice to the Board to ensure its directives are fulfilled;
2. Ensuring implementation of the investment program is consistent with the Board's intentions as set forth in the IPS;
3. Ensuring adequate controls are in place to safeguard Trust Fund assets by maintaining internal procedures, analytical and risk management tools, and recommending updates to the IPS;
4. Recruiting, retaining and supervising a qualified investment staff capable of implementing the IPS; and
5. Performing or delegating other duties pertinent to the day-to-day management of the Trust Fund.

Chief Investment Legal and Compliance Officer. The Chief Investment Legal and Compliance Officer (CILCO) is the System's chief investment legal advisor. The CILCO is responsible for coordinating all legal services relevant to the administration of the investment program and for designing and implementing a compliance program independent of investment department oversight to ensure that testable parameters of the IPS are adhered to and operational actions pertinent to security of the Trust Fund are carried out.

Director of Internal Audit. The Director of Internal Audit ensures that adequate and effective internal controls are in place and objective audits of investment functions are periodically performed.

Staff Investment Committee. The Staff Investment Committee (SIC), operating at the direction of the Executive Director and pursuant to the SIC Charter, reviews and approves decisions falling under IPS delegated authority.

Investment Staff. Investment staff are responsible for the daily operation and implementation of the investment program and work with investment consultants to advise the Board, ED and CIO on investment-related matters.

C. ADVISORS

Investment Consultants. Investment consultants are retained by the Board to provide independent advice on investment-related matters. All investment consultants must act as fiduciaries in advising the Board and staff, be bound by prudent expert standards, and be Registered Investment Advisers under the Investment Advisers Act of 1940. The Board will retain a General Investment Consultant and may retain Specialized Investment Consultants. Responsibilities and duties of investment consultants include, but are not limited to the following.

1. General Investment Consultant.

- a. Advising on the development of investment goals and objectives, investment policies and strategies, asset allocation, investment manager and service provider selection, monitoring, terminations, guidelines and restrictions, analysis of investment performance and risk, advice on internal staffing issues, and independently researched support for delegated investment decisions in areas of firm expertise.
- b. Ensuring the Board is provided educational opportunities on institutional investment practices and other topics pertinent to the discharging their fiduciary obligations.
- c. Working closely with staff to ensure that TMRS' investment objectives are achieved in accordance with the IPS and applicable state and federal laws and regulations.
- d. Collaborating with the Consulting Actuary, Specialized Investment Consultants, and other investment service providers to provide coordinated advice to the Board.

2. **Specialized Investment Consultant.** The Board may retain one or more Specialized Investment Consultants to provide advice on specific asset class implementations or other topics. Specialized Investment Consultants collaborate with the General Investment Consultant and staff to provide independent support for delegated investment decisions.

Fiduciary Counsel. The Board retains Fiduciary Counsel to provide advice on matters related to the exercise of the fiduciary standards required by law and regulation. Fiduciary Counsel also works with the ED, CILCO and CIO on investment-related legal matters.

Investment Managers. TMRS retains investment managers to implement specific strategies consistent with the IPS and according to the terms of the contract governing their mandate. All investment managers must act as fiduciaries, be Registered Investment Advisers under the Investment Advisers Act of 1940 or be registered comparably in another jurisdiction or otherwise be exempted from regulatory registration and must agree to contractual terms consistent with TMRS' Investment Principles.

SECTION IV: INVESTMENT PROGRAM GOVERNANCE

Section IV and related exhibits describe the mechanisms by which the Board fulfills its investment role and through which it holds staff (and consultants, as appropriate) accountable.

A. INVESTMENT BELIEFS

The Board shall adopt investment beliefs based on capital market theories and other investment and management principles generally accepted by long-term focused institutional investors. The Board's investment beliefs are:

1. The System's asset allocation and funding strategies are based on an asset/liability framework and are designed to optimize the funding of TMRS liabilities over time.
2. The most effective use of the Board's expertise and time is to set overall investment objectives and clearly articulate investment direction through the IPS, while continually monitoring its compliance.
3. Good governance promotes long-term value for the System and its members, retirees, and beneficiaries.
4. Clearly defined roles and responsibilities are essential to good governance.
5. The best investment results come from the right people following prudent processes to make the right decisions and taking ownership of long-term performance outcomes.
6. Intelligent risk-taking is rewarded with compensating returns over time and is justifiable for long-term investors.
7. Trust Fund risk must be managed.
8. The primary determinant of portfolio risk and return is the System's long-term asset allocation.
9. Capital markets have inefficiencies and opportunities that can be exploited.
10. Costs impact investment returns and should be monitored and managed.

B. ASSET ALLOCATION

The Board fulfills its responsibility to establish investment goals and objectives consistent with plan funding needs through the adoption of an Asset Allocation.

The Board's Asset Allocation must include asset classes, strategic target allocations with minimum and maximum allocation ranges for each asset class, and a benchmark to measure investment performance for each asset class and the Trust Fund in total. Asset Allocation is based on an Asset Allocation Study/review provided by the General Investment Consultant, that includes expectations for long-term return and risk for each asset class and the Trust Fund in total.

The Board's Asset Allocation is intended to produce investment returns equal to or greater than the Actuarial Return Assumption (ARA) at a level of risk acceptable to the Board. In adopting an Asset Allocation, the Board should consider the System's assets and liabilities, risk and return trade-offs, the ability to deliver on promised benefit payments at a reasonable and predictable cost to participating cities, the risk of permanent loss of capital, Trust Fund liquidity and the ability to maintain a long-term strategy during sustained periods of market volatility.

See Exhibit A: Asset Allocation for the Board's adopted Asset Allocation.

C. DELEGATED AUTHORITY

To enable efficient administration of the investment program, the Board has divided Delegated Investment Activities into three broad groups to distinguish between decisions concerning new investments (Capital Allocation Decisions), those concerning ongoing maintenance of the Trust Fund in line with IPS-established expectations (Portfolio Management Decisions), and activities pertinent to the day-to-day management of the Trust Fund (Operational Management).

Capital Allocation Decisions. Capital Allocation is the investment of Trust Fund capital into new investment opportunities. Capital Allocation Decision delegation principles follow that: i) the Board delegates decisions up to certain limits calculated using the market value of total Trust Fund assets as reported in the latest Annual Comprehensive Financial Report (ACFR); ii) the investment process staff utilizes to make a delegated Capital Allocation Decision be thoroughly documented; iii) investment consultant support is required for the investment vehicle that TMRS is the signatory to when executing a Capital Allocation Decision; and iv) the TMRS signatory for any Capital Allocation Decision is independent of investment staff.

