September 2026

BUILDING THE TRUST

Investment Management

Teacher Retirement System of Texas
4655 Muller Blvd.
Austin, Texas
78723

TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES
AND
INVESTMENT MANAGEMENT COMMITTEE

All or part of the September 18, 2026, meeting of the TRS Investment Management Committee and Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have a quorum and the presiding officer of the meeting physically present at the following location, which will be open to the public during the open portions of the meeting: ***4655 Mueller Blvd, 2nd Floor, Boardroom.***

The open portions of the September 18, 2026, meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the meeting is provided at www.trs.texas.gov. A recording of the meeting will be available at www.trs.texas.gov.

AGENDA
September 18, 2026 – 9:15 a.m.

1. Call roll of Committee members.

2. Consider the approval of the proposed minutes of the July 2026 committee meeting – Committee Chair.

3. CIO Update including Talent Management; Accomplishments; Notices; Key Dates and Upcoming Events and Market Update – Jase Auby.

4. Discuss the Second Quarter 2026 Performance Review – Colin Bebee and Mika Malone, Meketa.

5. Review of the Semi-annual Risk Report – James Nield and Christopher Pan.

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Investment Management Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

Minutes of the Investment Management Committee
July 16, 2026

The Investment Management Committee of the Board of Trustees of the Teacher Retirement System of Texas met on Thursday, July 16, 2026, in the boardroom located on the Second Floor of TRS' offices located at 4655 Mueller Blvd, Austin, Texas 78723.

Committee members:

Ms. Brittny Allred, Chair
Ms. Laronda Graf
Mr. Robert H. Walls, Jr.
Mr. Elvis Williams

Other TRS Board Members Present:

Mr. John Elliott
Dr. Pete Pape
Mr. Dan West

Others who participated:

Brian Guthrie, TRS
Caasi Lamb, TRS
Heather Traeger, TRS
Amanda Jenami, TRS
Eric Lang, TRS
Neil Randall, TRS
Grant Walker, TRS
Carolyn Hansard, TRS
Katherine Farrell, TRS
Colin Bebee, Meketa
Mika Malone, Meketa
Suzanne Dugan, Cohen Milstein

Investment Management Committee Chair, Ms. Brittny Allred, called the meeting to order at 1:27 p.m.

1. Call roll of Committee members.

Ms. Farrell called the roll. A quorum was present. Mr. John R. Rutherford was absent.

2. Consider the approval of the proposed minutes of the April 2026 committee meeting - Committee Chair.

On a motion by Mr. Williams, seconded by Mr. Walls, the committee voted to approve the proposed minutes of the April 2026 Investment Management Committee meeting, as presented.

3. CIO Update including Talent Management; Accomplishments; Notices; Awards; Key Dates and Upcoming Events - Jase Auby.

Mr. Eric Lang presented the CIO Update. He reported that the Trust ended the first quarter with a one-year return of 14.4 percent and 137 basis points of excess return and a three-year return of 9.7 percent and 182 basis points of excess return. He also reported completion of private markets portfolio reviews and approval of an updated premier manager list.

Mr. Lang announced the Strategic Partner Summit scheduled for October 15, 2026, in Boston.

Mr. Lang reviewed the cross-Trust artificial intelligence task force. He stated that the task force developed a framework for considering artificial intelligence as an investment opportunity and identified five themes: industrial build-out, business disruption, labor and workforce effects, security and governance, and uneven global adoption. He stated that artificial intelligence represents a significant but complex long-term investment opportunity requiring attention to valuation, execution, and concentration risk.

4. Discuss the First Quarter 2026 Performance Review - Colin Bebee and Mika Malone, Meketa.

Mr. Colin Bebee presented market context and the performance report for the first quarter of 2026. He reported that the Trust was down approximately 0.3 percent for the quarter and that the portfolio had strong absolute and relative performance over the one-, three-, five-, and ten-year periods. He stated that results were generally strong across asset classes, with real estate as the principal area of challenge, and that the portfolio remained in compliance with policy targets.

Ms. Mika Malone reviewed portfolio implementation and reported that asset allocations were within policy ranges. She stated that the Trust underperformed its benchmark by approximately 16 basis points for the quarter, with positive asset allocation effects offset by security selection, and outperformed the benchmark by 1.37 percent for the one-year period. She highlighted positive one-year contributions from private equity, Energy, Natural Resources and Infrastructure, and leverage, while noting that real estate detracted from results.

Ms. Malone also reported that the Trust's returns were stronger than most peers over the three- and five-year periods. She stated that realized volatility had been lower than long-term expectations and that observed differences from peers were influenced by portfolio construction and the treatment of private-market valuations.

5. Annual Review of External Private Markets - Eric Lang, Carolyn Hansard, Neil Randall and Grant Walker.

Mr. Lang introduced the annual review of External Private Markets. He explained that private equity, real estate, and Energy, Natural Resources and Infrastructure serve distinct roles in the Trust. He reported that the private markets platform included approximately 75 employees, $79 billion in assets under management, and 841 investment vehicles. He also reported approximately $939 million in net positive cash flow to the Trust and approximately $9.4 billion in approved investment activity during the prior year.

Mr. Neil Randall presented the private equity review. He reported that private equity outperformed its benchmark across all reported periods and ranked in the top quartile among peers for the one- and three-year periods. He stated that the portfolio was ahead of plan in moving toward its 12 percent strategic allocation and that the team continued to increase its exposure to smaller and mid-market funds.

Mr. Randall reported that principal investments were an important source of value added and that private equity had added nearly $30 billion to the Trust compared with investing the same cash flows in a passive public index since inception. He discussed the effect of artificial intelligence on software investments, noting recent pressure on software buyouts and the benefit of exposure to native artificial intelligence companies within the venture capital portfolio.

Mr. Grant Walker presented the real estate review. He reported that one-year real estate performance was negative 2.9 percent compared with a positive 2.9 percent benchmark return, while the portfolio generated positive alpha over the three-, five-, and ten-year periods. He stated that recent underperformance was concentrated in several large investments and niche sectors rather than being widespread across the portfolio, and that portfolio leverage remained moderate at approximately 53 percent.

Mr. Walker reviewed data center investments and reported that TRS had approximately $2.6 billion in data center exposure across private markets, including approximately $1.2 billion in the real estate portfolio. He stated that the real estate team deployed approximately $600 million into data center construction during the prior year, primarily through build-to-suit projects with identified tenants, and that the team continued to monitor valuation and execution risks.

Ms. Carolyn Hansard presented the Energy, Natural Resources and Infrastructure review. She reported a one-year internal rate of return of 14.9 percent, 4.8 percent above the benchmark, with similarly strong three- and five-year results. She stated that principal investments generated significant excess returns and that the dedicated portfolio enabled TRS to capitalize on changes in energy and infrastructure markets.

Ms. Hansard discussed growing energy demand associated with artificial intelligence and data centers, including increased demand for power generation, natural gas production, pipelines, and grid infrastructure. She stated that the portfolio was positioned across conventional power, hydrocarbons, infrastructure, and selected emerging opportunities, while continuing to evaluate renewable and next-generation energy investments.

Before adjournment, Ms. Allred recognized Dr. Keith Brown for his service to the Investment Management Committee and TRS.

There being no more business before the Investment Management Committee, the committee adjourned at 2:25 p.m.

Approved by the Investment Management Committee of the Board of Trustees of the Teacher Retirement System of Texas on September _____, 2026.

______________________________ ______________

Katherine H. Farrell Date

Secretary of the TRS Board of Trustees

CIO Update

Jase Auby, Chief Investment Officer

September 2026

IMD at a Glance

- **Performance.** The Trust ended the second quarter of 2026 with a 1-year return of 16.5% and +146 bp of excess return. The 3-year return is 12.0% with +208 bp of excess return

- **Annual Reviews.** Completed Management Committee (MC) Annual Offsite Talent Review

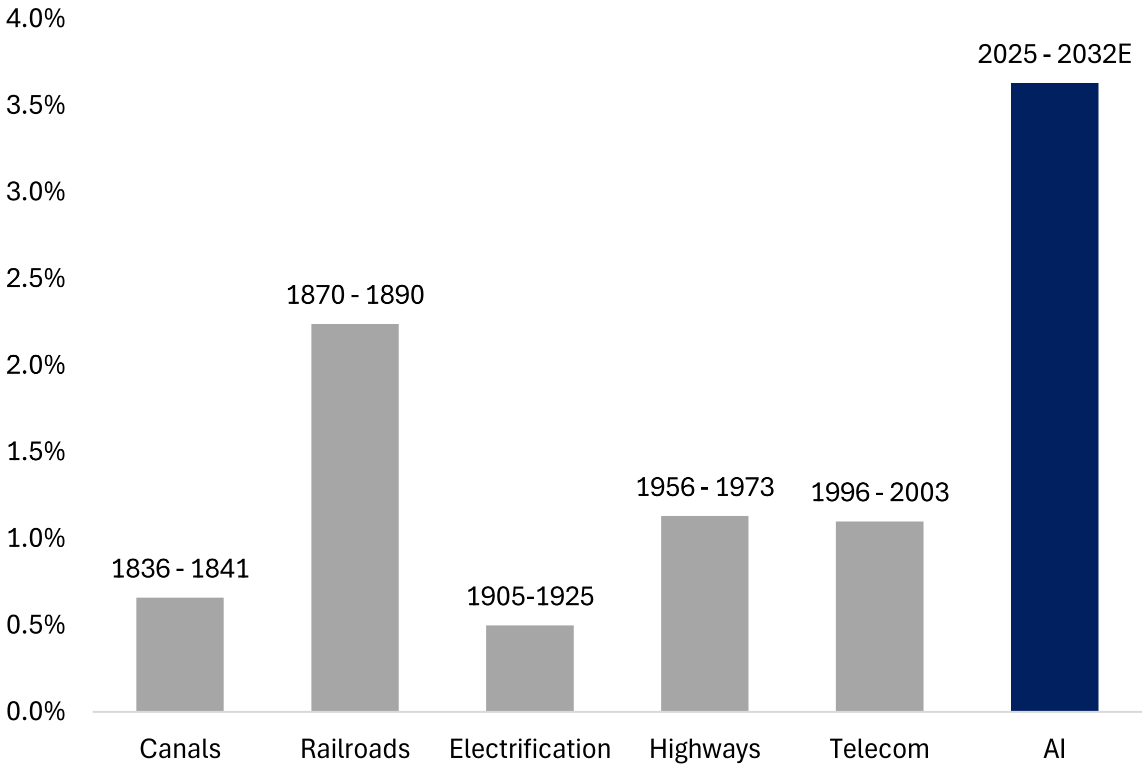
- **Performance Pay Plans.** Collaborated with Organizational Excellence (OE) on the annual review of Performance Pay Plans

- **Employee Survey.** IMD participation in the annual Energage survey was 97%

Special Topic Update – Growth (Topic 2)

AI capex expected to exceed every prior US infrastructure boom

(Average Annual investment, percent of GDP)



Source: State Street Bank, TRS IMD, Stijn Van Nieuwerburgh (Columbia Business School)

MEKETA

Teacher Retirement System of Texas

As of June 30, 2026

Performance Review

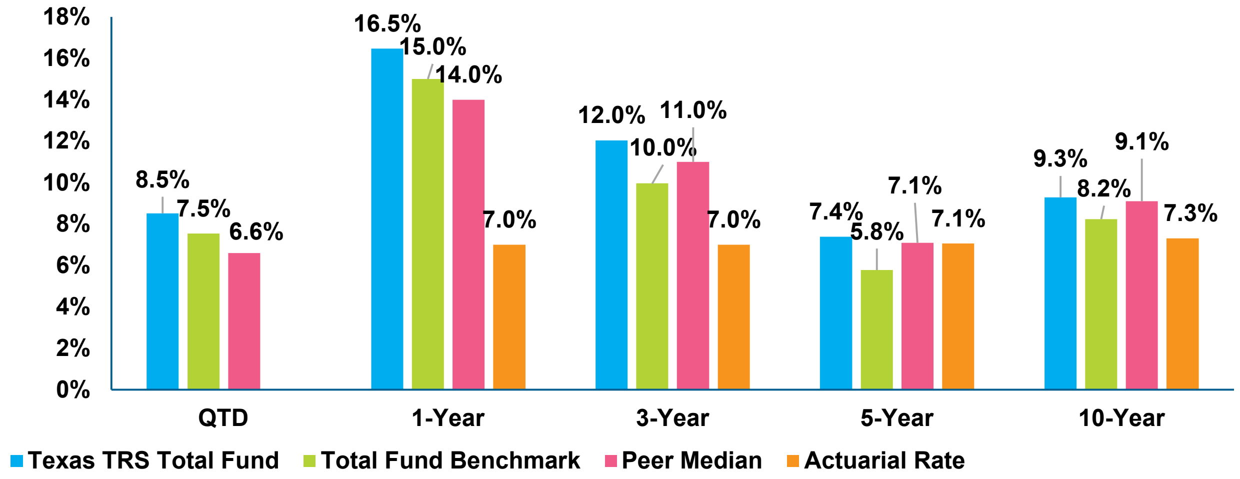
Second Quarter of 2026

Executive Summary

Executive Summary

- As of June 30, 2026, the Texas TRS Trust was valued at $252.4 billion, reflecting a $18.8 billion increase from the end of the first quarter. In the second quarter of 2026, the portfolio returned 8.5%, outpacing the peer median[1] and the Policy Benchmark returns of 6.6% and 7.5%, respectively. Benchmark relative outperformance was driven primarily by security selection throughout most of the portfolio, with the All Country Public Equity portfolio contributing approximately 40 basis points alone.
- Over the trailing 3-year period, the Texas TRS Trust returned 12.0%, outpacing the Policy Benchmark and the peer median, which returned 10.0% and 11.0%, respectively. The strong performance, both absolute and relative to the Policy Benchmark, was attributable to multiple asset classes, as the majority of the Trust's components/classes outperformed their respective benchmarks.
- The portfolio's risk, as indicated by standard deviation, was 8.1% for the trailing 5-year period, higher than both Policy Benchmark and peer group median figures of 8.0% and 7.0%, respectively. The portfolio's risk-adjusted return, as indicated by the Sharpe Ratio, over the past 5-year period was 0.5, which mirrored the peer group median while being above the Policy Benchmark ratio of 0.3.

Return Summary



Summary of Cash Flows	QTD	1-Year
Beginning Market Value	**$233,529,576,765**	**$220,964,759,981**
Net Cash Flow	-1,025,000,000	-4,614,224,643
Net Investment Change	19,850,682,699	36,004,724,127
Ending Market Value	**$252,355,259,465**	**$252,355,259,465**

[1] InvMetrics All Public >$10B net.

Report Card

Category	Results QTD	One-Year	Three-Year	Five-Year
Total Fund Absolute Performance	Positive	Positive	Positive	Positive
Return in Excess of Actuarial Target	NM	Yes	Yes	Yes
Total Fund Performance vs. Policy Benchmark	Outperformed	Outperformed	Outperformed	Outperformed
Total Fund Performance vs. Peers[1]	1st Quartile	1st Quartile	2nd Quartile	2nd Quartile
Compliance with Policy Target Weights	In Compliance			

- The Total Fund experienced positive returns over all trailing periods in this report card. Relative to the Policy Benchmark, the fund outpaced over all measured trailing periods. The Total Fund outpaced the actuarial target over all trailing time periods.
- Relative to peers, the Total Fund returns have outperformed the peer group median, ranking the fund in the top 2 quartiles across all measured trailing periods. Over the most recent quarter and trailing one-year period, the fund ranks in the top quartile.
- The Total Fund's asset allocation is in compliance with asset class policy target weights across all asset classes.

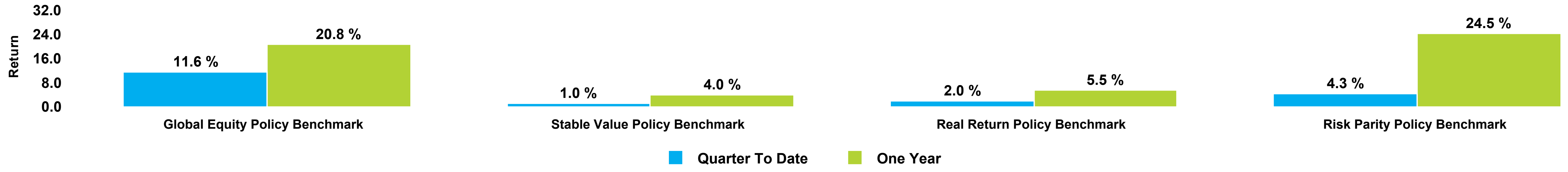
[1] InvMetrics All Public >$10B net.

