

# Investment Report

# State Employee Retirees Association

February **5, 2025**



**Robert L. Brackenbury, Deputy** CIO  
Bureau of Investments  
Michigan Department of Treasury

**Bureau of Investments**  
**Ending Market Value Report**  
**All Major Funds**  
**As of December 31, 2024**

**STATE OF MICHIGAN ADMINISTERED DB RETIREMENT PLANS**

	<u>12/31/2023</u>	<u>12/31/2024</u>
Public School Employees' Ret. System	\$78,733,668,755	\$86,393,387,301
State Employees' Retirement System	19,524,868,754	20,861,259,420
State Police Retirement System	2,342,475,280	2,523,365,738
Judges' Retirement System	280,307,674	283,173,549
Military Pension Fund	65,646,081	69,125,188
<b>SUBTOTAL FOR DB PLANS</b>	<b>\$100,946,966,545</b>	<b>\$110,130,311,197</b>

**STATE OF MICHIGAN ADMINISTERED DC RETIREMENT PLANS**

401(k) Plan	\$9,356,167,585	\$10,641,790,504
457 Plan	1,897,023,235	1,994,186,024
401(k) / 457 Plans - MPSERS Pension Plus	2,761,189,706	3,617,638,193
<b>SUBTOTAL FOR DC PLANS</b>	<b>\$14,014,380,525</b>	<b>\$16,253,614,722</b>
<b>TOTAL RETIREMENT RELATED</b>	<b>\$114,961,347,070</b>	<b>\$126,383,925,919</b>

**OTHER MAJOR FUNDS**

**Health and Human Services**

Children's Trust	\$27,202,419	\$28,394,028
------------------	--------------	--------------

**Lottery**

State Lottery	246,117,795	154,615,511
---------------	-------------	-------------

**Military & Veterans Affairs**

Veterans' Trust	70,507,452	74,773,525
-----------------	------------	------------

**Natural Resources**

Game and Fish Lifetime License Trust	26,705,757	29,228,237
Game and Fish Protection Trust	272,151,780	287,813,209
Natural Resources Trust	767,988,362	821,014,230
Nongame Fish and Wildlife Trust	11,447,419	12,138,757
State Parks Endowment	419,274,078	456,765,463

**Multiple Agencies**

Gifts, Bequests, and Deposits Fund	219,644	233,055
Children With Special Needs	24,579,034	26,163,851

**Transportation**

Mackinac Bridge Authority	144,562,859	154,284,269
---------------------------	-------------	-------------

**Treasury**

MESP 529 Plan	7,669,726,788	8,468,901,577
MI 529 Advisor Plan	1,105,379,011	1,263,243,777
MET I	97,206,863	100,480,529
MET II	970,619,422	1,012,288,945
Fostering Futures Trust Fund	3,816,812	4,673,009

<b>SUBTOTAL FOR TRUST AND AGENCY FUNDS</b>	<b>\$11,857,505,496</b>	<b>\$12,895,011,973</b>
--	-------------------------	-------------------------

