

Public Agenda Item #10

Consideration of Texa\$aver Investment Performance Review for Calendar Year 2022

March 1, 2023

Diana Kongevick, Director of Group Benefits

Angelica Harborth, CTCM, Manager, Deferred Compensation Plans

Thomas Nun, CFA Portfolio Strategist, Empower Investments

Texa\$aver Program



Overview

- Texa\$averSM 401(k)/457 program (Texa\$aver) is a voluntary tax-deferred defined contribution program.
- Texa\$aver offers two plans to assist state and higher education employees with personal retirement savings.
 - 401(k) plan – available to state agency employees
 - 457 plan – available to state agency and eligible higher education employees.

Retirement Preparation:
A Shared Responsibility

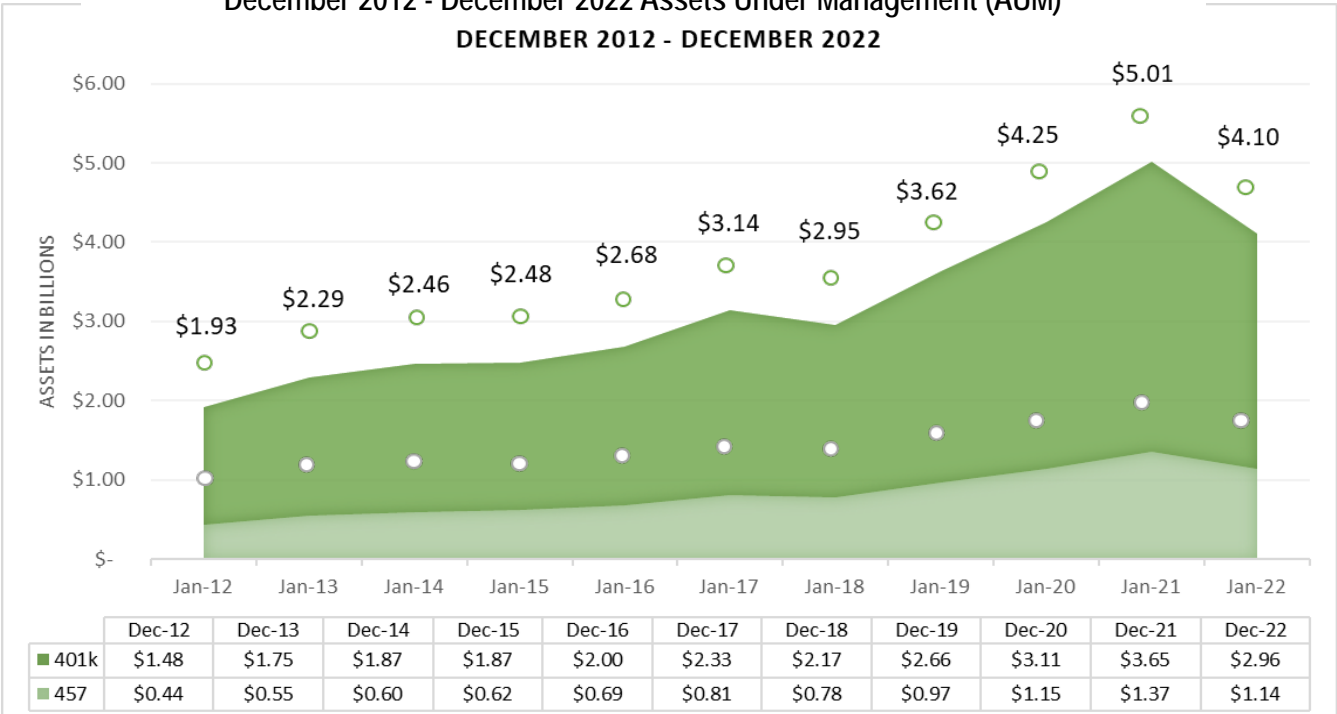


Texa\$aver Program

10 Year Plan Growth



December 2012 - December 2022 Assets Under Management (AUM)
DECEMBER 2012 - DECEMBER 2022



Texa\$aver Program



Investment Offerings

Texa\$aver offers a range of investment products to help participants reach their individual retirement savings goals.

Target Date Funds

- Reduces investment risk and equity exposure over time
- Requires the lowest level of participant engagement
- Represents 25% of program assets

Core Funds

- Allows participants to create their own investment portfolios based on defined asset classes
- Requires a higher level of participant engagement to maintain desired diversification and risk levels.
- Represents 70% of program assets

Self Directed Brokerage Account

- Provides additional investment options
- Participants make decisions and requires the highest level of participant engagement for diversification and investment selection.
- Represents 5% of program assets

Texa\$aver Program



Investment Allocation Services

Retirement planning services and products are available to participants to help with investment allocation.

Managed Account Service *“Do it for me”*

- Builds a portfolio based on specific goals for an additional fee
- Performs automatic rebalancing to equity targets
- Provides access to investment adviser representatives.

Online Advice Service *“Help me do it”*

- Internet based services offering recommendations at no additional cost.
- Allows participants to easily apply recommendations.
- Provides access to investment adviser representatives.

Asset Allocation Product Target Date Funds

- Changes asset allocation from equity exposure to fixed income over time (glide path)

Texa\$aver Program



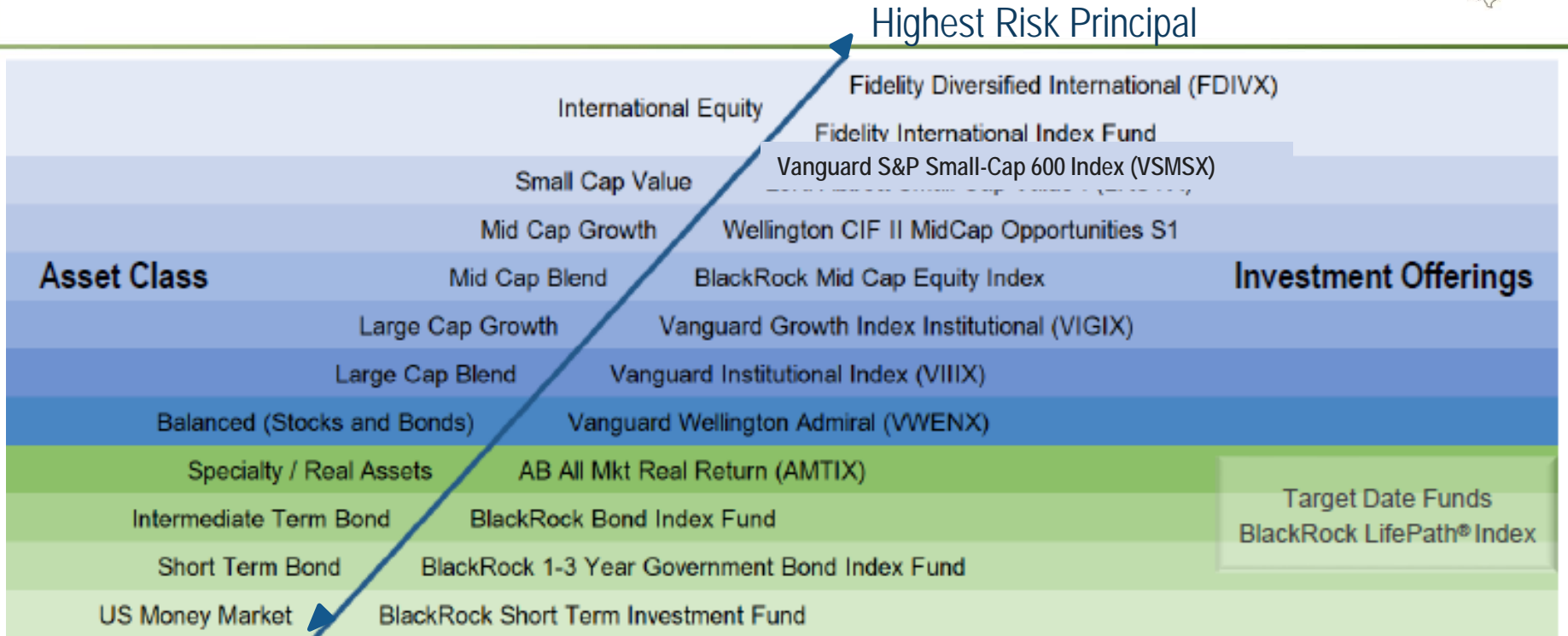
Product Review Committee (PRC)

The PRC serves in a consultative capacity regarding the program's investment options, fund managers, and investment advisory services provided to participants.

The Committee consists of both internal and external investment professionals and includes:

- Porter Wilson, Executive Director
- Catherine Terrell, Deputy Executive Director
- Diana Kongevick, Director of Group Benefits
- David Veal, Chief Investment Officer
- Carlos Chujoy, Director of Risk and Reporting
- Leighton Shantz, Managing Director of Credit and Hedge Funds
- Ruby Dang, Partner, Director of Marketing and Client Services Garcia Hamilton & Associates, LP
- Laurie Dotter, IAC Vice-Chair
- Gene Needles, IAC Chair

Texa\$aver Investment Lineup Dec 2022



Highest Risk Principal

Lowest Risk Principal

- * Board approved changes to the small cap fund offering.
- Vanguard S&P Small-Cap 600 Index Institutional (VSMSX added 1/10/2022.
- Assets transferred from Lord Abbett Small Cap Value to Vanguard S&P small Cap 600 on 2/18/2022.

Texa\$aver Assets (Combined)

(As of 12/31/2022)



Strategy	ERS Assets (\$,m)	% Allocation	Assets as a % of Fund AUM (est.)
AB All Market Real Return I	\$ 6.4	0.16%	0.63%
BlackRock 1-3 Year Govt Bond Index F*	\$ 39.6	0.96%	7.06%
Blackrock US Debt Idx Fund CF	\$ 309.4	7.53%	1.28%
BlackRock Short-Term Investment F	\$ 196.5	4.78%	0.98%
Vanguard Growth Index Institutional	\$ 445.6	10.85%	0.3%
Vanguard Institutional Index Instl Pl	\$ 777.7	18.94%	0.3%
BlackRock Mid-Cap Equity Index F	\$ 209.1	5.09%	3.3%
Wellington CIF II MdCap Opportunities S1	\$ 10.1	0.25%	0.5%
Vanguard S&P Small-Cap 600 Index I	\$ 172.1	4.19%	4.3%
Fidelity Diversified International Fund	\$ 175.2	4.27%	1.9%
Fidelity International Index	\$ 98.1	2.39%	0.3%
Self-Directed, Holding, Unclaimed and Other	\$ 211.0	5.14%	NA
Subtotal	\$ 2,650.8	65%	

Texa\$aver Assets (Combined)

(As of 12/31/2022)



Strategy	ERS Assets (\$,m)	% Allocation	Assets as a % of Fund AUM (est.)
Vanguard Wellington Adm	\$ 405.24	9.87%	0.4%
BlackRock LifePath Index Retirement F	\$ 278.55	6.78%	1.3%
BlackRock LifePath Index 2025 F	\$ 117.65	2.86%	0.6%
BlackRock LifePath Index 2030 F	\$ 132.51	3.23%	0.5%
BlackRock LifePath Index 2035 F	\$ 115.19	2.80%	0.5%
BlackRock LifePath Index 2040 F	\$ 101.24	2.46%	0.4%
BlackRock LifePath Index 2045 F	\$ 104.04	2.53%	0.5%
BlackRock LifePath Index 2050 F	\$ 111.23	2.71%	0.6%
BlackRock LifePath Index 2055 F	\$ 64.56	1.57%	0.5%
BlackRock LifePath Index 2060 F	\$ 25.94	0.63%	0.5%
Subtotal	\$ 1,456.1	35%	
Grand Total	\$ 4,107.0	100.0%	

Texa\$aver Weighted Fund Expense by Plan



Target Date Funds

Fund Name	Expense Ratio	Re-allowances	Net Expense	401(k) weighted avg. exp. w/o reallowances	401(k) weighted avg. exp. with reallowances	457 weighted avg. exp. w/o reallowances	457 weighted avg. exp. with reallowances	Total weighted avg. exp. w/o reallowances	Total weighted avg. exp. With reallowances
BLACKROCK LIFEPATH Index Retirement	0.08%	0.00%	0.08%	0.006%	0.006%	0.004%	0.004%	0.005%	0.005%
BLACKROCK LIFEPATH Index 2025	0.08%	0.00%	0.08%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%
BLACKROCK LIFEPATH Index 2030	0.08%	0.00%	0.08%	0.003%	0.003%	0.002%	0.002%	0.003%	0.003%
BLACKROCK LIFEPATH Index 2035	0.08%	0.00%	0.08%	0.003%	0.003%	0.001%	0.001%	0.002%	0.002%
BLACKROCK LIFEPATH Index 2040	0.08%	0.00%	0.08%	0.002%	0.002%	0.001%	0.001%	0.002%	0.002%
BLACKROCK LIFEPATH Index 2045	0.08%	0.00%	0.08%	0.002%	0.002%	0.001%	0.001%	0.002%	0.002%
BLACKROCK LIFEPATH Index 2050	0.08%	0.00%	0.08%	0.003%	0.003%	0.001%	0.001%	0.002%	0.002%
BLACKROCK LIFEPATH Index 2055	0.08%	0.00%	0.08%	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%
BLACKROCK LIFEPATH Index 2060	0.08%	0.00%	0.08%	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%