IPS Stated Trust Return Objectives | As of June 30, 2026

	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	20 Yrs (%)
Total Fund	**7.40**	**9.20**	**9.29**	**7.07**
Total Fund Benchmark	*5.78*	*7.99*	*8.24*	*6.53*
Difference	1.61	1.22	1.05	0.54
Total Fund	**7.40**	**9.20**	**9.29**	**7.07**
Assumed Rate of Return	*7.05*	*7.11*	*7.31*	*7.67*
Difference	0.34	2.09	1.99	-0.59
Total Fund	**7.40**	**9.20**	**9.29**	**7.07**
CPI +5%	*9.40*	*9.03*	*8.46*	*7.66*
Difference	-2.00	0.17	0.84	-0.59

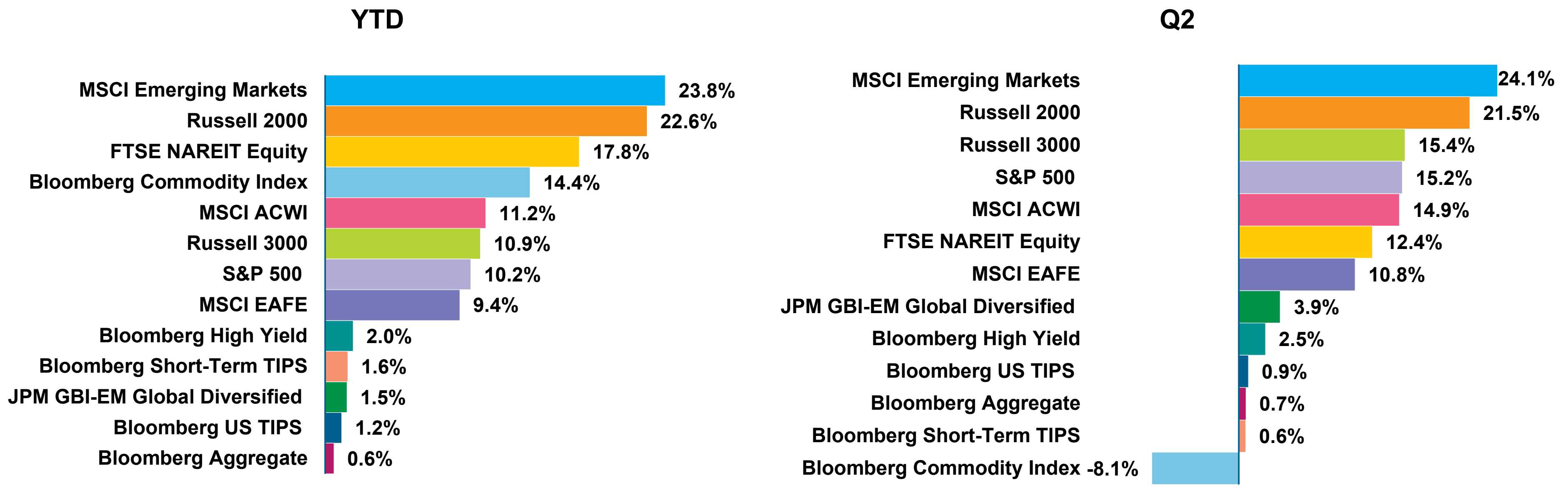
Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

Performance Update
As of June 30, 2026



	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Fund						
TRS Policy Benchmark	7.5	7.4	15.0	10.0	5.8	8.2
Global Equity						
Global Equity Policy Benchmark	11.6	10.3	20.8	15.9	9.8	12.3
TRS All Country Benchmark	15.7	12.8	25.4	--	--	--
TRS USA Benchmark	15.7	11.2	23.3	20.5	12.5	15.2
TRS Non-US Developed Benchmark	9.9	9.0	20.3	16.4	9.0	9.7
TRS Emerging Markets Benchmark	31.8	35.3	56.5	26.1	8.7	10.9
Customized State Street Private Equity Index (1Q Lag)	-0.3	1.4	6.3	6.8	8.0	12.5
Stable Value						
Stable Value Policy Benchmark	1.0	1.3	4.0	2.1	-2.7	0.5
Bloomberg Long Treasury Index	0.9	0.4	2.9	-0.5	-5.6	-1.3
Bloomberg US TIPS Benchmark	0.9	1.2	3.4	--	--	--
SOFR + 2.5%	1.6	3.1	6.7	--	--	--
Absolute Return Benchmark	1.9	3.9	8.3	9.1	7.9	5.6
Real Return						
Real Return Policy Benchmark	2.0	2.9	5.5	0.4	4.8	4.8
NCREIF ODCE (1Q Lag)	1.0	1.7	3.1	-2.8	2.3	3.8
Energy, Natural Resources, & Infrastructure Benchmark (1Q Lag)	4.0	5.2	10.3	7.5	10.4	--
Goldman Sachs Commodities Index	-11.4	24.1	30.4	14.6	13.3	7.4
Risk Parity						
Risk Parity Policy Benchmark	4.3	11.1	24.5	13.5	3.2	6.3
Cash						
FTSE 3 Month Treasury Bill	0.9	1.9	4.1	4.9	3.7	2.4

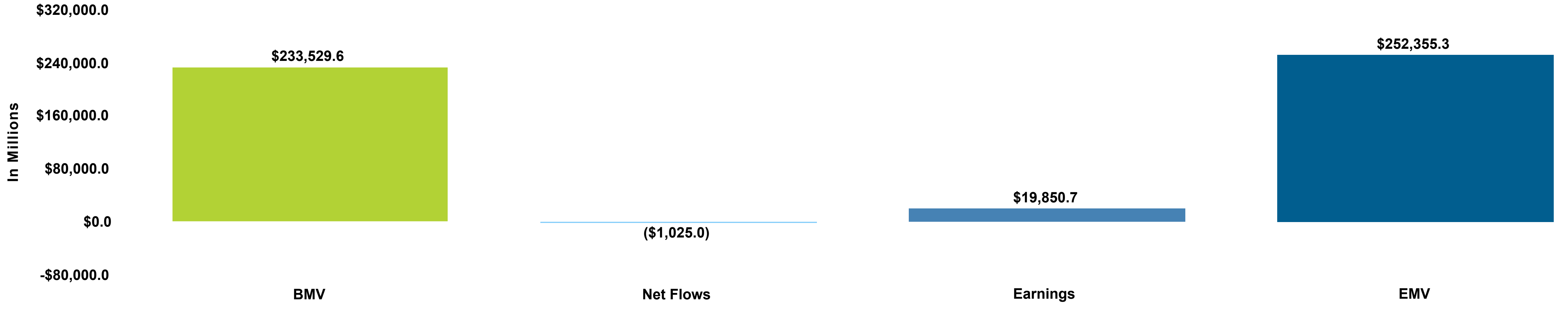
Index Returns[1]



- In the second quarter of 2026, equities led performance across asset classes, with emerging markets and small cap US stocks posting the strongest returns. Resilient earnings, tailwinds from the AI-related infrastructure buildout, and relief from the sharp decline in oil prices were the primary catalysts for the broad advance.
- Commodities were the notable laggard during the quarter, declining 8.1% as oil prices reversed sharply on easing Middle East tensions, after leading all asset classes in the prior quarter.
- The broad bond market generated modest positive returns given the decline in inflation concerns driven by falling energy prices. Emerging market debt and high yield bonds produced the strongest fixed income results given the improvement in risk sentiment.

[1] Source: Bloomberg. Data is as of June 30, 2026.

1 Quarter Market Value Change



Total Fund Cash Flow Summary

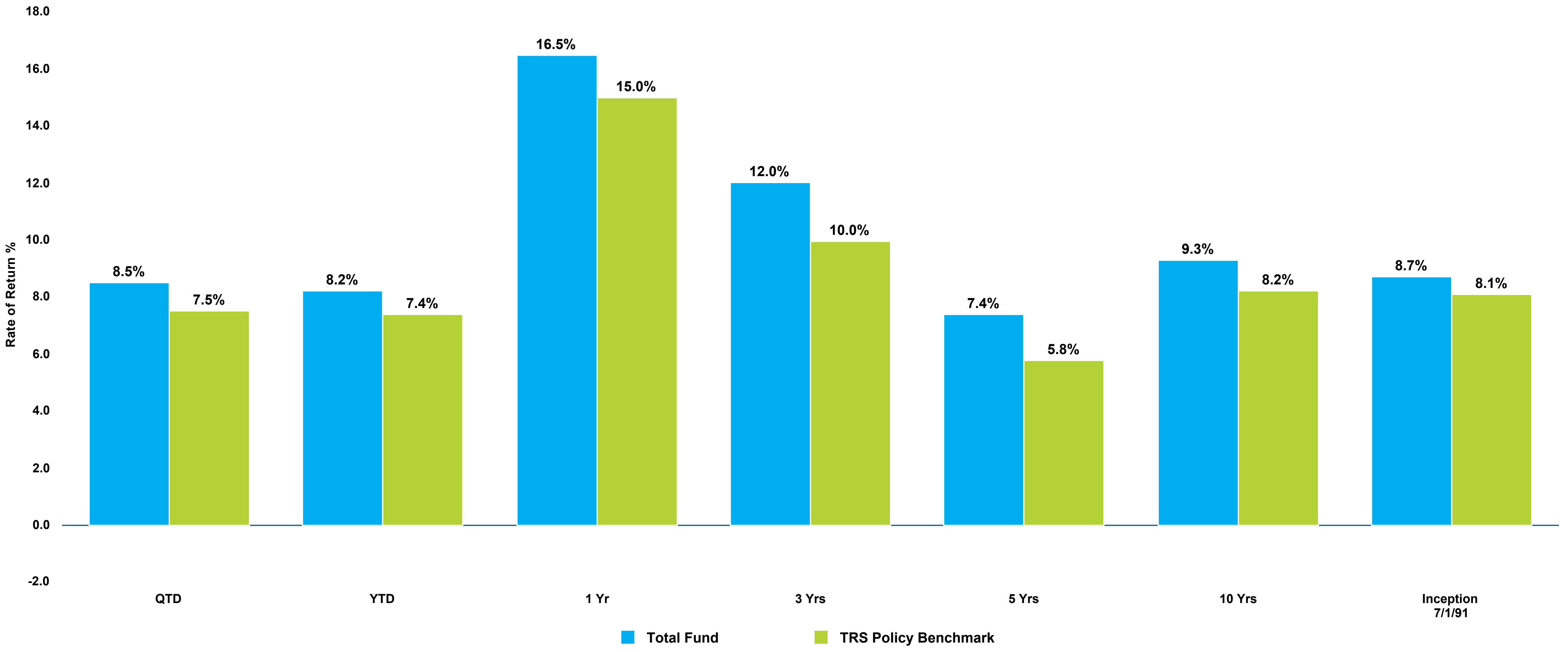
	QTD	YTD	1 Yr	3 Yrs	5 Yrs
Total Fund					
Beginning Market Value	233,529,576,765	235,166,213,652	220,964,759,981	187,669,161,066	193,050,542,291
Net Cash Flows	-1,025,000,000	-2,021,034,044	-4,614,224,643	-9,769,044,055	-18,115,063,685
Gain/Loss	19,850,682,699	19,210,079,856	36,004,724,127	74,455,142,454	77,419,780,858
Ending Market Value	**252,355,259,465**	**252,355,259,465**	**252,355,259,465**	**252,355,259,465**	**252,355,259,465**

Total fund market value reflects the sum of all available underlying composites and sub-composites.

Allocation vs. Targets	Balance ($M)	Current Allocation (%)	Interim Policy Target (%)	Relative to Interim Policy Target (%)	Long-Term Policy Target (%)	Relative to Long-Term Policy Target (%)	Policy Range[1] (%)	Within IPS Range?
Investment Exposure		**102.5**	**104.0**	**-1.5**	**104.0**	**-1.5**	**93 – 115**	
Global Equity	**147,280**	**58.4**	**58.5**	**-0.1**	**57.0**	**1.4**	**50 – 64**	
All Country	98,149	38.9	38.6	0.3	39.0	-0.1	34 – 44	Yes
USA	0	-	-	-	-	-	-5 – 5	Yes
Non-U.S. Developed	13,335	5.3	5.0	0.3	5.0	0.3	0 – 10	Yes
Emerging Markets	3,951	1.6	1.0	0.6	1.0	0.6	-4 – 6	Yes
Private Equity	31,846	12.6	13.9	-1.3	12.0	0.6	7 – 19	Yes
Stable Value	**51,054**	**20.2**	**20.8**	**-0.6**	**21.0**	**-0.8**	**14 – 28**	
Government Bonds - Nominal	20,688	8.2	9.9	-1.7	10.0	-1.8	0 – 15	Yes
Government Bonds - Real	9,039	3.6	5.9	-2.4	6.0	-2.4	0 – 11	Yes
Stable Value Hedge Funds	13,090.8	5.2	5.0	0.2	5.0	0.2	0 – 10	Yes
Absolute Return	8,236.8	3.3	0.0	3.3	0.0	3.3	0 – 10	Yes
Real Return	**46,938**	**18.6**	**19.8**	**-1.2**	**21.0**	**-2.4**	**14 – 28**	
Real Estate	30,713	12.2	13.0	-0.8	15.0	-2.8	10 – 20	Yes
ENRI	16,004	6.3	6.8	-0.5	6.0	0.3	1 – 11	Yes
Commodities	221	0.1	0.0	0.1	0.0	0.1	0 – 5	Yes
Risk Parity	**13,382**	**5.3**	**5.0**	**0.3**	**5.0**	**0.3**	**0 – 10**	
Risk Parity	13,382	5.3	5.0	0.3	5.0	0.3	0 – 10	Yes
Net Asset Allocation	**-6,299**	**-2.5**	**-4.0**	**1.5**	**-4.0**	**1.5**	**--**	
Cash Equivalents	5,049	2.0	2.0	0.0	2.0	0.0	0 – 7	Yes
Asset Allocation Leverage	-11,348	-4.5	-6.0	1.5	-6.0	1.5	--	Yes
Total Fund	**252,355**	**100.0**	**100.0**	**0.0**	**100.0**	**0.0**	**--**	

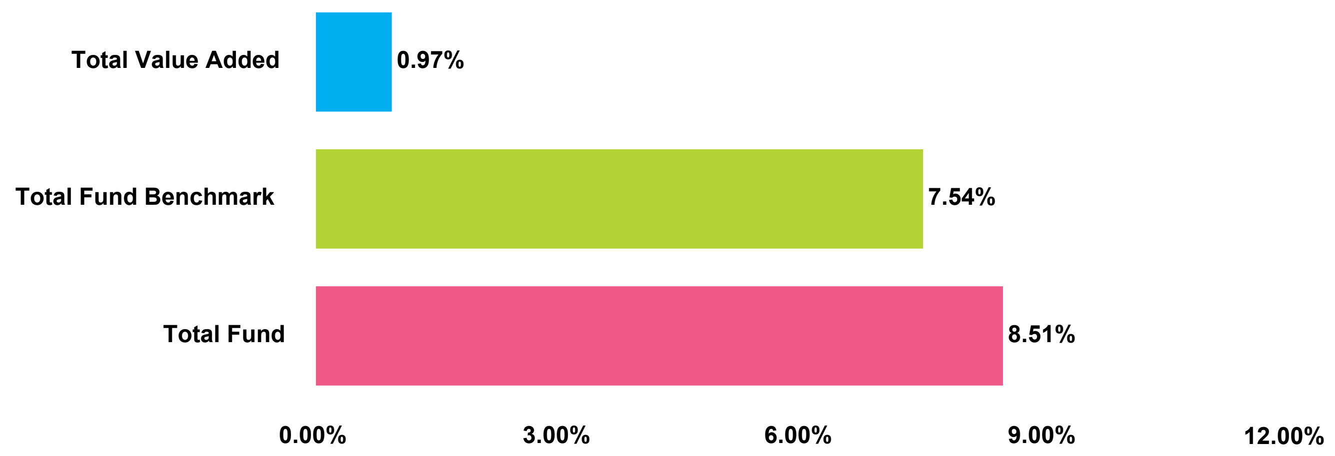
[1]Policy Range reflects ranges as noted in the TRS Investment Policy Statement

Return Summary
Ending June 30, 2026

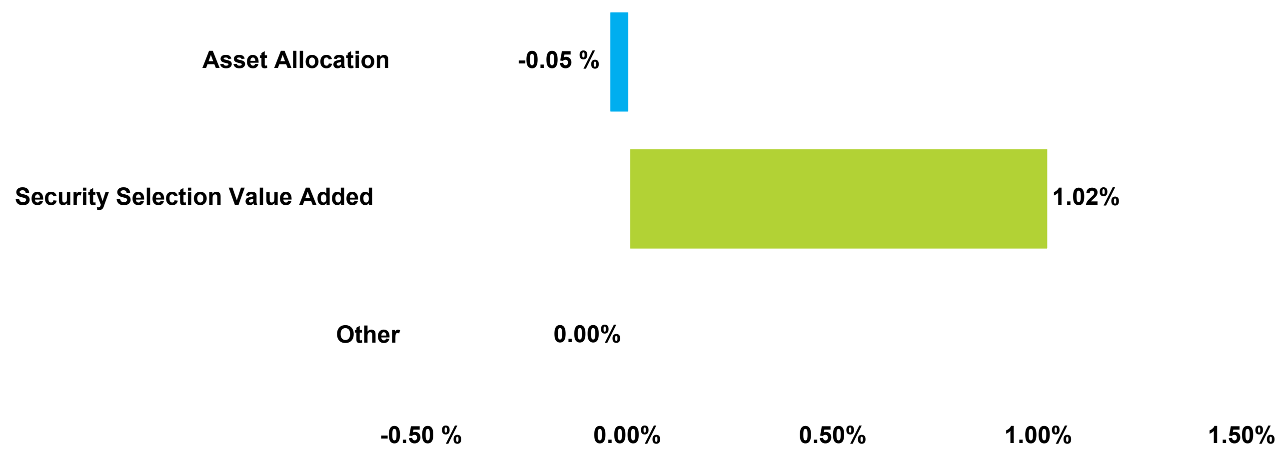


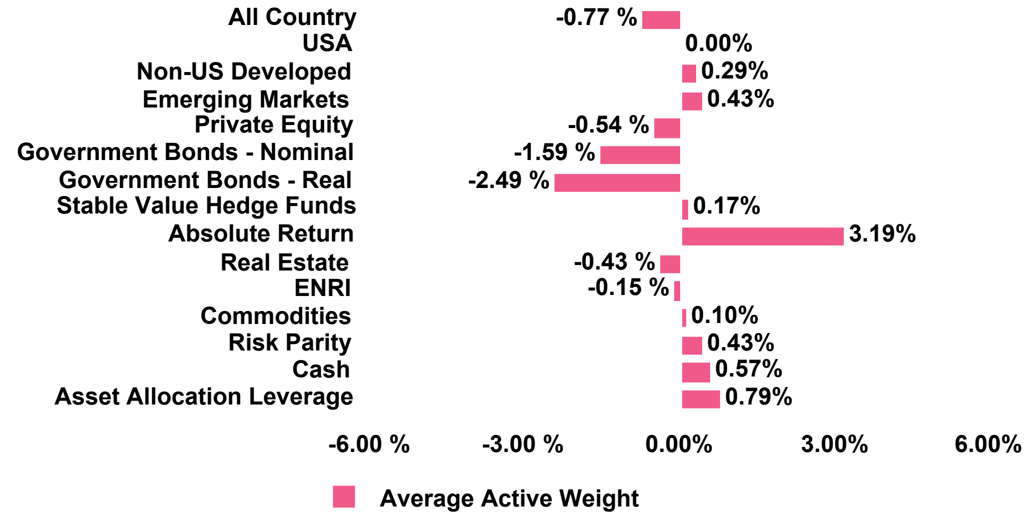
Total Fund Attribution | 1 Quarter Ending June 30, 2026

