Executive Director Update

HMEPS participants can be proud of the continued strength and stability of the Houston Municipal Employees Pension System. It is my great pleasure and honor to provide this update on the recent returns and other developments at our pension fund.

First and foremost, our $5.5 billion investment portfolio has been recognized for having delivered exceptional long-term results for our participants. At its July 23, 2026 meeting, the Texas Pension Review Board evaluated the 10-year investment returns of 99 statewide and local pension systems. HMEPS ranked **#1 in Texas**, with a **9.6% net return** over the past decade, well above the target returns we seek for actuarial soundness.

Our recent performance has also been strong, ensuring even more long-term success. For the twelve months ending March 31, 2026, HMEPS achieved a **17.8% investment return**, placing us in the **top 2% of all public pension systems nationwide** as measured by the TUCS Master Trusts – a national Public Funds database. Preliminary results through June 30, 2026 indicate an expected fiscal-year return **exceeding 20%**.

These results reflect the disciplined oversight of the Board of Trustees and the expertise of our professional investment staff. Our investment portfolio uses a long-term strategy built on diversification, professional management, and disciplined risk oversight

The portfolio we manage is comprised of global equities, fixed income, real estate, commodities, and other asset classes. This diversified mix captures opportunities when markets outperform and protect capital during periods of volatility. Our investment returns provide most of the funds used to pay benefits every month, all year.

The leading performance ensures that pensions remain secure regardless of short-term market fluctuations which you might read about from time to time in headlines. In times of market volatility, our retirees and active members should take great confidence that their “defined benefits” are distinct from those who have individual retirement savings which might fluctuate in value for some time.

I am exceptionally proud of our Board members, investment staff, and financial professionals who contribute to this ongoing success for City of Houston employees and retirees.

Commitment to Transparency and Excellence

Beyond the Texas Pension Review Board, national organizations also recognize HMEPS' strong financial governance.

For the **31st consecutive year**, the Government Finance Officers Association (GFOA) awarded HMEPS the **Certificate of Achievement for Excellence in Financial Reporting**, reflecting our rigorous internal controls and high standards of transparency. These should help ensure your confidence in our management of retirement assets.

The **National Conference on Public Employee Retirement Systems (NCPERS)** also honored our work in trustee education and fiduciary preparedness. These are more essential ingredients for responsible pension governance.

Information and Resources for Participants

As always, HMEPS remains committed to providing clear, accessible information to our participants. On **www.hmeps.org**, participants can find:

- The **HMEPS Benefits Handbook**
- Access to a **retirement calculator that can project future benefits**
- Retiree resources including payment schedules, tax withholding information, and forms
- Current and past **Annual Comprehensive Financial Reports**
- Information required by the **Texas Pension Review Board**, **Participant Annual Reports, and Actuarial Valuations**
- All issues of the **HMEPS Pension Press**, including investment performance and asset allocation updates

These resources reflect our commitment to openness, participant education, and long-term financial stewardship.

Leadership Update

As many of you know, I began serving as Executive Director on December 1, 2025, following David L. Long's retirement. After nearly three decades as an HMEPS Trustee, including service as Board Chairman since 2008, I am honored to continue serving our participants in this new capacity.

My experience with the City of Houston's Deferred Compensation Plan and my work with organizations such as the Texas Association of Public Employee Retirement Systems, the National Association of Government Defined Contribution Administrators, and NCPERS have prepared me well to lead HMEPS into its next chapter.

I look forward to continuing our work together to strengthen the System, support our participants, and uphold the highest standards of fiduciary responsibility.

Sincerely,

Sherry Mose
Executive Director