

# North Texas Municipal Water District Retirement Plan

## *Investment Practices and Performance Evaluation*

October 23, 2025



2018   2019   2020   2021   2022   2023   2024

**ACG has been named a  
Coalition Greenwich Best Investment Consultant  
for seven consecutive years.**

**Methodology and Disclosure:** Between February and September 2024, Coalition Greenwich conducted interviews with 699 individuals from 563 of the largest tax-exempt funds in the United States. These U.S.-based institutional investors are corporate, public, union, and endowment and foundation funds with either pension or investment pool assets greater than \$150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset management and investment consulting providers, including qualitative assessments of those firms soliciting their business and detailed information on important market trends. ACG is one of three firms recognized in the mid-size investment consultant category. The ratings may not be representative of any one client's experience with ACG; rather they are representative of those clients that chose to participate in the survey. The results are not indicative of ACG's future performance. ACG does not pay to have its clients participate in the study.

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## **Executive Summary**

## Executive Summary

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Asset Consulting Group (ACG) was retained by the North Texas Municipal Water District (NTMWD) to complete a review of the Plan's investment practices in response to section 802.109 of the Texas Government Code. This review incorporates performance data provided by Westwood, Brown Ruth, communication with the North Texas Municipal Water District, and several ACG proprietary resources and data providers. This review focused on five main areas:

### **Investment Policy Statement**

ACG reviewed the investment policy statement (IPS) to ensure it included all the critical elements to be in-line with industry best practices. At the time of this review, the NTMWD implemented changes that address the oversight of the Retirement Plan. NTMWD has entered into an agreement with Asset Consulting Group to assist with drafting a revised investment policy statement. The revised investment policy statement is scheduled to be completed by year-end 2025.

### **Asset Allocation**

ACG reviewed the process for determining target asset allocations as outlined within the investment policy statement. ACG compared NTMWD's asset allocation to the national average. ACG also reviewed the expected risk and expected return by asset class by comparing Westwood's capital market assumptions to ACG's capital market assumptions. Cash flow and liquidity needs were confirmed by discussions with staff. We also analyzed the liquidity available from investments in the Plan and targeted cash.

### **Investment Fee and Commission Review**

ACG reviewed individual investment manager fees compared to relevant peer groups and assessed the total investment program's overall blended fee rate for reasonableness. Fees paid to the Plan's investment advisors were also compared to industry data for reasonableness.

### **Governance Processes**

ACG reviewed the governance processes related to investment activities, including investment decision making, delegation of investment authority and Retirement Plan Committee (RPC) education. ACG reviewed whether investment-related policy statements were easily accessible for Plan members and the public. We assessed the RPC composition and obtained documentation from staff that included education requirements for RPC members and compared that to the education requirements.

### **Investment Manager Search & Monitoring**

ACG reviewed the process for the selection of a new investment manager. We discussed with the Plan's two investment advisors the process for selecting investment managers. We discussed with the Plan's investment advisors the process for monitoring the investment managers. We also reviewed the process for monitoring total Retirement Plan performance.

### **Summary of Key Takeaways**

The North Texas Municipal Water District has recently taken steps to strengthen the governance of the overall investment process related to the Retirement Plan. Recently, the NTMWD Board approved a Retirement Plan Committee to oversee the investments and benefits administration of the Retirement Plan. The RPC has engaged Asset Consulting Group to assist with drafting a new investment policy statement to be in-line with industry best practices. Setting a strategic asset allocation at the total Plan level would be prudent to achieve long-term goals and objectives. ACG recommends creating a total Plan performance report that compares performance relative to a policy index as well as underlying investment managers relative to their respective benchmarks. The RPC can strengthen its governance process by setting regularly scheduled quarterly meetings, posting investment related documents on the NTMWD's website and reviewing the IPS annually. ACG recommends that the RPC consider retaining an independent institutional investment consultant in either a discretionary or non-discretionary capacity to advise the RPC on an ongoing basis.

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## **Investment Policy Statement**

### Scope

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- The IPS was reviewed for completeness and to ensure all the key elements were included. The key elements include:
  - Fund Mission or Goals
  - Roles and Responsibilities
  - Investment Goals and Objectives
  - Liquidity Needs
  - Risk Tolerance
  - Investment Assets
  - Proxy Voting
  - Performance Evaluation
  - Cost Management
  - Asset Allocation Targets/Ranges
  - Rebalancing Policy
- The IPS was also reviewed for compliance. This entailed collecting documentation to support that procedures were being followed to fulfill the requirements outlined in the IPS.

### Observations

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- **At the time of this review, the NTMWD Retirement Plan Committee had initiated a process to implement changes that will address the oversight of the Retirement Plan. One planned change is to draft a new investment policy statement that will include all the key elements outlined above. The investment policy statement is the roadmap for the investment program to include the goals, objectives and guidelines for how the pension assets are invested and managed on behalf of its participants.**

## Investment Policy Statement Review

Category	Observations
Does a written policy statement exist?	Yes, a written investment policy statement exists.
Are the roles and responsibilities of those involved in governance, investing, consulting, monitoring and custody clearly outlined?	Roles and responsibilities of the Finance Committee, Investment Officer, Investment Advisors/Vendors are noted. The RPC plans to draft a new investment policy statement that will elaborate on all roles and responsibilities.
Is the policy carefully designed to meet the real needs and objectives of the retirement plan?	The RPC plans to draft a new investment policy statement that will elaborate on the goals and objectives of the retirement plan.
Does the policy follow industry best practices?	As mentioned, the RPC plans to create a new IPS that will follow industry best practices.
Does the IPS contain measurable outcomes for managers? Does the IPS outline over what time periods performance is to be considered?	As mentioned, the RPC plans to draft a new IPS that will address measurable outcomes for their investment managers.
Are stated investment objectives being met?	Within the scope of the current IPS, there are not stated objectives. However, the Plan has an actuarial rate of return hurdle of 7.25%. The RPC plans to draft a new investment policy statement that will elaborate on the goals and objectives. With the current structure in place (two investment advisors), without consolidated reporting, ACG is unable to determine if implied objectives are being met.
Will the retirement fund be able to sustain a commitment to the policies under stress test scenarios, including those based on the capital markets that have actually been experienced over the past ten, twenty, or thirty years?	<b>ACG recommends, in addition to establishing strategic targets, the IPS include allowable ranges for each asset class. Furthermore, ACG recommends a rebalancing policy be established to stay within the allowable ranges during periods of market volatility. ACG recommends the RPC evaluate downside probabilities of the total Retirement Plan utilizing capital market assumptions (return, risk, correlation, etc.) under periods of stress.</b>
Will the investment managers be able to maintain fidelity to the policy under the same scenarios?	Historically, neither the investment managers nor Plan had measurable performance standards, once a new IPS is drafted it will be possible to comply with this statement.
How often is the policy reviewed and/or updated?	The IPS does not appear to be reviewed/updated on a regular rotation. <b>Going forward, ACG recommends an annual review of the IPS, and as changes are needed.</b>



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## **Asset Allocation**

## Asset Allocation Review

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- The current investment policy statement provides guidance on diversification of assets with broad ranges (20%-80%) specified for both fixed income and equity asset classes.
- Westwood and Brown Ruth have each been delegated a portion of the Retirement Plan assets to be allocated as they deem appropriate while staying within the broad asset class ranges.
- Brown Ruth invests in two mutual funds: American Funds Income Fund of America and American Funds Capital Income Builder. These funds are both multi-asset class strategies that invest in both public equities and public fixed income, resulting in an estimated 44% US equity, 29% non US equity, 19% core fixed income, 2% non core fixed income, and 7% cash and equivalents.
- As of June 30, 2025, Westwood invests in fifteen underlying funds resulting in an estimated 37% US equity, 25% non US equity, 22% core fixed income, 16% non core fixed income, and <1% cash and equivalents.
- Collectively, ACG estimates the current asset allocation to be approximately 41% US equity, 27% non US equity, 20% core fixed income, 8% non core fixed income, and 4% cash and equivalents.
- Using ACG's capital market assumptions, the current allocation has a **median expected return of 6.7% per year** over the next ten years and a **median expected return of 7.4% per year** over the next twenty years. The expected standard deviation of the Retirement Plan is approximately **12.6% per year** with a **1<sup>st</sup> percentile downside return** of approximately **-25.3% in any given year**.
- The **equity** portion of the portfolio is **globally diversified** with exposures across sectors and market capitalization.
- The **fixed income** portion of the portfolio is **diversified** across a variety of core fixed income sectors (Credit, MBS, Treasuries, etc.) as well as global bonds and non core bonds.
- Consider asset classes **beyond traditional public equity and public fixed income** such as private markets and/or real assets for further diversification and correlation benefits.

## Observations

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- While broad asset class ranges exist for equity and fixed income, **ACG recommends establishing a process for determining a strategic asset allocation for the total Retirement Plan to include broad asset classes, sub asset classes, as well as ranges around the strategic targets.**
- **ACG recommends the RPC review the asset allocation relative to targets and ranges at least on a quarterly basis.**
- **ACG recommends the RPC review capital market assumptions (return and risk) for each asset class when considering changes to the strategic asset allocation or at least annually.**

Requirement	Observations
Does the system have a formal and/or written policy for determining and evaluating its asset allocation? Is the system following this policy?	While a broad asset allocation range is documented and being followed, <b>ACG recommends the RPC consider a process for determining and evaluating a strategic asset allocation and documenting the process within the IPS.</b>
Who is responsible for making the decisions regarding strategic asset allocation?	The Plan's investment advisors, Westwood and Brown Ruth, each have discretion to invest a portion of the Plan assets.
How is the system's overall risk tolerance expressed and measured? What methodology is used to determine and evaluate the strategic asset allocation?	<b>ACG recommends that the RPC review metrics to measure the overall Retirement Plan risk relative to both a policy index and peers and the process be documented within the IPS.</b>
How often is the strategic asset allocation reviewed?	<b>ACG recommends the RPC review the asset allocation at a minimum on a quarterly basis relative to strategic targets and allowable ranges.</b>
Do the investment consultants and actuaries communicate regarding their future expectations?	There does not appear to be communication between the advisors and actuaries regarding future expectations.
How does the current assumed rate of return used for discounting Plan liabilities factor into the discussion and decision-making associated with setting the asset allocation? Is the actuarial expected return on assets a function of the asset allocation or has the asset allocation been chosen to meet the desired actuarial expected return on assets?	There does not appear to be a relationship between the rate of return used for discounting Plan liabilities and setting the asset allocation. <b>ACG recommends an annual review of the strategic asset allocation with revised capital market assumptions and comparing long-term expected return expectations versus the assumed rate of return.</b>
Is the asset allocation approach used by the system based on a specific methodology?	There does not appear to be a specific methodology in place to determine the asset allocation. <b>ACG recommends the RPC consider a process for determining and evaluating a strategic asset allocation and documenting the process within the IPS.</b>

Requirement	Observations
What are the strategic and tactical allocations?	The overall allocation of investments should fall within: 20-80% fixed income and 20-80% equity. <b>ACG recommends a strategic asset allocation be established with refined targets and allowable ranges for broad and sub asset classes.</b>
What is the expected risk and return of each asset class?	Expected risk and return for each asset class is assessed by Westwood for their assets under advisement. <b>ACG recommends the RPC consider evaluating risk and return assumptions for each asset class when establishing and/or changing the strategic asset allocation.</b>
How is the risk measured and expected return determined?	It appears that neither total plan risk is being measured nor expected total return is being determined. Westwood utilizes a third party institutional consultant's capital market assumptions to determine expected return and risk for the asset classes Westwood advises.
What mix of assets is necessary to achieve the Plan's investment return and risk objectives?	A strategic asset allocation has not been established with underlying capital market assumptions. <b>ACG recommends that the RPC consider establishing a formal process of reviewing the strategic asset allocation and the corresponding expected return and risk at the total Retirement Plan level over various time periods (i.e. 10-, 20- and 30-years).</b>
How are alternative and illiquid assets selected, measured and evaluated?	The Retirement Plan does not appear to have alternative or illiquid assets that require unique measurement or valuations.