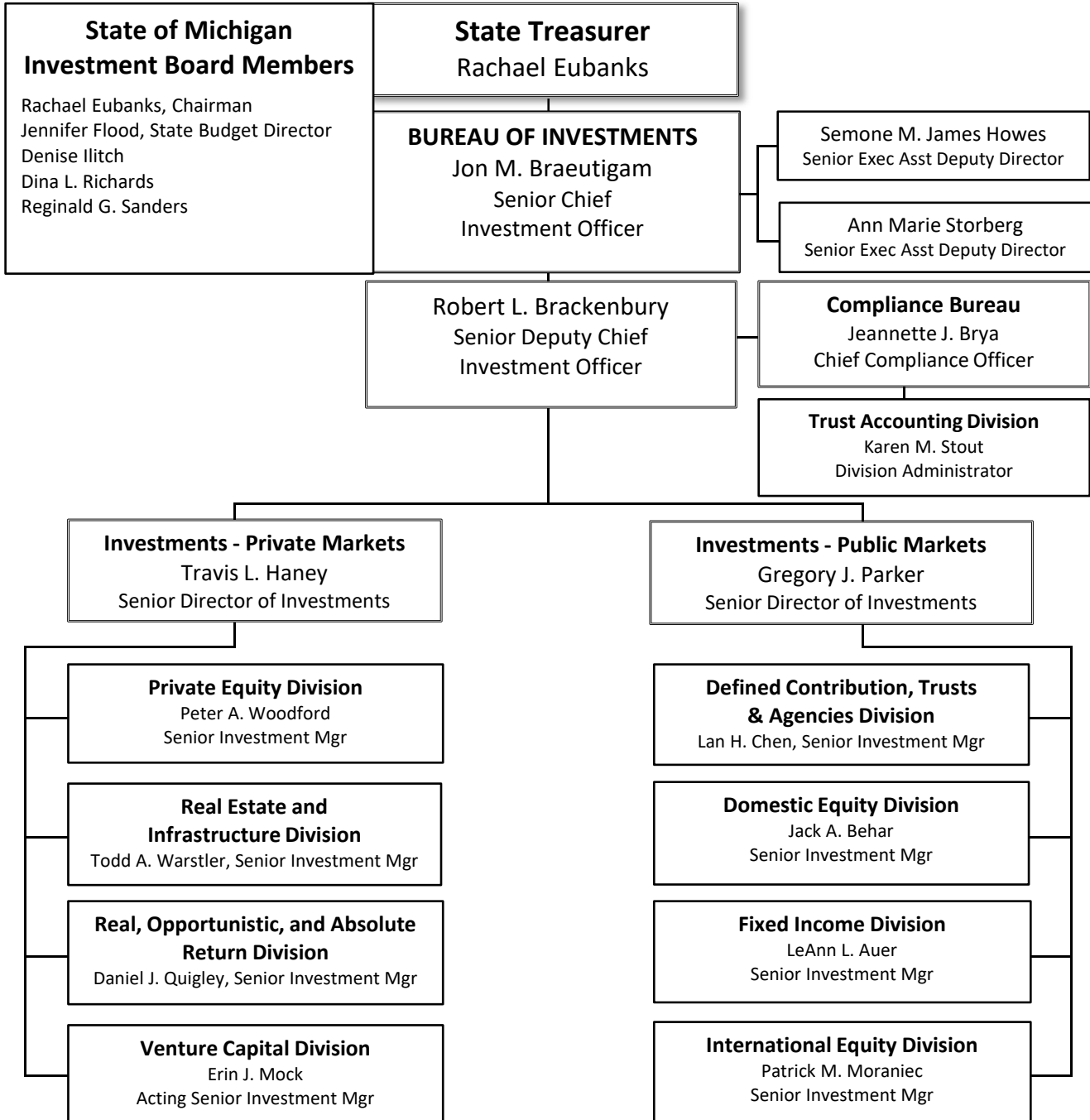
**COMMON CASH**

State Treasurer's Common Cash	28,805,871,014	25,663,351,321
<b>TOTAL UNDER MANAGEMENT</b>	<b>\$155,624,723,579</b>	<b>\$164,942,289,212</b>

NOTE: Military Pension Fund is included in MSERS total on the month-end SMRS Profile report.