Total Fund Performance

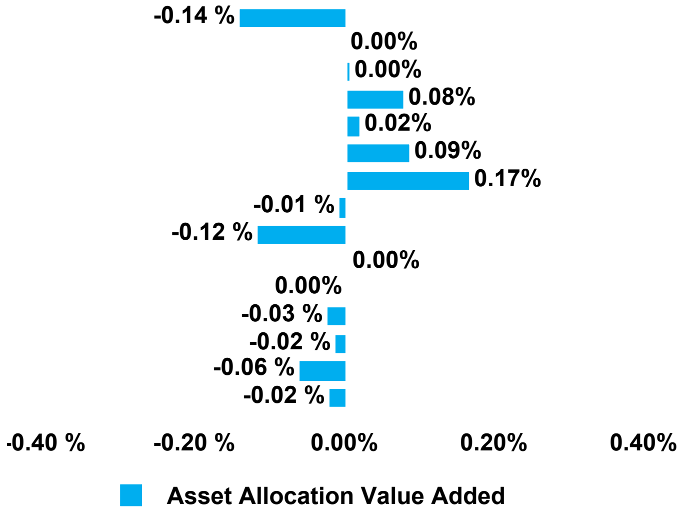


Total Value Added:0.97%

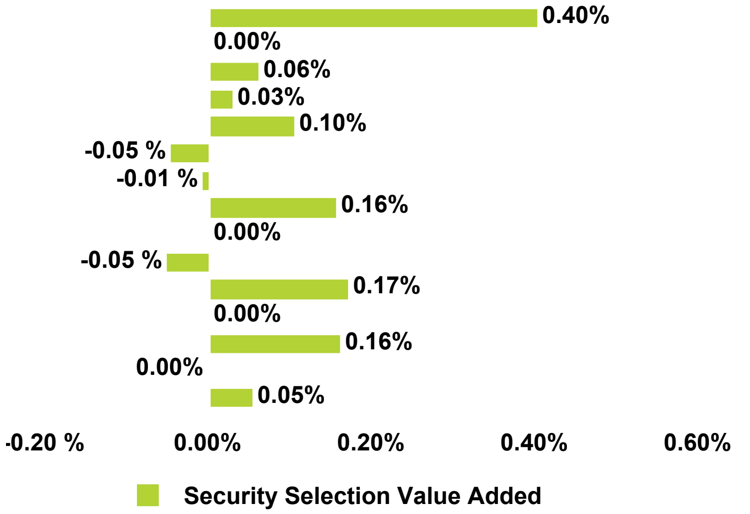




Asset Allocation Value Added: -0.05 %



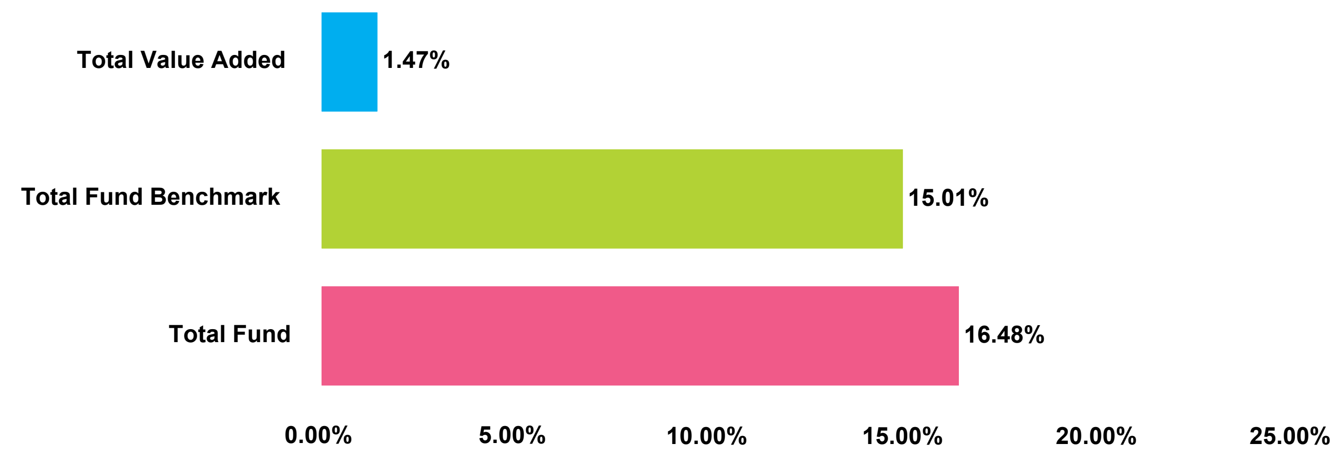
Total Security Selection Value Added:1.02%



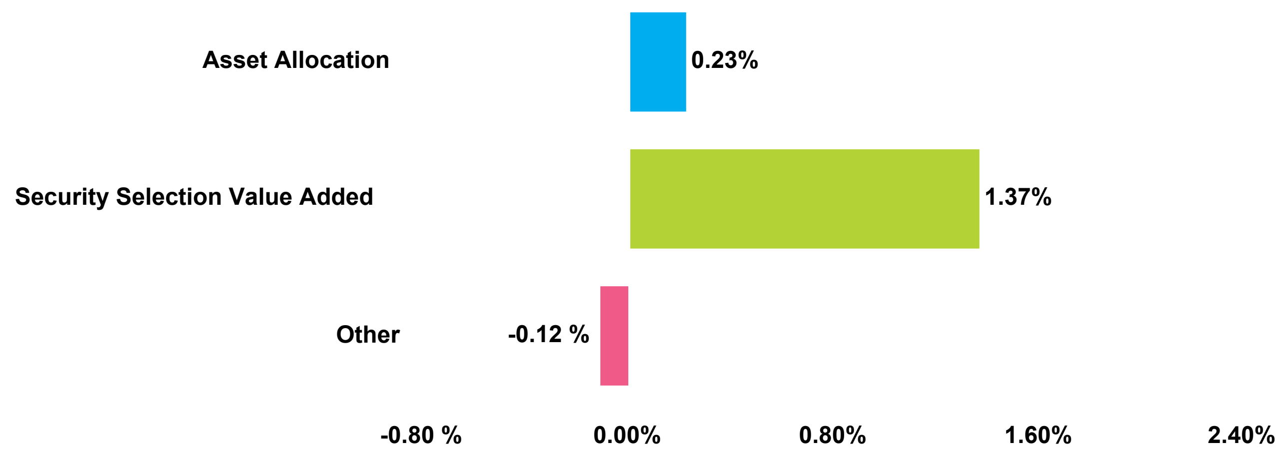
Note: The returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

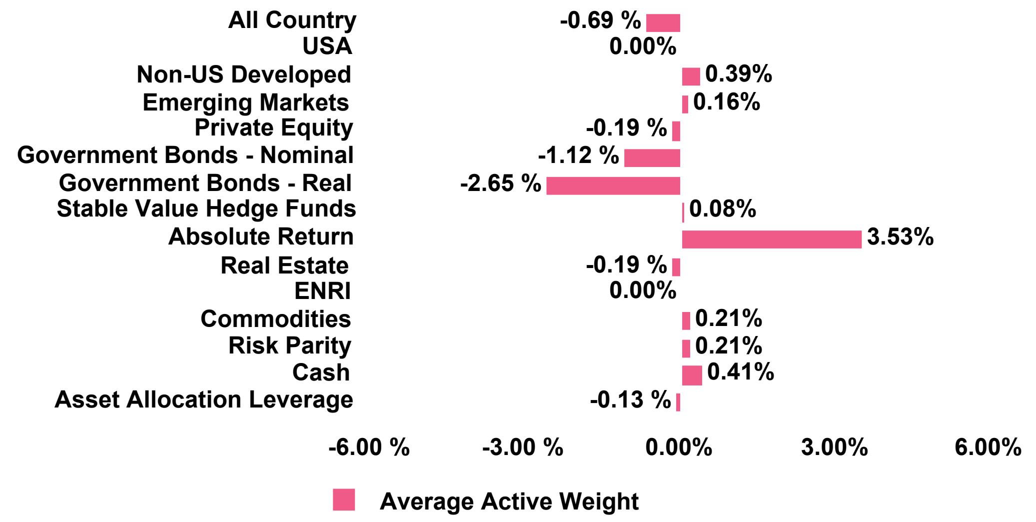
Total Fund Attribution | 1 Year Ending June 30, 2026

Total Fund Performance

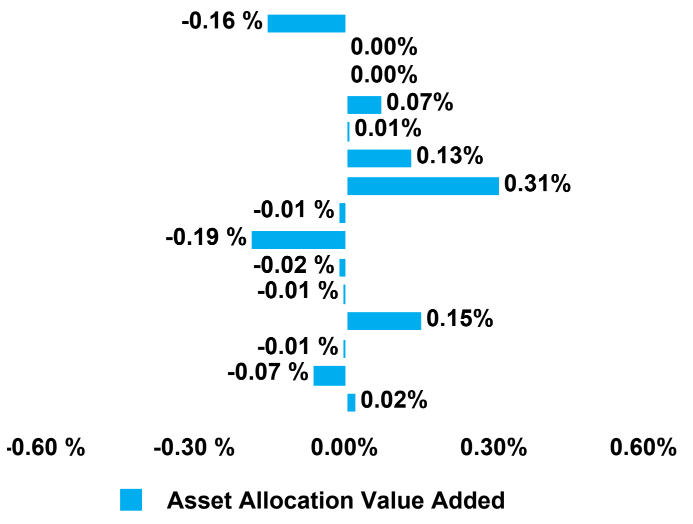


Total Value Added:1.47%

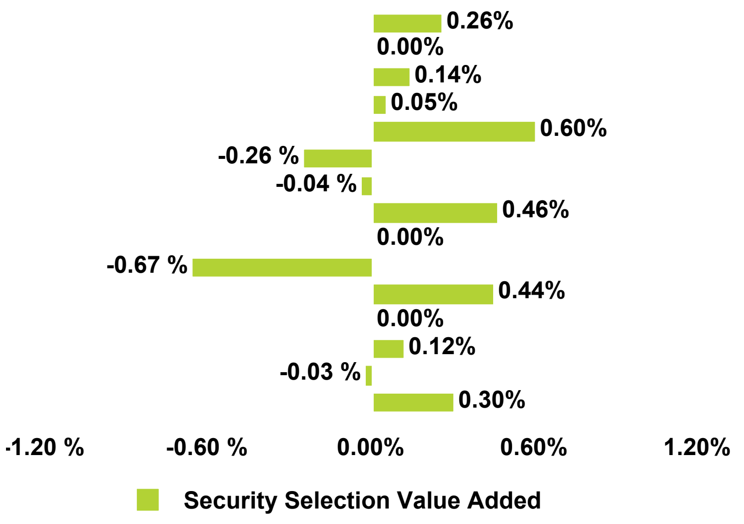




Asset Allocation Value Added: 0.23%

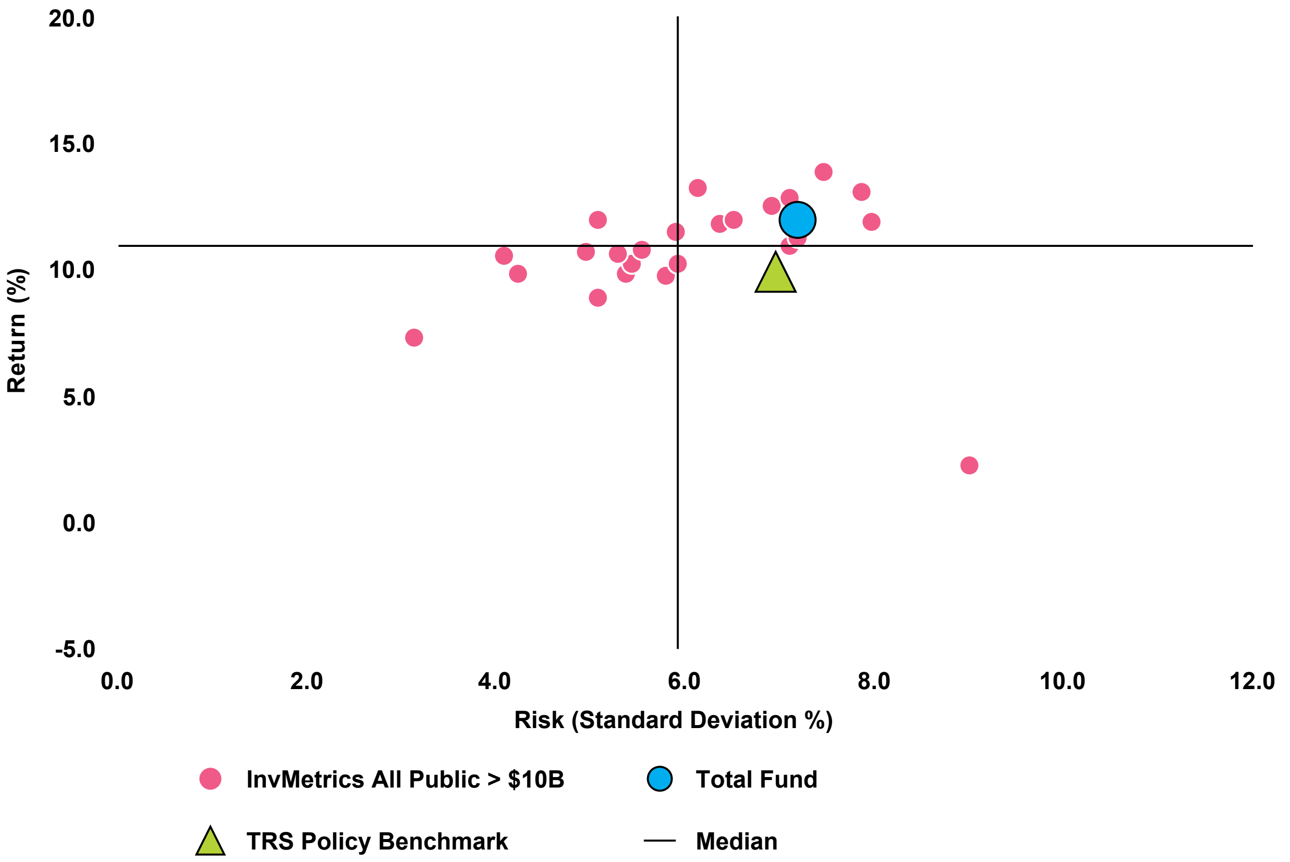


Total Security Selection Value Added:1.37%



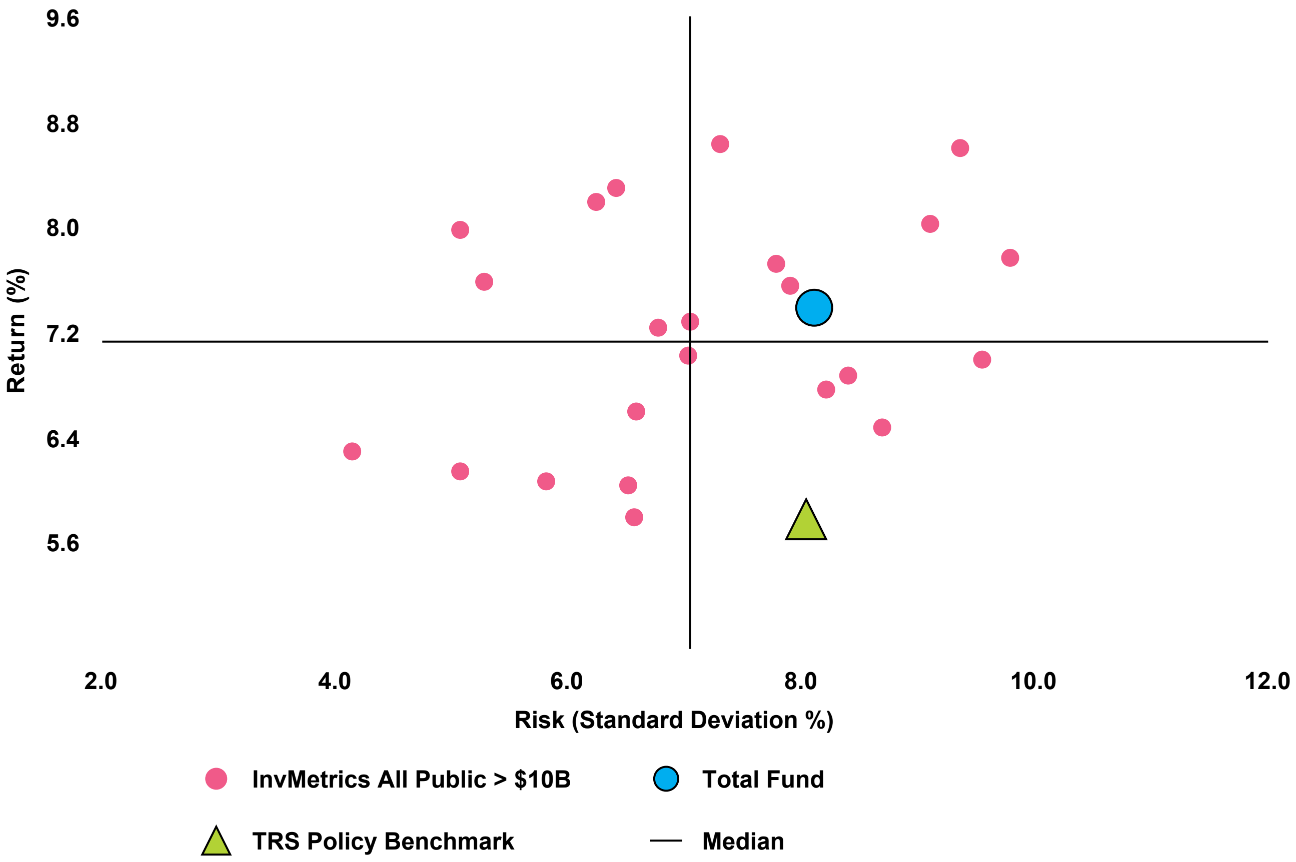
Note: The returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

Annualized Net Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2026



	Return	Standard Deviation
Total Fund	12.0	7.2
TRS Policy Benchmark	10.0	6.9
Median	11.0	5.9

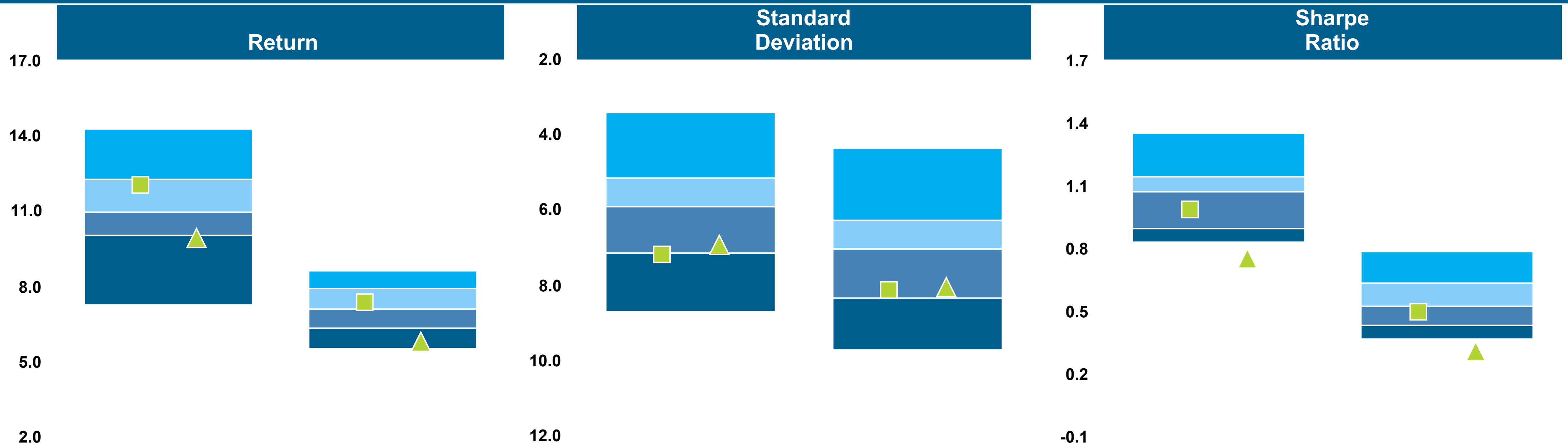
Annualized Net Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2026



	Return	Standard Deviation
Total Fund	7.4	8.1
TRS Policy Benchmark	5.8	8.0
Median	7.1	7.0

Risk Profile: Trailing 3-Year and 5-Year Risk Metrics Peer Comparison | As of June 30, 2026