TexaSaver Weighted Fund Expense by Plan



Core Funds

Fund Name	Expense Ratio	Re-allowances	Net Expense	401(k) weighted avg. exp. w/o reallowances	401(k) weighted avg. exp. with reallowances	457 weighted avg. exp. w/o reallowances	457 weighted avg. exp. with reallowances	Total weighted avg. exp. w/o reallowances	Total weighted avg. exp. With reallowances
AB ALL MARKET REAL RETURN	0.87%	0.15%	0.72%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%
FIDELITY DIVERSIFIED INTERNATIONAL	0.99%	0.25%	0.74%	0.042%	0.032%	0.039%	0.029%	0.041%	0.031%
FIDELITY INTERNATIONAL INDEX	0.04%	0.00%	0.04%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%
VANGUARD S&P 600 SMALL-CAP INDEX	0.08%	0.00%	0.08%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%
BLACKROCK MID-CAP EQUITY INDEX F	0.02%	0.00%	0.02%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%
WELLINGTON CIF II MID CAP OPP. S1	0.64%	0.00%	0.64%	0.001%	0.001%	0.001%	0.001%	0.002%	0.002%
VANGUARD GROWTH INDEX INST.	0.04%	0.00%	0.04%	0.001%	0.001%	0.002%	0.002%	0.004%	0.004%
VANGUARD INSTITUTIONAL INDEX PL	0.02%	0.00%	0.02%	0.005%	0.005%	0.002%	0.002%	0.004%	0.004%
VANGUARD WELLINGTON ADMIRAL	0.16%	0.00%	0.16%	0.004%	0.004%	0.003%	0.003%	0.022%	0.022%
BLACKROCK 1-3 YEAR GOVT. BOND INDEX	0.05%	0.00%	0.05%	0.015%	0.015%	0.038%	0.038%	0.002%	0.002%
BLACKROCK BOND INDEX FUND	0.11%	0.00%	0.11%	0.000%	0.000%	0.005%	0.005%	0.008%	0.008%
BLACKROCK SHORT-TERM INVESTMENT W	0.08%	0.00%	0.08%	0.008%	0.008%	0.008%	0.008%	0.005%	0.005%
				0.110%	0.099%	0.123%	0.112%	0.114%	0.103%

Capital Markets Update

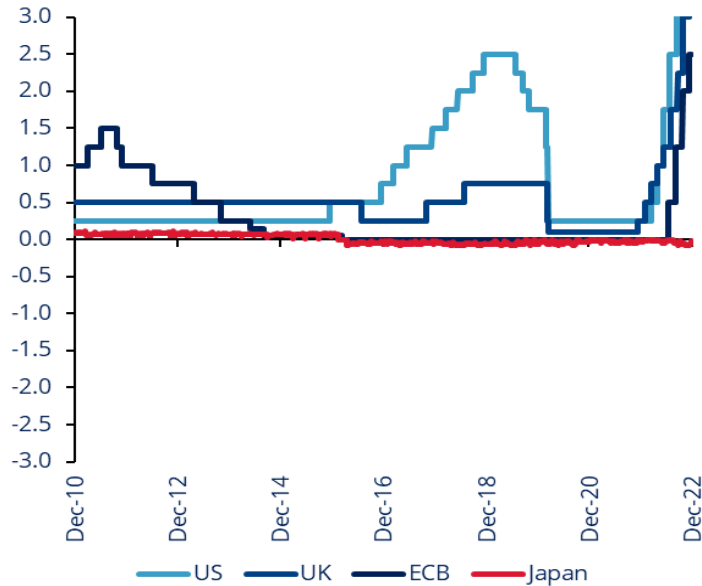
Global Economy

The world's central banks get serious about addressing inflation



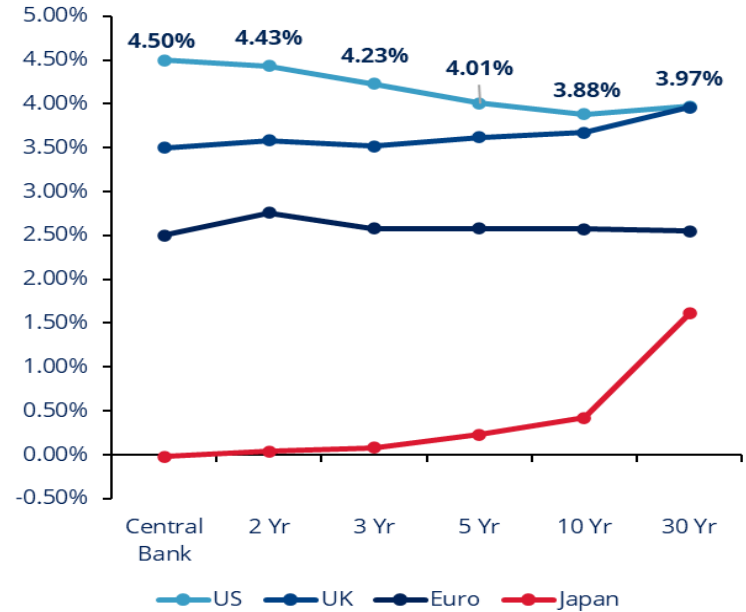
Global Central Bank Rates

through December 2022



Sovereign Yield Curve

as of December 2022



Domestic Market Returns



(as of December 31, 2022)		QTD	YTD	1 Year Trailing	3 Year Trailing	5 Year Trailing	10 Year Trailing
Domestic Equity							
Large Cap	S&P 500	7.6%	-18.1%	-18.1%	7.7%	9.4%	12.6%
	Russell 1000 Value	12.4%	-7.5%	-7.5%	6.0%	6.7%	10.3%
	Russell 1000 Growth	2.2%	-29.1%	-29.1%	7.8%	11.0%	14.1%
Mid Cap	Russell Mid Cap	9.2%	-17.3%	-17.3%	5.9%	7.1%	11.0%
	Russell Mid Cap Value	10.5%	-12.0%	-12.0%	5.8%	5.7%	10.1%
	Russell Mid Cap Growth	6.9%	-26.7%	-26.7%	3.9%	7.6%	11.4%
Small Cap	Russell 2000	6.2%	-20.4%	-20.4%	3.1%	4.1%	9.0%
	Russell 2000 Value	8.4%	-14.5%	-14.5%	4.7%	4.1%	8.5%
	Russell 2000 Growth	4.1%	-26.4%	-26.4%	0.6%	3.5%	9.2%

Source: Morningstar Direct; ECM Analysis

Past performance is not a guarantee or prediction of future results. 68

International Market Returns



(as of December 31, 2022)		QTD	YTD	1 Year Trailing	3 Year Trailing	5 Year Trailing	10 Year Trailing
International Equity							
Developed Markets	MSCI EAFE	17.3%	-14.5%	-14.5%	0.9%	1.5%	4.7%
	Australia	15.7%	-5.3%	-5.3%	4.1%	4.0%	4.0%
	Canada	7.4%	-12.9%	-12.9%	5.0%	4.1%	3.7%
	France	22.2%	-13.3%	-13.3%	2.5%	3.4%	6.1%
	Germany	24.6%	-22.3%	-22.3%	-3.0%	-3.0%	2.7%
	Japan	13.2%	-16.6%	-16.6%	-1.0%	0.2%	5.6%
	Switzerland	10.4%	-18.3%	-18.3%	2.8%	5.5%	6.8%
	UK	17.0%	-4.8%	-4.8%	0.3%	1.0%	3.1%
Emerging Markets	MSCI Emerging Markets	9.7%	-20.1%	-20.1%	-2.7%	-1.4%	1.4%
	Brazil	2.4%	14.2%	14.2%	-8.6%	-0.8%	-1.8%
	China	13.5%	-21.9%	-21.9%	-7.5%	-4.5%	2.4%
	India	2.0%	-8.0%	-8.0%	10.3%	6.0%	7.4%
	Indonesia	-3.6%	3.6%	3.6%	-0.9%	-0.8%	0.9%
	Korea	18.1%	-29.4%	-29.4%	-2.2%	-3.6%	1.4%
	Mexico	12.5%	-2.0%	-2.0%	5.6%	2.1%	-1.0%
	Russia	0.0%	-100.0%	-100.0%	-99.0%	-93.0%	-73.8%

Source: Morningstar Direct; ECM Analysis

Past performance is not a guarantee or prediction of future results.

Fixed Income and Specialty Returns



(as of December 31, 2022)

	QTD	YTD	1 Year Trailing	3 Year Trailing	5 Year Trailing	10 Year Trailing
Fixed Income						
Bloomberg Barclays US Aggregate	1.9%	-13.0%	-13.0%	-2.7%	0.0%	1.1%
Bloomberg Barclays US Treasury	0.7%	-12.5%	-12.5%	-2.6%	-0.1%	0.6%
Bloomberg Barclays US Govt/Credit Intermediate	1.5%	-8.2%	-8.2%	-1.3%	0.7%	1.1%
Bloomberg Barclays US Govt/Credit Long	2.6%	-27.1%	-27.1%	-6.2%	-1.2%	1.6%
Bloomberg Barclays US TIPS	2.0%	-11.8%	-11.8%	1.2%	2.1%	1.1%
Bloomberg Barclays US Corporate High Yield	4.2%	-11.2%	-11.2%	0.0%	2.3%	4.0%
FTSE WGBI	3.8%	-18.3%	-18.3%	-5.7%	-2.5%	-1.2%
JPM EMBI Global Diversified	8.1%	-17.8%	-17.8%	-5.3%	-1.3%	1.6%
FTSE Treasury Bill 3 Month	0.9%	1.5%	1.5%	0.7%	1.2%	0.7%
Specialty						
Bloomberg Commodity	2.2%	16.1%	16.1%	12.7%	6.4%	-1.3%
DJ US Select REIT	4.8%	-26.0%	-26.0%	-1.4%	2.5%	5.7%
FTSE EPRA/NAREIT Developed Ex US	10.5%	-23.8%	-23.8%	-8.2%	-2.3%	1.5%

Source: Morningstar Direct; ECM Analysis

Past performance is not a guarantee or prediction of future results.

TexaSaver Fund Performance Analysis

Fund Monitoring: Fixed Income

as of December 31, 2022



	QTR	Excess Benchmark Performance					Peer Return Rank				Sharpe Ratio Rank	
		YTD	1 Yr	3 Yr	5 Yr	10 Yr	1 Yr	3 Yr	5 Yr	10 Yr	3 Yr	5 Yr
Fixed Income												
Prime Money Market												
BlackRock Liq. Temp. Inst.	-0.26	-0.16	-0.16	-0.07	-0.01	0.06	62	41	23	10	42	23
<i>FTSE Treasury Bill 3 Mo.</i>												
No. of funds in peer group							152	140	130	101		
Short Government												
BlackRock 1-3Y Govt. Bond Index F	-0.04	0.03	0.03	0.10	0.11	0.06	16	9	4	5	8	5
<i>BBgBarcGovt 1-3 Yr.</i>												
No. of funds in peer group							37	37	37	35		
Intermediate Core Bond												
BlackRock US Debt Index NL - F	-0.18	0.82	0.82	0.31	0.20	0.12	17	27	25	32	38	25
<i>BbgBarc US Aggregate Bond Index</i>												
No. of funds in peer group							164	142	126	103		