Requirement	Observations
The Retirement Plan is invested in a manner such that future assets are available to fund liabilities.	The Retirement Plan is diversified across equity and fixed income. The 2024 funded status of 61% on an actuarial value of assets basis compares to a national average <sup>1</sup> of 76% and the state of Texas <sup>2</sup> of 80%. The median return expectation of the current allocation based on ACG's 2025 capital market assumptions exceeds the actuarial rate of return assumption of 7.25% over the twenty year time horizon. <b>As previously mentioned, ACG recommends establishing and reviewing a strategic asset allocation relative to the long-term goals and objectives of the plan.</b>
The Retirement Plan maintains sufficient liquidity to pay current benefits when due.	The Plan is currently invested in liquid equity and fixed income vehicles and sufficient cash is currently available to meet the benefit obligations as they become due.
The Retirement Plan is invested according to the asset allocation guidelines detailed in the IPS.	The Plan is currently in-line with the asset allocation guidelines detailed in the IPS. As previously mentioned, setting a strategic asset allocation with specific targets and allowable ranges around asset classes and sub asset classes will allow for monitoring of the Retirement Plan relative to the long-term goals and objectives of the Plan.
Asset class weights are within the strategic target allowable range.	A strategic asset allocation has not yet been adopted.
All assets are properly diversified to reduce the potential of a single security or sector from having a disproportionate impact on the Retirement Plan.	Yes.

<sup>1</sup>Source: Public Plans Database

<sup>2</sup>Source: Texas Pension Review Board. The state of Texas funded status is as of FY 2023.

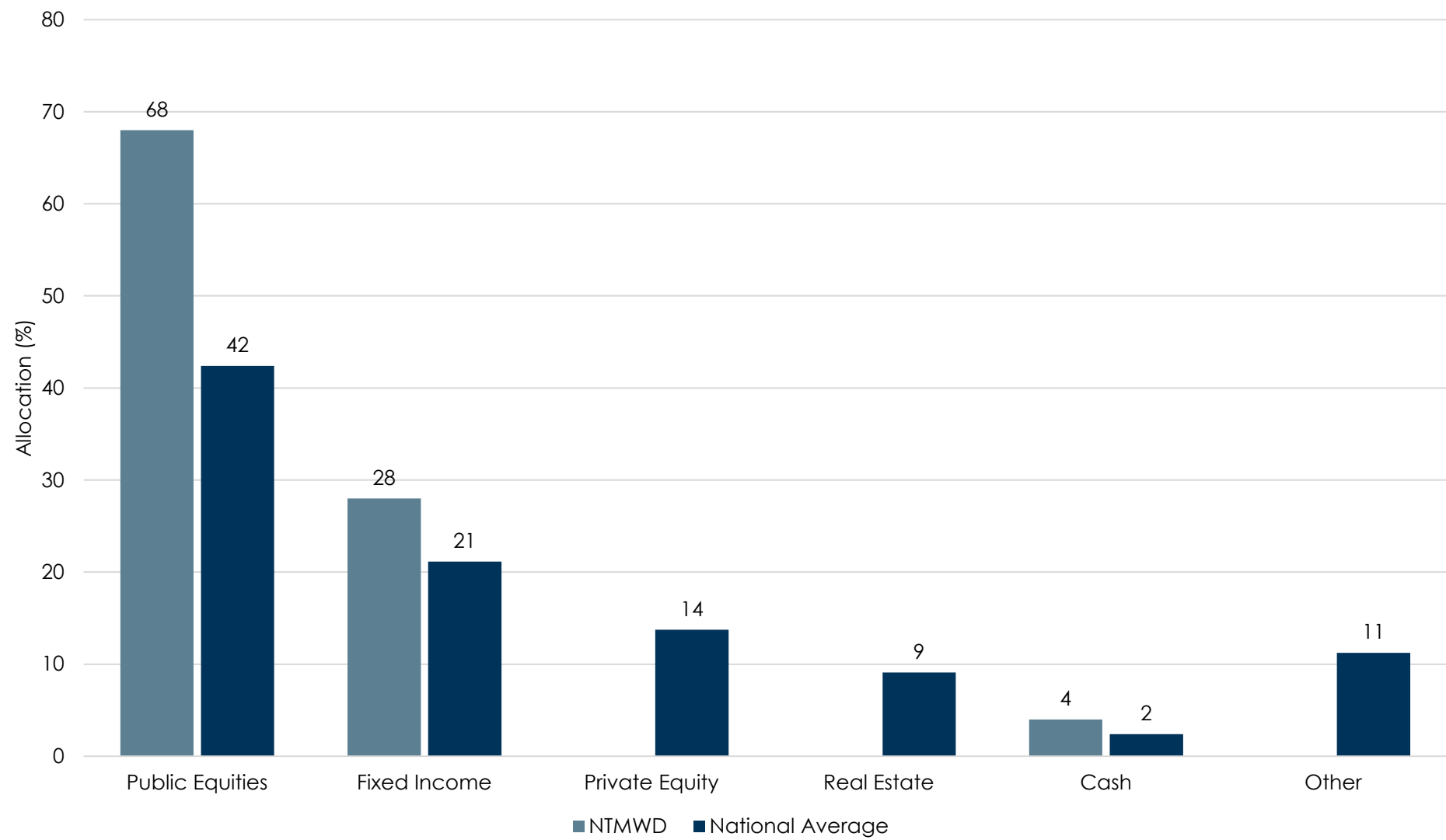
## 2025 Capital Market Assumptions Comparison

	Expected Return <sup>1</sup>			Expected Risk <sup>2</sup>			
Westwood Asset Class	Westwood (via third party) (%)	ACG (%)	Brown Ruth	Westwood (via third party) (%)	ACG (%)	Brown Ruth	ACG Asset Class
Cash							Cash
Cash	3.8	3.5	N/A	0.6	1.9	N/A	Cash
Equity							Equity
US Large Cap Equity	5.3	6.8	N/A	17.4	17.6	N/A	US Large Cap Equity
US Small/Mid Cap Equity	5.7	7.9	N/A	21.4	20.1	N/A	US Small/Mid Cap Equity
International Developed Equity	5.3	7.4	N/A	19.6	19.9	N/A	Int'l Developed Equity
Emerging Market Equity	6.6	6.9	N/A	27.4	27.0	N/A	Emerging Market Equity
Fixed Income							Fixed Income
Core U.S. Fixed	4.8	4.4	N/A	5.8	4.8	N/A	Core Bonds
High Yield	6.1	5.3	N/A	11.3	12.0	N/A	High Yield
Income Opportunity	5.3	4.7	N/A	--	6.1	N/A	Multi-Sector Fixed Income
Alternative Income	6.3	4.8	N/A	--	4.8	N/A	Unconstrained Fixed Income
Inflation	2.6	2.8	N/A	--	2.8	N/A	Inflation

<sup>1</sup> Expected return is the geometric median return assumption over the next 10 years.

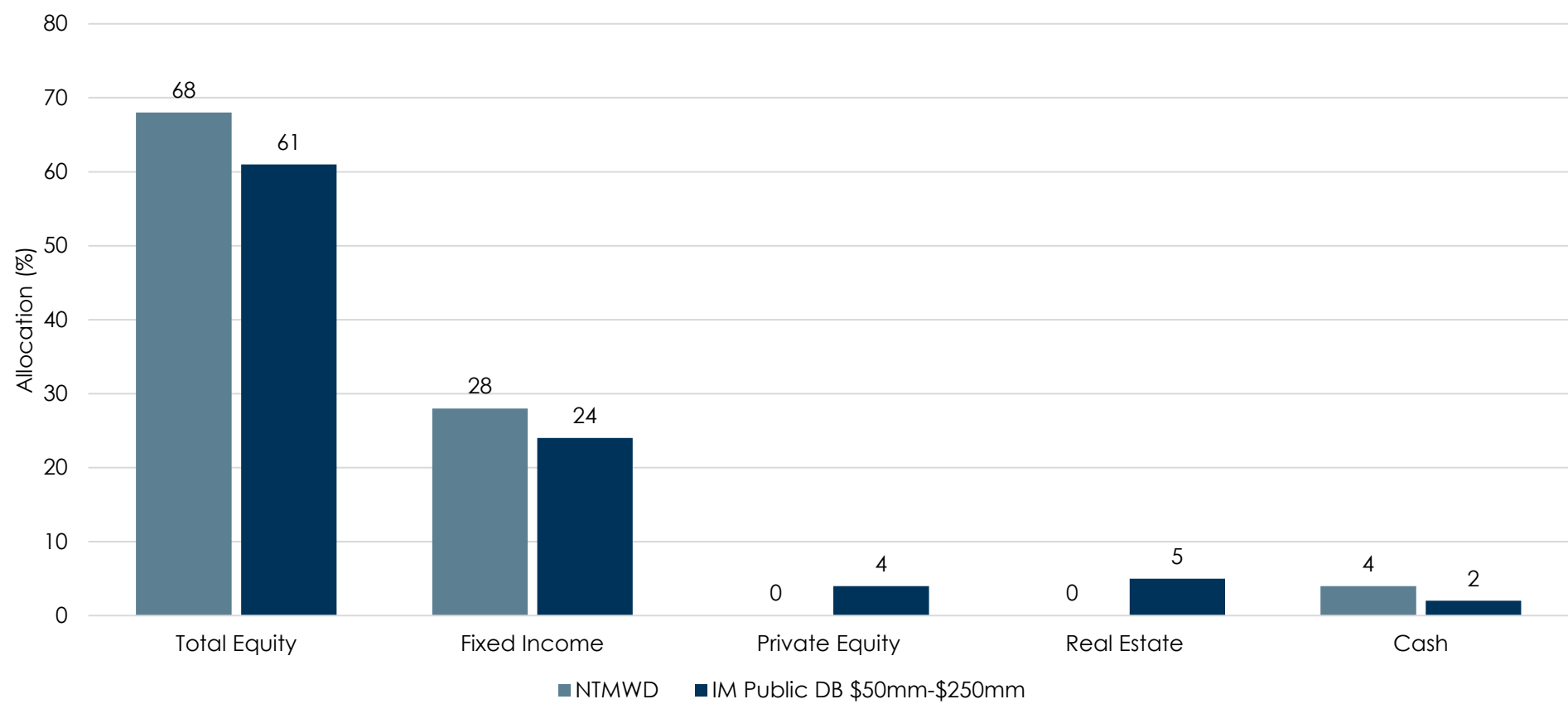
<sup>2</sup> Standard deviation is used to measure the expected risk.