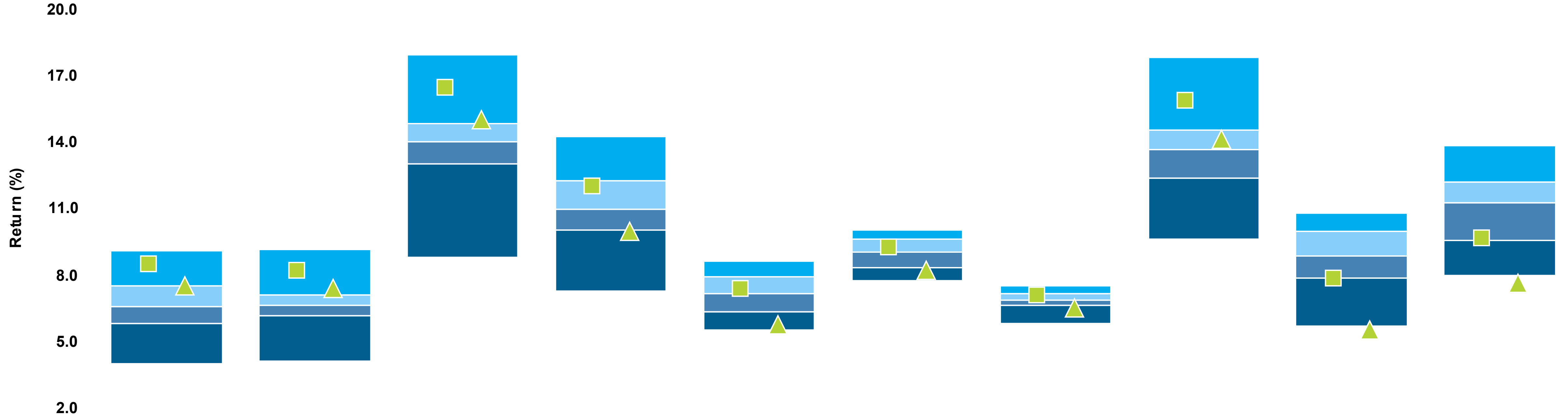
Total Fund vs. All Public Plans > $10B



	Return 3 Yrs (%)	Return 5 Yrs (%)	Standard Deviation 3 Yrs (%)	Standard Deviation 5 Yrs (%)	Sharpe Ratio 3 Yrs (%)	Sharpe Ratio 5 Yrs (%)
■ Total Fund	12.0 (27)	7.4 (43)	7.2 (76)	8.1 (68)	1.0 (63)	0.5 (62)
▲ TRS Policy Benchmark	10.0 (76)	5.8 (93)	6.9 (66)	8.0 (66)	0.8 (97)	0.3 (97)
5th Percentile	14.3	8.6	3.4	4.4	1.4	0.8
1st Quartile	12.3	7.9	5.2	6.3	1.1	0.6
Median	11.0	7.1	5.9	7.0	1.1	0.5
3rd Quartile	10.0	6.4	7.1	8.3	0.9	0.4
95th Percentile	7.3	5.5	8.7	9.7	0.8	0.4
Population	27	26	27	26	27	26

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Total Fund vs. All Public Plans > $10B



	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	2025 (%)	2024 (%)	2023 (%)
Total Fund	8.5 (9)	8.2 (8)	16.5 (13)	12.0 (27)	7.4 (43)	9.3 (40)	7.1 (34)	15.9 (10)	7.9 (76)	9.7 (71)
TRS Policy Benchmark	7.5 (25)	7.4 (16)	15.0 (23)	10.0 (76)	5.8 (93)	8.2 (77)	6.5 (78)	14.1 (36)	5.5 (96)	7.6 (97)
5th Percentile	9.1	9.1	18.0	14.3	8.6	10.0	7.5	17.8	10.8	13.8
1st Quartile	7.5	7.1	14.9	12.3	7.9	9.6	7.2	14.5	9.9	12.2
Median	6.6	6.6	14.0	11.0	7.1	9.1	6.9	13.7	8.8	11.3
3rd Quartile	5.8	6.1	13.0	10.0	6.4	8.3	6.6	12.4	7.9	9.6
95th Percentile	4.0	4.1	8.8	7.3	5.5	7.7	5.8	9.6	5.7	8.0
Population	27	27	27	27	26	23	34	55	62	65

Parentheses contain percentile rankings.
Calculation based on quarterly periodicity.

Trailing Net Performance | As of June 30, 2026

	Market Value ($)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Fund	**252,355,259,465**	**8.5**	**8.2**	**16.5**	**12.0**	**7.4**	**9.3**
TRS Policy Benchmark		*7.5*	*7.4*	*15.0*	*10.0*	*5.8*	*8.2*
Over/Under		1.0	0.8	1.5	2.1	1.6	1.1
Global Equity	**147,280,175,464**	**12.7**	**11.3**	**22.5**	**17.6**	**10.4**	**12.5**
Global Equity Policy Benchmark		*11.6*	*10.3*	*20.8*	*15.9*	*9.8*	*12.3*
Over/Under		1.1	1.0	1.7	1.7	0.7	0.2
Total Public Equity	**115,434,527,359**	**16.6**	**13.5**	**26.5**	**21.2**	**11.2**	**12.3**
Public Equity Benchmark		*15.4*	*12.9*	*25.5*	*19.4*	*10.0*	*12.1*
Over/Under		1.3	0.7	1.1	1.8	1.2	0.3
All Country	98,149,173,585	16.8	13.3	26.0	--	--	--
TRS All Country Benchmark		*15.7*	*12.8*	*25.4*	*--*	*--*	*--*
Over/Under		1.1	0.5	0.7	--	--	--
USA	--						
TRS USA Benchmark		*15.7*	*11.2*	*23.3*	*20.5*	*12.5*	*15.2*
Over/Under		--	--	--	--	--	--
Non-US Developed	13,334,580,976	11.1	10.2	23.0	20.6	11.2	10.8
TRS Non-US Developed Benchmark		*9.9*	*9.0*	*20.3*	*16.4*	*9.0*	*9.7*
Over/Under		1.2	1.2	2.7	4.1	2.2	1.1
Emerging Markets	3,950,772,799	34.2	39.3	62.3	27.3	10.2	11.9
TRS Emerging Markets Benchmark		*31.8*	*35.3*	*56.5*	*26.1*	*8.7*	*10.9*
Over/Under		2.4	4.1	5.8	1.3	1.5	1.0
Private Equity	31,845,648,105	0.4	3.8	10.3	8.8	8.0	12.6
Customized State Street Private Equity Index (1Q Lag)		*-0.3*	*1.4*	*6.3*	*6.8*	*8.0*	*12.5*
Over/Under		0.7	2.5	4.0	2.0	0.0	0.1

Trailing Net Performance | As of June 30, 2026

	Market Value ($)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Stable Value	**51,054,061,617**	**2.0**	**2.3**	**5.7**	**3.7**	**-0.7**	**1.9**
Stable Value Policy Benchmark		*1.0*	*1.3*	*4.0*	*2.1*	*-2.7*	*0.5*
Over/Under		0.9	1.0	1.7	1.6	2.0	1.4
Government Bonds - Nominal	20,687,799,311	0.3	-0.8	0.2	-3.3	-7.7	-2.4
Blmbg. U.S. Treasury: Long		*0.9*	*0.4*	*2.9*	*-0.5*	*-5.6*	*-1.3*
Over/Under		-0.6	-1.2	-2.6	-2.8	-2.1	-1.1
Government Bonds - Real	9,038,604,326	0.6	0.7	2.2	--	--	--
Blmbg. U.S. TIPS Benchmark		*0.9*	*1.2*	*3.4*	*--*	*--*	*--*
Over/Under		-0.3	-0.4	-1.2	--	--	--
Stable Value Hedge Funds	13,090,843,660	4.5	6.2	15.7	12.0	9.8	8.0
Stable Value Hedge Fund Benchmark		*1.6*	*3.1*	*6.7*	*6.9*	*4.9*	*5.0*
Over/Under		3.0	3.0	9.0	5.1	4.9	3.0
Absolute Return	8,236,814,320	3.9	6.6	10.0	16.3	11.4	9.7
Absolute Return Benchmark		*1.9*	*3.9*	*8.3*	*9.1*	*7.9*	*5.6*
Over/Under		2.0	2.6	1.6	7.2	3.6	4.0

Trailing Net Performance | As of June 30, 2026

	Market Value ($)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Real Return	**46,938,253,988**	**2.5**	**2.8**	**5.3**	**2.4**	**6.9**	**7.3**
Real Return Policy Benchmark		*2.0*	*2.9*	*5.5*	*0.4*	*4.8*	*4.8*
Over/Under		0.5	-0.2	-0.2	2.0	2.1	2.5
Real Estate	30,713,242,744	0.6	-0.1	-1.4	-3.1	3.3	6.3
NCREIF ODCE (1Q Lag)		*1.0*	*1.7*	*3.1*	*-2.8*	*2.3*	*3.8*
Over/Under		-0.4	-1.8	-4.5	-0.3	1.0	2.5
ENRI	16,004,437,062	6.6	7.8	17.3	14.1	14.7	--
Energy, Natural Resources, & Infrastructure Benchmark (1Q Lag)		*4.0*	*5.2*	*10.3*	*7.5*	*10.4*	*--*
Over/Under		2.7	2.5	6.9	6.6	4.3	--
Commodities	220,574,182	-16.7	4.8	64.7	20.6	12.8	6.1
Goldman Sachs Commodities Benchmark		*-11.4*	*24.1*	*30.4*	*14.6*	*13.3*	*7.4*
Over/Under		-5.3	-19.2	34.4	6.0	-0.5	-1.3
Risk Parity	**13,381,720,795**	**7.3**	**13.1**	**26.8**	**15.7**	**5.6**	**7.0**
Risk Parity Policy Benchmark		*4.3*	*11.1*	*24.5*	*13.5*	*3.2*	*6.3*
Over/Under		3.0	2.0	2.3	2.2	2.3	0.7
Cash	**5,049,153,253**	**0.8**	**1.5**	**2.9**	**4.9**	**4.1**	**2.8**
Cash Benchmark		*0.9*	*1.9*	*4.1*	*4.9*	*3.7*	*2.4*
Over/Under		-0.1	-0.4	-1.1	0.0	0.4	0.4

Appendix

Domestic Equity Returns[1]

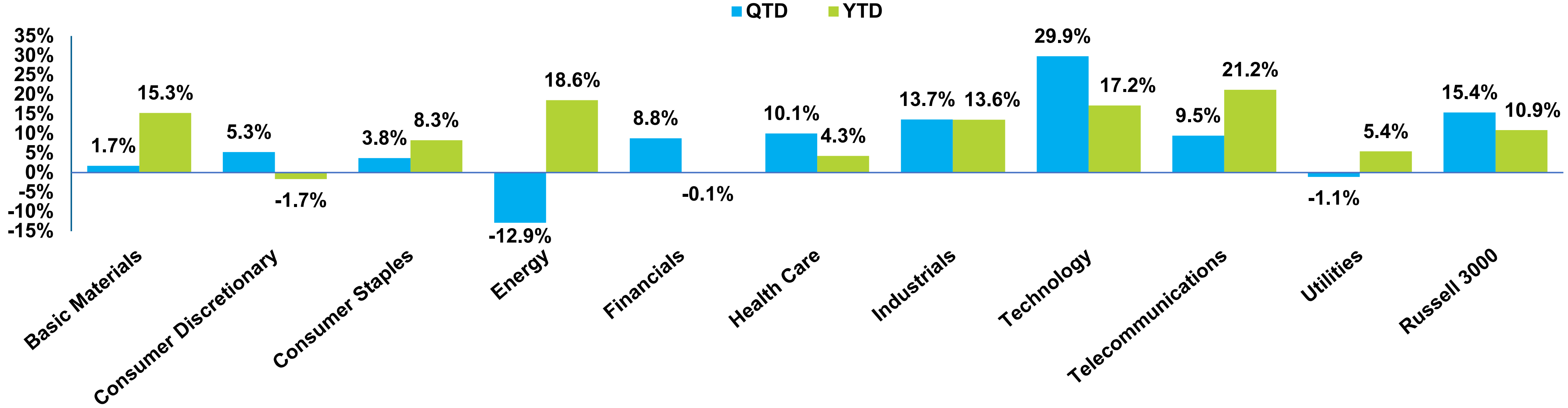
Domestic Equity	June (%)	Q2 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	-1.0	15.2	10.2	22.3	20.6	13.4	15.5
Russell 3000	-0.3	15.4	10.9	22.8	20.3	12.3	15.1
Russell 1000	-0.5	15.1	10.3	22.0	20.4	12.7	15.3
Russell 1000 Growth	-2.7	16.7	5.3	17.7	22.6	13.7	18.6
Russell 1000 Value	2.3	13.9	16.3	27.1	17.8	11.2	11.5
Russell MidCap	3.1	13.8	15.3	21.6	16.5	8.5	12.0
Russell MidCap Growth	2.7	14.5	7.3	6.2	15.6	6.0	13.0
Russell MidCap Value	3.0	13.4	17.6	26.6	16.5	9.5	10.6
Russell 2000	3.7	21.5	22.6	40.8	18.6	7.0	11.6
Russell 2000 Growth	3.6	25.7	22.2	38.7	18.4	5.6	12.0
Russell 2000 Value	4.0	17.2	23.0	43.0	18.7	8.2	10.9

US Equities: The Russell 3000 index rose 15.4% in the second quarter of 2026, bringing the year-to-date return to 10.9%.

- Growth stocks regained leadership in the second quarter, with the Russell 1000 Growth Index advancing 16.7% compared to 13.9% for the Russell 1000 Value Index. Small-cap equities posted the strongest returns given the resilient US economy, a lower likelihood of rate increases, and strong earnings. The Russell 2000 Index gained 21.5%, outperforming large-cap stocks (Russell 1000: +15.1%).
- The "Magnificent Seven" contributed meaningfully to the quarter's gains given their substantial index weight, rebounding from first-quarter declines as demand for AI infrastructure and computing capacity supported mega-cap technology shares. Investor confidence in the durability of AI-related revenue growth underpinned the group's leadership through the quarter.

[1] Source: Bloomberg. Data is as of June 30, 2026.

Russell 3000 Sector Returns[1]



Sector performance reversed sharply in the second quarter, with technology leading the market and energy the weakest-performing sector. The Russell 3000 rose 15.4% as eight of the ten sectors generated positive returns.

- Technology led all sectors, rising 29.9% as strength in cloud and AI-related earnings reinforced confidence in the capital-spending cycle. Industrials (+13.7%) and health care (+10.1%) also posted solid gains.
- Energy was the weakest sector, falling 12.9% as oil prices retreated sharply on easing Middle East tensions, reversing a portion of its strong first-quarter gains. Utilities (-1.1%) were the only other sector to decline.
- The remaining sectors advanced, led by telecommunications (+9.5%) and financials (+8.8%). On a year-to-date basis, telecommunications (+21.2%) and energy (+18.6%) remain the top performers despite energy's second-quarter reversal.

[1] Source: Bloomberg. Data is as of June 30, 2026.

Foreign Equity Returns[1]

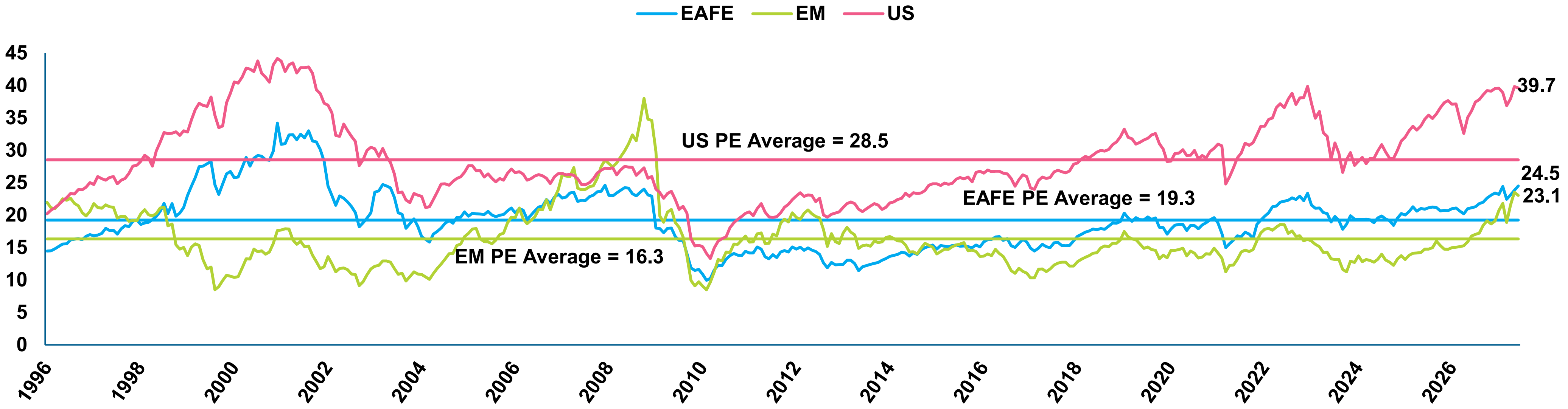
Foreign Equity	June (%)	Q2 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	-0.6	14.5	13.7	27.7	18.8	8.8	9.9
MSCI EAFE	0.1	10.8	9.4	20.2	16.4	9.0	9.7
MSCI EAFE (Local Currency)	2.4	11.5	11.7	24.9	15.8	11.3	10.6
MSCI EAFE Small Cap	-3.7	9.0	7.6	17.4	15.7	5.3	8.6
MSCI Emerging Markets	-1.4	24.1	23.8	43.5	23.0	7.2	10.1
MSCI Emerging Markets (Local Currency)	-0.1	24.1	26.8	50.2	25.1	10.1	11.8
MSCI EM ex China	0.0	34.5	38.8	63.1	28.3	13.2	12.4
MSCI China	-7.1	-6.6	-15.0	-4.9	7.7	-6.6	4.3

Developed international equities (MSCI EAFE) returned 10.8% in the second quarter of 2026 and emerging markets equities (MSCI Emerging Markets) rose 24.1%, though performance varied significantly by region.

- Developed market equities rose over the quarter, supported by resilient corporate earnings, strength in semiconductor-related names, and a reduction of Middle East tensions. Europe and Japan both advanced, with Japan aided by firm AI-related hardware demand, though a stronger US dollar trimmed returns for dollar-based investors, with the local-currency EAFE index returning 11.5% compared to 10.8% in USD terms.
- Emerging markets substantially outperformed developed peers, led by South Korea and Taiwan on robust technology demand. The MSCI Emerging Markets ex-China index returned an impressive 34.5% for the quarter, while China (-6.6%) lagged sharply over the quarter amid continued economic weakness and challenges in the property sector.

[1] Source: Bloomberg. Data is as of June 30, 2026.