Fund Monitoring: Balanced, Target Date Funds



As of December 31, 2022

	QTR	Excess Benchmark Performance					Peer Return Rank				Sharpe Ratio Rank	
		YTD	1 Yr	3 Yr	5 Yr	10 Yr	1 Yr	3 Yr	5 Yr	10 Yr	3 Yr	5 Yr
Balanced Fund												
Allocation, 50-70%Equity												
Vanguard Wellington Admiral	2.03	1.52	1.52	0.34	0.06	0.37	45	23	15	5	23	13
60%S&P 500 & 40%BarCapAgg												
No. of funds in peer group							223	200	190	164		
Target Date Series												
Target Date - Retirement												
BlackRock LifePath Index Retire F	0.21	-3.39	-3.39	0.28	0.42	0.49	79	23	19	15	23	21
S&P Target Date Retirement Income												
No. of funds in peer group							35	34	32	23		
Target Date - 2025												
BlackRock LifePath Index 2025 F	-1.03	-2.04	-2.04	-0.99	-0.50	-0.87	38	66	64	92	68	60
S&P Target Date 2025												
No. of funds in peer group							52	49	44	29		
Target Date - 2030												
BlackRock LifePath Index 2030 F	-0.81	-1.94	-1.94	-0.79	-0.32	-0.78	39	73	58	85	72	54
S&P Target Date 2030												
No. of funds in peer group							52	48	44	26		
Target Date - 2035												
BlackRock LifePath Index 2035 F	-0.80	-1.62	-1.62	-0.72	-0.21	-0.69	38	65	46	82	66	43
S&P Target Date 2035												
No. of funds in peer group							50	47	43	28		

Fund Monitoring: Target Date Funds (Cont.)



as of December 31, 2022

Target Date Series (Cont.)	QTR	Excess Benchmark Performance					10 Yr	Peer Return Rank				Sharpe Ratio Rank	
		YTD	1 Yr	3 Yr	5 Yr	1 Yr		3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	
Target Date - 2040	-0.65	-1.74	-1.74	-0.61	-0.08	-0.54	44	67	34	79	68	38	
BlackRock LifePath Index 2040 F													
<i>S&P Target Date 2040</i>													
No. of funds in peer group							52	47	44	26			
Target Date - 2045	-0.37	-2.00	-2.00	-0.37	0.12	-0.36	44	50	25	66	56	30	
BlackRock LifePath Index 2045 F													
<i>S&P Target Date 2045</i>													
No. of funds in peer group							50	47	43	27			
Target Date - 2050	-0.15	-2.18	-2.18	-0.26	0.22	-0.31	46	41	19	57	45	24	
BlackRock LifePath Index 2050 F													
<i>S&P Target Date 2050</i>													
No. of funds in peer group							50	47	44	258			
Target Date - 2055	-0.14	-2.25	-2.25	-0.28	0.19	-0.33	45	41	18	47	47	24	
BlackRock LifePath Index 2055 F													
<i>S&P Target Date 2055</i>													
No. of funds in peer group							50	47	43	22			
Target Date - 2060	-0.16	-2.22	-2.22	-0.26	-0.63	NA	50	45	83	NA	54	85	
BlackRock LifePath Index 2060 F													
<i>S&P Target Date 2060</i>													
No. of funds in peer group							50	46	40	1		74	

Fund Monitoring: Equity

As of December 31, 2022



	QTR	Excess Benchmark Performance					Peer Return Rank				Sharpe Ratio Rank	
		YTD	1 Yr	3 Yr	5 Yr	10 Yr	1 Yr	3 Yr	5 Yr	10 Yr	3 Yr	5 Yr
Equity												
Large Blend												
Vanguard Institutional Index Inst.	-0.01	-0.02	-0.02	-0.01	-0.01	-0.01	51	32	24	13	32	26
<i>S& P 500 Index</i>												
No. of funds in peer group							575	488	429	324		
Large Growth												
Vanguard Growth Index Inst.	-0.01	-0.02	-0.02	-0.03	-0.03	-0.04	71	43	34	31	47	41
<i>Vanguard Growth Index Custom Bmk.</i>												
No. of funds in peer group							436	376	348	298		
Mid-Cap Blend												
BlackRock Mid-Cap Equity Index F	-0.01	0.00	0.00	0.03	0.04	0.06	36	31	43	24	34	47
<i>S& P 400 Index</i>												
No. of funds in peer group							175	153	137	99		
Mid-Cap Growth												
Wellington Cliff MidCap Opportunities S1	-1.39	-10.31	-10.31	-5.47	-1.30	0.25	24	80	78	44	81	76
<i>S& P 400 Index</i>												
No. of funds in peer group							189	166	155	131		

Fund Monitoring: Equity, International

As of December 31, 2022



	QTR	Excess Benchmark Performance					Peer Return Rank				Sharpe Ratio Rank	
		YTD	1 Yr	3 Yr	5 Yr	10 Yr	1 Yr	3 Yr	5 Yr	10 Yr	3 Yr	5 Yr
Equity												
Small-Cap Blend												
Vanguard S&P Small-Cap 600 Index	-0.03	-0.08	-0.08	0.00	-0.02	-0.02	46	42	31	4	43	35
<i>S&P 600 Index</i>												
No. of funds in peer group							242	227	211	156		
International, Specialty												
Foreign Large Blend												
Fidelity International Index	0.88	-0.22	-0.22	-0.22	-0.28	-0.43	31	35	34	31	35	33
<i>MSCI EAFE</i>												
No. of funds in peer group							276	255	219	150		
Foreign Large Growth												
Fidelity Diversified International	-0.30	-1.18	-1.18	-0.08	-0.50	-0.45	48	43	42	36	47	43
<i>MSCI EAFE Growth</i>												
No. of funds in peer group							129	113	104	77		
Global Large Stock-Blend												
AB All Market Real Return I	-10.33	-25.32	-25.32	-3.94	-1.89	-1.76	2	9	67	100	8	62
<i>MSCI ACWI Commodity Producers NR USD</i>												
No. of funds in peer group							128	115	101	68		

Target Date Funds

BlackRock LifePath Index - F



As of December 31, 2022

Program Assets	\$1,051 million
# of TexaSaver accounts	219,810

Fund Overview	
Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Asset Allocation	2060	2055	2050	2045	2040	2035	2030	2025	Retirement
Bonds	1.0%	1.0%	2.8%	8.8%	18.2%	29.5%	40.9%	53.6%	60.6%
Stocks	94.3%	94.2%	92.4%	86.6%	77.3%	66.4%	55.1%	43.2%	36.5%
Other*	4.7%	4.8%	4.8%	4.6%	4.5%	4.1%	4.0%	3.2%	2.8%

Performance - 1 Year

Fund/Strategy	-18.23%	-18.22%	-18.16%	-17.84%	-17.29%	-16.61%	-15.91%	-15.17%	-14.57%
Benchmark	-16.01%	-15.97%	-15.97%	-15.84%	-15.56%	-14.99%	-13.96%	-13.13%	-11.17%
Excess to Benchmark	-2.22%	-2.25%	-2.19%	-2.00%	-1.73%	-1.62%	-1.95%	-2.04%	-3.40%

Performance - 3 Years

Fund/Strategy	3.90%	3.90%	3.86%	3.60%	3.10%	2.57%	1.94%	1.27%	0.81%
Benchmark	4.16%	4.18%	4.12%	3.98%	3.72%	3.29%	2.73%	2.26%	0.53%
Excess to Benchmark	-0.26%	-0.28%	-0.26%	-0.38%	-0.62%	-0.72%	-0.79%	-0.99%	0.28%

Performance - 5 Years

Fund/Strategy	4.72%	5.50%	5.48%	5.28%	4.90%	4.42%	3.85%	3.25%	2.75%
Benchmark	5.35%	5.31%	5.26%	5.16%	4.97%	4.63%	4.17%	3.75%	2.33%
Excess to Benchmark	-0.63%	0.19%	0.22%	0.12%	-0.07%	-0.21%	-0.32%	-0.50%	0.42%

* Includes real estate, commodities and other

Peer Rank, 1 Year	50	50	50	50	52	50	52	52	35
Peer Rank, 3 Years	46	47	47	47	47	47	48	49	34
Peer Rank, 5 Years	40	43	44	43	44	43	44	44	32

US Money Market

BlackRock Short Term Investment



As of December 31, 2022

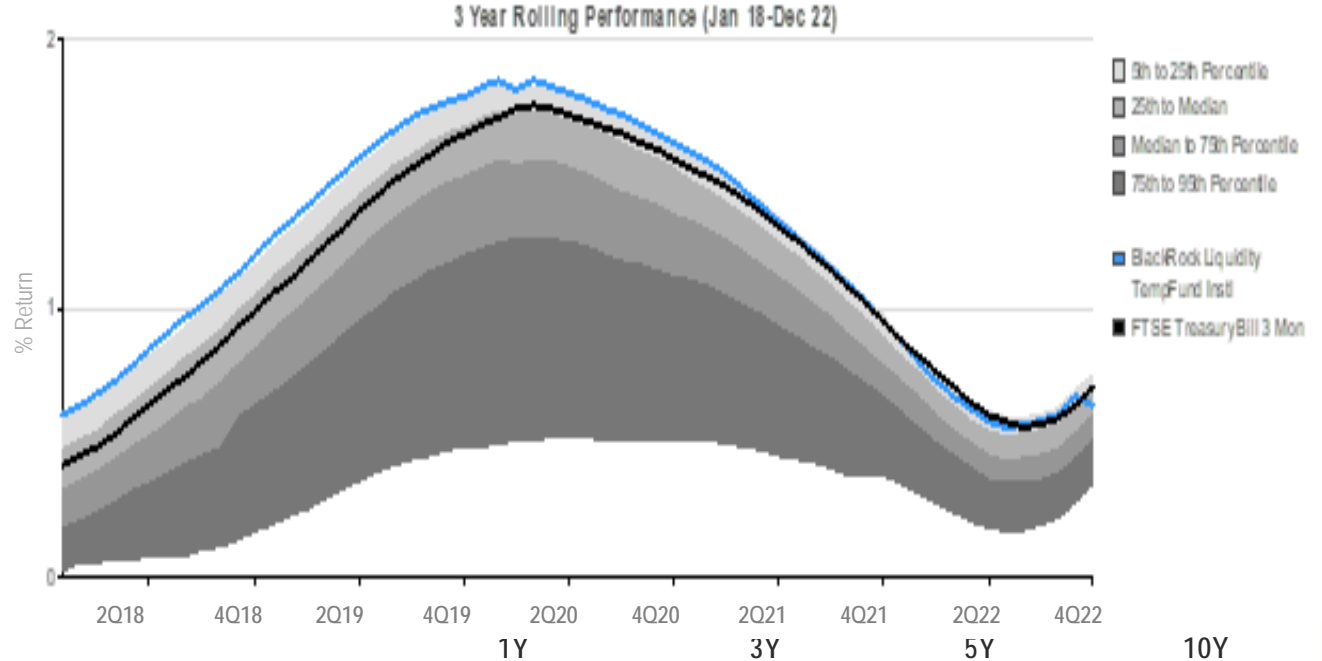
Program Assets	\$196.5 million
# of Texa\$aver accounts	20,169

Fund Overview

Investment type	Collective Trust
Investment strategy	Active
Net Texa\$aver expense	0.08%

Fund Composition

Cash	95.4%
US Bonds	4.6%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	1.34 / 62	0.64 / 41	1.24 / 23	0.80 / 10
Benchmark / Peer Rank	1.50 / 41	0.71 / 21	1.25 / 21	0.74 / 28
Excess to Benchmark	- 0.16	- 0.07	-0.01	0.06

Short Term Bond

BlackRock 1-3 Yr. Govt. Bond Index F



as of December 31, 2022

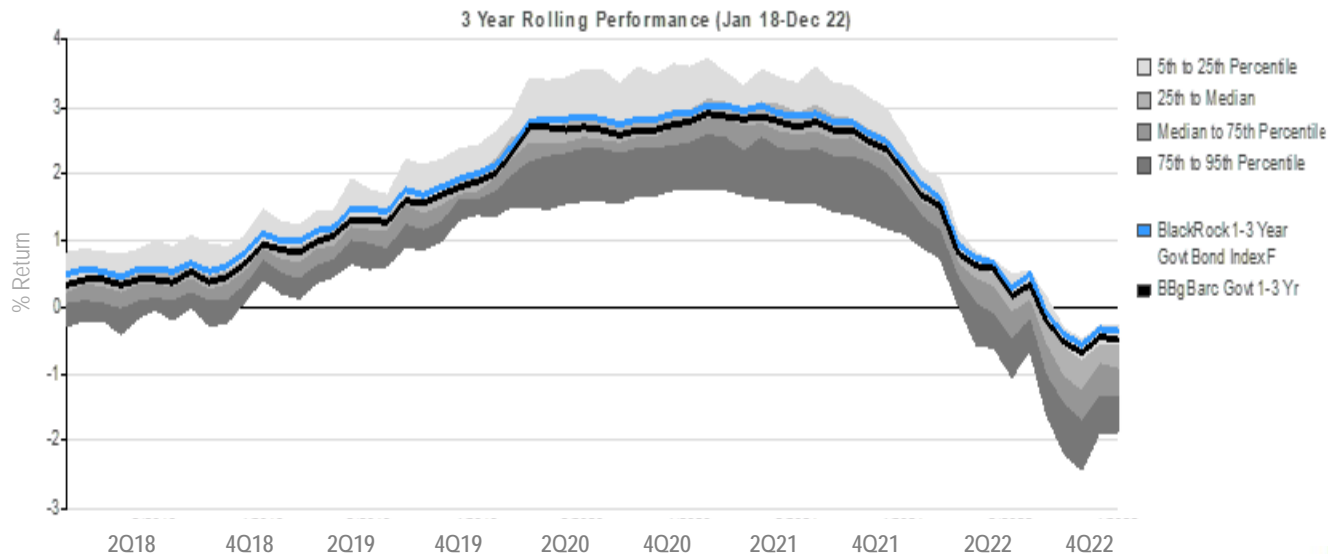
Program Assets	\$39.6 million
# of TexaSaver accounts	12,464