NTMWD Asset Allocation vs. Peers (%)



Source: Public Plans Database

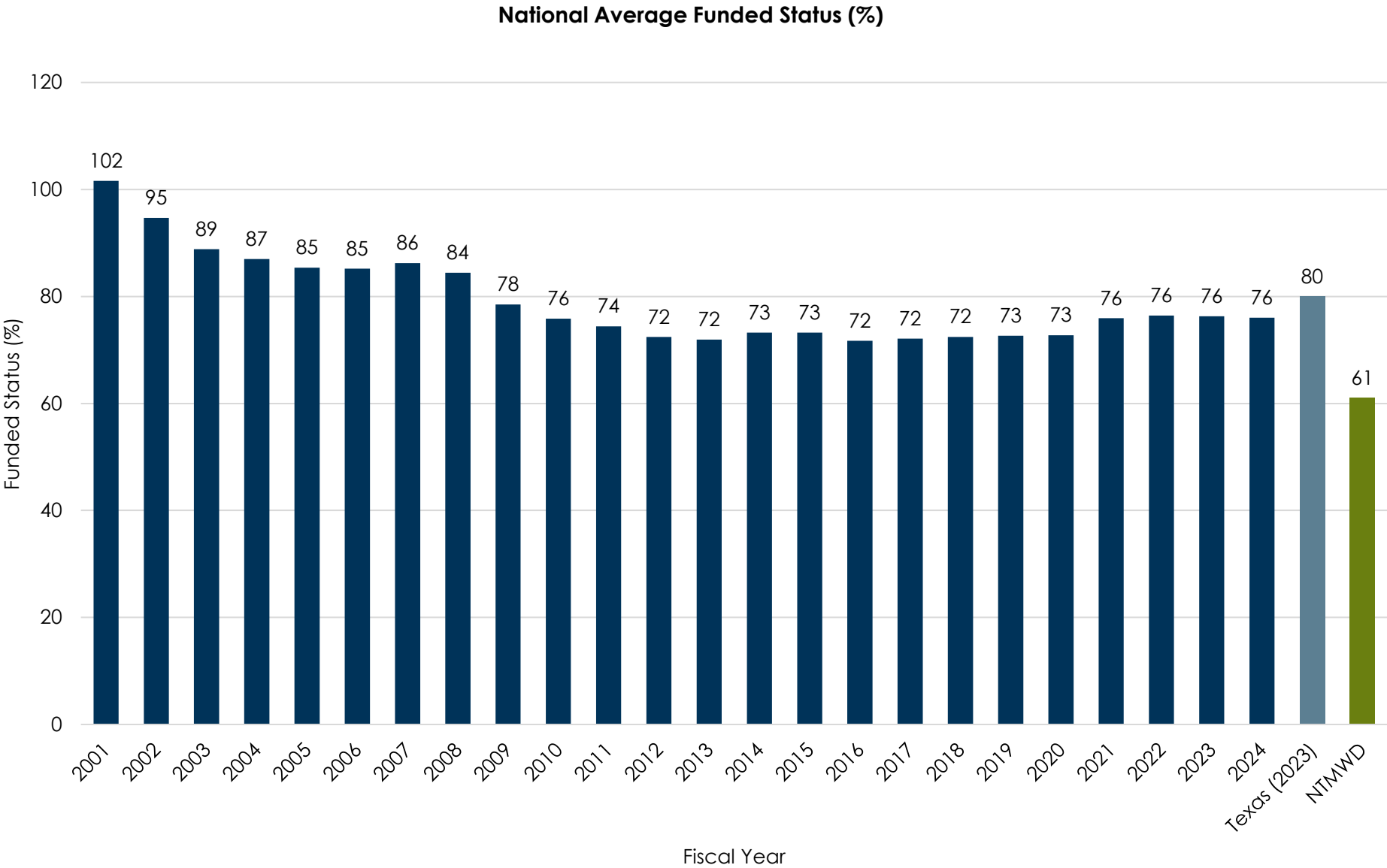
Asset Allocation vs. Peers of Similar Size  
As of June 30, 2025



\* Does not sum to 100 due to the calculation of the 50<sup>th</sup> percentile observation for plans with allocations to select asset classes.

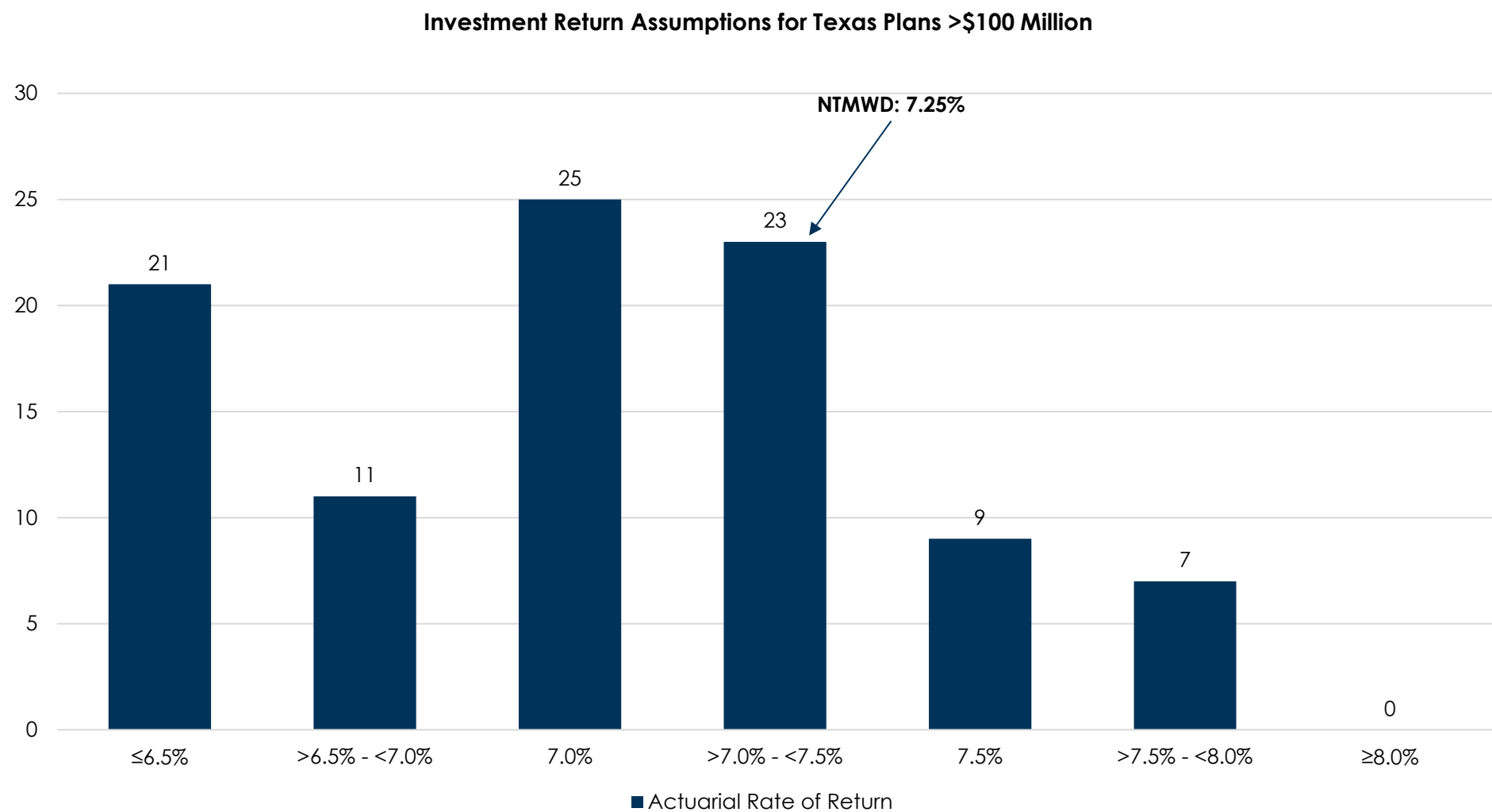
5th Percentile	70.65	48.65	17.26	12.52	7.14
25th Percentile	65.50	32.55	7.39	8.44	3.39
Median	61.18	23.79	3.53	5.31	1.53
75th Percentile	53.84	20.02	1.96	3.96	0.80
95th Percentile	39.84	10.77	0.31	2.10	0.04
Observations	69	69	33	54	65





Source: Public Plans Database. Texas Pension Review Board

Note: data from the Texas Pension Review Board is as of FY 2023 and includes Plans that are >\$100 million and registered with the PRB.



Source: Texas Pension Review Board  
Note: data from the Texas Pension Review Board is as of FY 2023.

NTMWD's Investment return assumption is currently 7.25%, reduced from 7.75% in 2022 and 8.00% in 2021.

- We assessed the Plan's current asset allocation using ACG's capital markets assumptions and modeled two Retirement Plan mixes to illustrate ways to improve the expected return, risk-adjusted return and downside risk for the total Retirement Plan.
- **Mix 1**- introduce two private market asset classes: private equity and private real estate. Increases the median expected return, improves the downside risk and increases expected risk adjusted return for the total Retirement Plan when compared to the current asset allocation.
- **Mix 2** – introduce private infrastructure. Increases median expected return, improves the downside risk and increases expected risk adjusted return for the total Retirement Plan when compared to the current asset allocation.

## Portfolio Mixes

	Liquidity	Current	Mix 1	Mix 2
<b>Total</b>		<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Cash</b>		<b>4.00</b>	<b>0.00</b>	<b>0.00</b>
Cash	1	4.00	0.00	0.00
<b>Equity</b>		<b>68.00</b>	<b>65.00</b>	<b>65.00</b>
All Cap US Equity	1	26.00	0.00	0.00
US Large Cap Equity	1	11.00	25.00	25.00
US Mid Cap Equity	1	1.00	5.00	5.00
US Small Cap Equity	1	3.00	5.00	5.00
International Developed Equity	1	23.00	20.00	20.00
Emerging Market Equity	1	4.00	5.00	5.00
Private Equity	3	0.00	5.00	5.00
<b>Fixed Income</b>		<b>28.00</b>	<b>30.00</b>	<b>25.00</b>
Core Bonds	1	20.00	15.00	15.00
Multi-Sector	1	6.00	10.00	10.00
Global Bonds	1	1.00	0.00	0.00
Liquid Absolute Return	1	1.00	5.00	0.00
<b>Real Assets</b>		<b>0.00</b>	<b>5.00</b>	<b>10.00</b>
Value Add Real Estate	2	0.00	5.00	5.00
Unlisted Infrastructure	3	0.00	0.00	5.00
<b>Simulated Portfolio Statistics</b>				
10-Year Median Return		6.71 %	7.07 %	7.17 %
Standard Deviation		12.57 %	12.17 %	12.19 %
Sharpe Ratio		0.38	0.43	0.43
1st Percentile Return		-25.29 %	-22.85 %	-23.05 %
<b>Simulated Portfolio Statistics</b>				
20-Year Median Return		7.43 %	7.89 %	7.99 %
Standard Deviation		12.57 %	12.17 %	12.19 %
Sharpe Ratio		0.40	0.45	0.45
1st Percentile Return		-25.29 %	-22.85 %	-23.05 %
<b>Liquidity Breakdown</b>				
1 - High Liquidity (weekly)		100.00 %	90.00 %	85.00 %
2 - Medium Liquidity (1-2 year lock-up)		0.00 %	5.00 %	5.00 %
3 - Illiquidity (5-10 year lock-up)		0.00 %	5.00 %	10.00 %
<b>Weighted Average Liquidity</b>		<b>1.00</b>	<b>1.15</b>	<b>1.25</b>

## Capital Market Assumptions

The table below details ACG's capital market assumptions for asset classes included in this analysis.