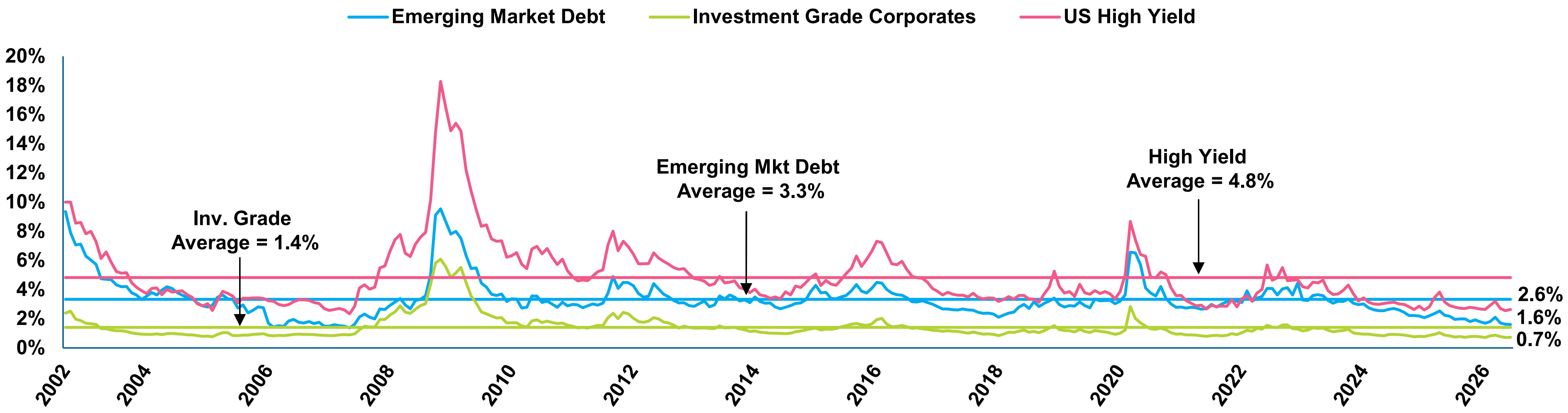
Equity Cyclically Adjusted P/E Ratios[1]



- Cyclically adjusted US equity valuations rose over the second quarter as strong market performance lifted the US CAPE to 39.7, well above its long-run average of 28.5.
- Non-US developed market valuations (EAFE) also rose, reaching 24.5 versus a long-run average of 19.3. Despite trading above historical norms, EAFE valuations remain considerably less expensive than those in the US.
- Emerging market valuations increased to 23.1, moving further above their long-run average of 16.3. The continued multiple expansion reflects elevated investor confidence in AI-related hardware and semiconductor demand across developing markets.

[1] US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of June 2026. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month end, respectively.

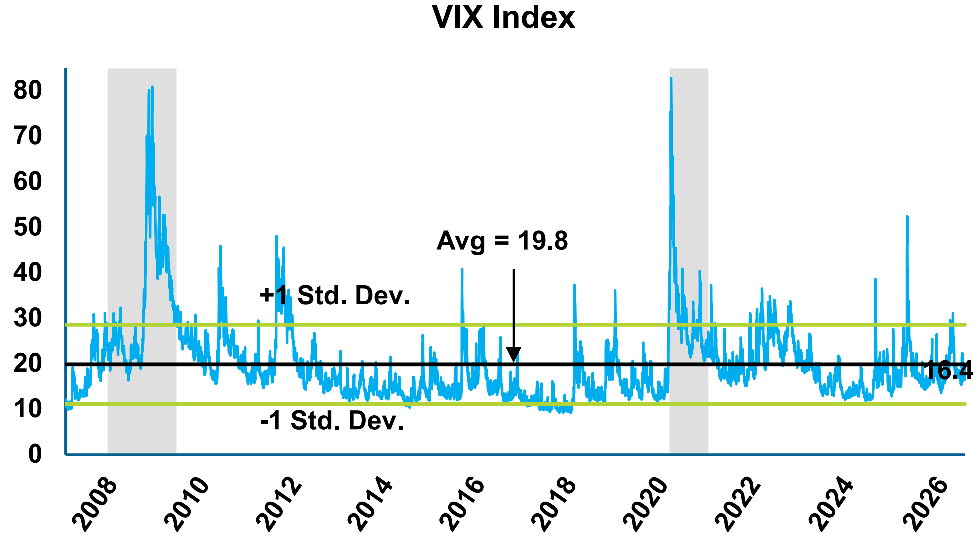
Credit Spreads vs. US Treasury Bonds[1]

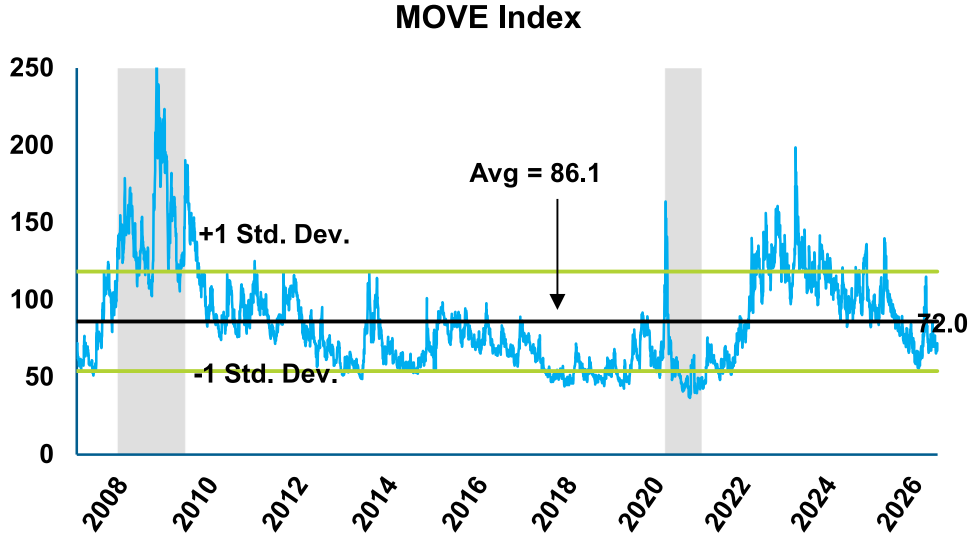


- Credit spreads tightened during the second quarter, reflecting resilient investor sentiment and supportive credit conditions despite ongoing uncertainty around inflation and monetary policy.
- Investment grade spreads fell from 0.9% to 0.7% during the quarter, well inside the 1.4% long-run average, supported by persistent demand for high-quality credit.
- High yield spreads tightened to 2.6% (from 3.2% at the end of March), versus a 4.8% long-run average, while emerging market debt spreads tightened to 1.6% (from 2.1%), versus a 3.3% long-run average.
- All yield spreads remain well below their respective long-run averages, but many investors continue to be attracted to their higher relative yields compared to Treasuries.

[1] Source: Bloomberg. Data is as of June 30, 2026. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

Equity and Fixed Income Volatility[1]





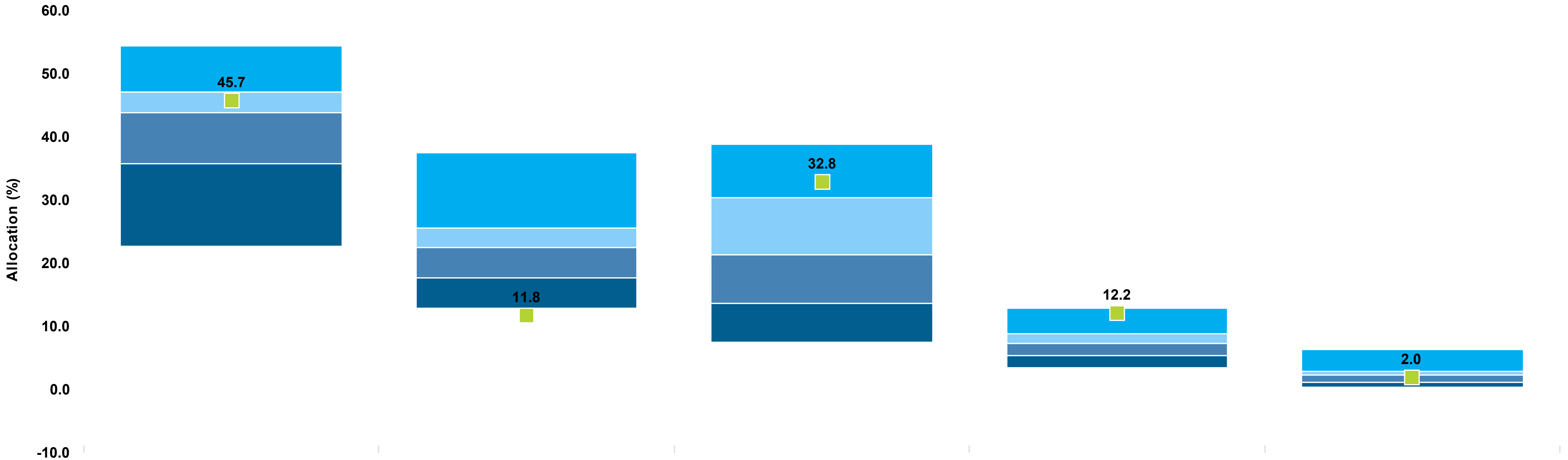
→ Volatility declined meaningfully during the second quarter, with both equity and bond market measures dropping well below their long-run averages as strong equity performance, stable monetary policy, and moderating inflation concerns supported a calmer market environment.

→ Equity volatility (VIX) fell from 25.2 at the end of March to 16.4, moving below its long-run average of 19.8, as resilient earnings and easing geopolitical tensions supported risk sentiment.

→ Bond volatility (MOVE) declined from 96.0 at the end of March to 72.0, also dropping below its long-run average of 86.1 as interest rate expectations stabilized and markets increasingly aligned around a Fed-on-hold outlook.

[1] Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of June 30, 2026. The average line indicated is the average of the VIX and MOVE values between January 2007 and June 2026.

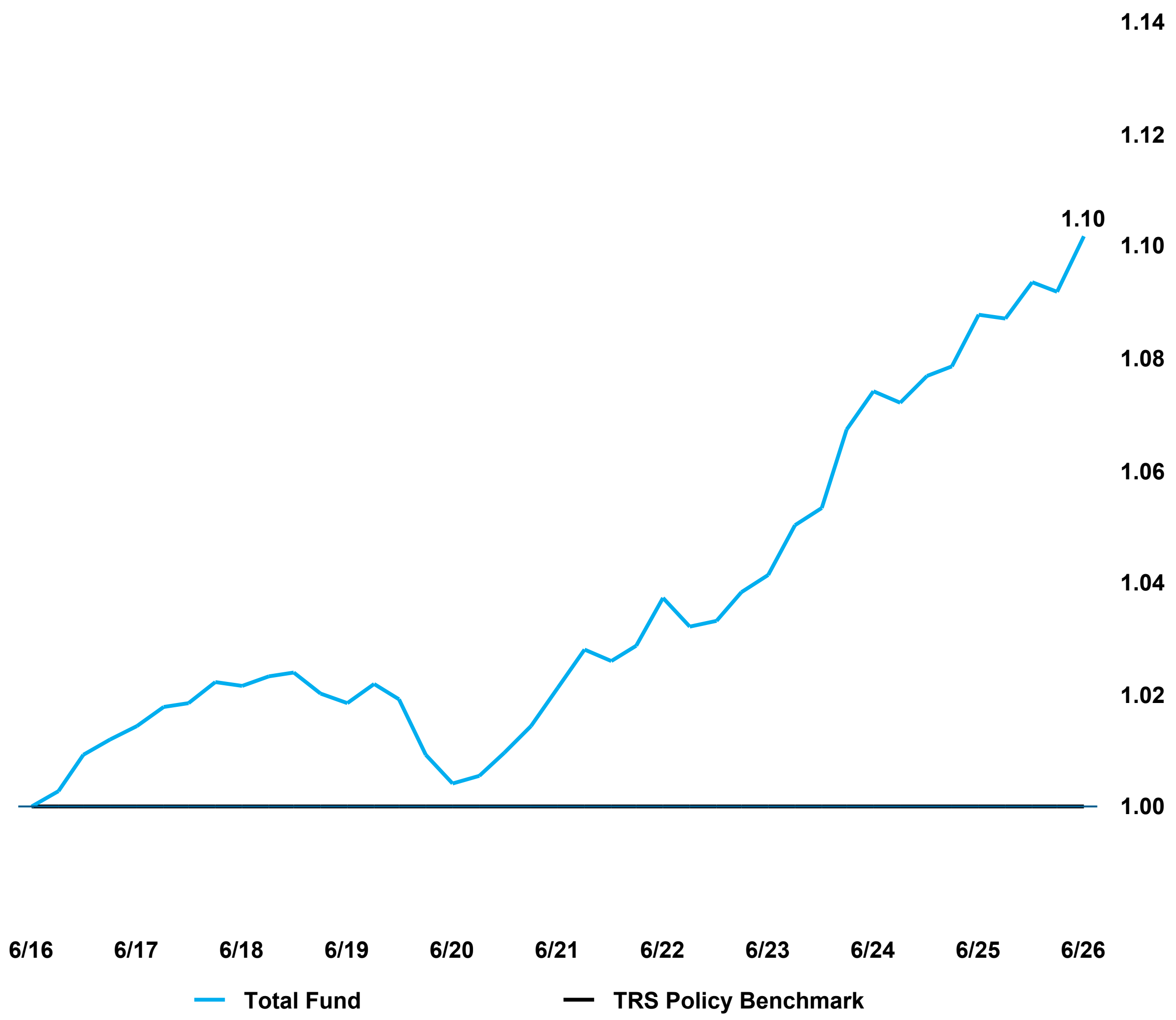
TRS Commitment Levels vs. Peers (>$10Billion) | As of June 30, 2026



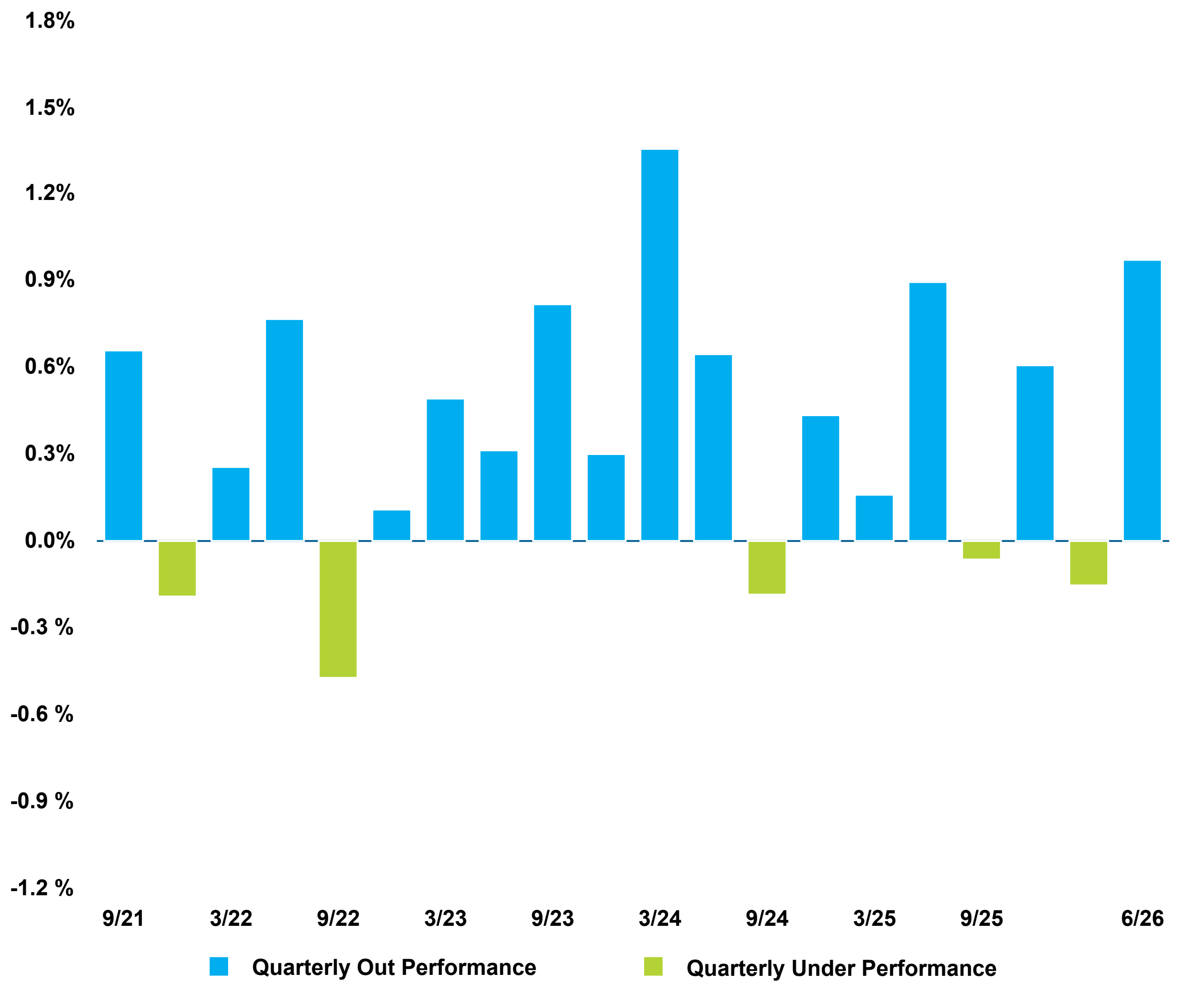
	Total Equity	Total Fixed Income	Alternatives	Total Real Estate	Cash & Equivalents
Total Fund	45.7 (35)	11.8 (98)	32.8 (17)	12.2 (10)	2.0 (53)
5th Percentile	54.4	37.5	38.9	12.9	6.4
1st Quartile	47.1	25.6	30.4	8.8	3.0
Median	43.9	22.5	21.3	7.4	2.4
3rd Quartile	35.8	17.8	13.7	5.3	1.1
95th Percentile	22.8	12.8	7.5	3.5	0.4
Population	33	33	33	29	31

Parentheses contain percentile rankings.

