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

Common Investment Mix
- Concentration of risk in equities

Growth Assets (Equities)  Fixed Income Assets  Real Assets  Alternative Beta

February 2020
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

**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

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