Fund Overview

Investment type	Collective Trust
Investment strategy	Passive
Net TexaSaver expense	0.05%

Fund Composition

Cash	0.7%
US Bonds	99.3%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-3.78 / 16	-0.36 / 9	0.85 / 4	0.78 / 5
Benchmark / Peer Rank	-3.81 / 17	-0.46 / 13	0.74 / 6	0.66 / 12
Excess to Benchmark	0.03	0.10	0.11	0.12

Intermediate Bond

BlackRock Bond Index



as of December 31, 2022

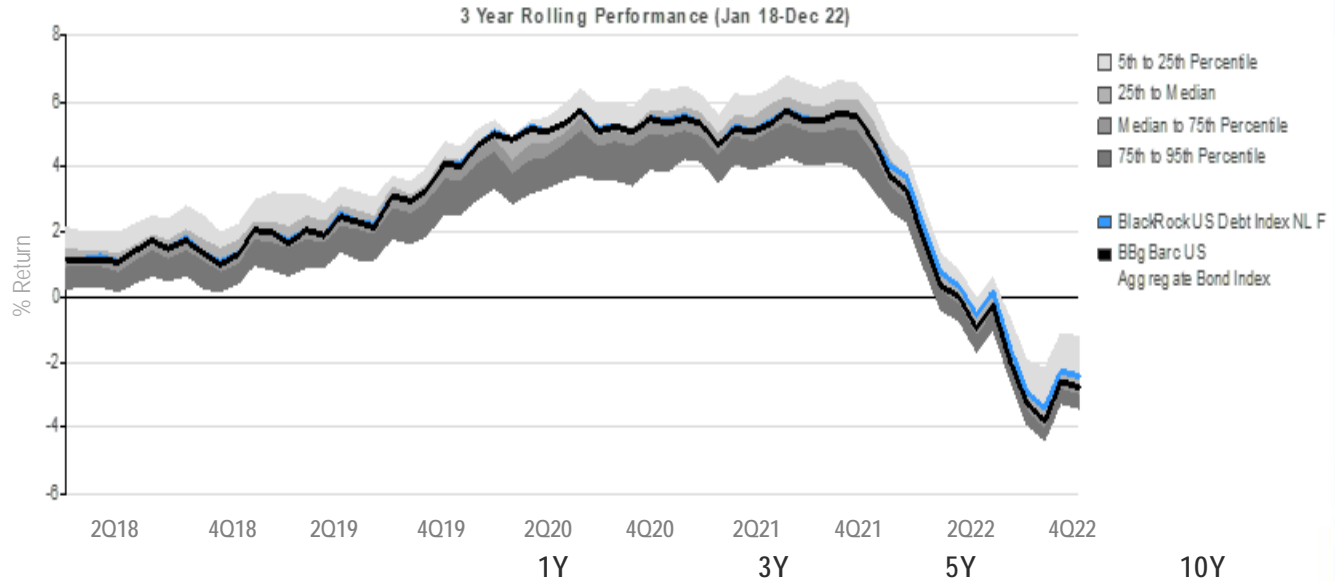
Program Assets	\$309.4 million
# of Texa\$aver accounts	33,672

Fund Overview

Investment type	Collective Trust
Investment strategy	Passive
Net Texa\$aver expense	0.11%

Fund Composition

Cash	11.4%
US Bonds	87.9%
Other	0.7%



Balanced Fund

Vanguard Wellington Admiral (VWENX)



as of December 31, 2022

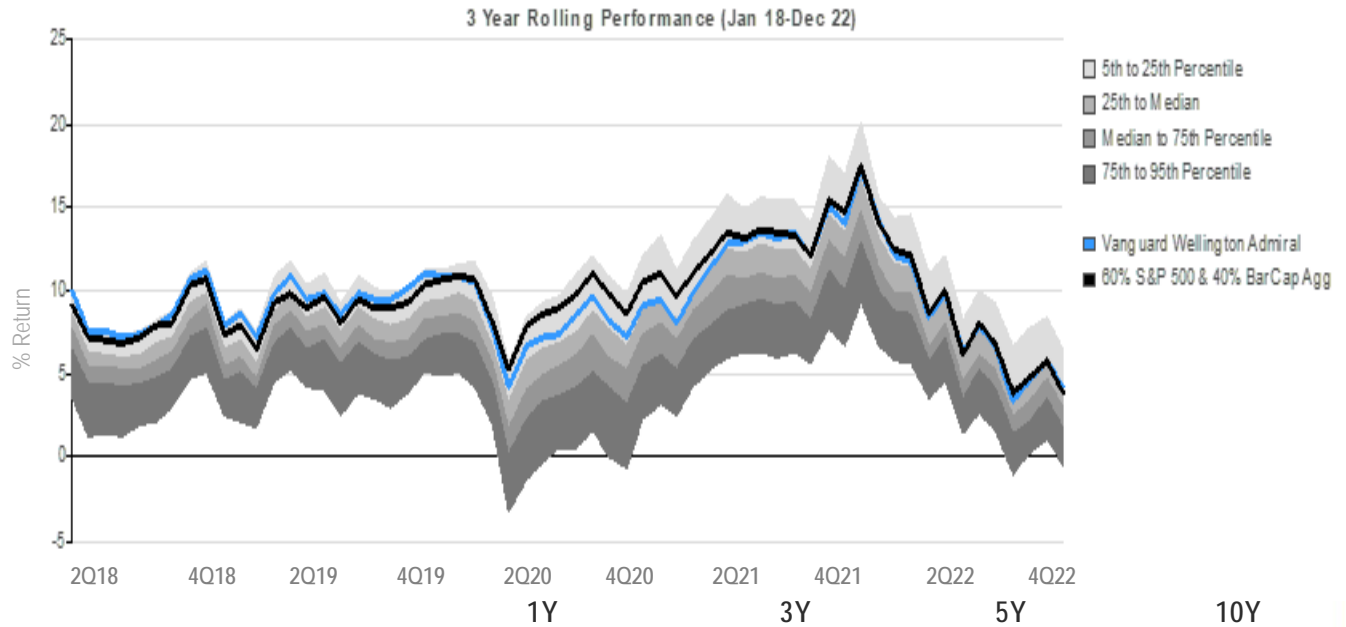
Program Assets	\$405.0 million
# of TexaSaver accounts	37,134

Fund Overview

Investment type	Mutual Fund
Investment strategy	Active
Net TexaSaver expense	0.16%

Fund Composition

Cash	1.9%
US Stocks	59.6%
US Bonds	26.5%
Non-US Stocks	6.4%
Convertible Bonds	0.1%
Non-US Bonds	5.5%



Large Cap Blend

Vanguard Institutional Index (VIIIX)



as of December 31, 2022

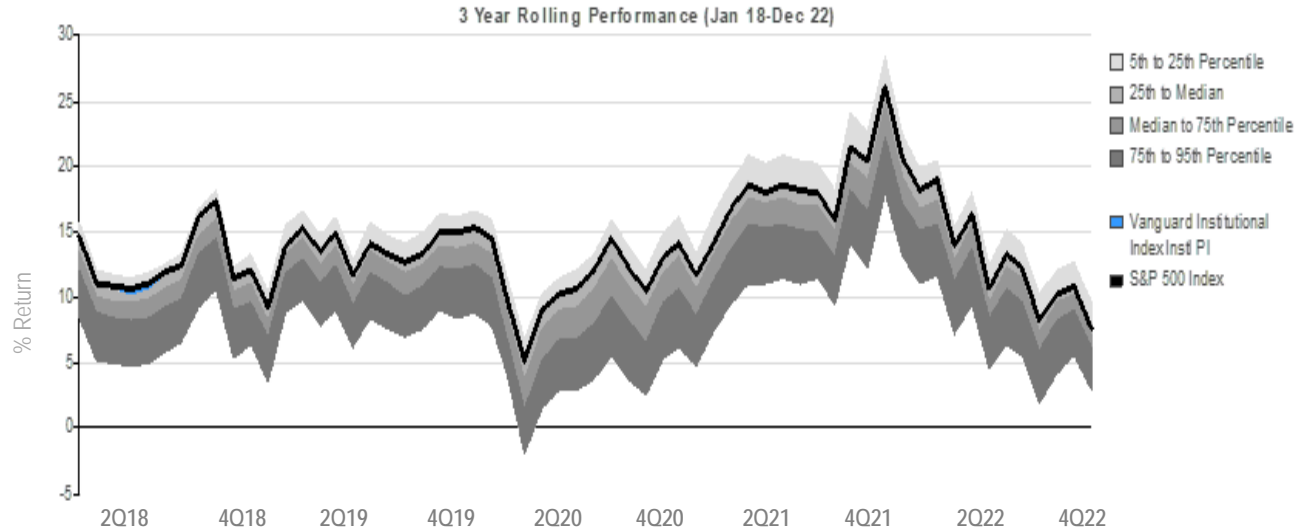
Program Assets	\$777.5 million
# of TexaSaver accounts	44,506

Fund Overview

Investment type	Mutual Fund
Investment strategy	Passive
Net TexaSaver expense	0.02%

Fund Composition

Cash	0.3%
US Stocks	98.7%
Other	1.0%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-18.13 / 51	7.65 / 32	9.41 / 24	12.55 / 13
Benchmark / Peer Rank	-18.11 / 49	7.66 / 32	9.42 / 24	12.56 / 10
Excess to Benchmark	- 0.02	-0.01	- 0.01	- 0.01

Large Cap Growth

Vanguard Growth Index Institutional (VIGIX)



as of December 31, 2022

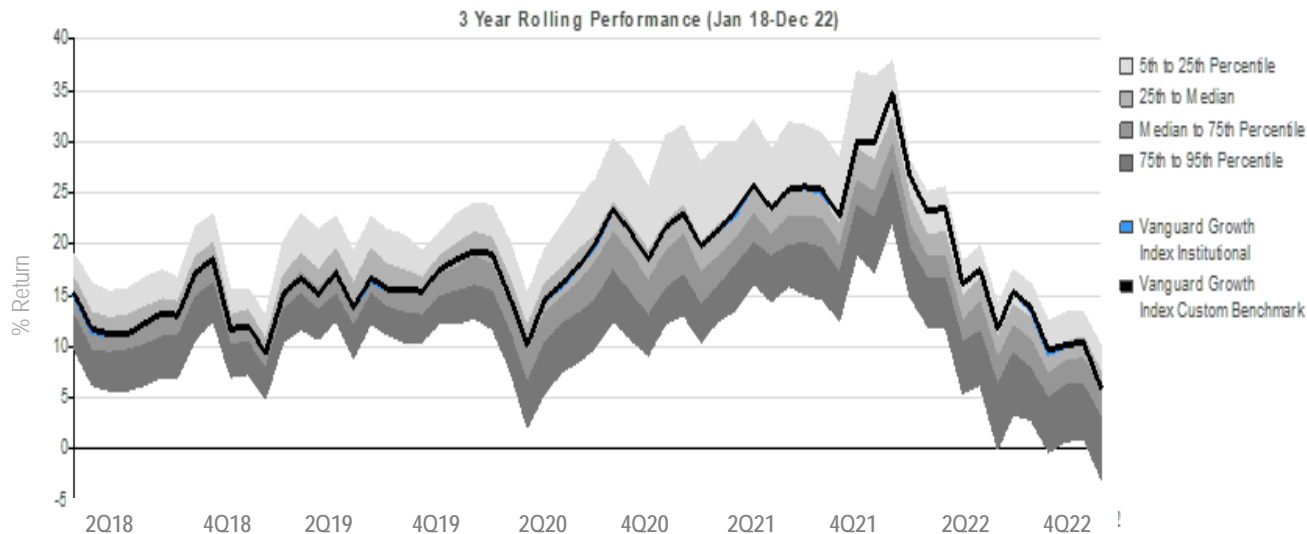
Program Assets	\$445.5 million
# of TexaSaver accounts	16,547