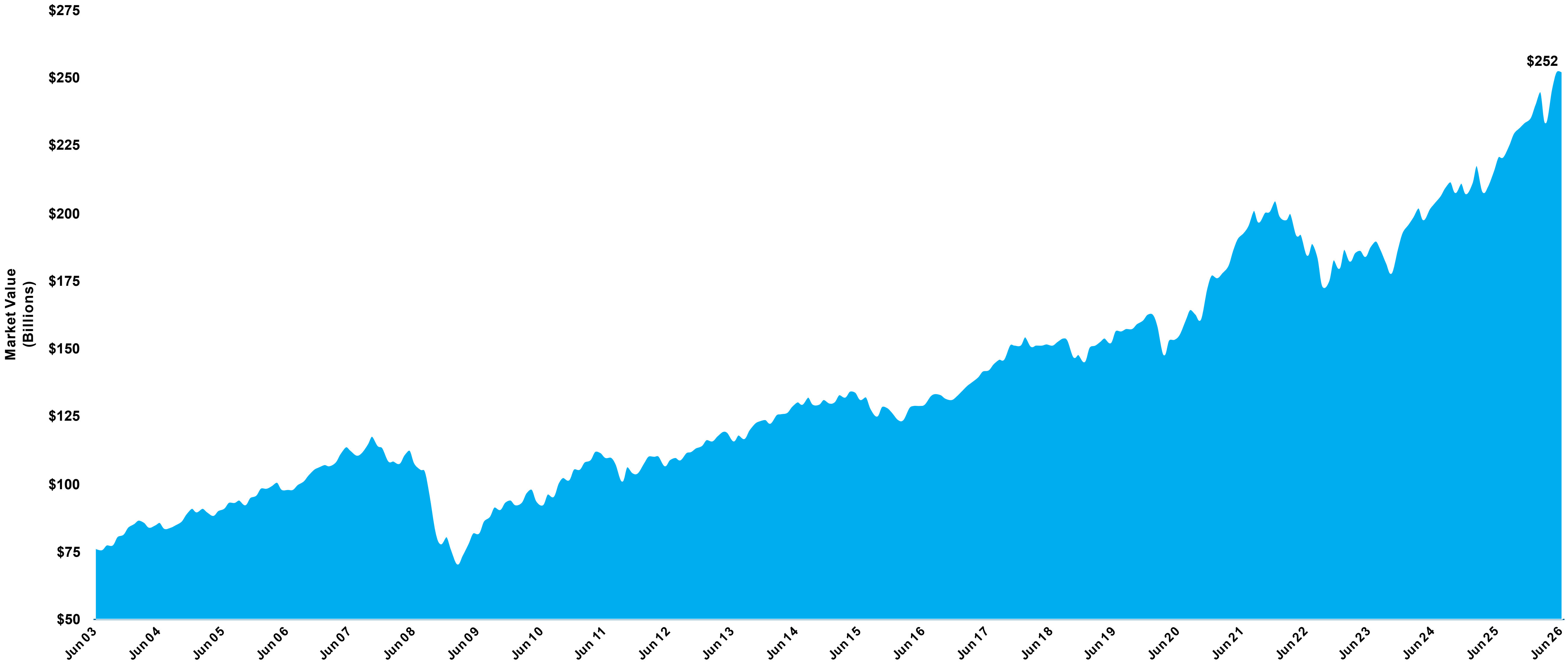
Ratio of Cumulative Wealth - 10 Years



Quarterly Excess Performance



Total Fund Historical Growth (March 2003 - June 2026)



From Date	To Date	Current Benchmark Weights
Total Fund		
04/01/2026	Present	38.6% MSCI ACWI IMI ex CN ex HK, 5.0% TRS Non-US Developed Benchmark, 1.0% TRS Emerging Markets Benchmark, 13.9% Customized State Street Private Equity Index (1Q Lag), 9.9% Blmbg. U.S. Treasury: Long, 5.9% Blmbg. U.S. TIPS Index, 5.0% Stable Value Hedge Fund Benchmark, 13.0% NCREIF ODCE (1Q Lag, Monthly), 6.8% Energy and Natural Resources Benchmark, 5.0% Risk Parity Benchmark, 2.0% Citigroup 3 Mo. T-Bill Index, -6.0% Asset Allocation Leverage Benchmark
Global Equity		
04/01/2025	Present	63.2% MSCI ACWI IMI ex CN ex HK, 8.0% TRS Non-US Developed Benchmark, 1.7% TRS Emerging Markets Benchmark, 27.0% Customized State Street Private Equity Index (1Q Lag)
Stable Value		
04/01/2025	Present	47.7% Blmbg. Long Term Treasury Index, 28.6% U.S. TIPS Daily, 23.6% SOFR + 2.5%
Real Return		
04/01/2025	Present	68.0% NCREIF ODCE (1Q Lag), 32.0% Energy and Natural Resources Benchmark
Risk Parity		
02/01/2012	Present	100% HFR Risk Parity Vol 12 Institutional Index

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Investment Risk Report

James Nield, Chief Risk Officer

Chris Pan, Investment Manager

September 2026

All metrics in compliance

Risk Metric	Value	In Compliance?	Page(s)
1. Asset Allocation (AA): Underweight Inv. Exposure	Underweight -1.5%	✓	4 - 5
2. Drawdown Risk: VaR estimate increased slightly	5.9% VaR	✓	6 - 7
3. Tracking Error (TE): Public TE range bound	127 bp Realized	✓	8
4. Liquidity: Remained strong	7.9x Coverage Ratio	✓	9
5. Leverage: Trust gross leverage increased	28.5% Gross	✓	10 - 11
6. Derivatives: Net notional exposure decreased	10.4% Net Notional	✓	11
7. Counterparty Risk: Within policy limits	Lowest Rating: A-	✓	12
8. Securities Lending: Earnings increased	12.5% Utilization	✓	13

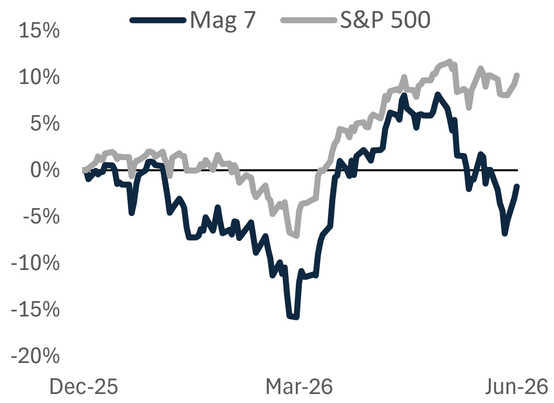
Unless otherwise noted, data presented as of June 30, 2026

TRS
TEACHER RETIREMENT SYSTEM OF TEXAS
INVESTMENT MANAGEMENT DIVISION

Since we last met…

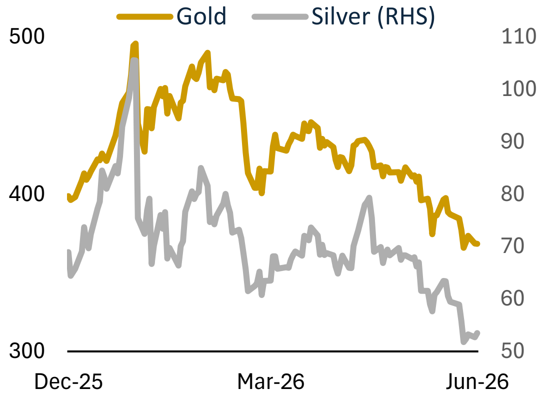
AI drop… and recovery… and drop

- -17% drawdown in Mag 7
- Mag 7 recovers from drawdown in only 3 weeks…
- …Before another -10% drawdown



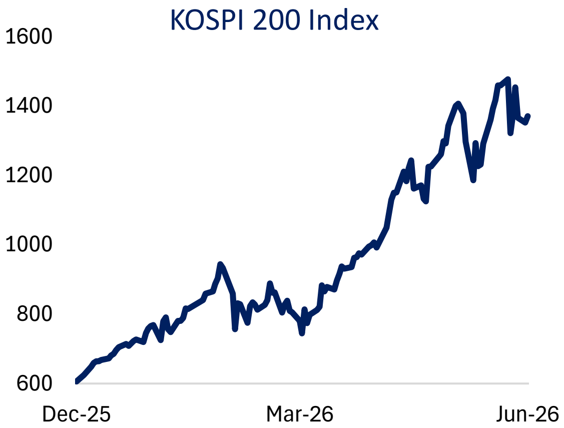
Not so precious metals

- Dollar strength flipped the narrative on precious metals in Q2
- Gold had its worst quarter in 13 years



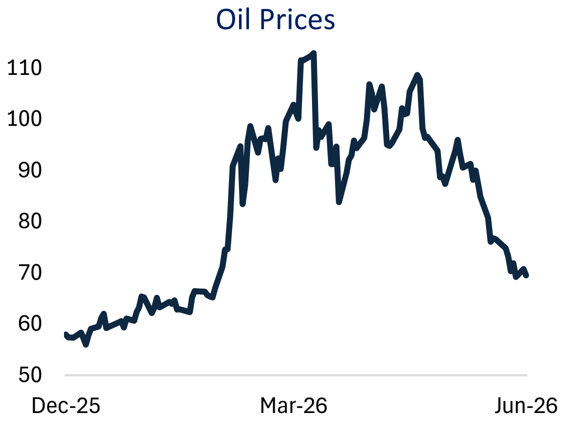
K(orean) Pop

- Korean equities up ~230% YTD thru June
- Samsung and SK Hynix currently make up ~50-60% of index



Inflated inflation?

- Kevin Warsh confirmed as new Fed chair
- Oil dipped below $70, though has increased again in July
- Core inflation still generally contained



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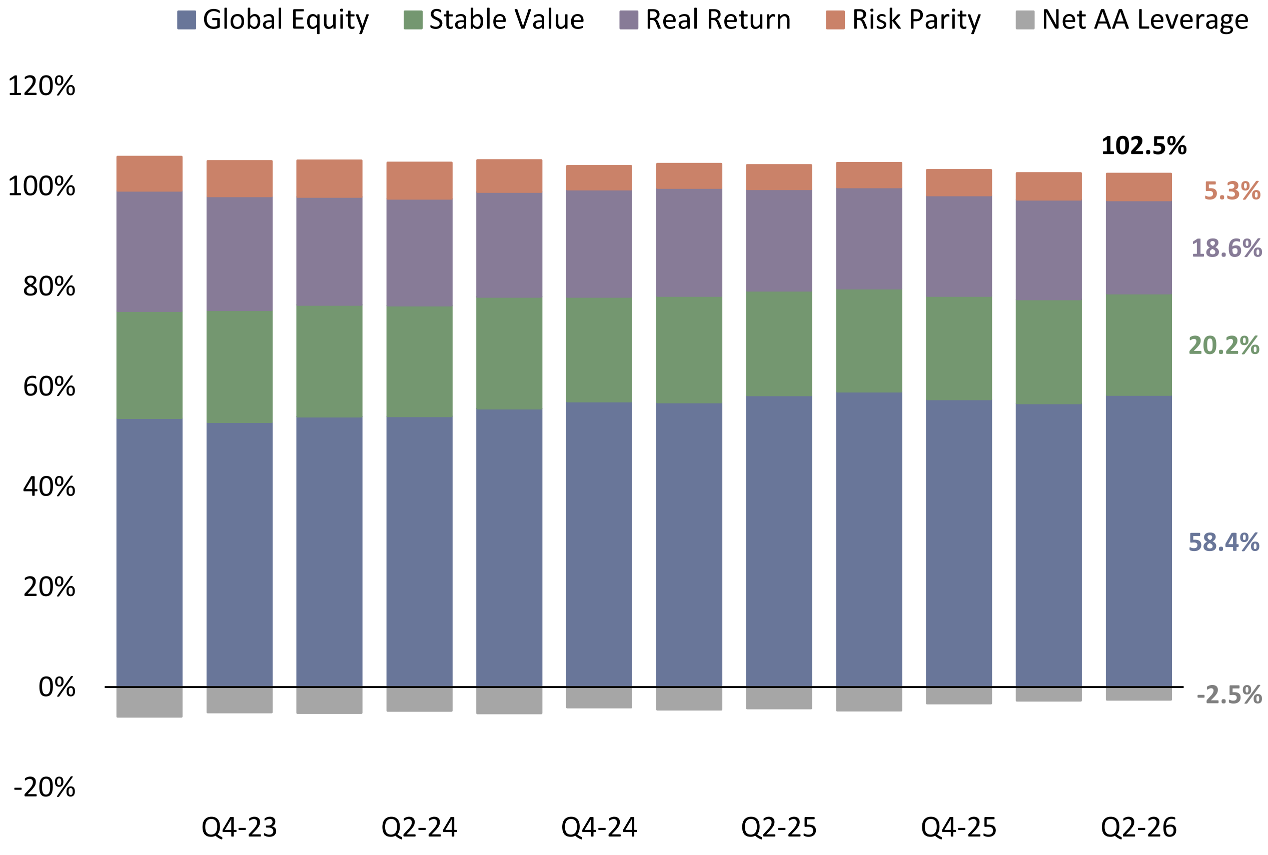
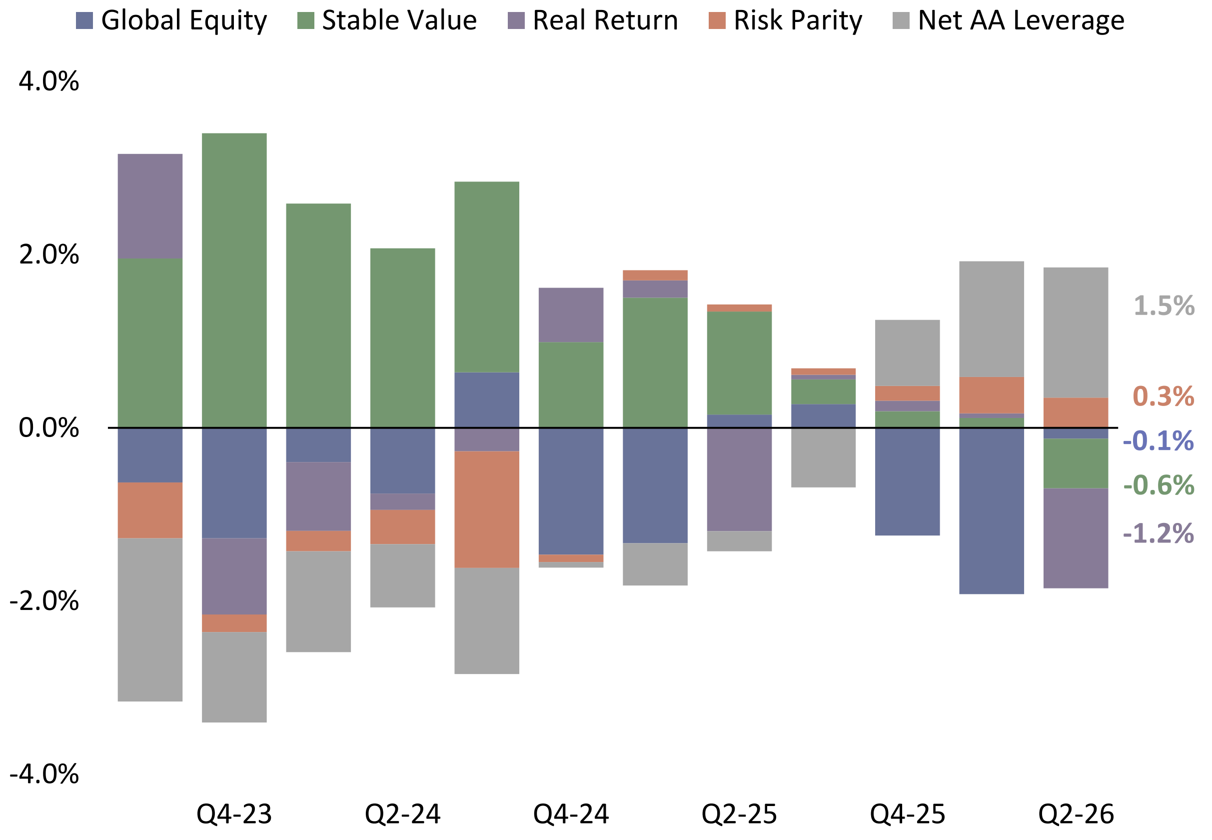
Sources: Bloomberg

Investment exposure remains below 104%

Asset Class Weights Trend



Asset Class Relative Weights



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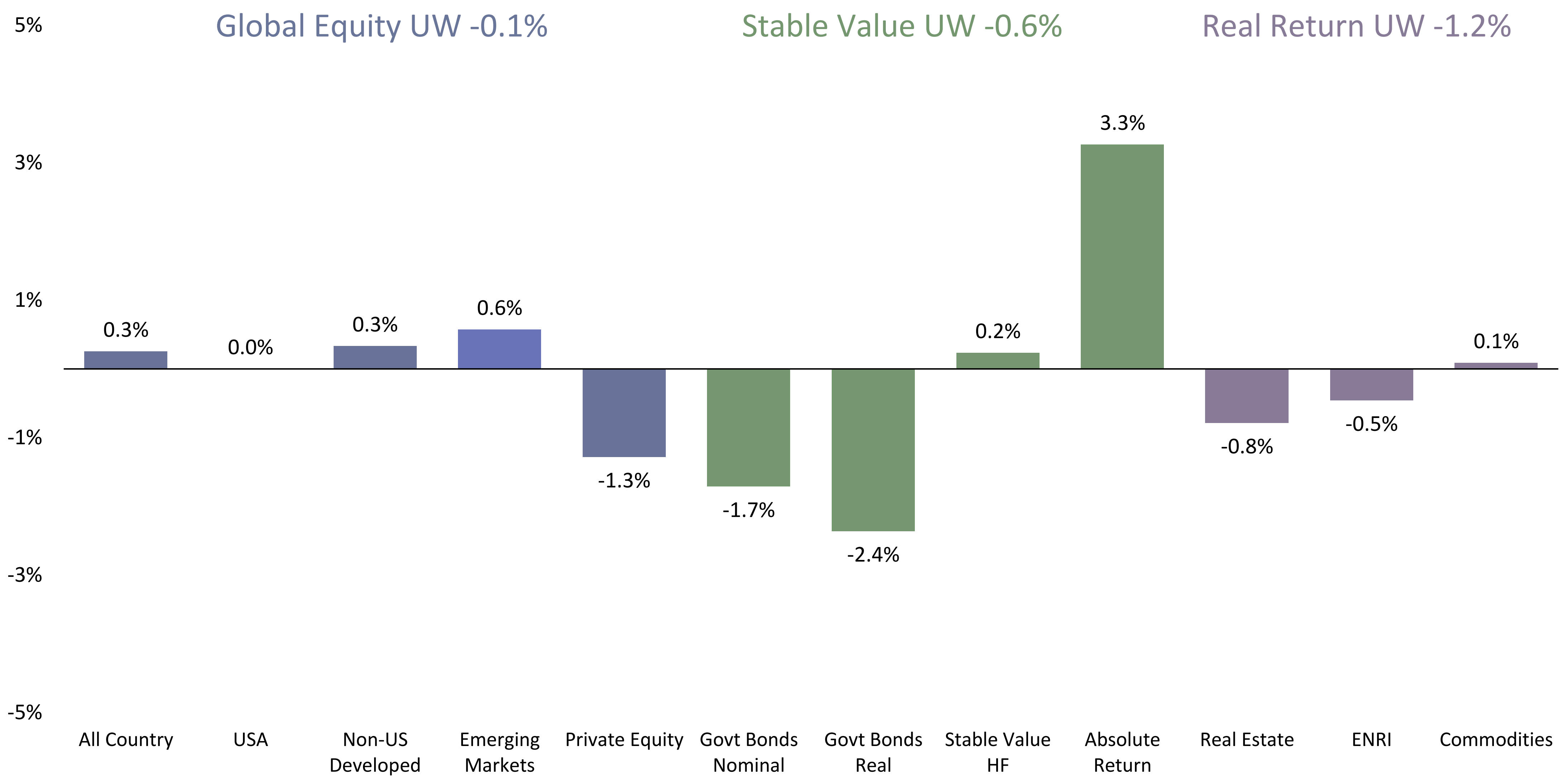
Source: State Street Bank; note: Net AA leverage is -2.5%, which indicates the Trust is levered by 2.5%. Relative positions shown in comparison to quarter-end Trust benchmark weights as defined in policy.