	Intermediate-Term Average Annual Return <sup>1</sup>	Long-Term Average Annual Return <sup>2</sup>	Standard Deviation <sup>3</sup>	Inflation	Cash	All Cap US Equity	US Large Cap Equity	US Mid Cap Equity	US Small Cap Equity	International Developed Equity	Emerging Market Equity	Private Equity	Core Bonds	Multi-Sector	Global Bonds	Liquid Absolute Return	Value Add Real Estate	Unlisted Infrastructure
Inflation	2.22	2.75	2.80	1.00	0.16	0.03	0.04	0.04	-0.04	0.08	0.03	0.29	-0.49	-0.38	-0.34	-0.27	0.44	0.00
Cash	2.39	3.50	1.86		1.00	-0.14	-0.15	-0.11	-0.11	-0.01	0.07	0.09	0.22	0.05	0.05	0.14	0.11	-0.24
All Cap US Equity	8.36	10.19	18.30			1.00	0.96	0.91	0.86	0.86	0.70	0.69	-0.14	0.32	0.07	0.60	0.16	0.27
US Large Cap Equity	7.96	9.95	17.72				1.00	0.89	0.82	0.86	0.68	0.68	-0.16	0.29	0.06	0.57	0.17	0.29
US Mid Cap Equity	9.44	10.67	19.24					1.00	0.91	0.86	0.73	0.67	-0.08	0.38	0.12	0.65	0.19	0.32
US Small Cap Equity	9.67	11.34	21.04						1.00	0.81	0.70	0.62	-0.13	0.31	0.08	0.61	0.12	0.18
International Developed Equity	9.00	10.72	19.95							1.00	0.85	0.67	-0.16	0.34	0.15	0.63	0.16	0.24
Emerging Market Equity	10.19	11.99	27.18								1.00	0.57	0.00	0.46	0.28	0.72	0.04	0.08
Private Equity	11.65	13.26	19.45									1.00	-0.29	-0.03	-0.17	0.29	0.35	0.22
Core Bonds	4.60	5.27	4.85										1.00	0.74	0.74	0.46	-0.27	0.15
Multi-Sector	4.85	6.19	6.02											1.00	0.80	0.83	-0.27	0.21
Global Bonds	3.46	4.79	6.60												1.00	0.58	-0.22	0.13
Liquid Absolute Return	4.89	6.00	4.79													1.00	-0.34	0.12
Value Add Real Estate	8.50	10.70	13.47														1.00	0.32
Unlisted Infrastructure	6.98	8.81	11.45															1.00

<sup>1</sup> Intermediate-Term Average Annual Return is the arithmetic average return assumption for any given year derived from fundamental return drivers such as yields, inflation, and growth, with potential reversion adjustments for outlier valuations.

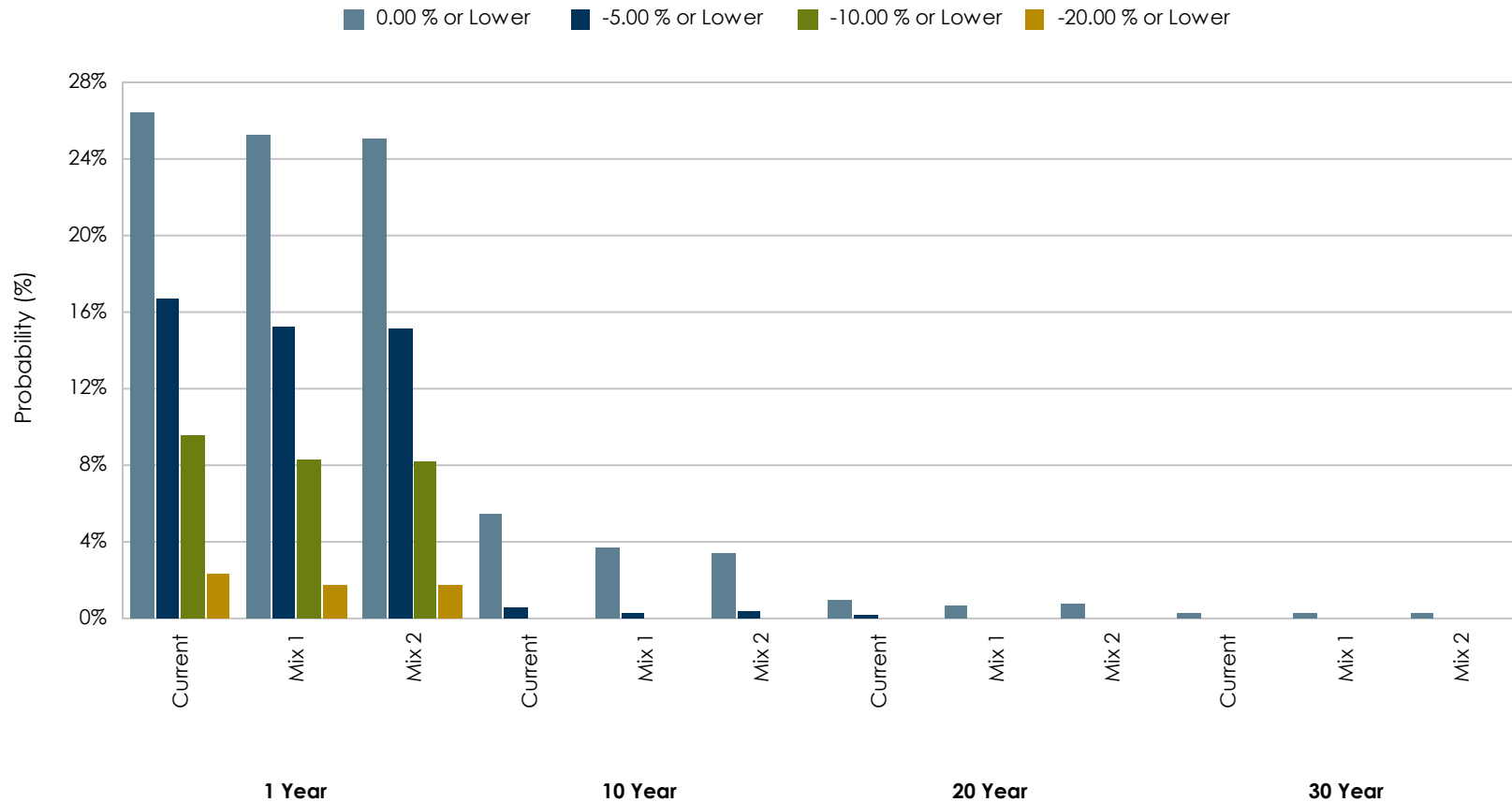
<sup>2</sup> Long-Term Average Annual Return is the arithmetic average return assumption for any given year derived from long-term risk premiums and a long-term average risk-free rate.

<sup>3</sup> Standard Deviation is a general measure of the average variability around the mean. The DFA model may include additional parameters that adjust the shape of the return distribution for each asset class

## Annualized Downside Return Probabilities

The chart and table below illustrate the probability of achieving annualized returns falling below 0.00%, -5.00%, -10.00% and -20.00% over multiple time periods for each asset mix based on simulated returns. Simulated statistics reflect intermediate-term assumptions for the first 10 years and long-term assumptions for all additional years.

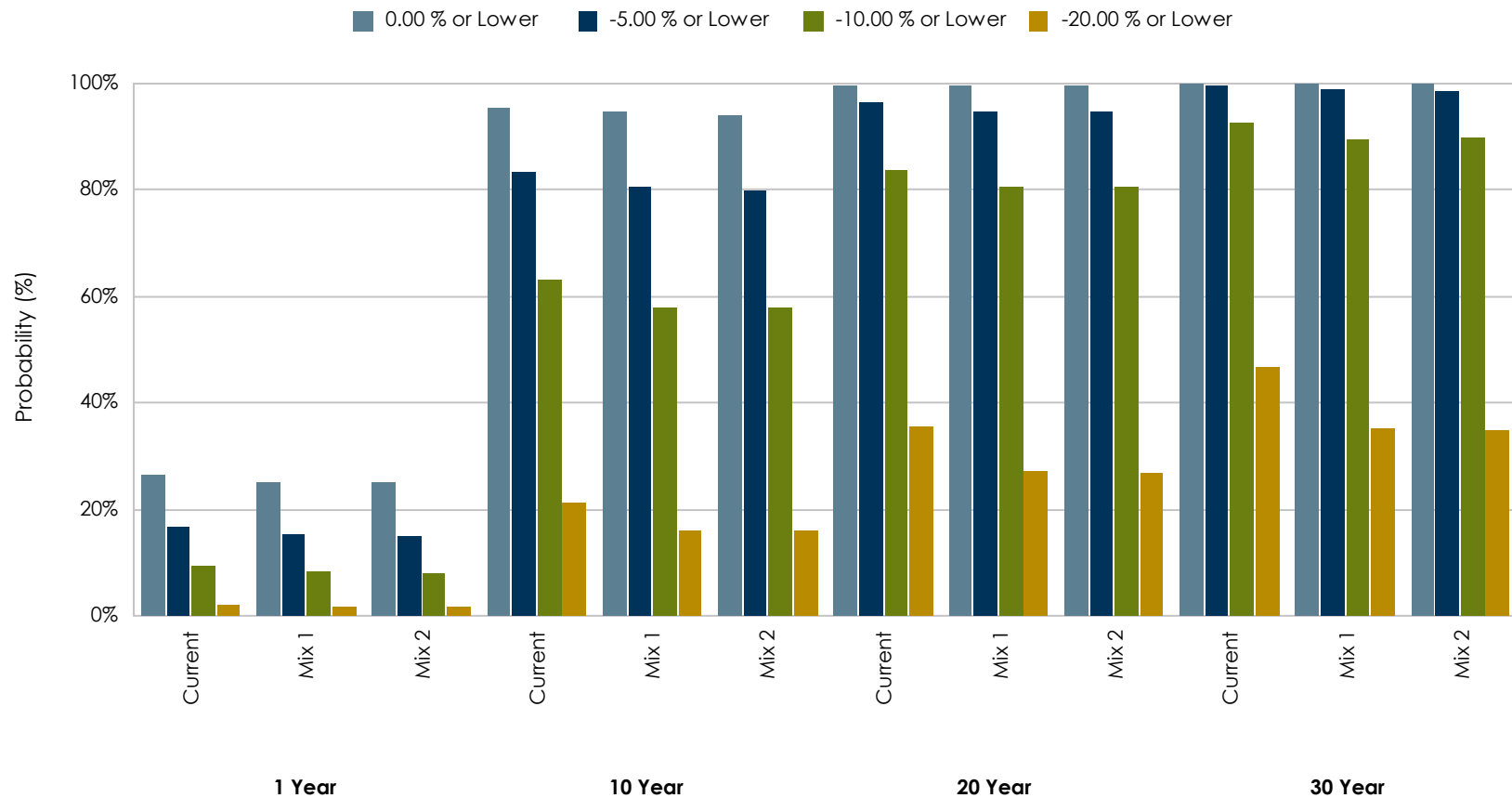
	1 Year (%)			10 Year (%)			20 Year (%)			30 Year (%)		
Hurdle	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2
0.00 %	26.47	25.32	25.10	5.45	3.70	3.40	1.00	<1.00	<1.00	<1.00	<1.00	<1.00
-5.00 %	16.67	15.27	15.13	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00
-10.00 %	9.59	8.31	8.18	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00
-20.00 %	2.37	1.78	1.80	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00	<1.00



## Minimum Annual Return During Horizon

The chart and table below illustrate the probability of returns falling below 0.00%, -5.00%, -10.00% and -20.00% during the worst single year within various time periods for each asset mix based on simulated returns. Simulated statistics reflect intermediate-term assumptions for the first 10 years and long-term assumptions for all additional years.