Portfolio Management Decisions. Portfolio Management involves the maintenance of the investment portfolio (i.e., a collection of previously made Capital Allocation Decisions) consistently with Board goals and objectives. Portfolio Management Decision delegation principles follow that: i) the Board delegates specific actions related to the modification of pre-existing Capital Allocation Decision so long as Capital Allocation delegation limitations are not violated; ii) all Portfolio Management Decisions be documented and transparently reported upon;

and iii) the execution path for Portfolio Management Decisions prioritize operational efficiency.

Operational Management. Operational Management of the investment program is broadly delegated to the Executive Director and Chief Investment Officer. Among the delegated operational responsibilities is to ensure Board selection of and/or review of Key Service Providers takes place consistently with IPS established requirements. If the ED or CIO has doubts about whether an operational authority has been delegated via the IPS, they are to consult with the Investment Committee Chair before proceeding with the contemplated action.

See Exhibit B: Delegated Authority Standards for limitations, documentation requirements, authorized designees/signatories, and other details pertinent to Delegated Investment Activities.

D. RISK MANAGEMENT

Consistent with the governance standards established in this Section IV of the IPS, the Board has established a risk management program to ensure portfolio composition, individual investment risks, aggregate portfolio risks, how portfolio risk compares to expectations/benchmarks/peers, costs, and compliance with the IPS, among other risks, are considered and managed in appropriate measure.

See Exhibit D: Risk Management Standards for risk management program details.

E. REPORTING

The Board has adopted the following investment reporting principles for staff and consultants to follow when preparing reporting to ensure the Board has appropriate information to carry out its monitoring and evaluation responsibilities.

1. **Clear.** Written communications should be in plain English and avoid unnecessary technical jargon. Important messages or results should be easy to find and recognize.
2. **Concise.** Key information should be summarized. Extraneous information that does not directly improve the Board's ability, knowledge, and understanding in fulfilling its fiduciary responsibilities should be avoided.
3. **Balanced.** The pros and cons of any investment should be identified. Positive and negative information should be communicated to the Board.
4. **Timely.** Information should be provided to the Board in a timely manner.

See Exhibit C: Reporting Requirements for a complete list of Board reporting requirements.

EXHIBIT A

ASSET ALLOCATION

Effective October 1, 2026

The Board has adopted the following Asset Allocation:

Asset Class	Target %	Range	Benchmark
Public Equity	35%	25% - 45%	MSCI ACWI IMI ex-China ex-Hong Kong (Net)
Private Equity	20%	12% - 28%	Cambridge Global Private Equity & Venture Capital
Hedge Funds	6%	0% - 11%	HFRI Asset Weighted Composite
Credit	21%	13% - 29%	40% ICE BofA 1-3 yr. A-BBB US Corporate Index 60% CS Leverage Loans Index + 100 bps
Real Assets	18%	10% - 26%	50% Cambridge Infrastructure 50% NCREIF NFI-ODCE (Net)

Asset class targets Board approved on September 19, 2024, and effective from January 1, 2025.

Asset class ranges approved on September 18, 2025, and effective from October 1, 2025.

Asset class benchmarks approved on December 19, 2024, and effective from January 1, 2025.

The Trust Fund Benchmark is calculated using actual asset class allocation weights as of the effective date of Exhibit A.

Annual Review Requirement. The Asset Allocation will be reviewed at least annually for reasonableness, taking into consideration current capital markets and economic conditions and the Board's views regarding long-term investment goals and objectives.

Quadrennial Study Requirement. An Asset Allocation and Asset Liability Modeling Study to comprehensively review the Asset Allocation will be completed at least every four years. The Board will confirm or amend its Asset Allocation at the conclusion of quadrennial study review.

Performance Assessment. The Board will assess performance over five-year rolling periods compared to the ARA, Trust Fund Benchmark, and asset class benchmarks.

Trust Fund Benchmark. The Trust Fund Benchmark shall be calculated using actual asset class weights until such a time that the Board directs strategic asset class weights to be used in calculation. Prior to use of strategic weights in the calculation of the Trust Fund Benchmark, reporting of performance vs. a strategic-weight calculated benchmark shall be provided to the Board.

EXHIBIT B

DELEGATED AUTHORITY STANDARDS

Effective July 1, 2026

In addition to abiding by limits, documentation requirements, and signatory standards established by Exhibit B: Delegated Authority Standards, all Delegated Investment Activities shall be consistent with Exhibit A: Asset Allocation and Exhibit D: Risk Management Standards and reported per requirements established in Exhibit C: Reporting Requirements.

Delegated Capital Allocation Decisions			
<u>Decision</u>	<u>Signatory</u>	<u>Documentation Req.</u>	<u>Delegated Limit</u>
Passive Public Markets	ED or Designee	SIC Approval, Consultant Support	Asset Allocation Limit
Active Public Markets	ED or Designee	SIC Approval, Consultant Support	3.00%
Private Markets	ED or Designee	SIC Approval, Consultant Support	1.00%
Open-end Private Markets <i>Private Mkts. Limit Applies if < 3 yrs.</i>	ED or Designee	SIC Approval, Consultant Support	1.50% <i>if account open > 3 yrs.</i>
Asset Specific Private Markets	ED or Designee	SIC Approval, Consultant Support	0.30%

Delegated Portfolio Management Decisions		
<u>Action</u>	<u>Signatory</u>	<u>Documentation Req.</u>
Inter-Asset Class Rebalancing	ED, CIO, or Designee	SIC Approval
Intra-Asset Class Rebalancing	ED, CIO, or Designee	SIC Reporting
Cash Management	ED, CIO, or Designee	SIC Reporting
Partial Redemptions	ED, CIO, or Designee	SIC Reporting
Terminations	ED, CIO, or Designee	SIC Reporting
Account Transitions	ED, CIO, or Designee	SIC Reporting
Secondary Sales	ED or Designee	SIC Approval, Consultant Support
Transition Manager Selection	ED or Designee	SIC Approval, Consultant Support once every 4 yrs.
Proxy Voting	CIO, CILCO, or Designee	SIC Approval for policy selection, out-of policy votes and those req. direction; Consultant Support for Policy Selection
Emergency Actions	ED, CIO	Ad-hoc