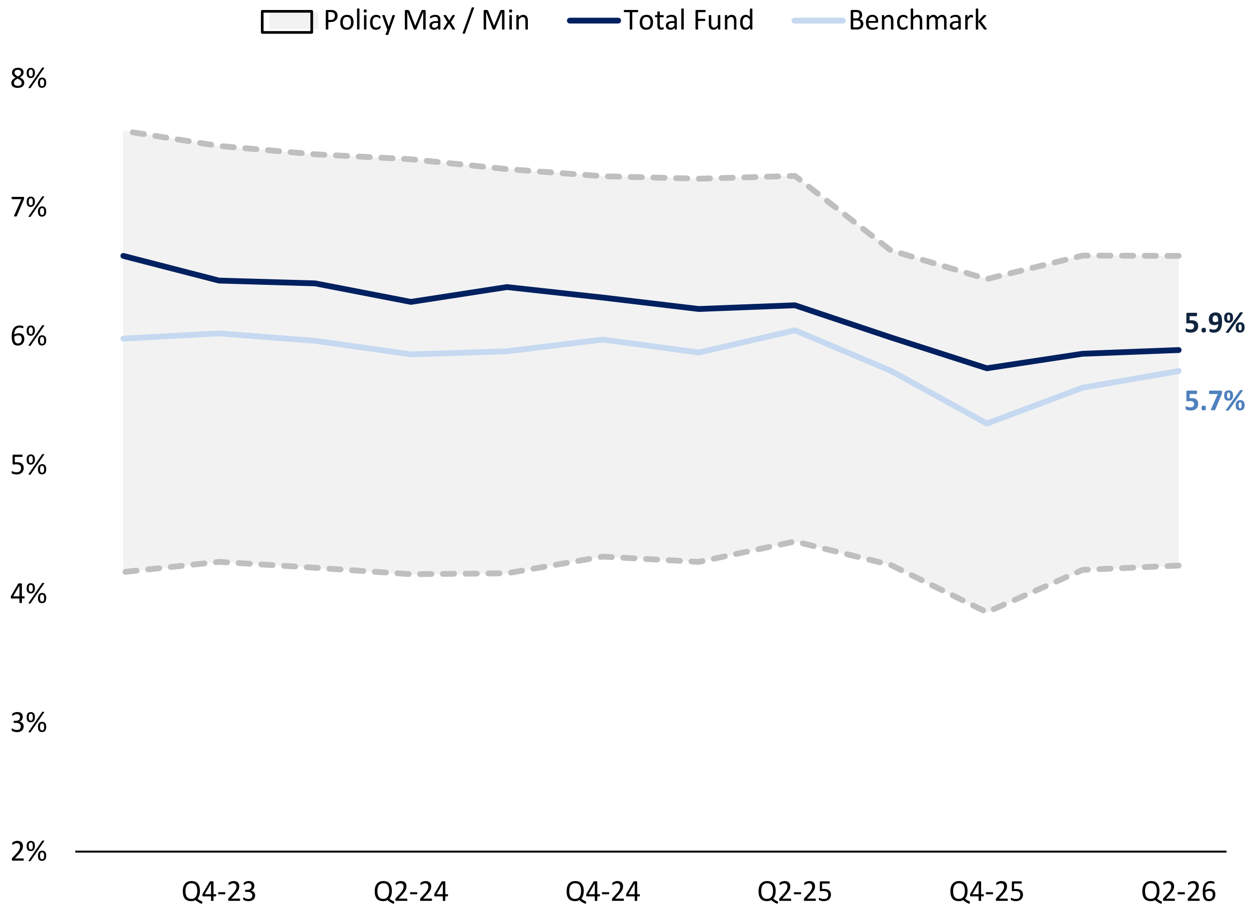
Trust holds an underweight to bonds – both nominal and real



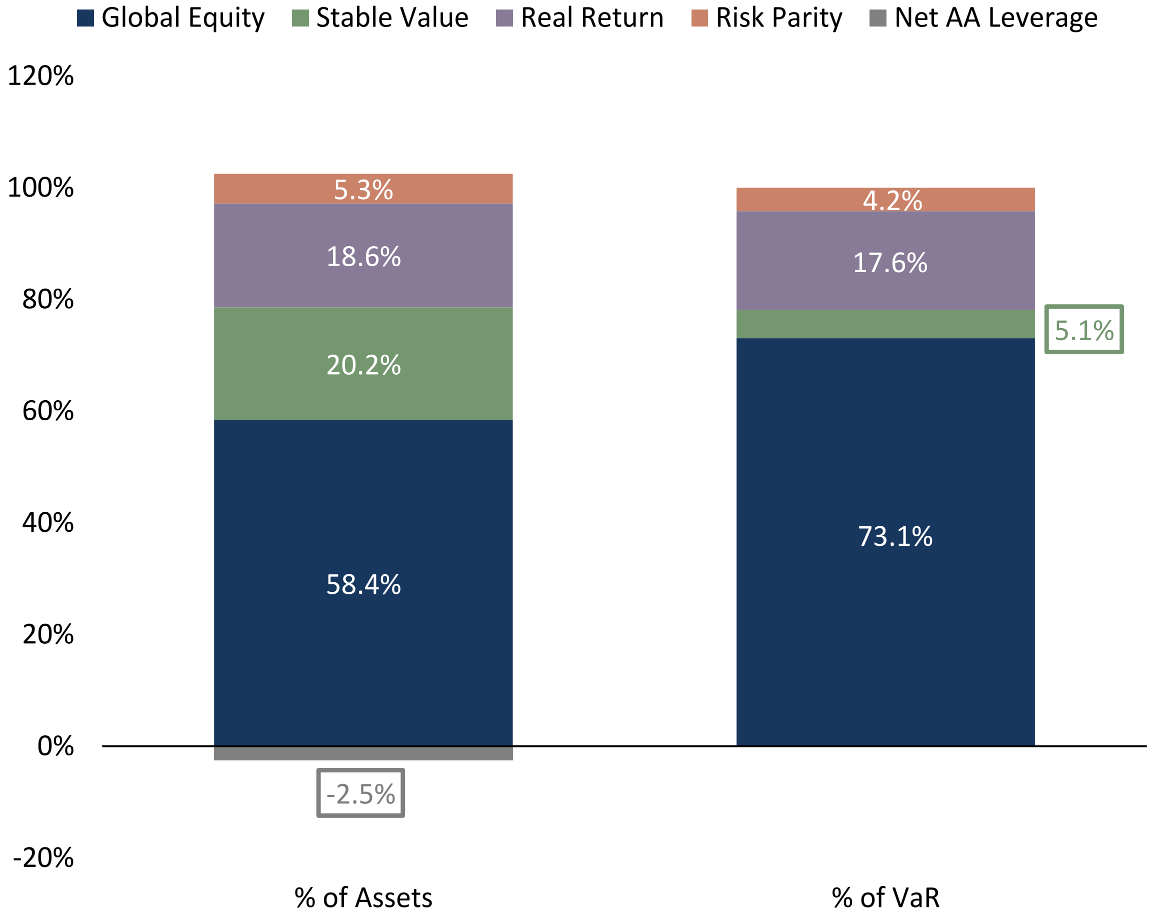
Source: State Street Bank

Value at Risk (VaR) increased slightly due to increased market volatility

VaR History

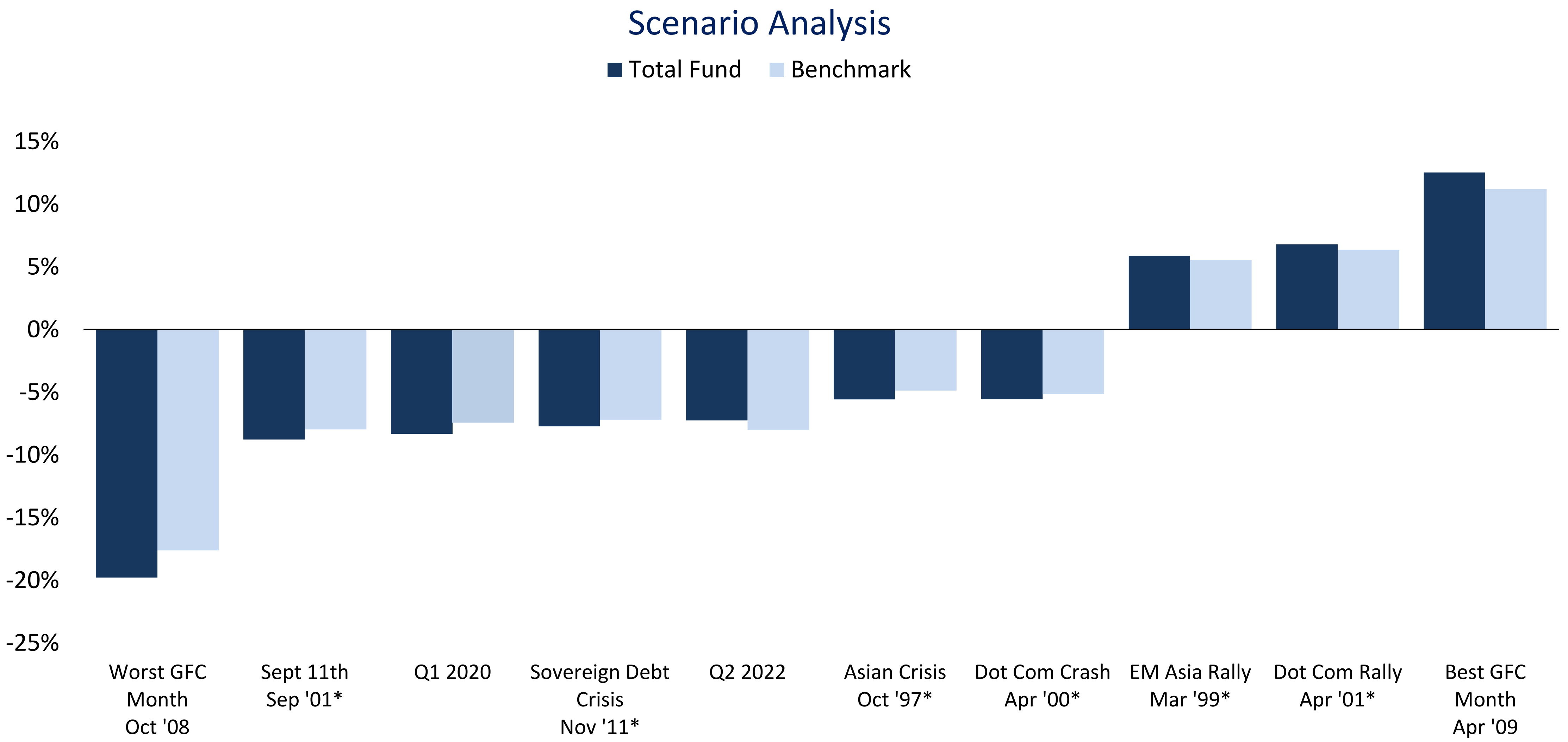


VaR Contribution



Source: State Street Bank through Q2 2025 and MSCI RiskMetrics starting Q3 2025. VaR calculating using an expanding window from 1/1/2008. VaR contribution from derivatives was 0.4%

Predicted Trust returns in line with expectations across different scenarios



**Stress tests represent 10-day return period. Source: MSCI RiskMetrics; note: data shown are predicted drawdowns given current allocation, except for Q1 2020 and Q2 2022, which reflect realized performance.*

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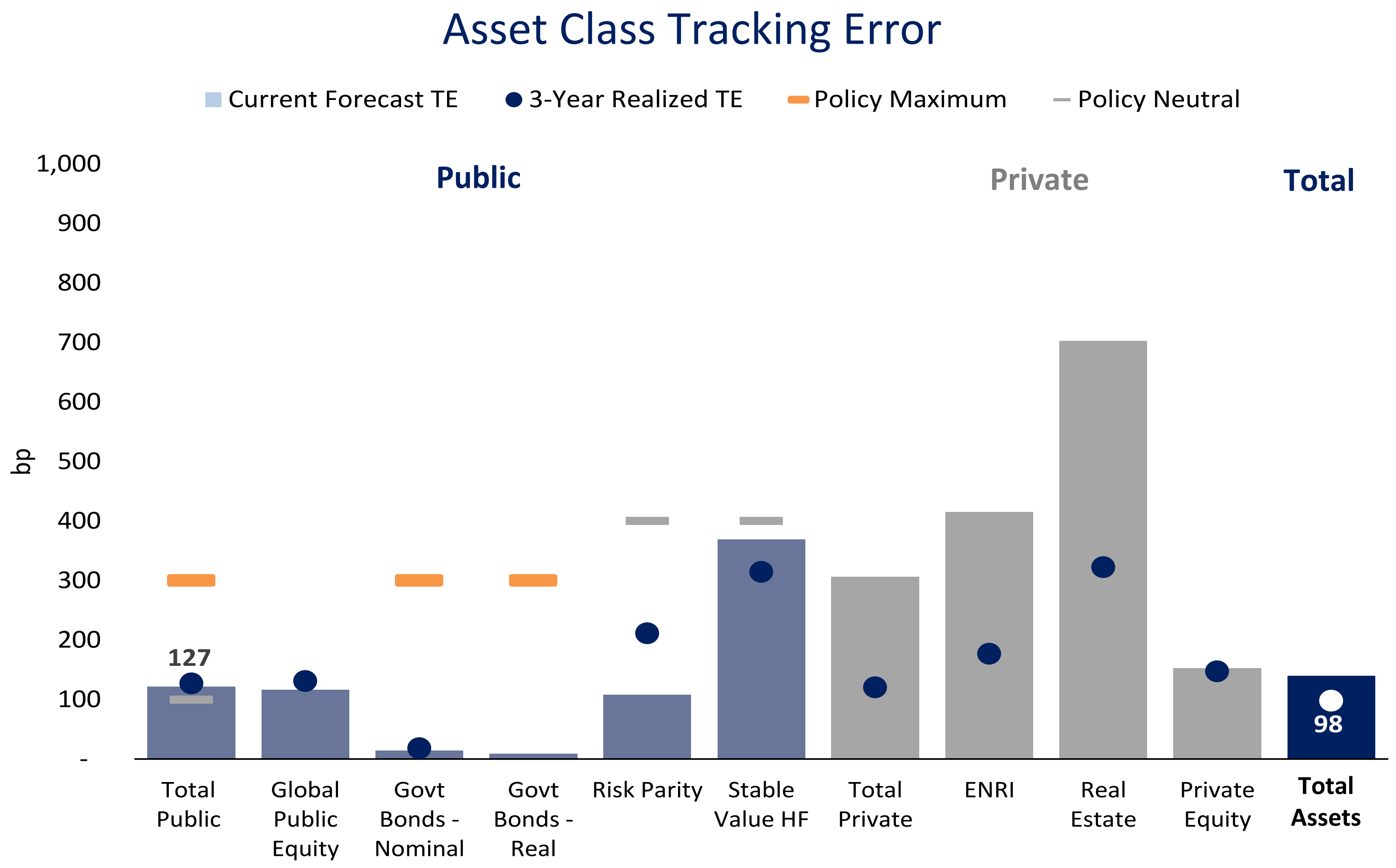
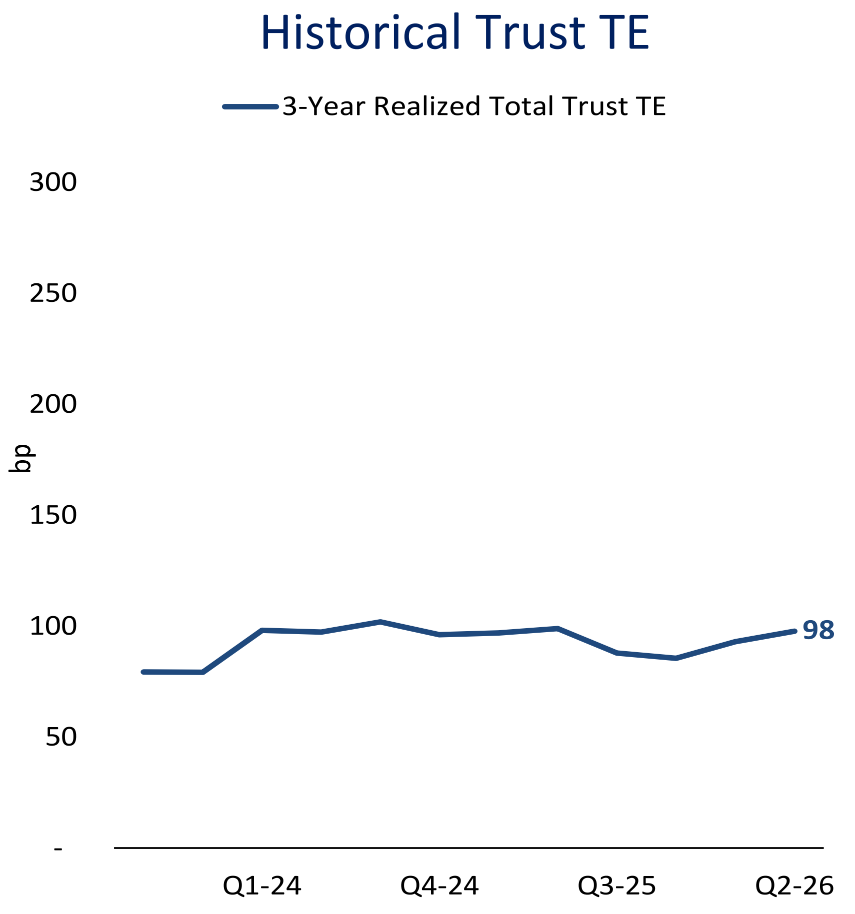
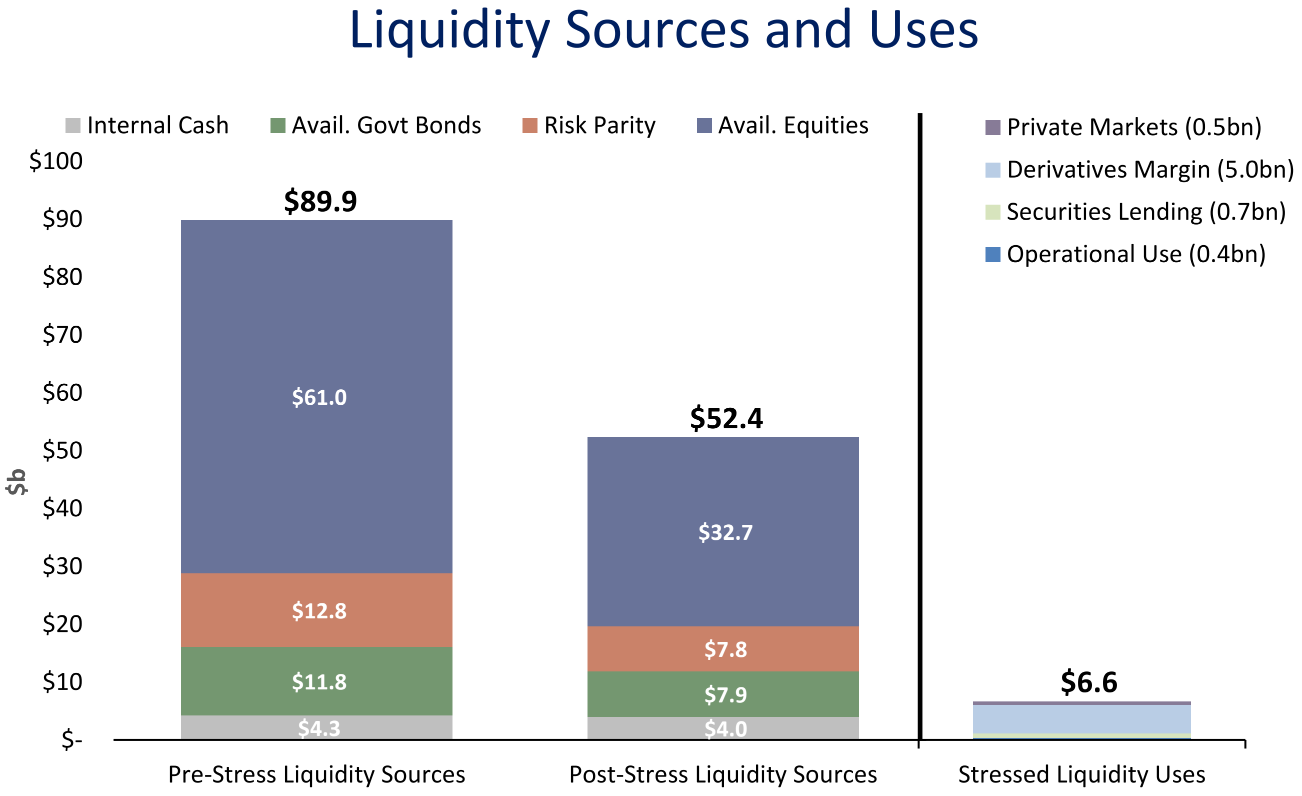
Realized tracking error near historical norms