# Bureau of Investments

January 1, 2025



- 73 BOI staff (51 investment professionals; 22 Compliance, Trust Accounting, and support staff)
- 59% of BOI investment staff have advanced degrees and/or a professional designation

# Plan Membership Summary

As of September 30, 2024

<b>MEMBER TYPE</b>	<b>MSERS</b>
<b>Retirees &amp; Benef. Receiving Benefits</b>	<b>58,928</b>
<b>Current Employees Vested</b>	<b>3,460</b>
<b>Current Employees Non-Vested</b>	<b>9</b>
<b>Inactive Entitled Employees Not Yet Receiving Benefits</b>	<b>1,419</b>
<b>Total MSERS Members</b>	<b>63,816</b>

Source: Pension Plans Component Unit Financial Reports Fiscal Year Ended September 30, 2024 - draft version

# MRSERS Funded Ratio

**\*\$14.3 Billion as of 12/31/2024**

	<b>FY Ending September</b>	<b>Market Value of Assets</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Funded Ratio Actuarial Value</b>
*	<b>2023</b>	<b>\$13,344</b>	<b>\$13,600</b>	<b>\$18,995</b>	<b>71.6%</b>
	<b>2022</b>	<b>\$13,065</b>	<b>\$13,617</b>	<b>\$19,568</b>	<b>69.6%</b>
*	<b>2021</b>	<b>\$14,482</b>	<b>\$13,690</b>	<b>\$19,799</b>	<b>69.1%</b>
	<b>2020</b>	<b>\$12,028</b>	<b>\$12,296</b>	<b>\$18,743</b>	<b>65.6%</b>
	<b>2019</b>	<b>\$12,228</b>	<b>\$12,374</b>	<b>\$18,921</b>	<b>65.4%</b>
	<b>2018</b>	<b>\$12,398</b>	<b>\$12,494</b>	<b>\$18,995</b>	<b>65.8%</b>
	<b>2017</b>	<b>\$11,807</b>	<b>\$11,884</b>	<b>\$17,881</b>	<b>66.5%</b>
	<b>1983</b>	<b>\$1,842</b>	<b>\$1,752</b>	<b>\$2,369</b>	<b>74.0%</b>

(\$ in Millions)

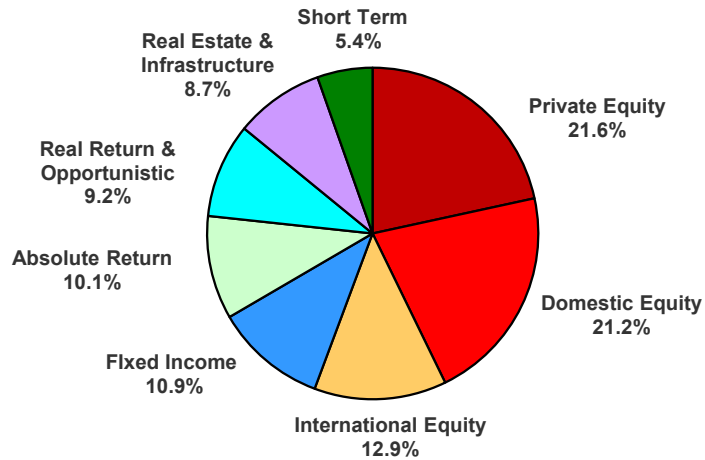
Pension Plan Only

\* Revised actuarial assumptions and/or methods.