Fund Overview

Investment type	Mutual Fund
Investment strategy	Passive
Net TexaSaver expense	0.04%

Fund Composition

Cash	0.2%
US Stocks	98.6%
Non-US Stocks	1.2%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-33.14 / 71	6.06 / 43	9.62 / 34	12.81 / 31
Benchmark / Peer Rank	-33.12 / 71	6.09 / 43	9.65 / 34	12.85 / 18
Excess to Benchmark	- 0.02	- 0.03	- 0.03	- 0.04

Mid Cap Blend

BlackRock Mid-Cap Equity Index Fund F



as of December 31, 2022

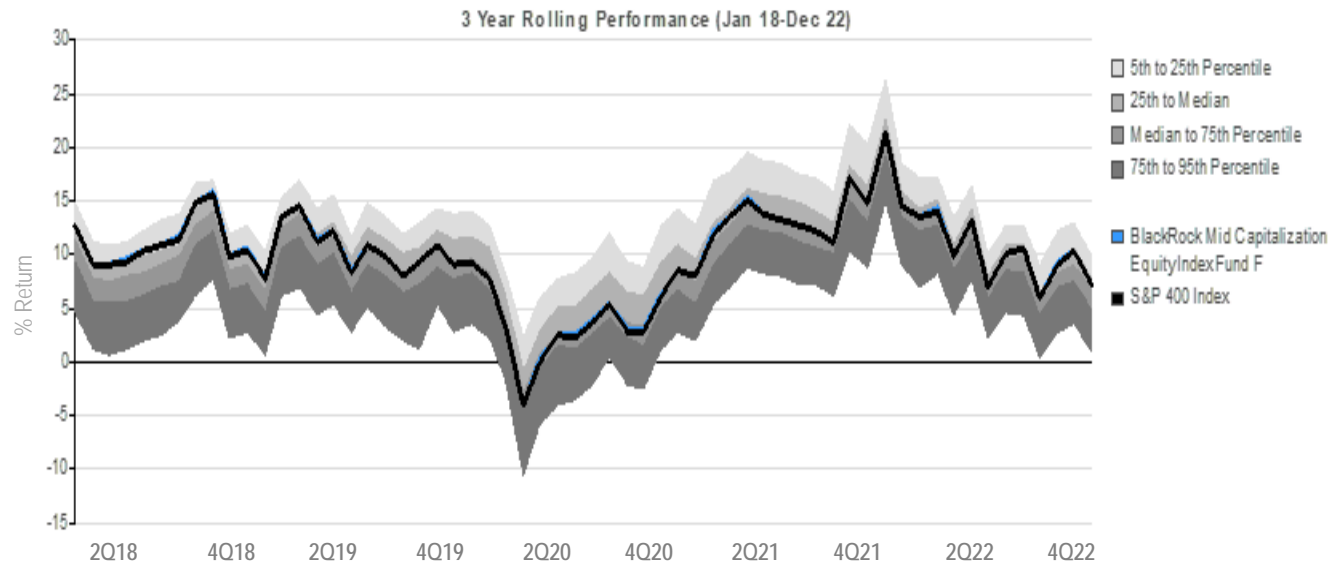
Program Assets	\$209.3 million
# of TexaSaver accounts	34,804

Fund Overview

Investment type	Collective Trust
Investment strategy	Passive
Net TexaSaver expense	0.02%

Fund Composition

Cash	3.1%
US Stocks	96.6%
Non-US Stocks	0.3%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-13.07 / 36	7.25 / 31	6.75 / 43	10.84 / 24
Benchmark / Peer Rank	-13.06 / 36	7.23 / 31	6.71 / 44	10.78 / 25
Excess to Benchmark	-0.01	0.01	0.04	0.06

Mid Cap Growth

Wellington MidCap Opportunities - II



as of December 31, 2022

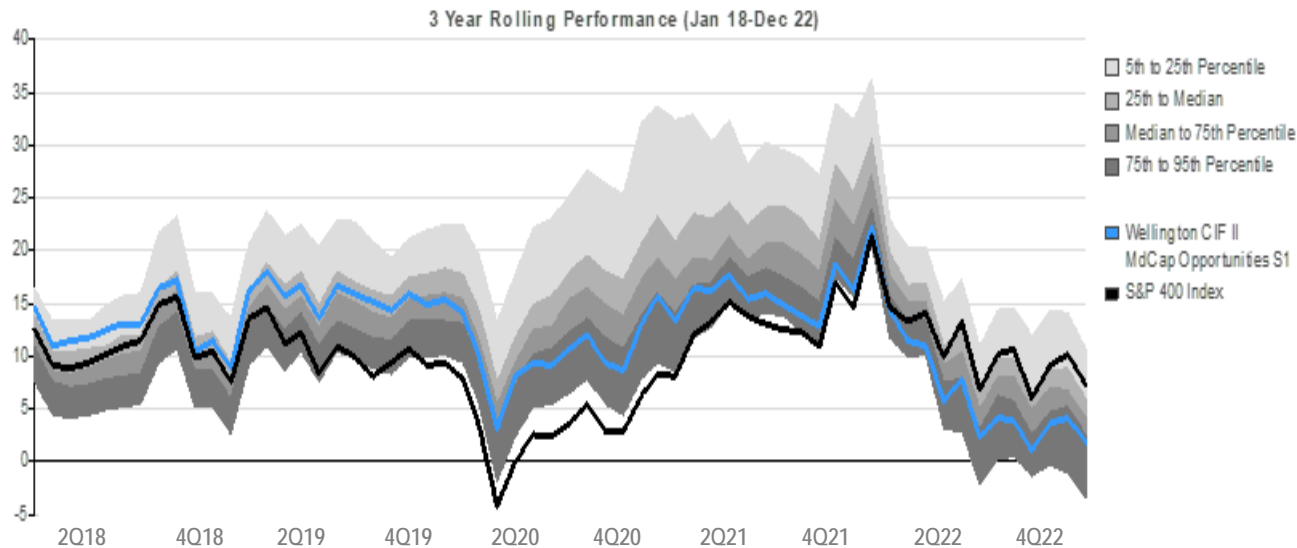
Program Assets	\$10.2 million
# of TexaSaver accounts	10,651

Fund Overview

Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.64%

Fund Composition

Cash	0.7%
US Stocks	94.5%
Non-US Stocks	4.8%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	- 23.37 / 24	1.76 / 80	5.41 / 78	11.03 / 44
Benchmark / Peer Rank	-13.06 / 5	7.23 / 17	6.71 / 62	10.78 / 50
Excess to Benchmark	-10.31	-5.47	-1.30	0.25

Small Cap Blend

Vanguard S&P Small-Cap 600 Index

as of December 31, 2022

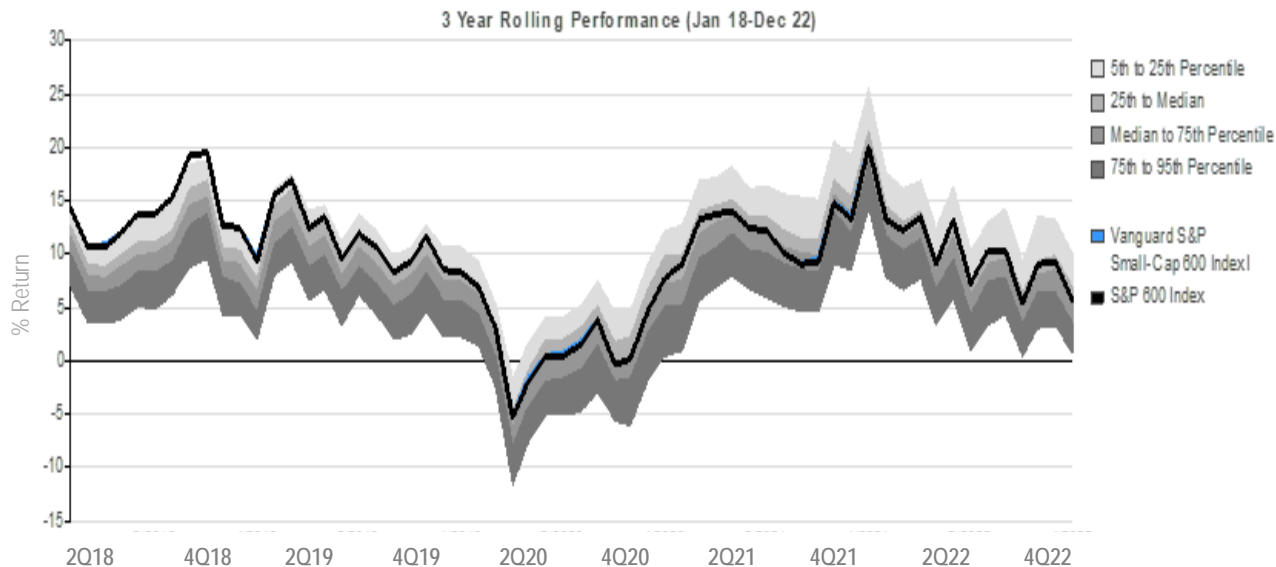
Program Assets	\$172.1 million
# of Texa\$aver accounts	34,312

Fund Overview

Investment type	Mutual Fund
Investment strategy	Passive
Net Texa\$aver expense	0.08%

Fund Composition

Cash	0.7%
US Stocks	98.0%
Non-US Stocks	1.3%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-16.18 / 46	5.79 / 42	5.86 / 31	10.80 / 4
Benchmark / Peer Rank	-16.10 / 44	5.80 / 42	5.88 / 29	10.82 / 4
Excess to Benchmark	- 0.08	-0.01	-0.02	- 0.02

International Large Blend

Fidelity International Index (FSPSX)

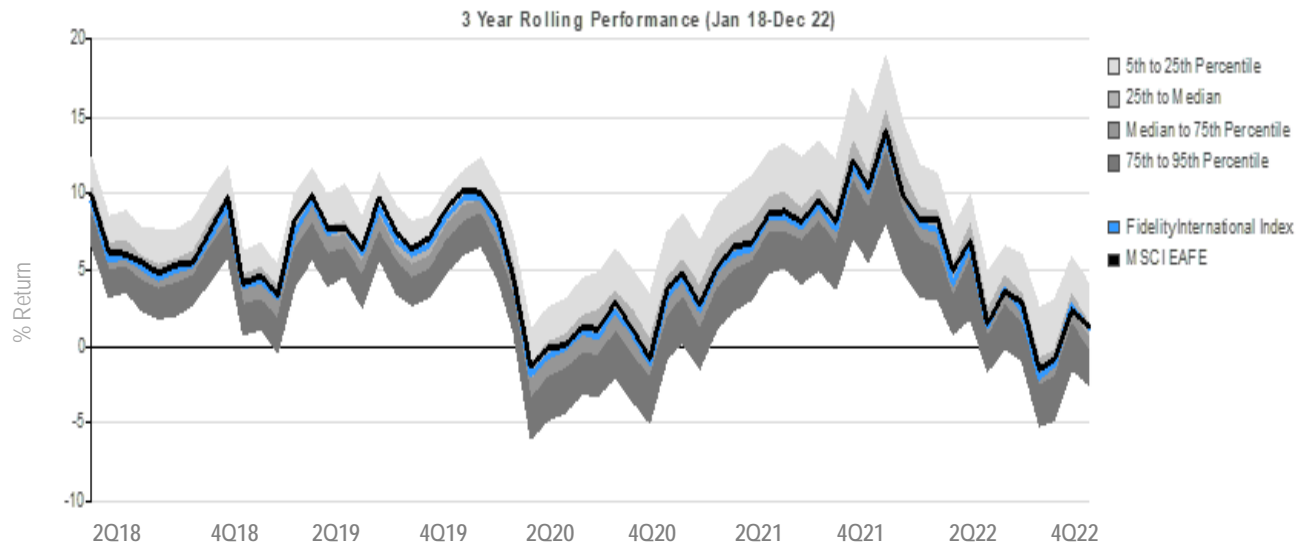


as of December 31, 2022

Program Assets	\$98.1 million
# of Texa\$aver accounts	24,952

Fund Overview	
Investment type	Mutual Fund
Investment strategy	Passive
Net Texa\$aver expense	0.04%

Fund Composition	
Cash	0.1%
US Stocks	1.1%
Non-US Stocks	98.6%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-14.24 / 31	1.12 / 35	1.75 / 34	4.73 / 31
Benchmark / Peer Rank	-14.01 / 26	1.34 / 29	2.03 / 23	5.16 / 17
Excess to Benchmark	- 0.23	- 0.22	- 0.28	- 0.43