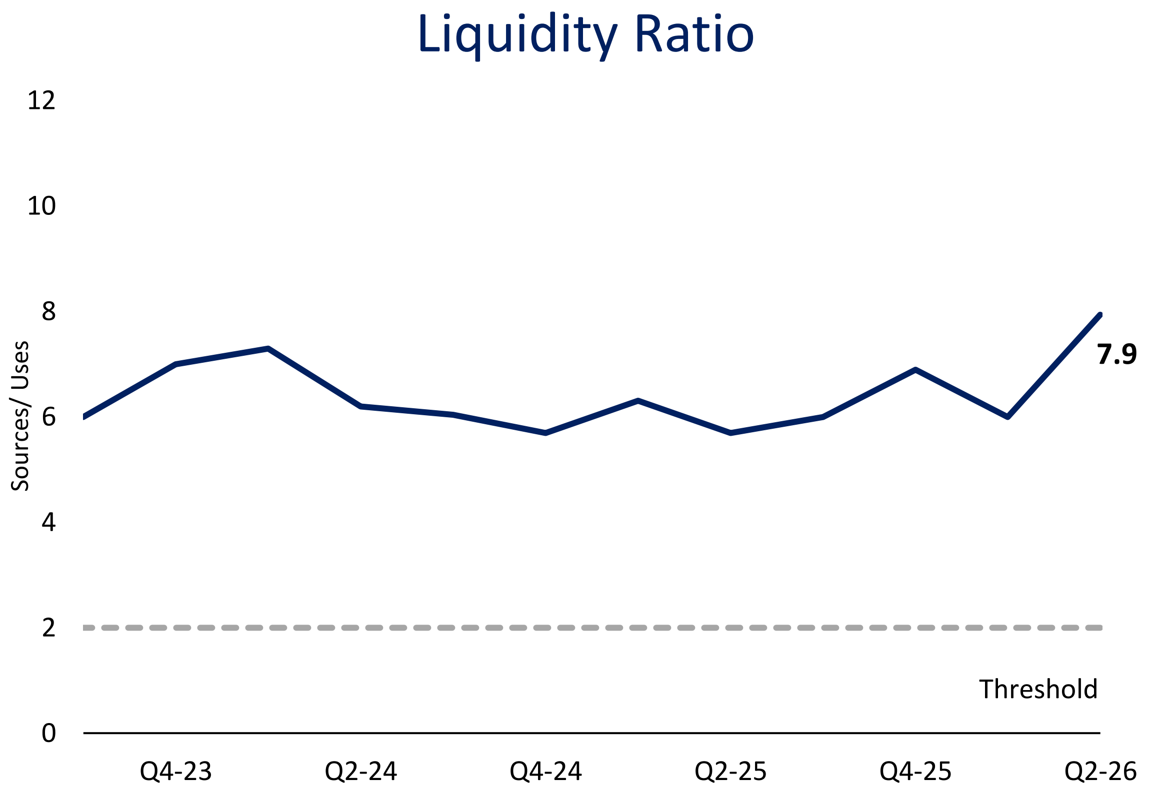




Source: State Street Bank and MSCI RiskMetrics; note: current forecast tracking error uses past experiences from January 1, 2008 to June 30, 2026 and therefore includes the effects of the Global Financial Crisis; Non-US Developed had tracking error of 189 bp realized, 139 bp forecasted with a policy neutral of 300. Emerging Markets had tracking error of 211 bp realized, 239 bp forecasted with a policy neutral of 300. All Country had 129 bp forecasted with a policy neutral of 300. USA has a policy neutral TE target of 300bp but is not reported above due to its immateral NAV balance. Govt Bonds - Real and All Country realized tracking error will be reported once 36 months of history is accumulated.

Trust liquidity increased due to private market distributions





Sources ($52.4) / Uses ($6.6) = Liquidity Ratio (7.9)

Source: State Street Bank, TRS IMD

Assumptions: The stress case assumes liquid assets experience 1.5x the worst rolling monthly return since 2008. Operational uses of liquidity reflects forecasted monthly benefit payments. Stressed securities lending reflects potential costs associated with early termination. Stressed non-collateralized assets and derivatives reflect margin calls based on the same market stress applied to Liquid Assets. Stressed Private Market investment estimates are informed by historical capital calls and distributions. Pre-Stress Liquidity Sources = Total Trust NAV minus private assets, illiquid public equity external managers/hedge funds, and bonds pledged as collateral.

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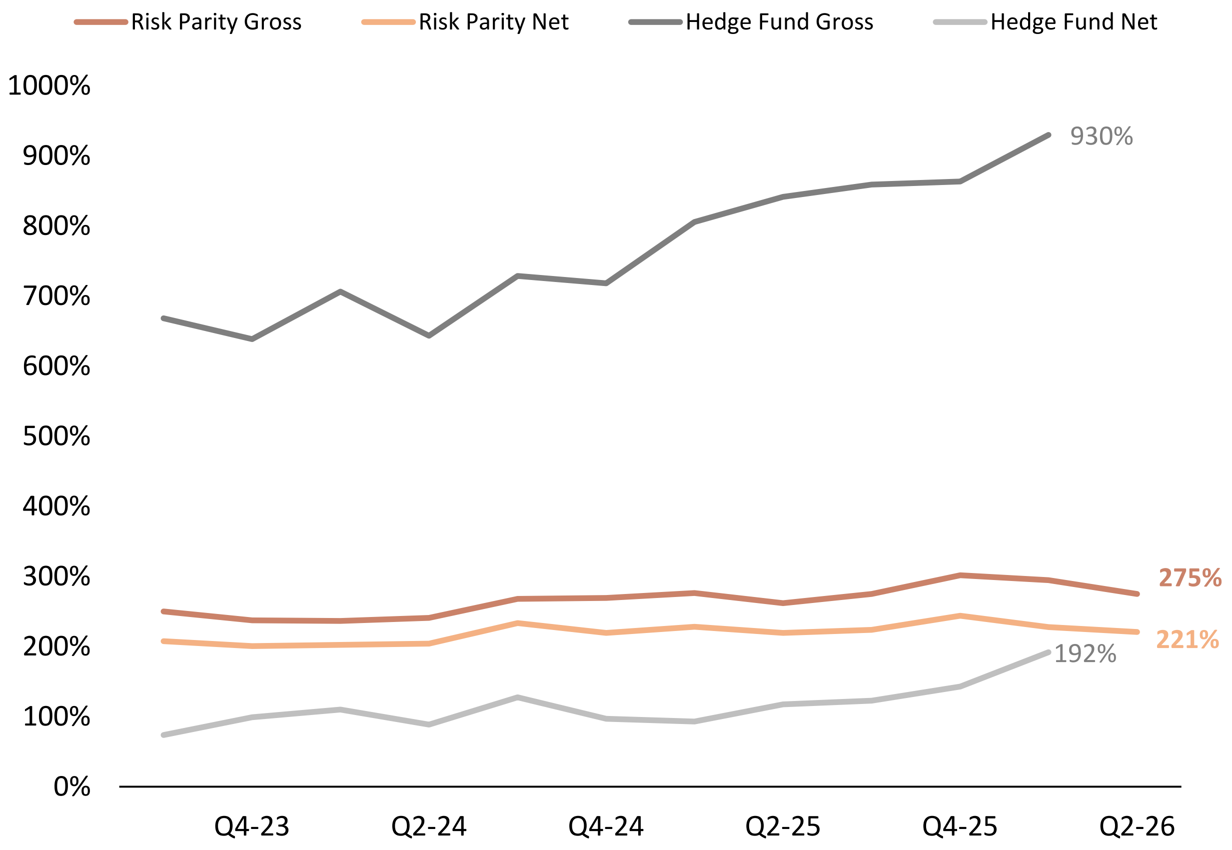
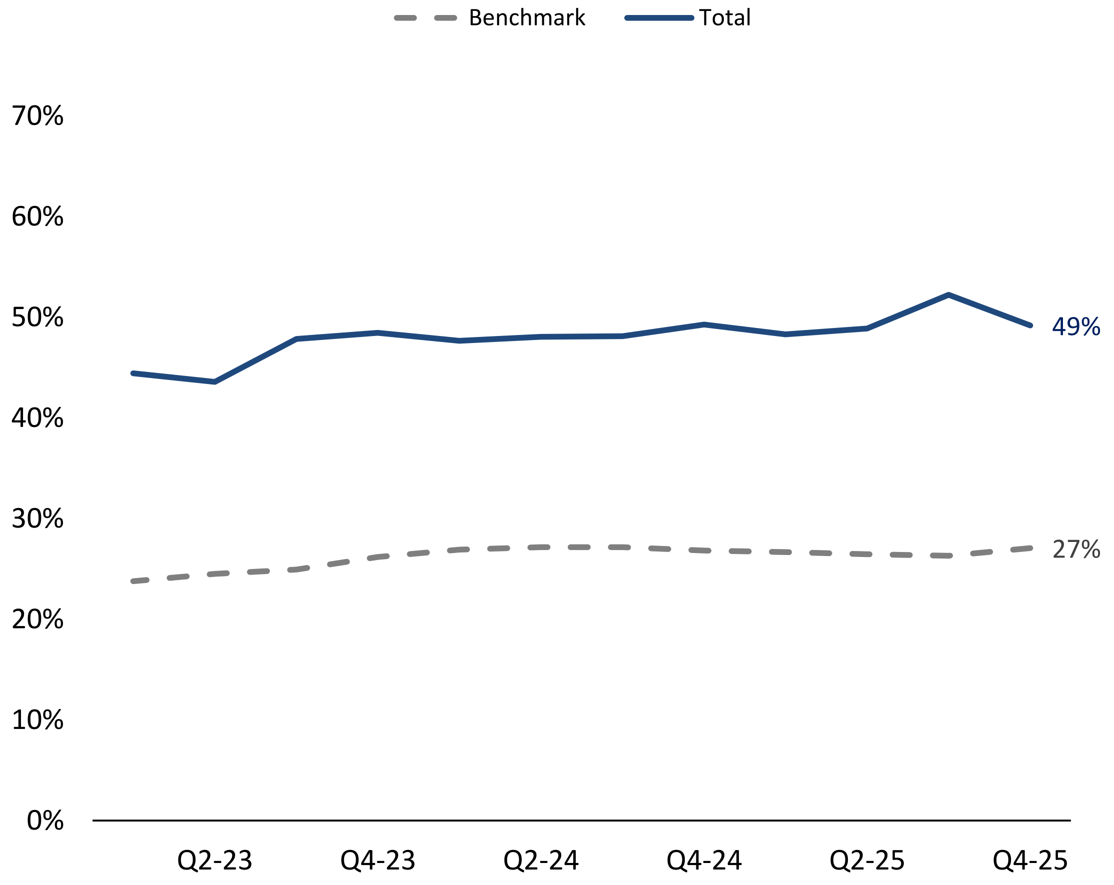
Hedge Fund gross leverage increased

Risk Parity and Hedge Funds



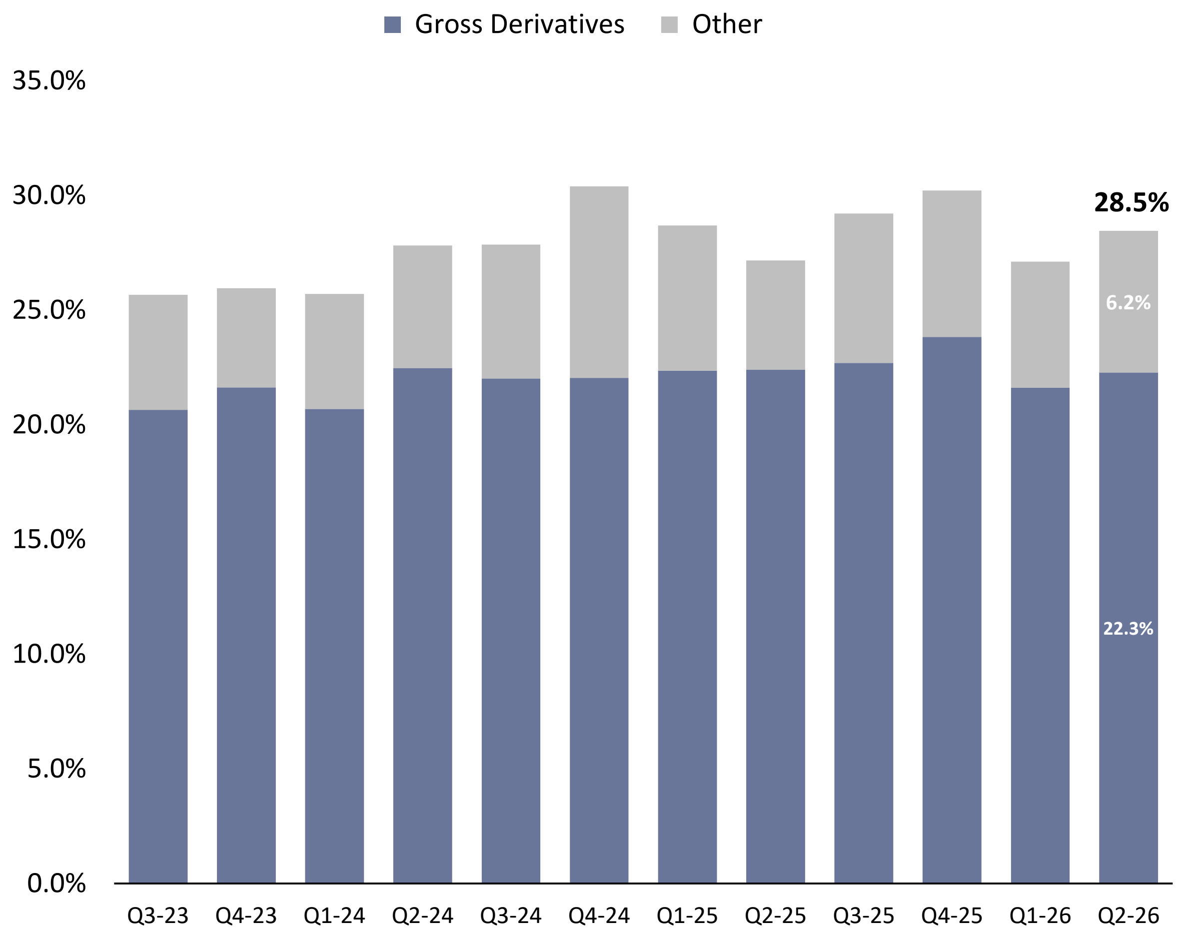
Real Estate Loan to Value



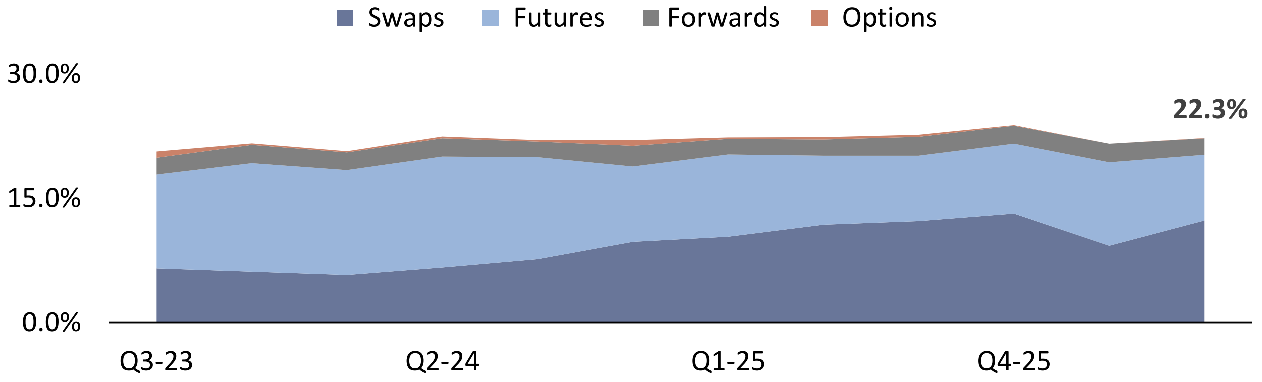
Source: MSCI RiskMetrics, State Street Bank, TRS RE manager data, NCREIF. HF leverage is reported on a quarter lag; DHF overlay was 72.7% of a total program size of 17.0bn; Real Estate Loan-to-Values are estimates based on self-reported manager data

Gross and net derivative exposure range bound

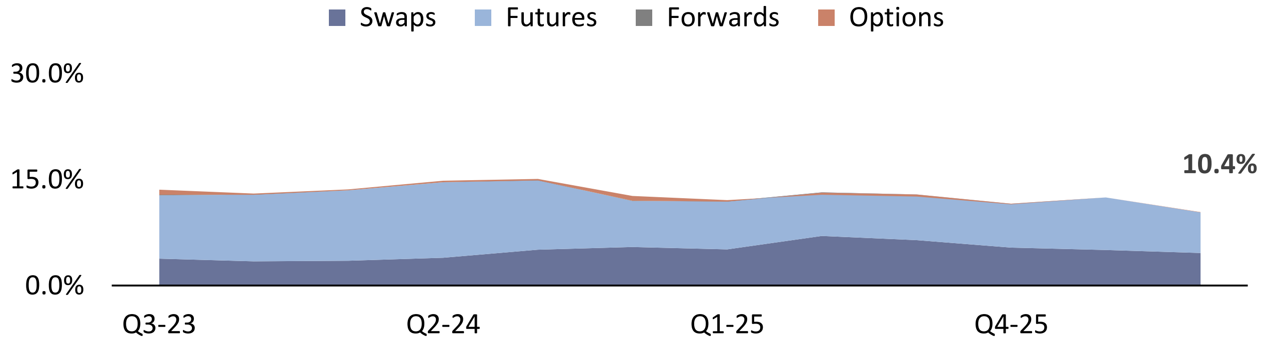
Total Trust Gross Leverage



Gross Derivative Notional by Instrument (% of Total Trust)



Net Derivative Notional by Instrument (% of Total Trust)



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Other sources of gross leverage include the absolute value of single-name short positions and any payables/receivables.

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In conclusion…

- Trust Investment exposure remains below target
- Liquidity increased given private market distributions
- Authority to use internal swaps is leading to cost savings
- Trust remains in compliance with all eight key risk metrics

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