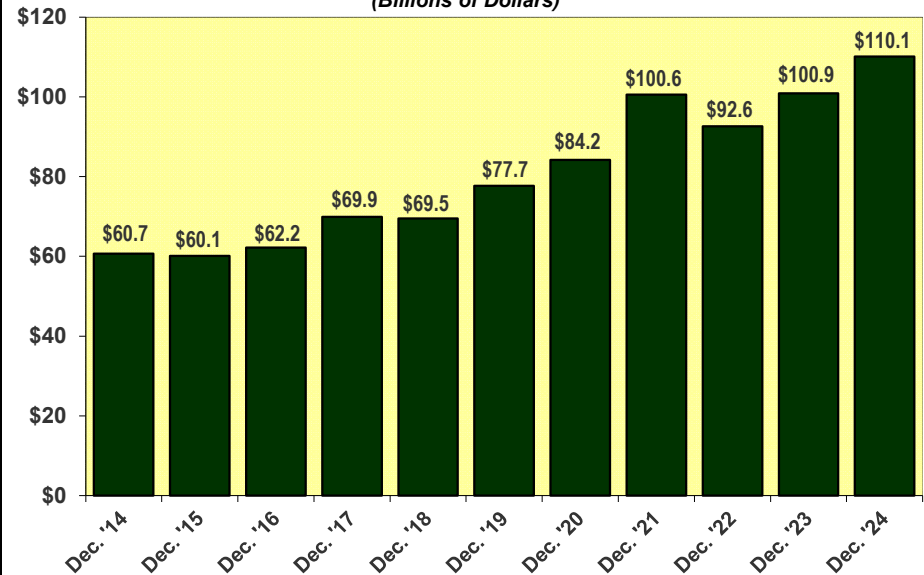
Source: SMRS Component Unit Comprehensive Annual Financial Reports and Annual Actuarial Valuation Reports, years ending in September

# STATE OF MICHIGAN RETIREMENT SYSTEM PROFILE - DECEMBER 2024

## Asset Allocation ~ 12/31/24



## Market Value\* (Billions of Dollars)



## Asset Allocation By Market Value (In Millions)

Investment Strategies	12/31/2024		12/31/2023	
	Mkt. Value	%	Mkt. Value	%
Private Equity	\$23,807	21.6%	\$22,622	22.4%
Domestic Equity	23,346	21.2%	19,730	19.5%
International Equity	14,196	12.9%	13,708	13.6%
Fixed Income	11,971	10.9%	9,149	9.1%
Absolute Return	11,113	10.1%	10,213	10.1%
Real Return & Opportunistic	10,098	9.2%	10,551	10.5%
Real Estate & Infrastructure	9,631	8.7%	9,890	9.8%
Short Term	5,968	5.4%	5,084	5.0%
<b>TOTAL</b>	<b>\$110,130</b>	<b>100.0%</b>	<b>\$100,947</b>	<b>100.0%</b>

## Market Value By Plan ~ 12/31/24 (in Millions)

Pension Plan	OPEB**		Combined	%
	Mkt. Value	Mkt. Value		
MPSERS	\$72,181	\$14,213	\$86,394	78.4%
MSERS - (closed)	14,360	6,570	20,930	19.0%
MSPRS	2,049	474	2,523	2.3%
MJRS - (closed)	269	14	283	0.3%
<b>TOTAL</b>	<b>\$88,859</b>	<b>\$21,271</b>	<b>\$110,130</b>	<b>100.0%</b>

MSERS includes the Military Pension Fund

## Short Term Equivalents (in Billions)

Short Term Strategy	\$6.0	
Short Term in Other Inv. Strategies	1.6	
<b>TOTAL SHORT TERM</b>	<b>\$7.6</b>	<b>6.9% of Total Funds</b>

**12th Largest State Public Retirement System in the U.S.**

Pensions & Investments survey - February 12, 2024 issue

\*The combined net payout for the plans for FY 2022 was \$1.2 billion with \$25.6 billion paid out FY 2010 thru FY 2022 (Pension ACFRs). This represents the amount paid to beneficiaries in excess of employer and employee contributions.