Board Retained Key Service Provider Selection Decisions			
<u>Key Service Provider</u>	<u>Signatory</u>	<u>Documentation Req.</u>	<u>Review Req.</u>
General Investment Consultant	ED or Designee	RFP (1 renewal allowed w/o), Staff Recommendation	Mid-Contract Review (5-yr. Max Term)
Alternative Inv. Consultant	ED or Designee	RFP (1 renewal allowed w/o), Staff Recommendation	Upon Contract Renewal (5-yr. Max Term)
Custodian Bank	ED or Designee	RFP (1 renewal allowed w/o), Staff Recommendation	Upon Contract Renewal (5-yr. Max Term)
Securities Lending Agent	ED or Designee	RFP (1 renewal allowed w/o), Staff Recommendation	Upon Contract Renewal (5-yr. Max Term)
Proxy Voting Advisor Selection	ED or Designee	Staff Recommendation, Consultant Support	Once Every 5 Years
Other Specialized Consultants	ED or Designee	Ad Hoc	Case-by-Case

Schedule of Authorized Signatory Designees			
<u>Key Service Provider</u>	<u>Primary</u>	<u>Secondary</u>	<u>Emergency</u>
Executive Director	Chief Operating Officer	Chief Financial Officer	CILCO
Chief Investment Officer	Dir. of Inv. Data & Ops	Managing/Sr. Director	CILCO

EXHIBIT C

Reporting Requirements

Effective July 1, 2026

Reporting Requirements		
Report (Owner)	Periodicity	Purpose/Content Requirements
Trust Fund Report (CIO)	Quarterly	The Trust Fund report is intended to provide the Board with an executive summary of investment program health. Reporting shall generally include information comparing the portfolio vs. IPS expectations and requirements, performance, risk, performance and risk attribution, key actions taken under delegated authority, changes in portfolio positioning since the prior report to the Board, and periodic key portfolio management analyses such as private market pacing.
Performance & Risk Report (General Investment Consultant)	Quarterly	A performance and risk report shall provide information enabling the Board to assess assess: i) asset allocation; ii) capital markets conditions; iii) absolute performance and risk; iv) performance and risk relative to benchmarks; and v) performance and risk relative to peer institutions.
Compliance Report (CILCO)	Quarterly	Compliance staff shall conduct and report upon IPS testing, and any other testing conducted under the investment compliance program. Exceptions and notable risks identified shall be reported upon.
Delegated Decision Reports (CIO)	Quarterly	A summary of all Capital Allocation and Portfolio Management decisions made under IPS Delegated authority shall be provided to the Board. Staff Investment Committee (SIC) Minutes and Investment Consultant support memos, where required, shall be incorporated into reporting.
Proxy Voting (CIO)	Annual	The proxy voting summary report shall include proxy voting results for each public markets separately managed account, and other accounts which TMRS has contractual authority to direct proxy voting as appropriate. The Report will include the number of ballots cast, the number of issues voted upon, and percent of issues voted with management, against management, and designated as abstaining.
Asset Class Annual Reviews (CIO)	Annual	Investment staff shall conduct and report upon annual asset class reviews. Reporting shall generally include requirements of the Trust Fund report, albeit at the asset class level. Reporting shall additionally include costs of asset class implementation, and details concerning alignment with provisions included in the Risk Management Standards.
Investment Manager & Key Service Provider Reviews (CIO)	Annual	Investment staff shall conduct investment manager and key service provider reviews on an annual basis. Reporting shall include a summary assessment of each manager or key service provider, including updated regulatory and audited financial statement reviews as appropriate, and any related recommended actions.
Leverage/Borrowing Report	Annual	A report shall be provided which details the current balance, interest and principle paid, and estimated impact on equity performance of any Investment Vehicle Level borrowings made on behalf of any Sole Investor investment vehicles or other investment vehicles in which TMRS owns greater than 50% of the equity interest of the vehicle. Information shall be provided through the year in which it is paid off.
Material Deviations from the IPS (any Board Investment Consultant)	Ad-Hoc	If an investment consultant learns of any material deviation from prudence, objectivity, IPS provisions, or learns of any other matter of concern involving TMRS' investment program, the consultant must promptly express their concern in writing to the Board.

EXHIBIT D

RISK MANAGEMENT STANDARDS

Effective July 1, 2026

The Board of Trustees (Board) of the Texas Municipal Retirement System (TMRS or the System) has adopted these Risk Management Standards (RMS) as an addendum to the Investment Policy Statement to establish risk management principles and associated limitations. Amendments to the RMS are subject to Board approval.

The CIO will establish, document, implement, and oversee a risk management program to ensure investment risk is managed consistently with the IPS. The risk management program will ensure that investment risk, operational risk and portfolio impacts are assessed during the investment selection and execution processes and ongoing portfolio management. The CILCO and Internal Auditor respectively have risk management program oversight, compliance, and audit responsibilities consistent with those defined in the IPS.

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SECTION I: RISK MANAGEMENT STANDARDS TESTING

Testable parameters are identified and will be carried out as follows:

- i) *Approval/Contract Tests*. Initial test at the time of delegated approval and/or contracting.
- ii) *Quarterly Tests*. Ongoing quarterly tests; also applicable at time of approval.
- iii) *Annual Tests*. Ongoing annual tests; also applicable at time of approval.

SECTION II: GENERAL STANDARDS

General Investment Management Guidelines (GIMG) apply to all investments and all asset classes held in the Trust Fund. GIMG limitations established herein apply at the asset class level unless otherwise specifically noted. Asset class guidelines and limitations will be measured on a net asset value basis with the denominator in the calculation being the greater of the net asset value of the asset class or the strategic target allocation of the asset class. The most recently finalized month-end net asset values reported by TMRS' Custodian Bank will be used for testing.

Eligible Investments (Approval/Contract Test). Funds will be invested only in securities as defined in the TMRS Act.

Derivatives Usage (Approval/Contract Test). As permitted in the TMRS Act, in the event TMRS allows an investment manager in a separately managed account to purchase or sell derivatives, the purchase or sale of derivatives shall only be used to manage transaction risk, currency risk, or interest rate risk in the purchasing, selling or holding of securities.

