Fixed Income Review

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Fixed Income Division (FID)- At a Glance

- The objective of the FID portfolio is to meet or exceed the returns of the Bloomberg U.S. Aggregate Bond Index while satisfying the overall characteristics of a core fixed income portfolio. These characteristics are:
  - Income
  - Liquidity
  - Principal Preservation
  - Diversification from Equity Market risk
- FID utilizes a Core-Plus portfolio strategy to achieve these goals. The characteristics of the portfolio are:

	Weight	Maturity	Duration	Coupon	Yield to Maturity	SPX Beta
FID Total	100.0%	9.34	5.84	3.65	6.63	0.13
FID Core	*71.1%*	*10.82*	*7.10*	*3.48*	*5.67*	*0.10*
FID Plus	*28.9%*	*5.66*	*2.76*	*3.95*	*8.81*	*0.22*
Index*		8.48	6.12	2.55	4.73	0.10

* Bloomberg U.S. Aggregate Index

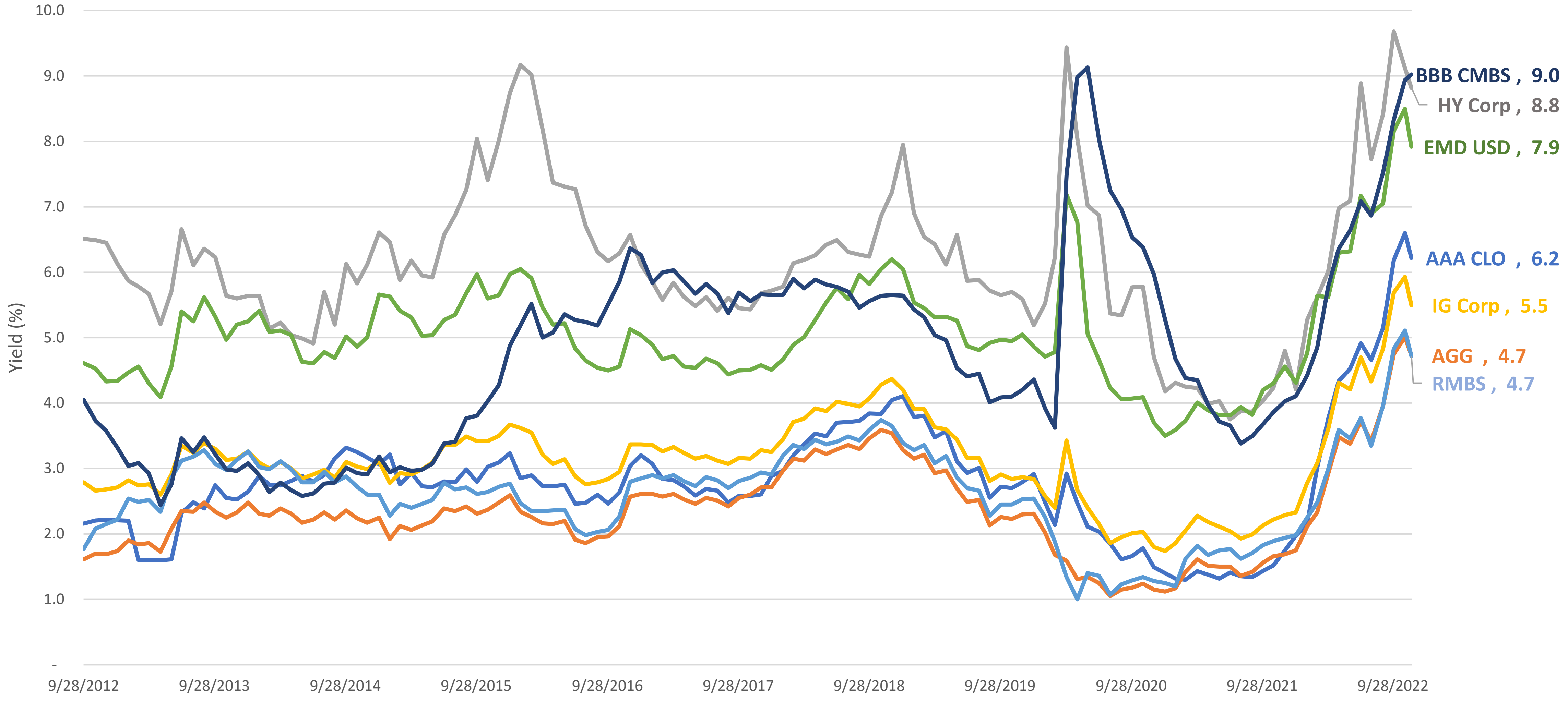
Fixed Income Performance

MPSERS Plan (9/30/22)	1-Year	3-Years	5-Years	7-Years	10-Years
Annualized Returns	-11.8%	-1.8%	1.0%	2.2%	2.3%
Bloomberg Barclays US Agg	-14.6%	-3.3%	-0.3%	0.5%	0.9%
Peer Median Returns	-14.5%	-2.3%	0.3%	1.2%	1.3%
Percentile Rank vs. Peers*	28	28	22	24	17