International Large Growth

Fidelity Diversified International (FDIVX)



as of December 31, 2021

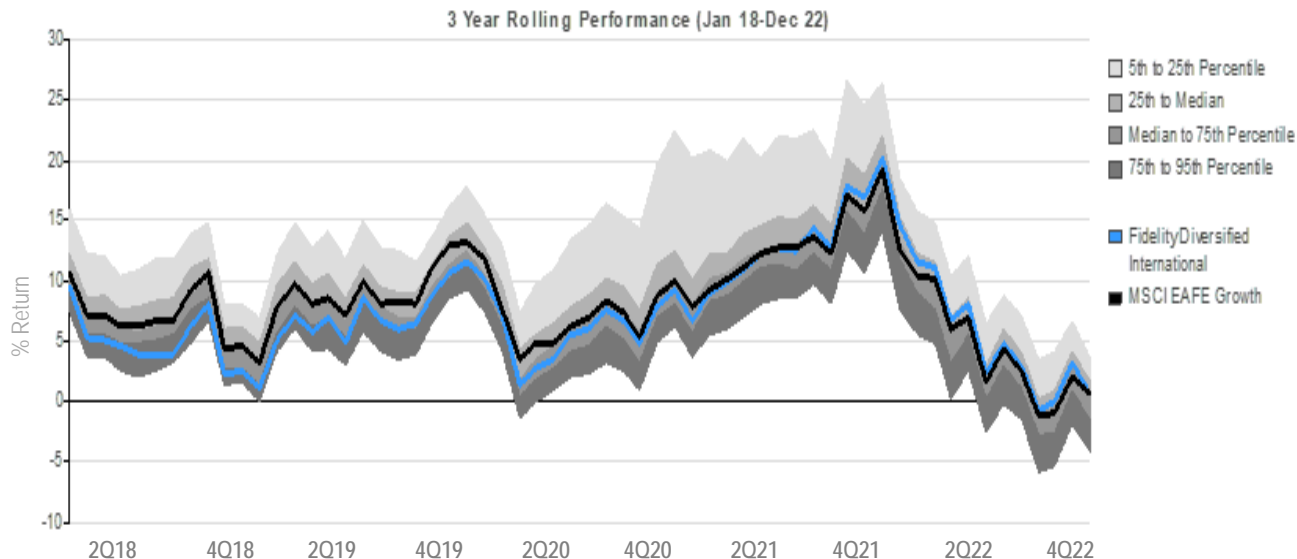
Program Assets	\$174.9 million
# of TexaSaver accounts	31,433

Fund Overview

Investment type	Mutual Fund
Investment strategy	Active
Net TexaSaver expense	0.74%

Fund Composition

Cash	3.0%
US Stocks	9.0%
Non-US Stocks	87.2%
Other	0.8%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	- 23.86 / 48	0.71 / 43	2.35 / 42	5.52 / 36
Benchmark / Peer Rank	- 22.69 / 39	0.79 / 42	2.85 / 34	5.97 / 28
Excess to Benchmark	-1.17	-0.08	-0.50	-0.39

International Specialty

AB All Market Real Return Portfolio Fund (AMTIX)



as of December 31, 2022

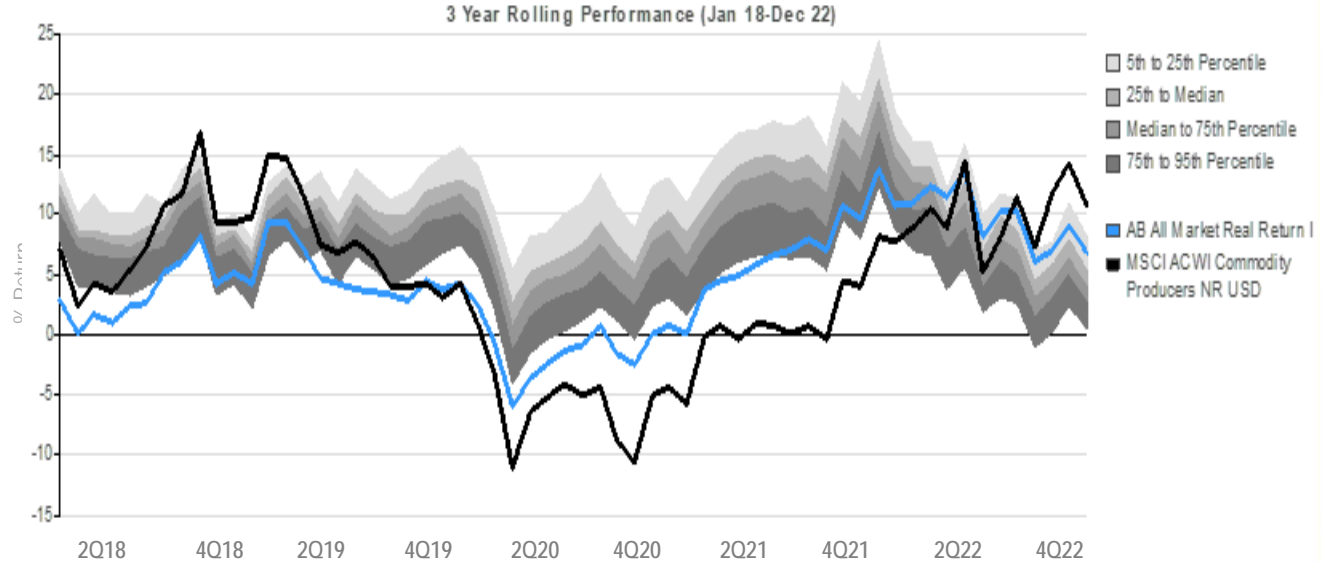
Program Assets	\$6.5 million
# of TexaSaver accounts	1,049

Fund Overview

Investment type	Mutual Fund
Investment strategy	Active
Net TexaSaver expense	0.72%

Fund Composition

Cash	28.4%
US Stocks	39.4%
Non-US Stocks	31.6%
Other	0.5%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-4.24 / 2	6.86 / 9	4.41 / 67	1.18 / 100
Benchmark / Peer Rank	21.08 / 1	10.80 / 2	6.30 / 22	2.94 / 99
Excess to Benchmark	- 25.32	-3.94	-1.89	- 1.76

Watch List Update

Watch List Update: Wellington Mid-Cap Opportunities



- **Background**

- During the May 17, 2022 semiannual meeting, the Product Review Committee (PRC) placed the Wellington Mid-Cap Opportunities fund on watch due to poor performance relative to the benchmark.
- The PRC sub-committee continues to conduct due diligence and evaluation of the fund's operations and performance.

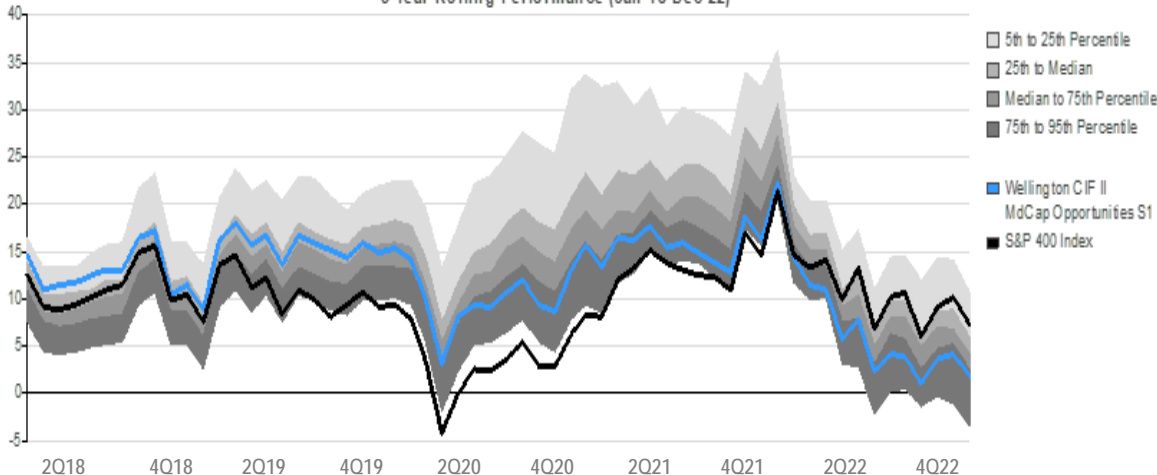
- **Due Diligence Efforts**

- Wellington visited ERS and provided insight into performance challenges.
- Site visit at Wellington targeted for March/April 2023.
- PRC will discuss next steps for Board consideration.

Watchlist Update: Current Performance



3 Year Rolling Performance (Jan 18-Dec 22)



- **Performance still challenging vs. benchmark**
 - Significantly behind S&P 400 in CY22
 - However, scores relatively well against growth-oriented peers
 - Historically large divergence between growth and core styles
 - Performance driven by stock selection, not sector allocation
 - Through January, 2023 performance appears to be improving
- **Due diligence meeting, Sept. 2022**
 - Small tweaks to process include expanded capitalization range (from \$2-10b)
 - Opportunistically added to energy
 - Investment team disappointed, but confident that performance will improve

	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	9.40	-23.37	-23.37 / 24	1.76 / 80	5.41 / 78	8.87 / 63	11.03 / 44	11.26
Benchmark	10.78	-13.06	-13.06 / 5	7.23 / 17	6.71 / 62	9.94 / 39	10.78 / 50	
Peer Group Median	5.71	-27.08	-27.08 / 50	4.20 / 50	7.24 / 50	9.35 / 50	10.67 / 50	
Number of Funds			189	166	155	146	131	

CALENDAR	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-23.37	9.92	25.09	32.92	-7.09	24.50	11.92	1.57	10.97
Benchmark	-13.06	24.76	13.66	26.20	-11.08	16.24	20.74	-2.18	9.77
Peer Group Median	-27.08	12.71	33.71	32.68	-5.80	24.57	6.08	-0.79	7.42

Questions?

Appendix

Returns by Style, December 31, 2022



3 Months

	Value	Blend	Growth
Large	12.4%	7.6%	2.2%
Mid	10.5%	9.2%	6.9%
Small	8.4%	6.2%	4.1%

1 Year

	Value	Blend	Growth
Large	-7.5%	-18.1%	-29.1%
Mid	-12.0%	-17.3%	-26.7%
Small	-14.5%	-20.4%	-26.4%

Since Pre-Covid Market Peak (February, 2020)

	Value	Blend	Growth
Large	17.9%	19.3%	15.4%
Mid	16.6%	14.7%	5.4%
Small	17.7%	8.5%	-2.3%

3 Year

	Value	Blend	Growth
Large	6.0%	7.7%	7.8%
Mid	5.8%	5.9%	3.9%
Small	4.7%	3.1%	0.6%

5 Year

	Value	Blend	Growth
Large	6.7%	9.4%	11.0%
Mid	5.7%	7.1%	7.6%
Small	4.1%	4.1%	3.5%

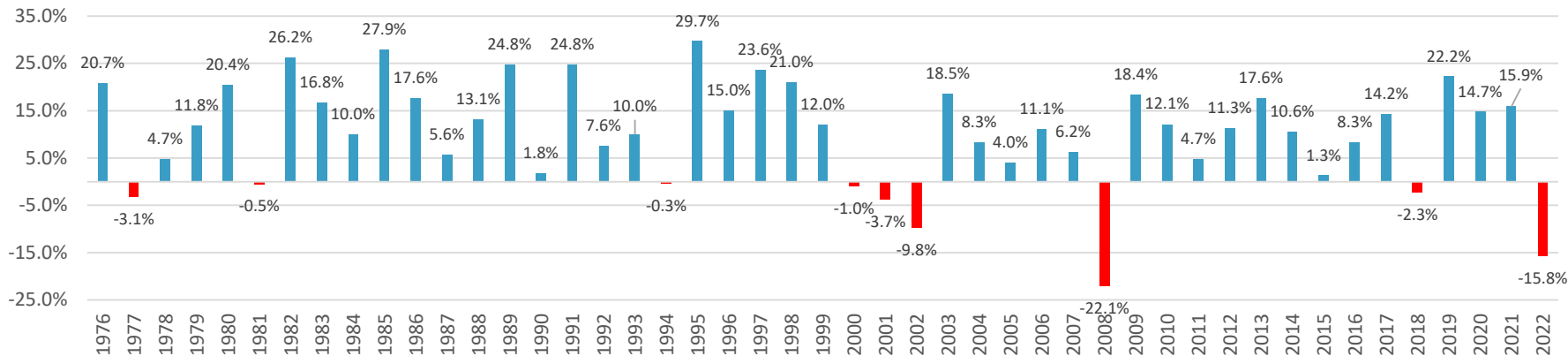
Since Covid Market Low (March, 2020)

	Value	Blend	Growth
Large	82.1%	74.1%	64.1%
Mid	97.4%	85.3%	59.7%
Small	100.8%	79.8%	57.8%

performance as of December 31, 2022

Source: Morningstar Direct; GWCM Analysis; Large Blend – S&P 500 Index, Large Value – Russell 1000 Value Index, Large Growth – Russell 1000 Growth Index, Mid Blend – Russell Mid Cap Index, Mid Value – Russell Mid Cap Value Index, Mid Growth – Russell Mid Cap Growth Index, Small Blend – Russell 2000 Index, Small Value – Russell 2000 Value Index, Small Growth – Russell 2000 Growth Index

2022: A difficult, but rare year for a 60/40 portfolio



In the past 47 years, the 60/40 portfolio experienced negative returns only 9 times (19% of total opportunities)

- In this time period, 2022 was the only year in which bonds and equity were both negative
- Since 1926, domestic equity and fixed income markets both posted negative returns in the same calendar year only 2% of the time*

Data: Morningstar Direct. Empower Investments Analysis, Goldman Sachs Investment Strategy Group. Returns are based on portfolio allocation 60% to the S&P 500 and 40% to the Bloomberg US Aggregate Bond Index, rebalanced monthly.