Leverage/Borrowing (Approval/Contract Test). Leverage (synonymous with Borrowing for purposes of the RMS) generally presents itself in one of four forms in institutional investment portfolios. Each type is limited as follows:

1. *Trust Fund Level Leverage*. Trust Fund Level Leverage is prohibited unless specifically authorized by the Board.
2. *Asset Level Leverage*. Asset level leverage is inherent to many investments and is not specifically limited so long as borrowings are not made in TMRS name. Any asset level borrowing made in TMRS' name requires Board authorization.
3. *Investment Vehicle Level Leverage*. Investment vehicle leverage is inherent to many types of commingled investment vehicles and is not specifically limited so long as TMRS is not the Sole Investor (inclusive of Fund-of-One and similar structural situations where TMRS is the sole non-managing participant in an investment vehicle) and borrowings are not made in TMRS' name. Where TMRS is the Sole Investor and borrowing is not being done in

TMRS name, borrowing limitations, if any borrowing is deemed allowable for an asset class, shall be established by the Board in Asset Class Standards. Any investment vehicle level leverage made in TMRS' name requires Board authorization.

4. *Derivatives.* Derivatives in TMRS' name used solely to manage transaction risk, currency risk, or interest rate risk in the purchasing, selling, or holding of securities are not considered leverage under this IPS. So long as derivatives used by an investment vehicle are not in TMRS' name, usage is not specifically limited.

Percentage of Manager Assets Under Management Limits (Approval/Contract Test, Annual Test for public market strategies). No investment with any one single investment manager may account for more than 25% of that manager's total assets under management. Zero management fee TMRS investments do not contribute to the numerator in calculating adherence to this limitation. The AUM denominator will be taken from form ADV, similar regulatory forms, or the denominator calculation methodology will be detailed in associated recommendation materials.

Asset Specific Private Markets Strategies (ASPMS) Fiduciary Duty (Approval/Contract Test). An ASPMS investment satisfies fiduciary duty obligations as set forth in the IPS if the following three requirements are met: i) TMRS is invested in the underlying ASPMS asset through another investment vehicle in which IPS-consistent contractual fiduciary duties have been established; ii) TMRS will not pay management fee or carry (or similar fees or incentives) for its participation in an ASPMS investment vehicle; and iii) the purchase and sale of the subject underlying ASPMS asset will be on terms substantially similar to the reference vehicle.

Delegated Authority Calculations (Approval/Contract Test). Delegated authority limitations set forth in the IPS apply to single investment vehicles. Separate tranches invested through a common legal entity for cost or administrative purposes are separate investment vehicles for delegated limit tests. Percentage limitations may be interpreted as "amounts not to cause the total amount invested to exceed the limitation." The percentage limitation utilizes the following basis for the numerator in percentage calculations, where any newly contemplated investments in an investment vehicle are additive to the below:

1. For Passive Public Markets Strategies and Active Public Markets Strategies: the percentage test applies to the most recently available month-end market value.
2. For Open-ended Private Market Strategies: the percentage limitation applies to the net asset value plus uncalled commitments.
3. For closed-end private market vehicles: the percentage limitation applies to commitment amounts.
4. For ASPMS strategies: the percentage limitation applies to committed amounts. The rollover of previously invested capital into a continuation vehicle does not count toward committed amounts.

5. This test exclusively applies to delegated limits for allocation to a specific investment vehicle. This test does not apply to compliance with asset class limits established by the Asset Allocation.

Quarterly and Annual Test Resolution. In the event a quarterly or annual test results in a finding of non-adherence with the Guidelines, a plan of action will be documented by TMRS staff and shared with the General Investment Consultant for input and feedback.

SECTION III: ASSET CLASS STANDARDS

A. PUBLIC EQUITY

Objective. The Public Equity asset class is intended to provide capital appreciation and liquidity for the Trust Fund.

Permissible Investments. Permissible investments include the following:

1. *Security Types.* Equity instruments which qualify as a “security” under TMRS’ statutory authority, including exchange traded futures, swaps, ETFs, and options on currencies and securities.
2. *Externally Managed Investment Vehicles.* Separately managed accounts, other Sole Investor structures, commingled funds, and other multi-investor structures are allowed.
3. *Internally Managed Assets.* Public equity securities are not managed internally except for trading execution and/or transition assistance for public equity positions distributed to TMRS by private market investment vehicles.
4. *Derivatives.* Derivatives may be utilized as otherwise authorized in the IPS.

Portfolio Management Philosophy. The Public Equity portfolio will be constructed in a benchmark-aware manner. Geography, market capitalization, and sector exposures shall be closely aligned with the Board-established benchmark. Active management will be utilized where there is sufficient probability for excess net returns compared to passive alternatives.

Risk Management. Assessed at the total asset class level, risk management standards for Public Equity are as follows:

1. *Tracking Error (Quarterly Test).* Measured on a 5-year rolling basis, tracking error versus the Public Equity benchmark must be less than 250 basis points.
2. *Liquidity (Quarterly Test).* The Public Equity portfolio must be 75%+ convertible to cash via on-demand/daily liquidity contractual terms.
3. *Leverage/Borrowing Limitations for Sole Investor Structures (Approval/Contract Test).* Borrowing is prohibited for Sole Investor structures in the public equity asset class unless specific Board authorization is given.
4. *Geography (Quarterly Test).* Measured as a percentage of the total Public Equity asset class, ex-US exposure cannot deviate more than +/-10% from the asset class benchmark’s ex-US weight.

5. *Market Capitalization (Quarterly Test)*. For purposes of this test, market capitalization is divided into Mega/Large-cap, Mid-cap, and Small-cap buckets. Measured as a percentage of the total Public Equity asset class, the exposure to any market capitalization bucket cannot deviate more than +/-10% from the asset class benchmark's respective capitalization bucket weight.
6. *Sector (Annual Test)*. Measured as a percentage of Global Industry Classification Standard (GICS) benchmark sector weightings, Public Equity portfolio sector deviations cannot deviate more than +/- 25% from benchmark weights, or, measured as a percentage of the Public Equity portfolio, be more than +/- 5% of the portfolio, whichever represents the larger deviation.
7. *Transaction Cost Analysis (Quarterly Test)*. TMRS will partner with a third-party transaction analysis firm to track, understand, and report on public equity transactions costs.

Should any deviations from the Public Equity risk management standards occur, investment staff shall document the reason for the exception, report the deviation to the CILCO immediately, and will establish and execute a plan for bringing the portfolio back into compliance. The CILCO shall include details concerning any Public Equity risk management standards deviations in Board reporting.