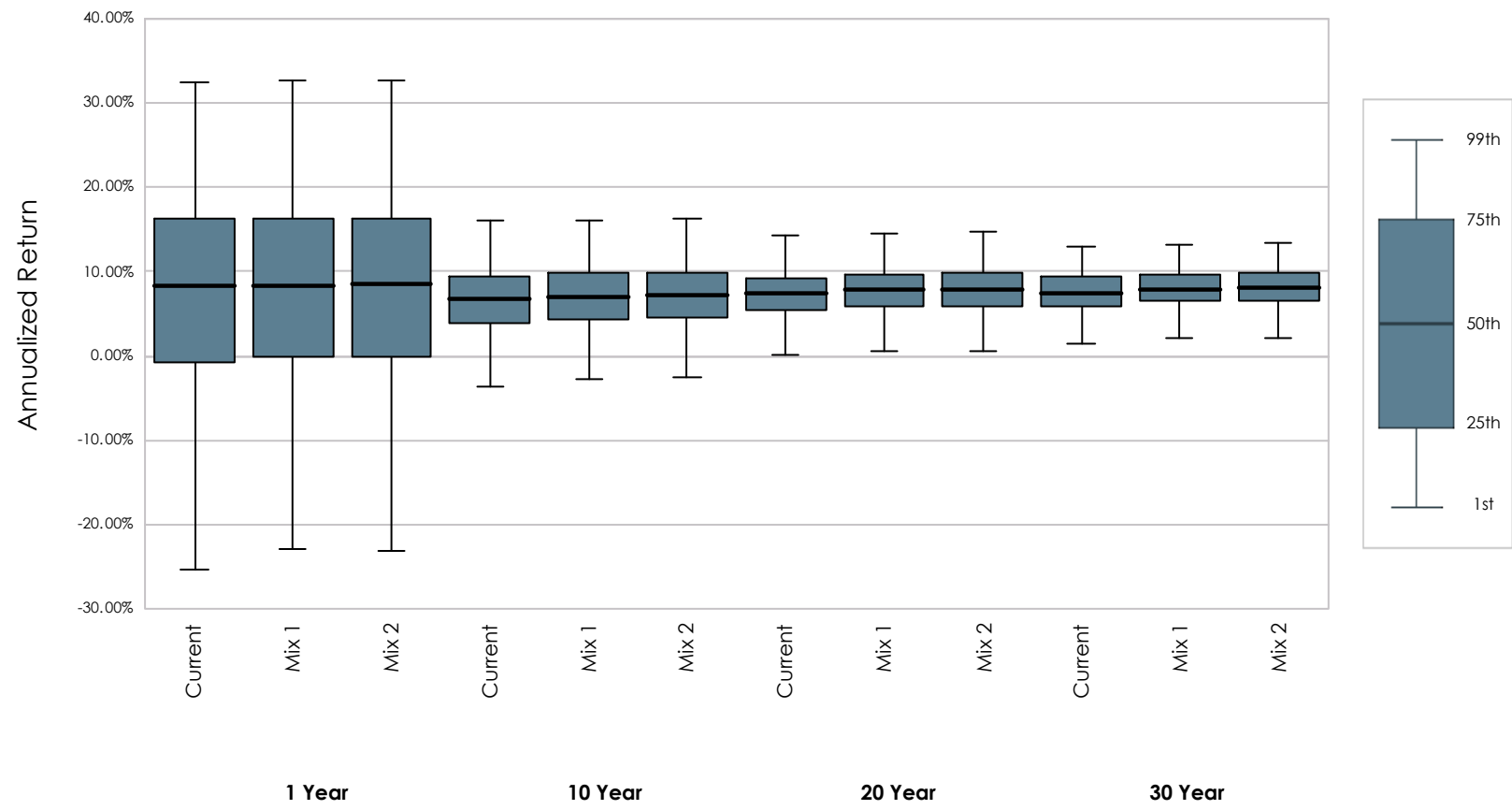
	1 Year (%)			10 Year (%)			20 Year (%)			30 Year (%)		
Hurdle	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2
0.00 %	26.47	25.32	25.10	95.60	94.65	94.20	>99.00	>99.00	>99.00	>99.00	>99.00	>99.00
-5.00 %	16.67	15.27	15.13	83.25	80.55	79.95	96.40	94.90	94.70	>99.00	>99.00	98.65
-10.00 %	9.59	8.31	8.18	63.05	58.05	57.75	83.80	80.50	80.40	92.79	89.49	89.79
-20.00 %	2.37	1.78	1.80	21.20	16.15	16.30	35.50	27.20	27.00	46.85	35.44	34.98



Total Return Percentiles

The chart and table below illustrate the simulated distribution of annualized returns for each asset mix over multiple time periods. Simulated statistics reflect intermediate-term assumptions for the first 10 years and long-term assumptions for all additional years.

	1 Year (%)			10 Year (%)			20 Year (%)			30 Year (%)		
Percentile	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2
99th	32.58	32.82	32.78	16.01	16.16	16.23	14.21	14.58	14.69	12.89	13.30	13.48
75th	16.22	16.20	16.35	9.52	9.77	9.90	9.23	9.60	9.79	9.35	9.69	9.87
50th	8.23	8.38	8.55	6.71	7.07	7.17	7.43	7.89	7.98	7.46	7.96	8.08
25th	-0.67	-0.13	-0.03	3.94	4.45	4.54	5.35	5.89	5.97	5.96	6.48	6.58
1st	-25.29	-22.85	-23.05	-3.60	-2.68	-2.53	0.12	0.58	0.64	1.55	2.03	2.23

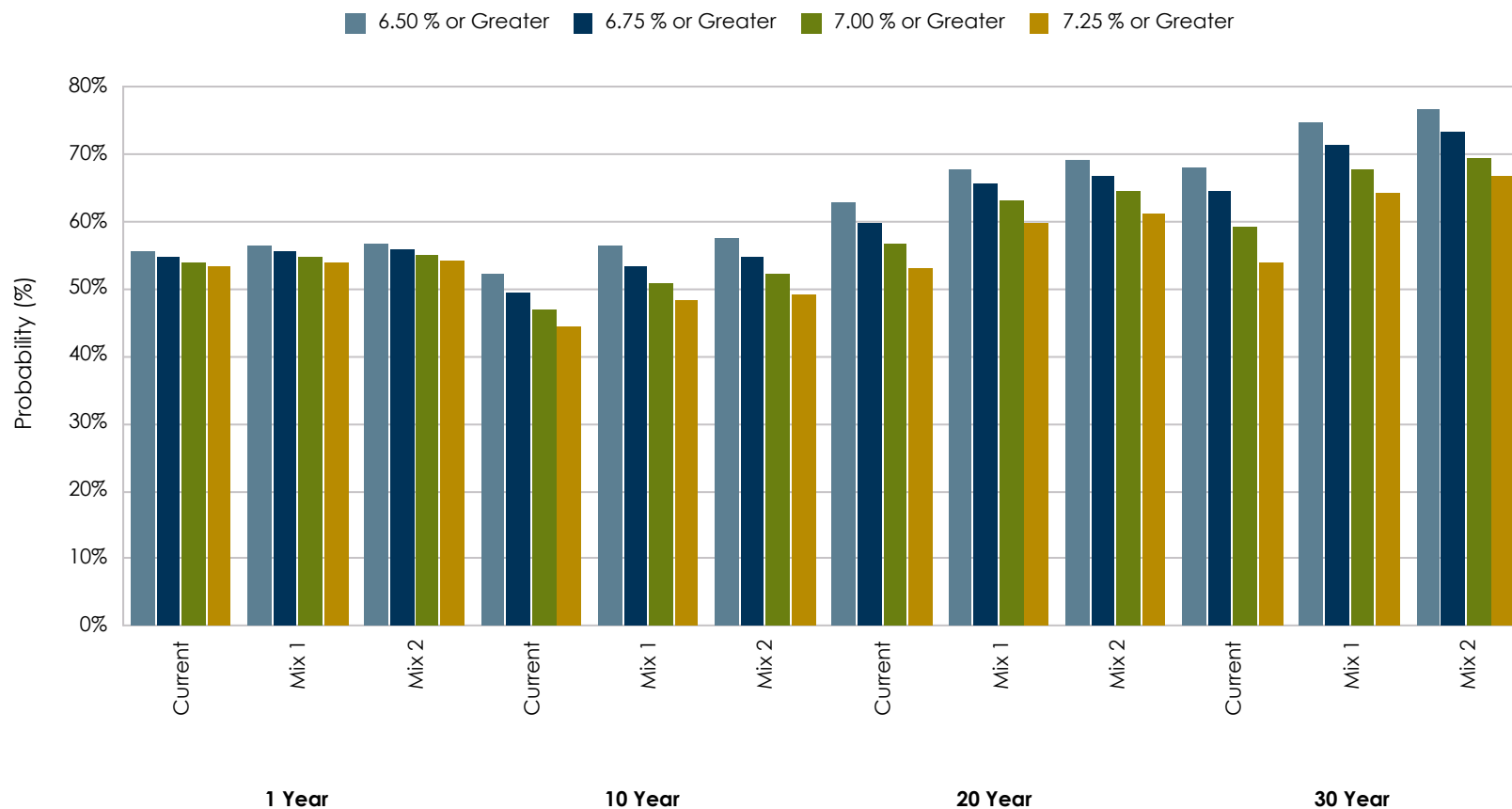




## Return Probabilities

The chart and table below illustrate the probability of achieving annualized returns of 6.50%, 6.75%, 7.00% and 7.25% or greater over multiple time periods for each asset mix based on simulated returns. Simulated statistics reflect intermediate-term assumptions for the first 10 years and long-term assumptions for all additional years.