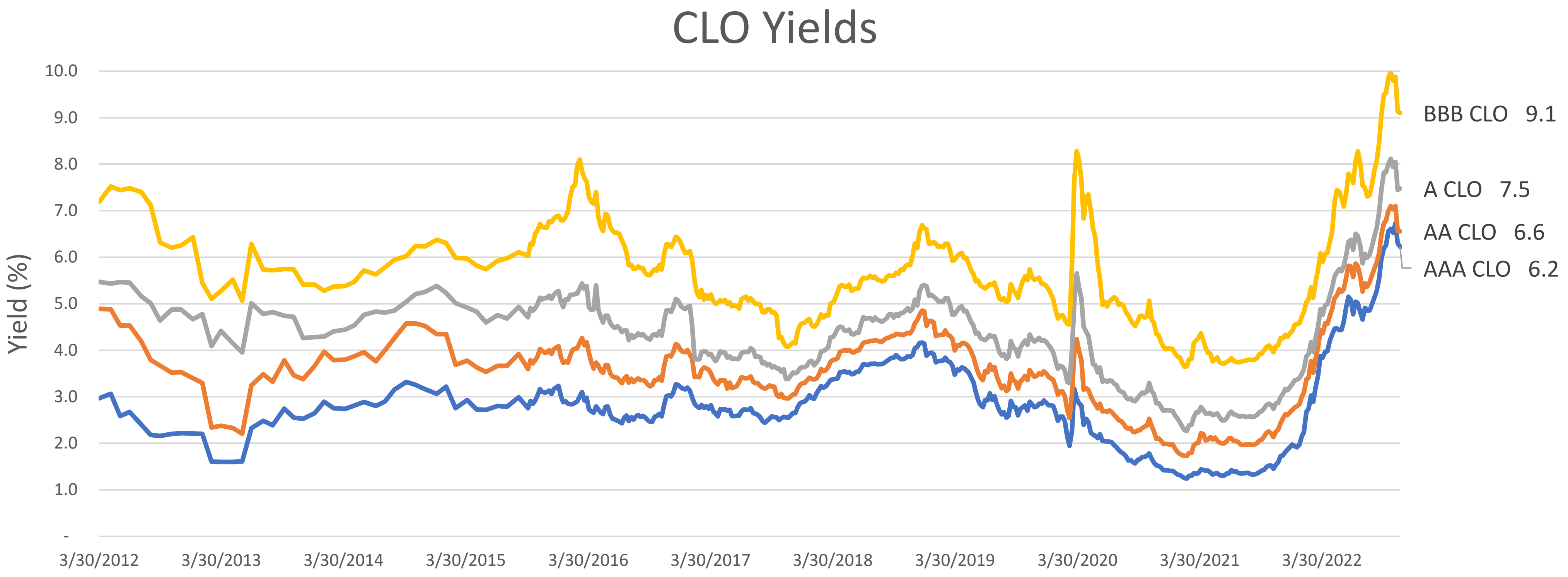
	1Y	3Y	5Y
Bloomberg Barclays US Agg	-14.6%	-3.3%	-0.3%
FID	-12.0%	-2.0%	0.8%
FID Internal	-13.0%	-2.5%	0.6%
FID External	-10.9%	-1.4%	1.1%
FID Structured	-7.7%	-0.8%	1.5%

*State Street Universe greater than $1 billion

Fixed Income Investment Universe



Portfolio Positioning: CLO Debt



Cumulative Default Rates			
	CLO 1.0 & 2.0 Bonds	CLO 2.0	Corporate Bonds
AAA	0.0%	0.0%	0.4%
AA	0.0%	0.0%	0.4%
A	0.2%	0.0%	0.7%
BBB	0.3%	0.0%	1.8%
BB	1.1%	0.2%	7.4%

FID Investment Themes

- Reduce Interest Rate Duration Underweight. Current duration is 0.3 year below the benchmark.

	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
FID	5.8	5.7	5.4	5.0	4.9
AGG	6.1	6.7	6.0	5.7	6.0

- Maintain high conviction credit positions
  - “Plus” allocation is 28.9% of the portfolio. Plus portfolio Yield is 8.8% and OAS is 460 bp.

- Preserve an allocation to liquid investments should continued market dislocations present themselves.
  - Allocation to U.S. Treasuries and Cash is 24.0% of the portfolio.
  - ETF allocation is 4.6% of the portfolio.