B. CREDIT

Objective. The Credit asset class is composed of Public Credit and Private Credit. The Public Credit objective is to diversify risk, provide income, and be a source of liquidity for the Trust Fund. The Private Credit objective is to provide return enhancement relative to Public Credit.

Permissible Investments. Public Credit includes government debt, corporate debt, structured credit, and loans, among other tradable securities with debt-like characteristics. Private Credit additionally includes non-tradable instruments with debt-like characteristics.

Risk Management.

1. *Liquidity.* Public Credit strategies are expected to invest primarily in assets readily tradable in OTC or public transactions during normal market conditions. Private Credit strategies are expected to be illiquid and/or underwritten to a multi-year investment scenario.
2. *Public Credit Strategy Concentration (Quarterly Test).* Measured as a percentage of total Public Credit strategy market value, strategy concentration limits will be managed to the following limits and ranges:

i.	Core/Core +	0% to 50%
ii.	Global High Yield Debt	0% to 50%
iii.	Loans	0% to 50%
iv.	Structured Credit	0% to 50%
v.	EMD/Other	0% to 20%
3. *Private Credit Strategy Concentration (Quarterly Test).* Measured as a percentage of total Private Credit strategy market value, strategy concentration limits will be managed to the following limits and ranges:

i.	Corporate Direct Lending	0% to 75%
ii.	Opportunistic Credit	0% to 75%
iii.	Asset-Backed	0% to 50%
iv.	Structured/Niche/Other	0% to 30%
4. *Leverage/Borrowing Limitations for Sole Investor Structures (Approval/Contract Test).* Borrowing is prohibited in the name of Sole Investor investment vehicles in the Credit asset class unless TMRS' liability is limited to its committed amount to such vehicle. If commitments to such vehicle requires Board authorization for reasons of being above Delegated Authority Standards limits, borrowing in the name of the Sole Investor vehicle shall be consistent with that which is disclosed in supporting recommendation materials provided to the Board at the time of approval. Reporting on Sole Investor vehicle

borrowing use shall be provided in the annual Leverage/Borrowing report required by the IPS.

5. *Other Risk Measures.* Other notable risk metrics relevant to the Credit Asset class include geography, currency, interest rate risk, sector risk, credit quality, and concentration risks. Collectively, risk will be managed such that the total portfolio is managed in a benchmark-aware manner.

C. PRIVATE EQUITY

Objective. The Private Equity asset class is intended to enhance total fund performance through investment in non-publicly traded securities by generating a long-term rate of return that exceeds that of publicly-traded equities.

Permissible Investments. Private Equity strategies generally include, but are not limited to, buy-outs/growth equity, venture capital, and special situations investments such as distressed securities or other structured investments. The Private Equity market can be accessed using the primary market as well as secondaries, co-investments, and continuation vehicles, among other approaches.

Risk Management. Risk management principles for Private Equity will be managed as follows:

1. *Liquidity.* Private equity investments are expected to be illiquid and long-term in nature.
2. *Geography (Quarterly Test).* The Private Equity asset class will be managed subject to the following geographic limitations:

- | | | |
|-----|---------------|----------|
| i. | U.S.A. | Min. 60% |
| ii. | International | Max. 40% |

3. *Strategy Concentration Limits (Quarterly Test).* Strategy concentrations must be managed to the following ranges:

- | | | |
|------|--------------------|-------------|
| i. | Buyout/Growth | 50% to 100% |
| ii. | Venture | 0% to 30% |
| iii. | Special Situations | 0% to 20% |

4. *Leverage/Borrowing Limitations for Sole Investor Structures (Approval/Contract Test).* Borrowing is prohibited in the name of Sole Investor investment vehicles in the Private Equity asset class unless TMRS' liability is limited to its committed amount to such vehicle. If commitments to such vehicle requires Board authorization for reasons of being above Delegated Authority Standards limits, borrowing in the name of the Sole Investor vehicle shall be consistent with that which is disclosed in supporting recommendation materials provided to the Board at the time of approval. Reporting on Sole Investor vehicle borrowing use shall be provided in the annual Leverage/Borrowing report required by the IPS.

D. REAL ASSETS

Objective. Real Assets is intended to enhance the total fund performance through investments that exhibit less volatility, greater income orientation, and more inflation hedging than most equity-oriented strategies.

Permissible Investments. Real Assets is composed of Real Estate, Infrastructure, and Natural Resource/Other strategies exhibiting real-asset-like characteristics.

Risk Management. Risk management principles for Real Assets will be managed as follows:

1. *Liquidity.* Real Asset investments are generally expected to be expressed through private markets. Public market strategies are allowable.
2. *Strategy (Quarterly Test).* Strategy concentration must be managed to the following ranges:

i. Real Estate	25% to 75%
ii. Infrastructure	25% to 75%
iii. Natural Resources/Other	0% to 50%
3. *Other Risk Measures.* Other notable risk metrics relevant to Real Assets include geography, property type, leverage, and income profile, among others. Collectively, risk will be managed such that the total portfolio is managed in a benchmark-aware manner.
4. *Leverage/Borrowing Limitations for Sole Investor Structures (Approval/Contract Test).* Borrowing is prohibited in the name of Sole Investor investment vehicles in the Real Assets asset class unless TMRS' liability is limited to its committed amount to such vehicle. If commitments to such vehicle requires Board authorization for reasons of being above Delegated Authority Standards limits, borrowing in the name of the Sole Investor vehicle shall be consistent with that which is disclosed in supporting recommendation materials provided to the Board at the time of approval. Reporting on Sole Investor vehicle borrowing use shall be provided in the annual Leverage/Borrowing report required by the IPS.

E. HEDGE FUNDS

Objective. The Hedge Funds asset class is designed to protect the Trust Fund during periods of public market volatility and deliver strong risk-adjusted returns in normal periods by providing a unique return stream not available in traditional public markets.

Permissible Investments. Permissible investments include the following:

1. *Security Type.* The Hedge Funds portfolio may invest in “securities” as defined under TMRS’ statutory authority.
2. *Vehicle Type.* Commingled funds, other multi-investor structures, and Sole Investor Structures except separately managed accounts (SMAs) are allowed. The purpose of excluding SMAs is to disallow TMRS from directly assuming operational risks associated with the trading, clearance, and derivatives usage often utilized by Hedge Funds.
3. *Internally Managed Assets.* Hedge Funds may distribute securities in-kind to TMRS. No securities may be managed internally in the Hedge Funds asset class except for trading execution and/or transition assistance related to any in-kind distribution of securities.
4. *Derivatives.* Derivatives may be utilized by investment managers in the name of the investment vehicle, but not in TMRS’ name.