*Based on rolling 12-month periods. US Intermediate bonds are modeled using Bloomberg Barclays US Intermediate Treasury (with Ibbotson backfill). US Equity is modeled by S&P 500

Target Date Retirement Fund

BlackRock LifePath Index Retire F Fund



as of December 31, 2022

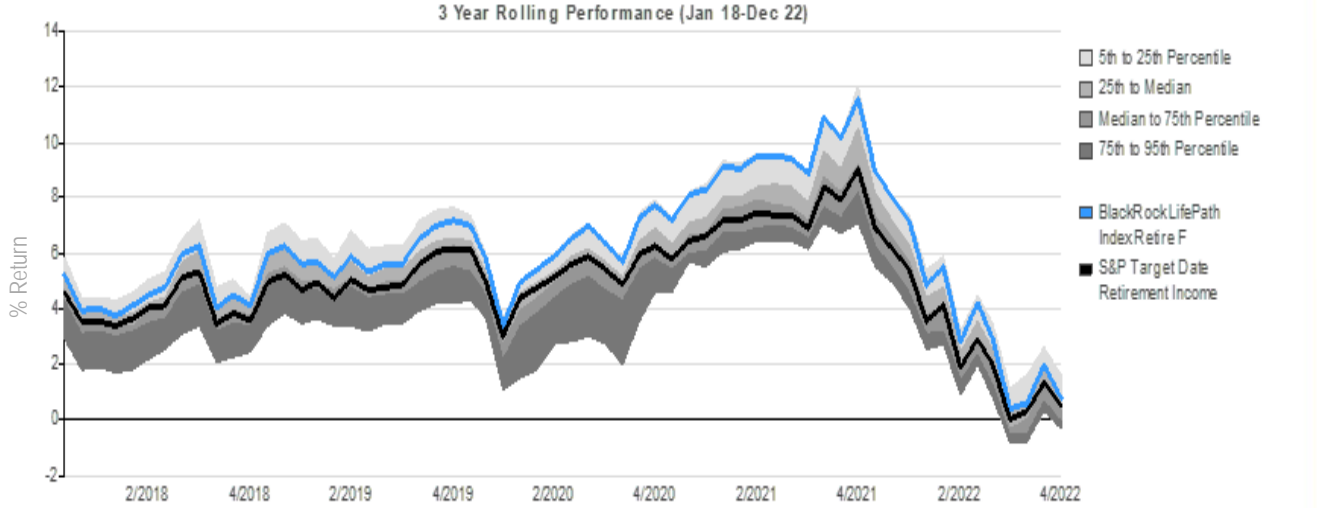
Program Assets	\$278.5 million
# of TexaSaver accounts	18,907

Fund Overview

Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Fund Composition

Bonds	60.0%
Stocks	36.5%
Other	2.8%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-14.57 / 79	0.81 / 23	2.75 / 19	4.08 / 15
Benchmark / Peer Rank	-11.17 / 19	0.53 / 34	2.33 / 37	3.59 / 56
Excess to Benchmark	- 3.40	0.28	0.42	0.49

Target Date 2025 Fund

BlackRock LifePath Index 2025 F Fund



as of December 31, 2022

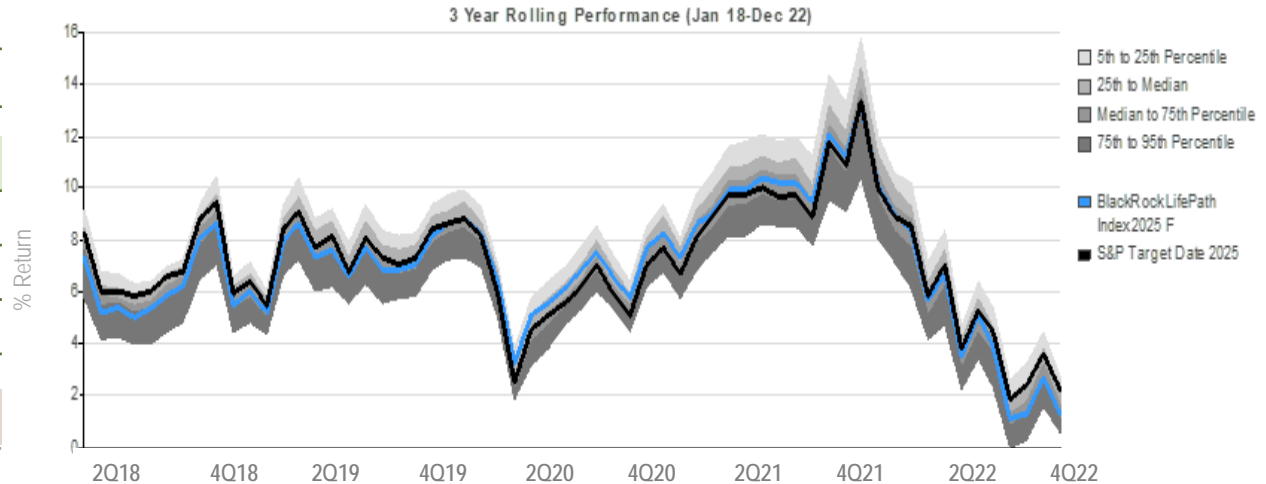
Program Assets	\$117.7 million
# of TexaSaver accounts	11,955

Fund Overview

Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Fund Composition

Bonds	53.6%
Stocks	43.2%
Other	3.2%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-15.17 / 38	1.27 / 66	3.25 / 64	5.36 / 92
Benchmark / Peer Rank	-13.13 / 12	2.26 / 21	3.75 / 38	6.23 / 27
Excess to Benchmark	- 2.04	-0.99	-0.50	-0.87

Target Date 2030 Fund

BlackRock LifePath Index 2030 F Fund



as of December 31, 2022

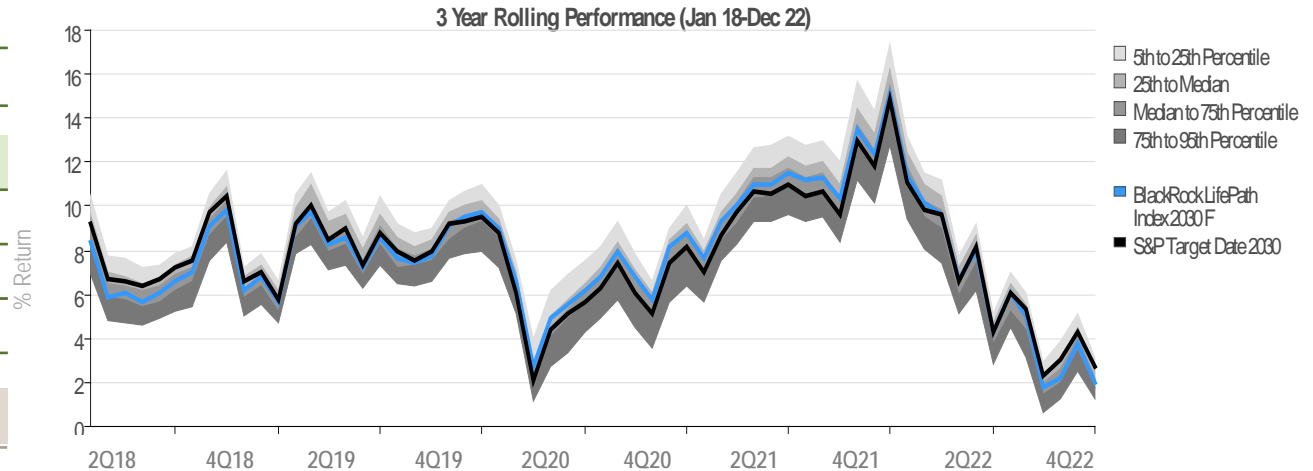
Program Assets	\$132.5 million
# of TexaSaver accounts	16,167

Fund Overview

Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Fund Composition

Bonds	40.9%
Stocks	55.1%
Other	4.0%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-15.91 / 39	1.94 / 73	3.85 / 58	6.06 / 85
Benchmark / Peer Rank	-13.96 / 13	2.73 / 26	4.17 / 30	6.84 / 35
Excess to Benchmark	-1.95	-0.79	-0.32	-0.87

Target Date 2035 Fund

BlackRock LifePath Index 2035 F Fund

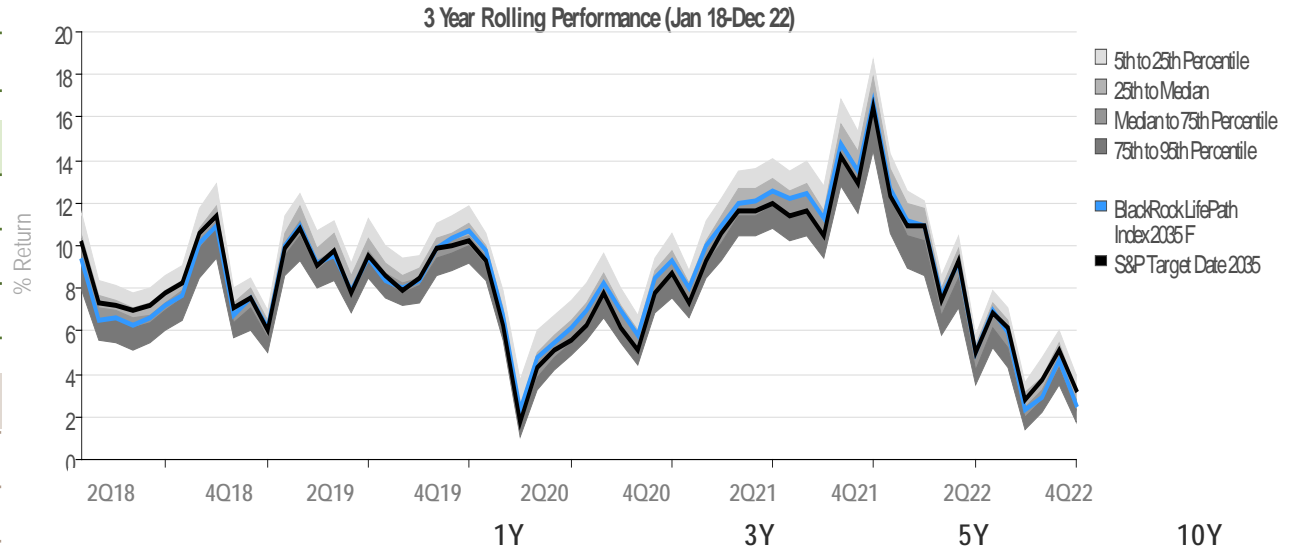


as of December 31, 2022

Program Assets	\$115.1 million
# of TexaSaver accounts	19,734

Fund Overview	
Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Fund Composition	
Bonds	29.5%
Stocks	66.4%
Other	4.1%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-16.61 / 38	2.57 / 65	4.42 / 46	6.73 / 82
Benchmark / Peer Rank	-14.99 / 10	3.29 / 21	4.63 / 36	7.42 / 40
Excess to Benchmark	-1.62	-0.72	-0.21	-0.69