	1 Year (%)			10 Year (%)			20 Year (%)			30 Year (%)		
Hurdle	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2	Current	Mix 1	Mix 2
6.50 %	55.38	56.27	56.70	52.10	56.35	57.45	62.80	67.70	69.20	68.17	74.62	76.58
6.75 %	54.68	55.45	55.83	49.45	53.40	54.70	59.60	65.40	66.70	64.41	71.32	73.27
7.00 %	53.88	54.59	55.06	46.90	50.75	52.05	56.70	63.10	64.40	59.01	67.87	69.37
7.25 %	53.19	53.78	54.14	44.50	48.40	49.05	52.90	59.60	61.10	53.90	64.11	66.67



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## **Investment Fee and Commission Review**

### NTMWD Retirement Plan

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- The Plan is invested in a combination of mutual funds, ETFs, and common trust funds. Mutual funds and ETFs incur an expense ratio and fees are deducted from fund assets. The Plan pays two cents per share commission for ETF trades. Direct fees are paid by NTWMD for Westwood common trust funds based on a fee schedule. The fees are reported on Westwood statements. Advisor fees are paid directly by NTWMD to Brown Ruth based on assets under advisement.
- The estimated total **weighted average fee of the investment program** using June 30, 2025 market values for the **NTMWD Retirement Plan is 0.48%** (48 basis points). This includes all advisory fees, fund expense ratios, common trust fund asset-based fees, commissions, and benefit payment services.
- The estimated weighted average fund expense ratio is 39 bps and below the least expensive quartile of a hypothetical Plan with a similar asset allocation and vehicle structure as NTMWD.
- Investment management and advisement fees appear reasonable relative to peers. **ACG recommends reviewing the availability of lower cost share classes.**

### Individual Investment Managers

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- We have included an analysis of each underlying investment manager's fee relative to its broad peer universe from eVestment.
- The majority of the underlying investment managers' fees are in-line or less expensive than the median manager in their respective eVestment universe.
- **Four manager's fees rank above median** against their peer eVestment universe:
  - **Fidelity Government Money Market** is 77 bps above the median fee.
  - **iShares 20 year Treasury Bond** is 12 bps above the median fee.
  - **Westwood Multi-Asset Income** 10 bps above the median fee, but below the most expensive quartile.
  - **Westwood Alternative Income** is 20 bps above the median fee.
- Five funds have cheaper share classes for which NTMWD may qualify.
  - **Capital Income Builder (RIRFX)**: This is an R-5 share class. An R-6 share class exists (RIRGX, 27 bps).
  - **Income Fund of America (RIDFX)**: This is an R-5 share class. An R-6 share class exists (RIDGX, 27 bps).
  - **Fidelity Government Money Market (FZAXX)**: This share class includes 12b-1 fees. A premium share class exists (FZCXX, 32 bps).
  - **RBC Emerging Markets Equity Fund (REEIX)**: REEIX has a gross expense ratio of 100 bps and net expense ratio of 88 bps (some expenses are being waived to match the R6 fee, but this waiver is not guaranteed). An R-6 share class exists (RREMX, 88 bps).

## Investment Fee and Commission Review

Category	Observations
Do the system's policies describe the management and monitoring of direct and indirect compensation paid to investment managers and other service providers?	The current IPS does not address the management and monitoring of expenses, fees or commissions paid by the system.
What direct and indirect investment fees and commissions are paid by the system?	The mutual funds and ETFs are charged indirect fund expenses through their embedded expense ratios. The Plan pays two cents per share commission for ETF trades. The common trust funds do not have embedded expense ratios, but the market values are used in the calculation of a tiered fee directly paid to Westwood. Brown Ruth charges a direct advisory fee based on assets under advisement.
Who is responsible for monitoring and reporting fees to the board? Is this responsibility clearly defined in the system's investment policies?	<b>ACG recommends the RPC perform an annual review of both direct and indirect fees. ACG also recommends either the RPC or a designated member review quarterly expenses paid from Retirement Plan assets.</b>
Are all forms of manager compensation included in reported fees?	Direct fees are reflected in monthly statements received from the advisors. Mutual fund and ETF expense ratios include management fees and operating expenses. <b>ACG recommends a review of all investment program fees on an annual basis.</b>
How do these fees compare to peer group and industry averages for similar services? How are the fee benchmarks determined?	Investment program fees appear reasonable. Regarding management fees, the blended underlying investment fund expense ratio is below the median blended universe for a hypothetical Plan with a similar asset allocation and vehicle structure as NTMWD.
Does the system have appropriate policies and procedures in place to account for and control investment expenses and other asset management fees?	<b>ACG recommends either the RPC or a designated member review expenses paid from Retirement Plan assets.</b>
What other fees are incurred by the system that are not directly related to the management of the Retirement Plan?	No other fees appear unrelated to the management of the Retirement Plan.
How often are the fees reviewed for reasonableness?	<b>ACG recommends implementation of an annual review process of all investment program fees. This review should also include a review of the potential availability of less expensive share classes for the invested funds.</b>
Is an attorney reviewing any investment fee arrangements for alternative investments?	There are currently no alternative investments.

## Investment Program Fees – Estimated Using June 30, 2025 Market Values

Manager	Fee Schedule	Market Value (\$) as of 6/30/2025	Blended Fee (bps) <sup>1</sup>	Estimated Fee (\$) <sup>2</sup>
<b>Total Portfolio Weighted Avg Fee</b>		<b>163,471,000</b>	<b>48</b>	<b>792,821</b>
Brown Ruth Advisory Fee	12 bps	86,164,565	12	103,397
Westwood Common Trust Funds	Tiered Fee Schedule <sup>3</sup>	37,932,028	57	216,626
Westwood Affiliated Mutual Fund Expenses		6,697,707	87	58,276
All Other Mutual Fund/ETF Expenses		118,841,265	31	363,531
Aetna Benefit Payment Services <sup>4</sup>		--	3	48,476
Broker Commissions <sup>4</sup>	\$0.02 per share	--	0	2,515

<sup>1</sup> Blended fees based on June 30, 2025 market values. Figures are in basis points.

<sup>2</sup> Actual fees will differ due to fluctuations in market values, timing of cash flows and other contract specific variables.

<sup>3</sup> 125 bps on first \$1 million; 100 bps on next \$1 million; 75 bps on next \$3 million; 65 bps on next \$5 million; 55 bps on next \$15 million; 50 bps over \$25 million

<sup>4</sup> Actual fees paid in 2024.

## Investment Manager Fee Review – Estimated Using June 30, 2025 Market Values

Fund	Blended Fee (bps)	Least Expensive Quartile	Median	Most Expensive Quartile	eVestment Comparison Universe
<b>Weighted Avg Fee for Plans With Similar Structure (bps)</b>	<b>39</b>	<b>53</b>	<b>61</b>	<b>80</b>	
Capital Income Builder (RIRFX)	31	63	72	95	Global Balanced
Income Fund of America (RIDFX)	31	66	72	96	US Tactical Asset Allocation
Fidelity Government Money Market (FZAXX)	95	14	18	25	US Cash Management
Westwood Largecap Value Equity	57	42	49	60	See Westwood Comparison
LSV Emerging Markets Equity (LSVZX)	95	75	96	105	Global Emerging Mkts All Cap Value Equity
iShares Core S&P 500 (IVV)	3	8	12	20	US Passive S&P 500 Equity
iShares Core S&P Midcap 100 Index Fund (IJH)	5	5	10	19	US Passive Mid Cap Equity
Westwood Smidcap Value Equity	57	42	49	60	See Westwood Comparison
PGIM Jennison Growth Fund (PJFQX)	58	58	69	80	US Large Cap Growth Equity
RBC Emerging Markets Equity (REEIX)	88	80	90	103	Global Emerging Mkts All Cap Core Equity
Vanguard FTSE Developed Markets Index Fund (VEA)	3	20	35	60	EAFE Passive Equity
Vanguard Russell 2000 Growth (VTWG)	10	6	15	25	US Passive Small Cap Equity
Westwood Core Investment Grade Bond	57	42	49	60	See Westwood Comparison
iShares 20 year Treasury Bond (TLT)	15	3	3	7	US Passive Long Duration Fixed Income
Westwood Multi-Asset Income Fund (WHGHX)	88	63	78	97	All Global Balanced / TAA
Westwood Income Opportunity	57	42	49	60	See Westwood Comparison
Westwood Alternative Income (WMNUX)	85	50	65	75	Global Unconstrained Fixed Income
Westwood Trust FDIC Insured Sweep	57	42	49	60	See Westwood Comparison

Source: eVest Universe. All figures expressed in basis points.

Fees may vary based on changes in market values or investment results.

Weighted average fee calculations are based on June 30, 2025 market values.

Fund	Blended Fee (bps)	Least Expensive Quartile	Median	Most Expensive Quartile	eVestment Comparison Universe
<b>Weighted Avg Fee for Plans With Similar Structure (bps)</b>	<b>57</b>	<b>42</b>	<b>49</b>	<b>60</b>	
Westwood Largecap Value Equity	57	42	54	60	US Large Cap Value Equity
Westwood Smidcap Value Equity	57	62	75	90	US SMID Cap Value Equity
Westwood Core Investment Grade Bond	57	22	25	30	US Core Fixed Income
Westwood Income Opportunity	57	66	72	96	US Tactical Asset Allocation
Westwood Trust FDIC Insured Sweep	57	14	18	25	US Cash Management

Source: eVest Universe. All figures expressed in basis points.

Fees may vary based on changes in market values or investment results.

Weighted average fee calculations are based on June 30, 2025 market values.

- Westwood common trust funds are aggregated and fees are based on the below fee schedule. Similar to the previous page, the chart above calculates quartile fees for a hypothetical Plan with a similar asset allocation and vehicle structure as NTMWD.
  - 125 bps on first \$1 million
  - 100 bps on next \$1 million
  - 75 bps on next \$3 million
  - 65 bps on next \$5 million
  - 55 bps on next \$15 million
  - 50 bps over \$25 million

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## **Governance Process**



### Scope

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- The governance structure for the North Texas Municipal Water District Retirement Plan was reviewed by examining recent meeting notes, audits, the IPS and additional documents provided by the staff, investment advisors and other vendors.
- This review included all parties affiliated with the Plan and looked into proper alignment of investment, financial and general obligations, documented responsibilities and the ongoing evaluation structure.
- Documentation for appropriate RPC member education as required was also reviewed.

### Observations

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- During 2024, a resolution established a Retirement Plan Committee consisting of two Directors appointed by the Board President and three staff Members appointed by the ED/GM. One staff appointee may be a district retiree. There are staggered two-year terms with no term limits. The ED executes plan documents and contracts. The RPC is responsible for investments and benefits administration, acting prudently in the best interest of Plan participants and hiring professionals to provide services for the Plan such as investment managers/advisors.
- **ACG recommends the RPC meet quarterly to discuss the Retirement Plan investments as well as benefits administration.** Meetings to include the review of total Plan performance, asset allocation and performance of investment managers. **ACG recommends the RPC consider engaging an independent institutional investment consultant to provide advice and attend the RPC meetings to guide the discussions.**
- **ACG recommends that following the creation of the revised IPS that an annual review of the IPS occur to ensure policies are being followed and compliance with the IPS is being completed.**
- The RPC adopted the State Pension Review Board's minimum educational training requirements for Committee Members. New Committee Members are required to complete seven credit hours of education in core content within the first year of service and a minimum of two hours every calendar year after the first year of service. Appropriate documentation tracking the progress of the Committee Members was provided. **Education requirements appear adequate for the RPC.**
- **ACG recommends the RPC consider posting investment related policy documents on NTMWD's website so they can easily be accessible by the plan members and the public.**
- An Ethics and Conflict of Interest Policy for RPC member has been established to address fiduciary responsibility.
- The most recent calendar year audit is complete with a clean audit opinion.