Portfolio Management Philosophy. The Hedge Funds asset class is invested as a diversified, risk-controlled, benchmark-aware portfolio intended to outearn its benchmark and the Actuarial Return Assumption over a market cycle. Because Hedge Funds can access liquidity through a redemption mechanism, the asset class will be used as a secondary source of liquidity after traditional public markets asset classes.

Risk Management. Assessed at the total asset class level, risk management standards for the Hedge Funds asset class are as follows:

1. *Tracking Error (Quarterly Test).* While a precise tracking error measure is not as relevant for Hedge Funds as it is for Public Equity, a 1-year deviation of +/-5% or rolling 5-yr deviation of +/-3% requires a formal attribution analysis be reported to the Investment Committee.
2. *Liquidity (Quarterly Test).* Liquidity will be managed to the following limitations:
 - a. *Redemption Term (Quarterly Test).* At least 75% of the Hedge Funds portfolio shall be invested in vehicles where the nearest redemption window is 1 year or less.
 - b. *Liquidity Expectation (Quarterly Test).* The total portfolio shall be managed such that, exclusive of manager level gating provisions, TMRS shall have access to

liquidity on 50% of its portfolio within one year as measured from the quarter-end after the test date.

- c. *Lock-up (Contract/Approval Test)*. Investments may not be made in the Hedge Funds portfolio with initial lock-ups of greater than 3 years without explicit Board approval. Closed-end investment vehicles are prohibited from inclusion.
3. *Leverage/Borrowing Limitations for Sole Investor Structures (Approval/Contract Test)*. Borrowing is prohibited in the name of Sole Investor investment vehicles in the Hedge Funds asset class unless TMRS' liability is limited to its committed amount to such vehicle. If commitments to such vehicle requires Board authorization for reasons of being above Delegated Authority Standards limits, borrowing in the name of the Sole Investor vehicle shall be consistent with that which is disclosed in supporting recommendation materials provided to the Board at the time of approval. Reporting on Sole Investor vehicle borrowing use shall be provided in the annual Leverage/Borrowing report required by the IPS.
4. *Strategy Concentration (Quarterly Test)*. So long as the Hedge Funds asset class benchmark categorizes and publishes data on its underlying strategy weightings, the Hedge Funds portfolio may not have more than the lesser of 2x the benchmark weight in any strategy formally included in the benchmark or:

i. <i>Equity Hedge</i>	<i>Up to 75%</i>
ii. <i>Event Driven & Distressed</i>	<i>Up to 50%</i>
iii. <i>Relative Value</i>	<i>Up to 50%</i>
iv. <i>Global Macro</i>	<i>Up to 50%</i>
v. <i>Multi-Strategy</i>	<i>Unconstrained*</i>
vi. <i>Other</i>	<i>Up to 15%**</i>

See Hedge Fund Strategy Definitions Addendum below for additional detail. *For purposes of the strategy concentration test, any Multi-Strategy funds shall have a ratable portion of their value attributed to defined strategies. **Other Strategies, since they are definitionally not in the benchmark, are strictly limited to 15%.

5. *Equity Beta (Quarterly Test)*. As measured against the Public Equity benchmark on a rolling three-year basis, the Hedge Funds portfolio equity beta shall be less than 0.40.
6. *Additional Portfolio Risk Monitoring (Annual Test)*. Monitoring and reporting on key risk and return statistics will be provided to the Investment Committee annually. Statistics to be reported upon include but are not limited to standard deviation, benchmark deviation, geographic exposures, among others.

Hedge Funds Strategy Definitions Addendum.

1. *Equity-Hedge Strategies.* These strategies are composed mainly of publicly traded equity securities. The strategy utilizes varying levels of gross and net exposure to the global equity market to achieve a target return stream.
2. *Relative Value Strategies.* These strategies seek to exploit price differences between similar securities, providing a return stream that is less correlated to market betas.
3. *Global Macro Strategies.* These strategies are composed of tradable instruments across global equity, fixed income, commodity, and foreign exchange markets. These strategies seek to exploit long- and short-term directional trends across a diversified cross section of markets.
4. *Event Driven & Distressed Strategies.* These strategies seek to find niche, company-specific, events to build portfolios that have strong returns, but are risk controlled through diversification.
5. *Multi-Asset Strategies.* These strategies seek to combine exposures across multiple tradable instrument types to achieve a balanced return stream.

F. CASH EQUIVALENTS

Objective. Cash balances satisfy cash flow requirements, reallocating assets between portfolios. Their investment objective is to safeguard principal, maintain adequate liquidity to meet anticipated needs, and earn incremental yield.

Permissible Investments. Permissible investments include interest bearing or discount instruments, money market funds, corporate issued commercial paper, bank issued Certificates of Deposit, bankers acceptances, fully collateralized repurchase agreements or participation in commingled cash equivalents funds managed by a bank, insurance company, or investment manager.

Risk Management. Risk management for cash equivalents will be managed as follows:

1. *Liquidity (Contractual Test).* Cash investments are expected to be highly liquid and maintained with sufficient liquidity to address TMRS' day-to-day cash flow needs. Cash equivalent securities will have a maturity less than or equal to fifteen months.
2. *Geography (Contractual Test).* Cash Equivalent holdings are expected to be maintained in US dollars. Both U.S. and foreign securities issued in U.S. markets are permissible.

SECTION IV: ADDITIONAL STANDARDS

A. INVESTMENT MANAGER TRANSITIONS

A transition manager may be retained to assist in the transfer of assets from one investment manager to another, and to serve as a liaison between the Staff, the Custodian Bank, the manager distributing assets, and the manager receiving assets. This transition may occur either within an asset class or between asset classes. The transition manager, chosen from a pre-approved list of providers will facilitate clear communication between all parties, work to minimize market impact, trading costs and opportunity costs and may include interim investment management services of account assets for a limited period of time.

The transition manager is required to be a registered investment adviser under the Investment Advisers Act of 1940 as amended (unless properly exempted from registration by the SEC) or otherwise regulated by an appropriate governmental regulatory oversight organization (unless exempt from such registration requirement), act as a fiduciary to TMRS, not delegate such fiduciary responsibility, and provide agency-only execution services.