\*\*OPEB - Other Post Employment Benefits

# MERS Asset Allocation

As of December 31, 2024

<b>Asset Allocation By Market Value</b>				
(In Millions)				
<b>Investment Strategies</b>	<b>12/31/2024</b>		<b>Target Allocation</b>	
			<b>Target</b>	<b>Range</b>
<b>Domestic Equity</b>	<b>\$ 4,617</b>	<b>22.1%</b>	<b>21.0%</b>	<b>13% - 27%</b>
<b>Private Equity</b>	<b>4,518</b>	<b>21.7%</b>	<b>16.0%</b>	<b>13% - 27%</b>
<b>International Equity</b>	<b>2,750</b>	<b>13.2%</b>	<b>14.0%</b>	<b>10% - 20%</b>
<b>Absolute Return</b>	<b>2,110</b>	<b>10.1%</b>	<b>13.0%</b>	<b>7% - 18%</b>
<b>Fixed Income</b>	<b>2,055</b>	<b>9.8%</b>	<b>15.0%</b>	<b>10% - 20%</b>
<b>Real Return &amp; Opportunistic</b>	<b>1,916</b>	<b>9.2%</b>	<b>9.0%</b>	<b>5% - 15%</b>
<b>Real Estate &amp; Infrastructure</b>	<b>1,828</b>	<b>8.8%</b>	<b>8.0%</b>	<b>5% - 15%</b>
<b>Short Term</b>	<b>1,067</b>	<b>5.1%</b>	<b>4.0%</b>	<b>1% - 8%</b>
<b>TOTAL</b>	<b>\$20,861</b>	<b>100%</b>	<b>100%</b>	

# MRSERS Time-Weighted Rates of Return

As of September 30, 2024

Asset Class w/Benchmark	One Year* Rate	Three Years* Rate	Five Years* Rate	Seven Years* Rate	Ten Years* Rate
<b>Total Plan</b>	<b>16.0%</b>	<b>6.4%</b>	<b>10.2%</b>	<b>9.7%</b>	<b>9.1%</b>
Median - Greater than \$10 Billion**	18.2%	-3.9%	0.0%	8.3%	8.0%
<b>Domestic Equities</b>	<b>40.5%</b>	<b>10.8%</b>	<b>14.9%</b>	<b>13.9%</b>	<b>12.8%</b>
S&P 1500 Index	35.5%	11.5%	15.6%	14.1%	13.1%
<b>International Equities</b>	<b>26.5%</b>	<b>3.7%</b>	<b>8.3%</b>	<b>6.0%</b>	<b>6.2%</b>
International Equities Median**	25.1%	4.3%	8.6%	6.3%	6.0%
<b>Fixed Income</b>	<b>13.5%</b>	<b>0.9%</b>	<b>2.0%</b>	<b>3.0%</b>	<b>3.4%</b>
Bloomberg US Agg Index	11.6%	-1.4%	0.3%	1.5%	1.8%
<b>Private Equity and Venture Capital</b>	<b>5.2%</b>	<b>4.7%</b>	<b>13.7%</b>	<b>14.2%</b>	<b>13.0%</b>
PE and VC Blended Benchmark***	28.2%	13.3%	18.5%	17.7%	16.2%
<b>Real Estate</b>	<b>0.4%</b>	<b>9.6%</b>	<b>6.8%</b>	<b>7.7%</b>	<b>8.5%</b>
NCREIF - Property Blended Index***	-4.7%	-0.4%	1.9%	2.9%	4.5%
<b>Infrastructure</b>	<b>6.7%</b>	<b>11.9%</b>	<b>9.6%</b>	<b>10.3%</b>	<b>9.7%</b>
CPI + 4% Lagged 3m	7.1%	9.1%	8.3%	7.8%	6.9%
<b>Absolute Return</b>	<b>12.2%</b>	<b>8.2%</b>	<b>8.6%</b>	<b>7.5%</b>	<b>6.1%</b>
HFRI FOF Cons 1 month lagged	6.6%	3.7%	5.1%	4.4%	3.6%
<b>Real Return and Opportunistic</b>	<b>8.6%</b>	<b>8.3%</b>	<b>11.1%</b>	<b>11.5%</b>	<b>10.5%</b>
50% CPI+4% and 50% actuarial rate 6%	6.8%	8.0%	7.7%	7.5%	7.4%
<b>Cash Equivalents</b>	<b>5.7%</b>	<b>3.7%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>1.9%</b>
30-Day T-Bill	5.6%	3.6%	2.3%	2.2%	1.6%

\* Annualized Returns

\*\* Comparison universe is the State Street Universe comprised of Public Funds greater than \$10 Billion on the total plan level and greater than \$1 Billion for asset classes.