Target Date 2040 Fund

BlackRock LifePath Index 2040 F Fund

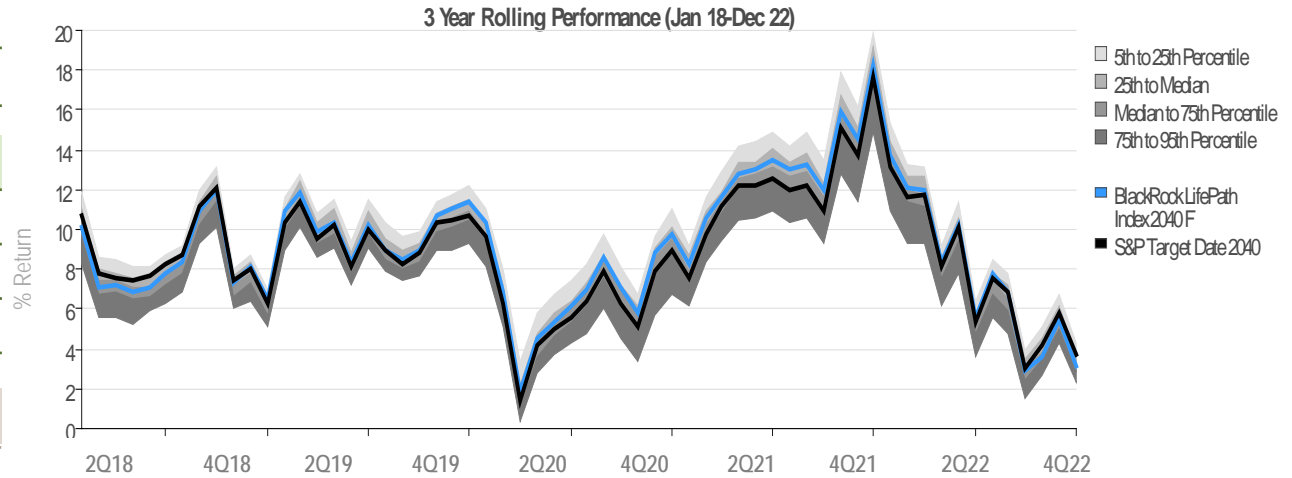


as of December 31, 2022

Program Assets	\$101.2 million
# of TexaSaver accounts	21,013

Fund Overview	
Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Fund Composition	
Bonds	18.2%
Stocks	77.3%
Other	4.5%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-17.29 / 44	3.10 / 67	4.90 / 34	7.29 / 79
Benchmark / Peer Rank	-15.56 / 15	3.72 / 25	4.97 / 32	7.84 / 39
Excess to Benchmark	-1.73	-0.62	-0.07	-0.55

Target Date 2045 Fund

BlackRock LifePath Index 2045 F Fund

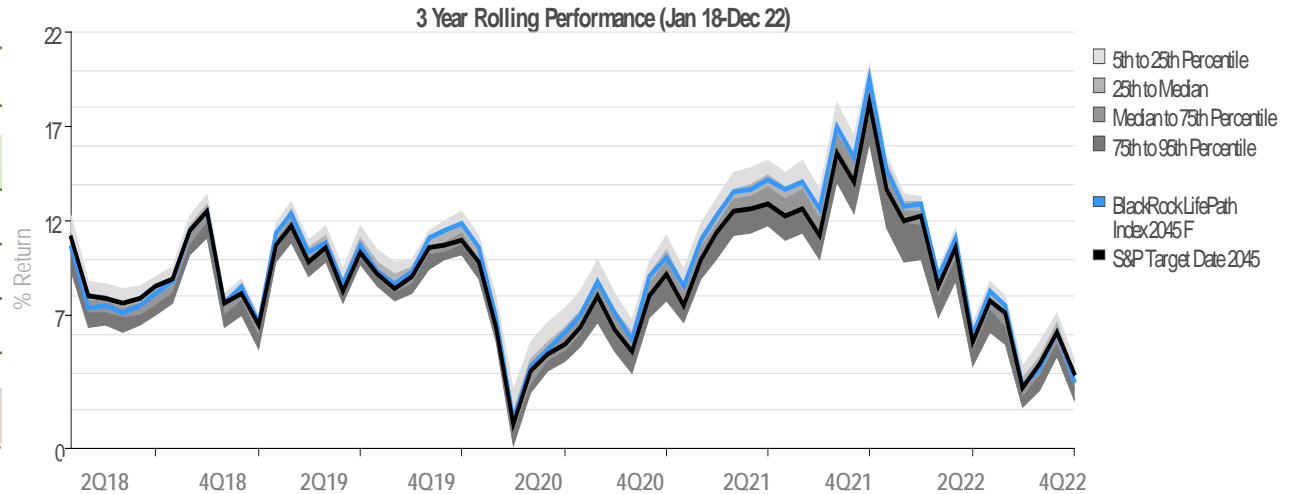


as of December 31, 2022

Program Assets	\$104.0 million
# of TexaSaver accounts	25,905

Fund Overview	
Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Fund Composition	
Bonds	8.8%
Stocks	86.6%
Other	4.6%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-17.84 / 44	3.60 / 50	5.28 / 25	7.75 / 66
Benchmark / Peer Rank	-15.84 / 12	3.98 / 34	5.16 / 37	8.11 / 30
Excess to Benchmark	-2.00	-0.38	0.12	-0.36

Target Date 2050 Fund

BlackRock LifePath Index 2050 F Fund



as of December 31, 2022

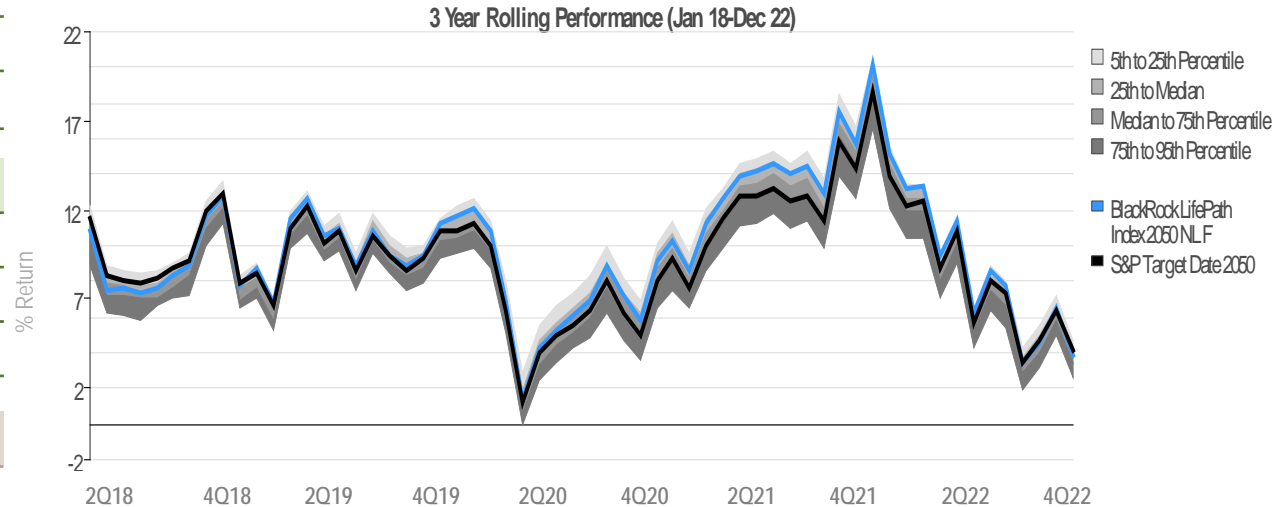
Program Assets	\$111.2 million
# of TexaSaver accounts	36,290

Fund Overview

Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Fund Composition

Bonds	2.8%
Stocks	92.4%
Other	4.8%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-18.16 / 46	3.86 / 41	5.48 / 19	8.02 / 57
Benchmark / Peer Rank	-15.97 / 13	4.12 / 20	5.26 / 32	8.33 / 29
Excess to Benchmark	-2.19	-0.26	0.22	-0.31

Target Date 2055 Fund

BlackRock LifePath Index 2055 F Fund

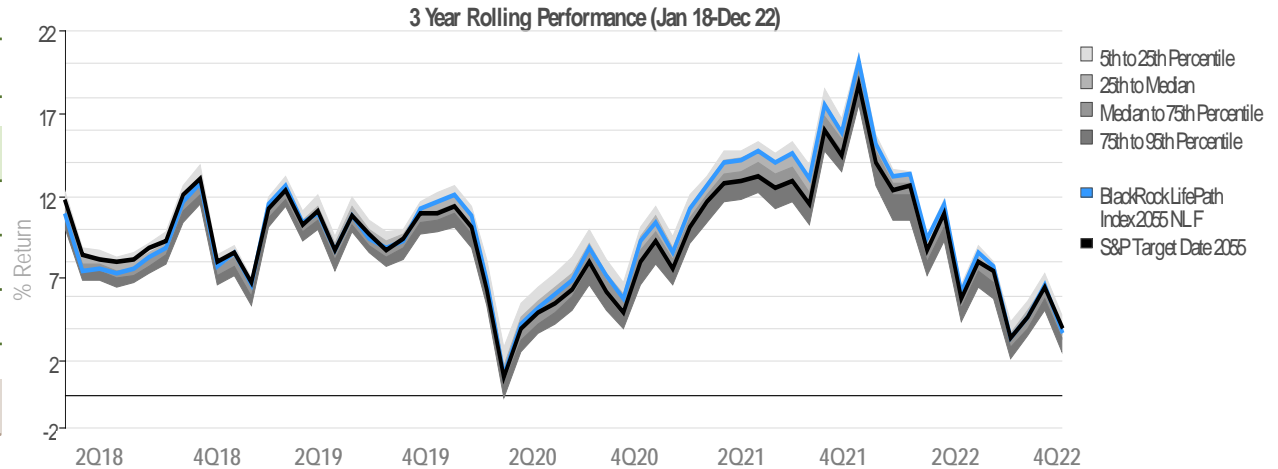


as of December 31, 2022

Program Assets	\$64.6 million
# of TexaSaver accounts	33,743

Fund Overview	
Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Fund Composition	
Bonds	1.0%
Stocks	94.2%
Other	4.8%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-18.22 / 45	3.90 / 41	5.50 / 18	8.13 / 47
Benchmark / Peer Rank	-15.97 / 13	4.18 / 18	5.31 / 26	8.46 / 25
Excess to Benchmark	-2.25	-0.28	0.19	-0.33

Target Date 2060 Fund

BlackRock LifePath Index 2060 F Fund



as of December 31, 2022

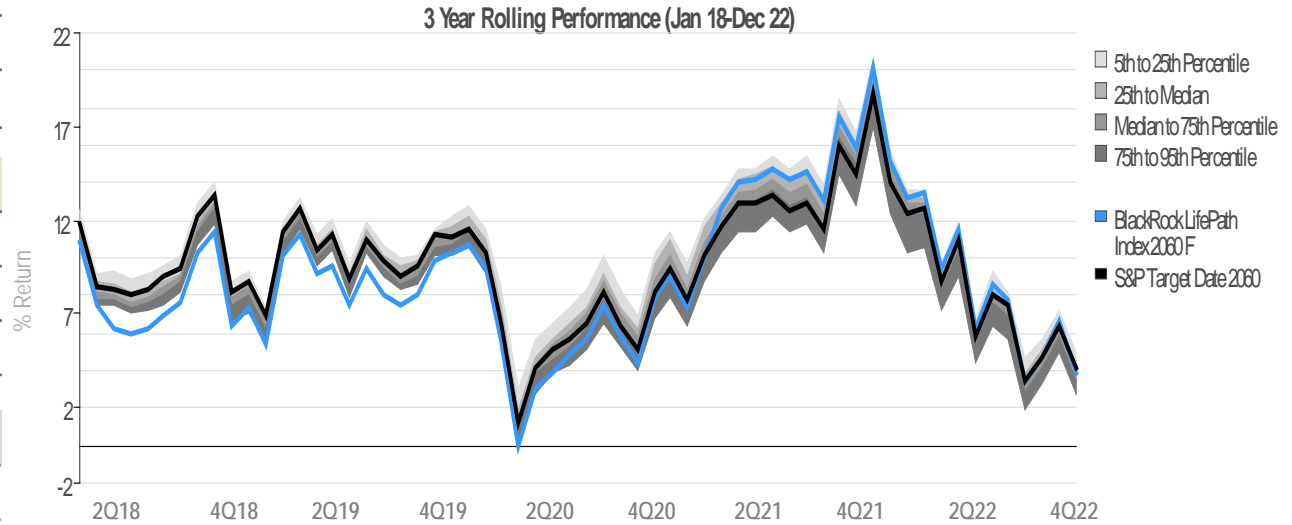
Program Assets	\$25.9 million
# of TexaSaver accounts	36,096

Fund Overview

Investment type	Collective Trust
Investment strategy	Active
Net TexaSaver expense	0.08%

Fund Composition

Bonds	1.0%
Stocks	94.3%
Other	4.7%



	1Y	3Y	5Y	10Y
Fund / Peer Rank	-18.23 / 50	3.90 / 45	4.72 / 83	NA
Benchmark / Peer Rank	-16.01 / 11	4.16 / 21	5.35 / 30	8.50 / 100
Excess to Benchmark	-2.22	-0.26	-0.63	NA

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Questions?