B. PROXY VOTING

Investment staff will vote proxies to maximize long-term investment returns consistent with the Board's fiduciary duty and the laws of the State of Texas. Proxies will not be voted to establish or endorse any social policy. A proxy advisory firm will assist investment staff in maintaining TMRS' custom proxy voting policy and monitoring adherence with it. See Appendix A for TMRS Proxy Voting Policies and Procedures.

C. INVESTMENT FEE PRINCIPLES

Summary. TMRS' Investment Fee Principles ensures the following three objectives are balanced and reported as part of TMRS' investment management processes.

1. Securing the best available combination of skill, net of fee performance expectations, and risk management for a given investment discipline;
2. Aligning the interest of TMRS with selected investment management firms; and
3. Reducing the overall costs of the investment program.

Approach and Alignment Principles. TMRS has adopted the following principles to negotiate investment management services fees across all strategies:

1. TMRS will consider manager compensation levels and alignment of economic interests in its manager selection decisions.
2. TMRS will utilize its negotiation strength to improve its contractually negotiated economic share of investment return.

The Approach and Alignment Principles recognize that:

1. Considerations will differ depending on asset class, strategy, vehicle structure and management style
2. TMRS has varying levels of negotiation strength
3. Passive alternatives are typically the least costly option but are not available for all strategies
4. Active management strategies typically charge more than passive strategies
5. Internal management of certain strategies may be a viable cost reduction alternative
6. Different strategies and managers have different demand levels for their products and thus may charge different fees
7. Alignment with and access to differentiated managers often come with higher levels of compensation
8. Compensation considerations include balancing management fees and incentive compensation

Oversight and Reporting Principles. Oversight and reporting of investment manager fees and expenses is a critical component of TMRS' investment management. By statute, industry requirement and/or best practice, TMRS must report certain fee and expense information concerning its investment portfolio to the Texas Pension Review Board or the public pursuant to open records requests and in the Annual Comprehensive Financial Report.

TMRS utilizes the following oversight and reporting principles:

1. TMRS will document its consideration of the rates of compensation for a manager during the investment decision-making process.
2. TMRS will ensure that payments are made in accordance with each investment manager agreement.
3. TMRS will design its manager fee and expense reporting practices to be consistent, timely, and in accordance with statutory and other reporting requirements.

EXHIBIT D.1



STAFF INVESTMENT COMMITTEE CHARTER

Effective September 14, 2026

Overview & Purpose

In accordance with the Investment Policy Statement (IPS), the Staff Investment Committee (SIC) operates at the direction of the Executive Director by reviewing and approving decisions subject to IPS Delegated Authority. The SIC's purpose is to ensure that investment decisions are subjected to robust debate, thorough documentation, disclosure of personal conflicts, transparent reporting practices, and a structure of formal accountability designed to promote strong and risk-aware investment outcomes.

SIC Membership & Minutes

SIC Members include the Chief Investment Officer and CIO appointments. The Chairperson of the SIC is the CIO, the Executive Director in the absence of an employed CIO, or the standing Chairperson's designee. The Chairperson designates an individual to serve as the Secretary of the SIC to take SIC meeting minutes. Meeting minutes providing, at a minimum, consolidated documentation of Decision Reviews and Reporting Items will be prepared and distributed to the SIC Minutes Committee consisting of the ED, Chairperson, and Chief Investment Legal & Compliance Officer for their review and approval by majority vote no less than quarterly.

Subcommittees and Operating Committees of the SIC may be established. Decision Review Authorizations given by Subcommittees are considered binding decisions of the SIC. Subcommittee actions will occur in SIC Meetings. Operating Committee actions will be reported to the SIC. Subcommittee membership is by CIO appointment, subject to confirmation of a majority of SIC members. Operating Committee membership is by CIO appointment.

For removal of doubt, the creation of SIC Subcommittees and Operating Committees, their respective memberships, and other SIC related bodies and roles detailed in Appendix A are subject to the Charter Amendment Process.

Decision Review Authorizations

The following IPS designated items require Decision Review Authorizations prior to action being taken:

- i) Manager Hiring Decisions (Passive Public, Active Public, and Private Market Strategies)
- ii) Asset Specific Private Market Strategy (ASPMS) Decisions
- iii) Rebalancing Decisions

For a Decision Review to receive a formal vote, a quorum of three members of the SIC or majority of the relevant Subcommittee must submit votes. Passage of an item requires a majority vote, including the assenting vote of the Chairperson. Additionally, for Manager Hiring and ASPMS decisions only, the item must be presented for discussion in an SIC Meeting a minimum of two times and passage requires an

assenting vote from the SIC Member under whose portfolio oversight the investment will reside. The Chairperson may additionally request SIC or Subcommittee votes on items not explicitly designated above—these votes shall operate by the same protocols, as applicable, described in this paragraph.

Conflict Disclosures

Conflict disclosures from all individuals contributing to a quorum for Manager Hiring Decisions and ASPMS must be completed and received by the CILCO before a Decision Review Authorization is considered final. Nothing in the preceding sentence shall be deemed to limit from whom the CILCO may request conflict disclosures.

Required Reporting Items

Cash Management and Emergency Actions (as described in the IPS) and Operating Committee actions will be reported in a timely manner. Proxy Voting reporting will be provided no less than annually.

SIC Meeting Protocols

- *Scheduling and Agendas.* SIC Meetings will be scheduled by the Chairperson as needed. The Chairperson shall set meeting agendas which may include Decision Reviews, Required Reporting Items, and additional items (Other Items). SIC Members may propose Decision Review items to the Chairperson for agenda inclusion consideration.
- *Attendance and Written Materials.* SIC meeting attendance is open to the Executive Director, CILCO, Chief Legal Officer, Internal Auditor (collectively “Enumerated Individuals”), those invited by the ED, CILCO and Chairperson, and/or those attending on behalf of the ED and/or CILCO. The Chairperson directs the attendance of investment team members. Written materials for Decision Reviews not involving MNPI and Reporting Items will be made available in advance of Decisions Reviews to Enumerated Individuals. MNPI materials will be made available to Enumerated Individuals upon request subject to the requirements in the following bullet.
- *Material Non-Public Information (MNPI) Executive Sessions.* If MNPI is to be discussed, SIC will move into MNPI Executive Session and attendance will be reduced to those authorized by the Chairperson to remain. Enumerated Individuals may elect to remain of their own accord. Any MNPI Executive Session attendees or MNPI written materials recipients not prior subject to the TMRS Personal Trading Policy (PTP) will become subject to the PTP process for any MNPI securities discussed in the subject meeting or for which written materials were received through the removal date of the subject security from the PTP Restricted List.
- *Executive Sessions.* Executive Sessions for reasons other than MNPI may be called by the ED, Chairperson, or CILCO. Executive Sessions may be attended by the ED, Chairperson, CILCO, SIC Members, and those invited by those eligible to call Executive Sessions.