Transparency

Category	Observations
Does the system have a written governance policy statement outlining the governance structure? Is it a stand-alone document or part of the IPS?	A Resolution established the creation of the Retirement Plan Committee consisting of two Directors appointed by the Board President and three staff members appointed by the ED/GM. One staff appointee may be a district retiree. There are staggered two-year terms with no term limits. ED executes Plan documents and contracts. This is currently a stand-alone document.
Are all investment-related policy statements easily accessible by the Plan members and the public (e.g. posted to system website)?	No, <b>ACG recommends posting all investment-related policy statements on the system's website.</b>
How often are board meetings? What are the primary topics of discussion? How much time, detail, and discussion are devoted to investment issues?	The RPC is a relatively new body. <b>ACG recommends quarterly meetings to discuss investment issues with an allotted time of approximately one hour depending on the agenda items.</b>
Are meeting agendas and minutes available to the public? How detailed are the minutes?	RPC minutes include roll call, items discussed, and action items addressed with sufficient detail. <b>ACG recommends making meeting agendas and minutes publicly available on NTMWD's website.</b>

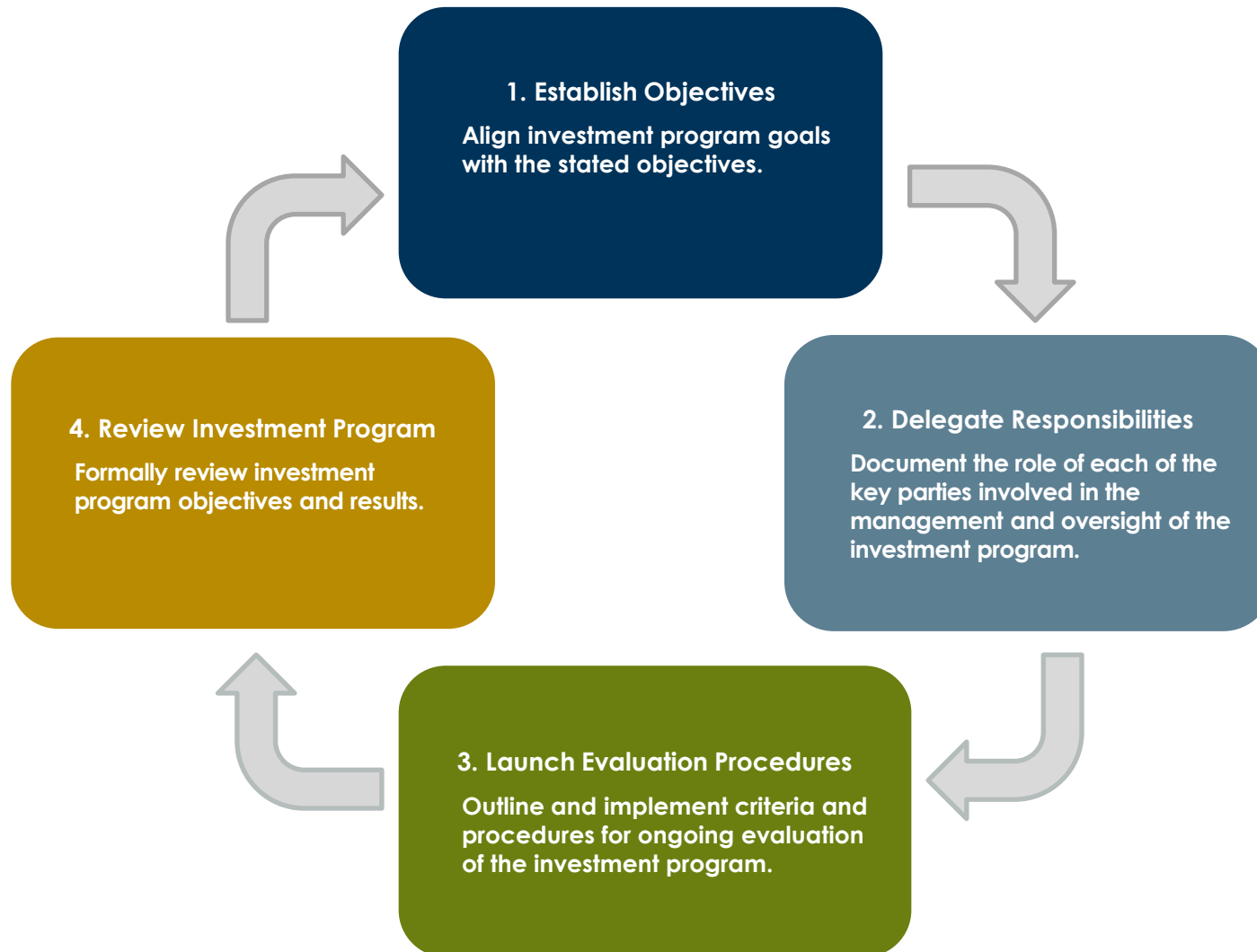
### Investment Knowledge/Expertise

Category	Observations
What are the backgrounds of the board members? Are there any investment-related educational requirements for board members?	A Resolution established the creation of Retirement Plan Committee consisting of two Directors appointed by the Board President and three staff members appointed by the ED/GM. One staff appointee may be a district retiree. Per Texas PRB Guidelines, RPC members are required to complete: 7 hours of core training required in the first 12 months after appointment 2 hours required every calendar year thereafter
What training is provided and/or required of new board members? How frequently are board members provided investment-related education?	Per the Texas Pension Review Board's minimum educational training program a new trustee is required to complete at least 7 hours of core training within 12 months after appointment and a minimum of two hours every calendar year after the first year of service. Four of the five RPC members have completed education requirements for 2025.
What are the minimum ethics, governance, and investment education requirements? Have all board members satisfied these minimum requirements?	PRB Education Rules effective January 1, 2025: 7 hours of core training required in first 12 months after appointment 2 hours required every calendar year thereafter Four of the five RPC members have completed education requirements for 2025. Ethics and Conflicts of Interest Policy has been established based on PRB Model Policy.
Does the system apply adequate policies and/or procedures to help ensure that all board members understand their fiduciary responsibilities?	Yes, the Ethics and Conflict of Interest Policy for the RPC addresses fiduciary responsibilities of RPC members.
What is the investment management model (i.e. internal vs. external investment managers)?	Westwood and Brown Ruth, both external investment advisors/managers, have discretion on a portion of the Plan assets.
Does the board receive impartial investment advice and guidance?	Seven of the fifteen investment products under Westwood's discretion are Westwood branded, which represents 58% of assets under Westwood's advisement.
How frequently is an RFP issued for investment consultant services?	N/A. There does not appear to be a process in place to issue an RFP for investment consulting services.

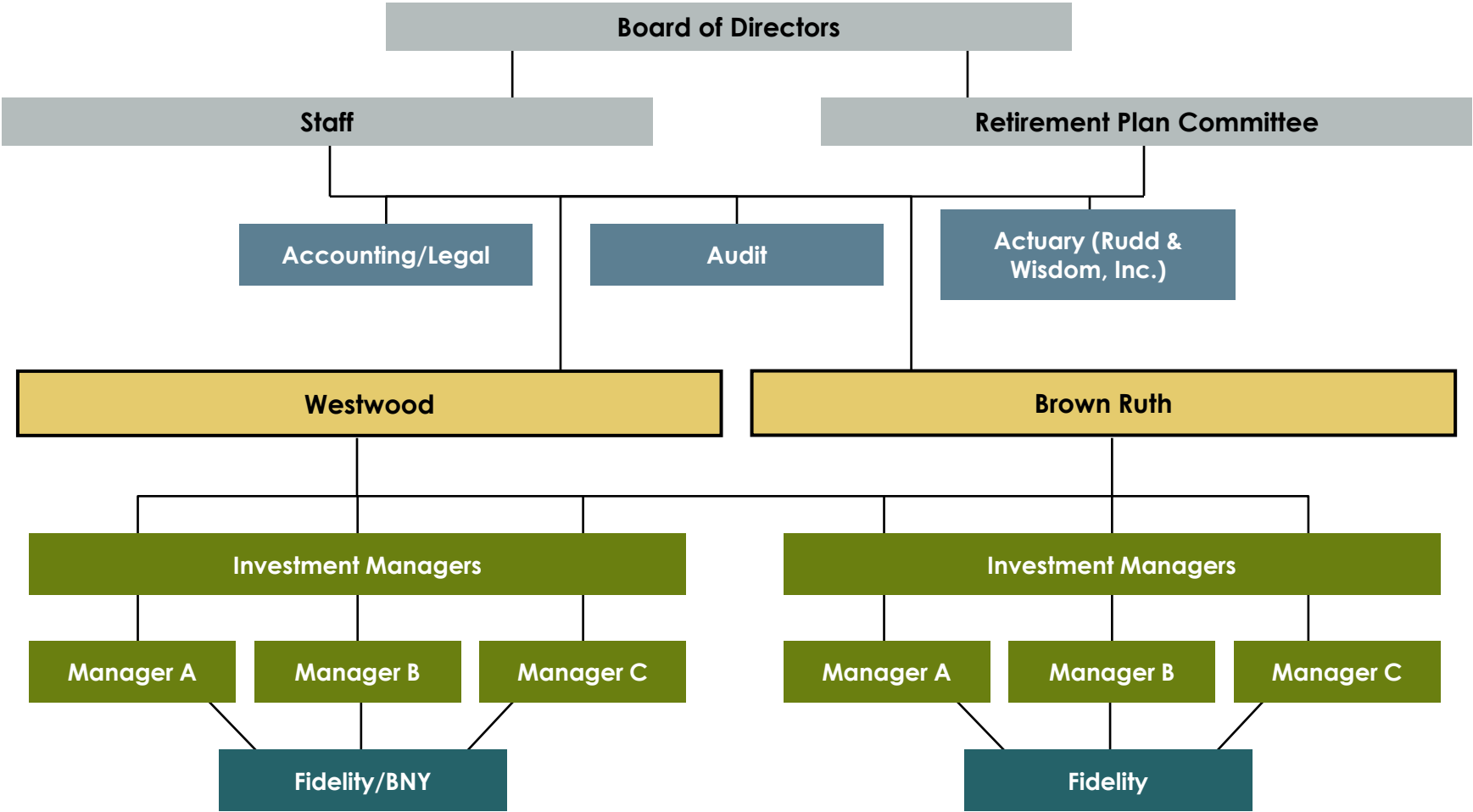
## Accountability

Category	Observations
How is the leadership of the board and committee(s), if any, selected?	Directors are appointed by the Board President and three staff members are appointed by the ED/GM, of which, one staff may be a district retiree. Staggered two-year terms with no term limits.
Who is responsible for making decisions regarding investments, including manager selection and asset allocation? How is authority allocated between the full board, a portion of the board (e.g. an investment committee), and internal staff members and/or outside consultants? Does the IPS clearly outline this information? Is the board consistent in its use of this structure/delegation of authority?	The process is not currently outlined in the IPS, but the RPC is taking steps to include this. The RPC was created less than one-year ago and will have oversight of the investments and benefits administration. Two investment advisors have discretion on a portion of Plan assets, make all decisions regarding asset allocation, investment manager search and selection, and the implementation of investment products.
Does the system have policies in place to review the effectiveness of its investment program, including the roles of the board, internal staff and outside consultants?	The RPC is taking steps to enhance this process in the IPS. Currently, Brown Ruth and Westwood meet with NTMWD on an annual basis to review the performance of the portion of the Plan assets over which they have discretion.
Is the current governance structure striking a good balance between risk and efficiency?	Processes have started or been initiated to improve the balance between risk and efficiency with the creation of the RPC, adopting an ethics and conflict of interest policy, funding policy, and the upcoming creation of an investment policy statement.
What controls are in place to ensure policies are being followed?	<b>ACG recommends at least an annual review of the IPS to ensure the Plan is in compliance with policies and procedures and that policies and procedures are up to date.</b> Documentation of education requirements for RPC members is being recorded.
How is overall Retirement Plan performance monitored by the board?	Westwood and Brown Ruth report Plan performance for their portion of Plan assets on an annual basis. Currently, there is no calculation for total Retirement Plan performance, or a benchmark for comparison purposes.
How often are the investment governance processes reviewed for continued appropriateness?	N/A. <b>ACG recommends processes be reviewed annually as part of the annual IPS review.</b>