\*\*\* Inception to present: S&P500 + 300 BP with a 3 month lag



# SMRS by Asset Class

12/31/2024

## Domestic Equity

\$23.3 Billion in Managed Funds

19 Strategies

Approximately 1,200 Stocks

## Real Estate and Infrastructure

\$9.6 Billion in Managed Funds

47 Advisors

121 Accounts

## Absolute Return

\$11.2 Billion in Managed Funds

7 Strategies

29 Managers

## Real and Opportunistic Return

\$10.1 Billion in Managed Funds

6 Strategies

18 Managers

## Fixed Income

\$11.9 Billion in Managed Funds

5 Strategies

10 Managers

## Short Term Investments

\$7.1 Billion in Managed Funds

2 Strategies

2 Managers

## International Equity

\$14.2 Billion in Managed Funds

18 Strategies

Representing 2,495 Stocks

## Trust Accounting

Approximately 15,000 Trades Annually

\$139 Billion in 100 Funds

## Private Equity

\$23.8 Billion in Managed Funds

60 Sponsors

312 Partnerships

3,752 Companies

# S&P 500 Index at inflection points

## S&P 500 Price Index



Source: Compustat, FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price-to-earnings ratio is a bottom-up calculation based on IBES estimates and FactSet estimates since January 2022. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns. Guide to the Markets – U.S. Data are as of December 31, 2024.

# SMRS

## Defined Contribution Strategies

9/30/24

Markets	Amount		% of Total	Fee per \$1,000
<b>QDIA</b> (\$ in Millions)				
	<u>9/30/24</u>	<u>9/30/23</u>		
<b>Total Target Date Fund</b>	<b>\$5,736</b>	<b>\$4,048</b>	<b>35.6%</b>	\$0.55
<b>Tier I Index Funds</b>				
State Street S&P 500 Index Fund	\$2,484	\$1,845		\$0.08
State Street Bond Market Index Fund	1,301	1,068		0.15
State Street Global All Cap Equity ex-U.S. Index Fund	1,136	841		0.40
State Street S&P Mid Cap Index Fund	902	731		0.15
BlackRock Government Short-Term Investment CL F	310	279		0.55
BlackRock S&P Small Cap 600 Equity Index CL F	185	159		0.23
BlackRock Emerging Markets Index CL F	123	103		0.70
<b>Total Tier I Index</b>	<b>\$6,440</b>	<b>\$5,026</b>	<b>40.0%</b>	\$0.16
<b>Tier II Active Funds</b>				
Stable Value Fund	\$1,101	\$1,184		\$2.17
Dodge & Cox Stock Fund	760	645		4.10
Jennison Large Cap Growth Fund	665	481		2.75
American Funds EuroPacific Growth R6	264	236		4.70
T. Rowe Price Mid-Cap Value Fund	189	146		5.11
Voya Small Cap Growth Equity Fund	169	126		3.33
Artisan Mid Cap Fund	134	128		6.85
PIMCO Total Return I Fund	113	97		5.10
Virtus Ceredex Small-Cap Value Eq I	79	70		4.90
Prudential High Yield Fund	49	42		3.60
<b>Total Tier II Active</b>	<b>\$3,521</b>	<b>\$3,153</b>	<b>21.8%</b>	\$3.03
<b>Tier III</b>				
<b>Total Self Directed Brokerage Account</b>	<b>\$417</b>	<b>\$272</b>	<b>2.6%</b>	NA
<b>Total Defined Contribution Assets</b>	<b><u>\$16,114</u></b>	<b><u>\$12,500</u></b>	<b><u>100.0%</u></b>	\$0.86

\*Loan Fund \$191M as of 9/30/24

NOTE: Totals may not be exact due to rounding.