Reporting to the Board of Trustees

A written summary of SIC meeting activity shall be regularly provided to the Board of Trustees.

Charter Amendments

This Charter shall only be amended upon the agreement of the ED and CIO. Any amendments to the SIC Charter will be provided to the Board at the next regularly scheduled Board meeting.

Appendix A – Staff Investment Committee Membership

Effective March 5, 2026

Overview

The structure of the SIC and its various Subcommittees and Operating Committees, along with respective appointed memberships, is designed to promote balanced perspectives and timely decision-making.

General Voting Protocols

If SIC and/or SIC Subcommittee Members cannot attend a meeting at which their respective Decision Review vote is required, they may cast electronic votes or, at the Chairperson's discretion, they may designate a colleague to serve in their stead. In addition to the recordation of SIC and SIC Subcommittee Members' votes which contribute to Decision Review Authorization tallies, members of deal teams contributing to Decision Review items shall cast votes and other investment team members may cast votes at their own discretion, all of which will be recorded in SIC Meeting minutes.

Staff Investment Committee (SIC)

Members: Tom Masthay, Tim Sweeney, Amol Deshpande, John Ritter, Darren Schlissel

Decision Review Authority: Manager Hiring Decisions, ASPMS

Additional Responsibilities: Receive, review, and, as applicable, vote on Reporting and Other Items

Risk & Liquidity Subcommittee (RLC)

Members: Tom Masthay, Tim Sweeney, Darren Schlissel, Frank Atkins, Jeff Batas

Decision Review Authority: Rebalancing Decisions

Additional Responsibilities: Proactively advise the CIO on risk and Cash Management decisions

Notes: The IPS notes that the CIO is responsible for the implementation of a risk management program. The RLC is the primary forum for discussing risk management issues and advancing further risk management initiatives.

Proxy Voting Operating Committee (PVC)

Members: Tom Masthay, Nick O'Keefe, Tim Sweeney, Frank Atkins

Operating Decision Authority: Proxy Voting

Global Investment Performance Standards Operating Committee (GIPS® Committee)

Members: Tom Masthay, Nick O'Keefe, Jeff Batas

Operating Decision Authority: Decisions required for the GIPS® verification process.

Secretary of the SIC

Primary: Cindy Morse

Back-up: Ad-hoc assigned by the Chairperson as needed

EXHIBIT D.2

INVESTMENT PRINCIPLES

TMRS' Investment Principles state the minimum contractual standards by which investment managers must abide. The Executive Director is responsible for the maintenance and updating of the Investment Principles consistent with the IPS. Any amendments to the TMRS Investment Principles will be provided to the Board at the next regularly scheduled Board meeting.

1. Investment managers must be registered as an investment adviser with the SEC, exempt from registration with the SEC, or registered with a foreign regulatory agency.
2. Investment managers must agree to act as fiduciaries and to a standard of care that prohibits placing their or their affiliates' interests ahead of those of the investment vehicle in which TMRS invests.
3. TMRS will not agree to indemnify or exculpate for breach of fiduciary duty.
4. Texas law must govern issues related to Texas law and regulation, including sovereign immunity and litigation involving only TMRS, and venue must be in Texas for any litigation involving only TMRS.
5. Investment managers must permit communications among investors, subject to reasonable limitations.
6. Investment managers and their affiliates cannot vote on non-ministerial matters, such as self-interested transactions or an increase in fees payable to the manager.
7. Investment managers must agree to TMRS' language regarding compliance with Texas statutes that require public disclosure of certain information pertaining to TMRS investments and access to TMRS' board meetings.

Revised October 2023

EXHIBIT E

DEFINITION OF TERMS

Active Public Markets Strategies. Actively managed strategies which have redemption windows of one month or less.

Asset Allocation Study. A study to determine the asset allocation most appropriate for the System based on the results of the Asset Liability Study.

Asset-Liability Study. A comprehensive actuarial review process that seeks to align Trust Fund investment policy with System-designated contribution policy, expected future benefit payments to beneficiaries, and plan expenses.

Asset Specific Private Markets Strategies (ASPMS). Strategies that involve the underwriting of specific and known assets, rather than diversified or unspecified, blind-pool fund vehicles. ASPMS include, but are not limited to, single-asset co-investments and continuation vehicles.

Custodian Bank. The financial institution that holds and/or accounts for Trust Fund assets.

Investment Managers. Third parties that provide investment management services on a long-term basis. Investment managers include, but are not limited to, the managers of Passive Public Markets Strategies, Active Public Markets Strategies, Private Markets Strategies, and Asset Specific Private Markets Strategies.

Open-ended Private Markets Strategy. A Private Market Strategy invested in a structure with no fixed term, allowing for investments and redemptions to occur over an indefinite time period. Specifically, as related to Delegated Authority: i) three-years is measured from the date capital is first drawn from TMRS to be invested; ii) the numerator in the delegated limit test is measured by adding the most recently available net asset value plus the new committed amount at time of legal closing. The Hedge Fund asset class is not considered an Open-ended Private Markets Strategy for purposes of Delegated Authorities.

Passive Public Markets Strategies. Strategies invested in public securities that seek to closely replicate a TMRS asset class benchmark in the Asset Allocation, or closely replicate an index which plays a role in more closely aligning a TMRS asset class portfolio with its asset class benchmark. Enhanced core fixed income strategies are considered Passive Public Markets Strategies.

Private Markets Strategies. Strategies which have redemption windows exceeding one month. Hedge Funds are considered Private Market Strategies for purposes of Delegated Authority.

Registered Investment Adviser. An investment adviser is defined by the Securities and Exchange Commission (SEC) as an individual or a firm that is in the business of giving advice about securities and is registered as such with the SEC or a state's securities agency.

Sole Investor. Where TMRS is the sole provider of capital to an investment vehicle apart from the investment manager. Sole Investor vehicles distinguish themselves from commingled investment vehicles in the amount of influence TMRS has over the setting of contractual terms.

Trust Fund. Total TMRS investment assets held in trust for the benefit of members, retirees and beneficiaries and service of expenses of administering the System.