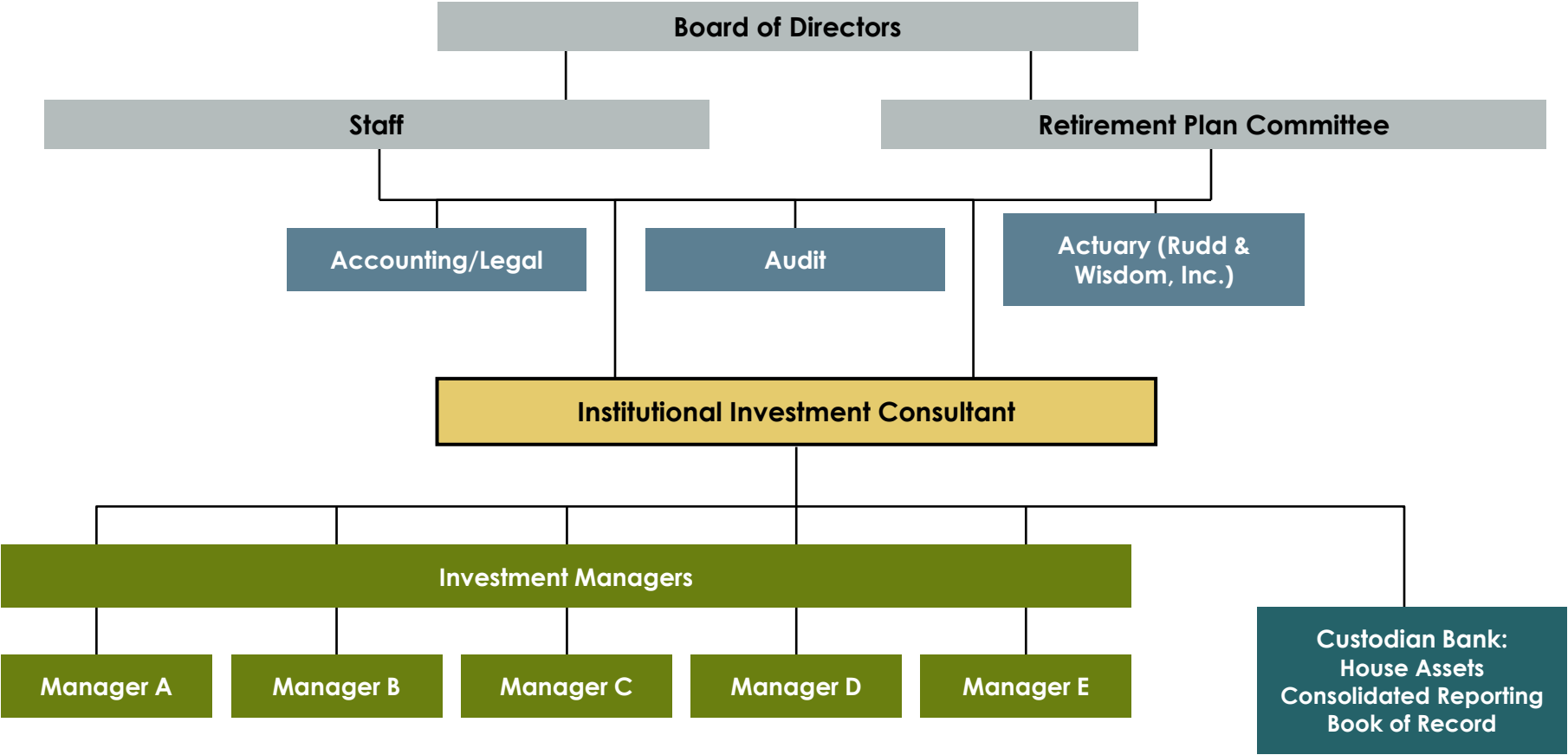
## Effective Governance is Ongoing



North Texas Municipal Water District Governance Structure



Typical Public Plan Governance Structure



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## **Investment Manager Search & Monitoring**



### Scope

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- ACG reviewed the processes for the selection of new investment managers.
- ACG discussed with the Plan's two investment advisors the process for selecting investment managers. We also discussed with the Plan's investment advisors the process for monitoring the investment managers.

### Observations

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- **ACG recommends the RPC review individual investment manager and total Plan performance relative to appropriate benchmarks on a quarterly basis. ACG recommends that investment manager and Plan performance be evaluated over different time periods and market cycles and include risk metrics such as standard deviation, Sharpe ratio, etc.**

#### Brown Ruth

- Since inception, Brown Ruth has implemented with two mutual funds, an approximately 50/50 split between the Capital Income Builder Fund and Income Fund of America. Reports with market values and since inception performance are provided quarterly and presented to NTMWD on an annual basis.
- Brown Ruth does not have a formal documented policy in place for the selection of investment managers. However, in correspondence with Brown Ruth, they review not only the investment manager returns, but how the money is managed, including analyzing their processes in place for the investment managers to be able to maintain consistent long-term results.

#### Westwood

- Westwood's Investment Oversight Committee (IOC), in conjunction with a third-party investment consultant, evaluates investment managers using qualitative and quantitative factors on an ongoing basis.
- Westwood's IOC or the third-party investment consultant may put a manager on watch and recommend for replacement within NTMWD's Retirement Plan.
- ACG reviewed an emerging market manager search completed in July 2024 in which Baron Emerging Markets was replaced by RBC Emerging Markets and LSV Emerging Markets. The analysis incorporated relevant qualitative and quantitative data for a complete assessment.

## Investment Manager Search & Monitoring Checklist

Category	Observations
<b>Manager Search</b>	
Who is responsible for selecting investment managers?	Brown Ruth and Westwood each have discretion on a portion of NTMWD Retirement Plan assets.
How are the managers identified as potential candidates?	<b>Brown Ruth:</b> Have not made a manager change since inception. <b>Westwood:</b> Westwood's IOC works in consultation with a third-party investment consulting firm for manager selection, evaluation and performance monitoring.
What are the selection criteria for including potential candidates?	<b>Brown Ruth:</b> N/A <b>Westwood:</b> Investment Oversight Committee utilizes both quantitative and qualitative analysis for evaluating investment managers. An independent analysis tool called Fi360 is also utilized. Fi360 utilizes a scoring system to screen the universe down to a subset for consideration.
How does the selection process address ethical considerations and potential conflicts of interest for both investment managers and board members?	The recently enacted Ethics and Conflict of Interest Policy address ethical considerations for RPC members. RPC members are to act prudently and in the interest of Retirement Plan Participants.
Who is responsible for developing and/or reviewing investment consultant and/or manager contracts?	It appears prior contracts have been executed by the Executive Director.

## Investment Manager Search & Monitoring Checklist

Category	Observations
<b>Manager Monitoring</b>	
What is the process for monitoring individual and overall fund performance?	<p><b>Brown Ruth:</b> Annual presentation to NTMWD. Brown Ruth calculates performance for the portion of the Plan assets they advise.</p> <p><b>Westwood:</b> Annual presentation to NTMWD. Investment managers fill out quarterly DDQs and Westwood staff conducts quarterly calls with managers along with input from the third-party investment consultant. Multiple qualitative and quantitative factors are reviewed and may be put on watch and considered for replacement based on factors such as team changes, style drift, etc.</p> <p>There is currently no monitoring or calculation of total Retirement Plan performance.</p>
Who is responsible for measuring the performance?	Brown Ruth and Westwood are responsible for measuring performance for the portion of the Plan assets they advise.
What benchmarks are used to evaluate performance?	<p><b>Brown Ruth:</b> Benchmarks are not provided in reports to NTMWD. There is no benchmark for the portion of the Plan assets they advise. The two mutual fund benchmarks are 70%/30% MSCI All Country World Index/Bloomberg U.S. Aggregate Index (RIRFX) and 65%/35% S&amp;P 500 Index/Bloomberg U.S. Aggregate Index (RIDFX)</p> <p><b>Westwood:</b> 60/40 ACWI IMI/Bloomberg Universal for the portion of the Plan assets they advise. Manager benchmarks are reviewed internally, but not included on reports provided to NTMWD.</p>
What types of performance evaluation reports are provided to the board? Are they provided in a digestible format accessible to trustees with differing levels of investment knowledge/expertise?	<p><b>Brown Ruth:</b> a quarterly report with market values, allocations, and since inception &amp; year to date performance, and market commentary is provided to NTMWD.</p> <p><b>Westwood:</b> a quarterly report with market values, allocations, short-term performance (1 Mo, QTD, and YTD), and market commentary is provided to NTMWD.</p>
How frequently is net-of-fee and gross-of-fee investment manager performance reviewed? Is net-of-fee and gross-of-fee manager performance compared against benchmarks and/or peers?	<p>NTMWD has historically reviewed performance on an annual basis. A Retirement Plan Committee was recently created to oversee the Retirement Plan and more frequent review is likely, going forward.</p> <p><b>Brown Ruth:</b> reported returns are net of fees.</p> <p><b>Westwood:</b> could be a mix since common trust fund fees are paid outside of the fund.</p>
What is the process for determining when an investment manager should be replaced?	<p><b>Brown Ruth:</b> N/A. Have been invested in two balanced funds since inception.</p> <p><b>Westwood:</b> Multiple qualitative and quantitative factors are reviewed and a manager may be put on watch and considered for replacement based on factors such as team changes, style drift, etc. Westwood's IOC or the third-party consultant Westwood works with may put managers on watch and/or initiate a replacement search.</p>
How is individual performance evaluation integrated with other investment decisions such as asset allocation and investment risk decisions?	<p><b>Brown Ruth:</b> individual performance evaluation does not appear to impact asset allocation decisions. Funds are invested per the guidelines of the two balanced mutual funds, Capital Income Builder and Income Fund of America.</p> <p><b>Westwood:</b> investment managers are evaluated using qualitative and quantitative factors on an ongoing basis.</p>

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## Key Takeaways

## Key Takeaways

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### IPS

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- A Retirement Plan Committee was recently formed to oversee the Retirement Plan's investments and administration. The RPC has engaged ACG to assist with a revised investment policy statement to include all key elements and to be in-line with industry best practices.

### Asset Allocation

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- ACG recommends establishing a strategic asset allocation to include specific targets and allowable ranges to align with the long-term goals and objectives of the Retirement Plan. ACG recommends that the actual allocation be reviewed relative to the strategic target at least quarterly and that a rebalancing process be established to keep the Retirement Plan in-line with the allowable ranges. ACG recommends on an annual basis the strategic asset allocation be reviewed with updated capital market assumptions for each asset class.
- ACG recommends consideration be made to asset classes outside the traditional public equity and public fixed income universe (ie. Private markets and/or real assets) to further diversify the Retirement Plan and to reduce downside risk. Expected return and risk should be taken into consideration when included into the total Retirement Plan.

### Investment Fees

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- ACG recommends the Retirement Plan Committee or a designated member oversee/approve the investment fees being paid from the Retirement Plan. Investment program fees should be reviewed on an annual basis.

### Governance

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- ACG recommends:
  - The Retirement Plan Committee meet at least quarterly to discuss investment related and benefit related agenda items.
  - Posting investment related policy documents and meeting agendas / minutes to NTMWD's website.
  - Investment decisions be made in consideration of total Retirement Plan return, risk, and goals and objectives.
  - Total Retirement Plan performance be reviewed at least quarterly by the Retirement Plan Committee.

### Investment Manager Search & Monitoring

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- ACG recommends the RPC review the following on a quarterly basis:
  - Total Retirement Plan performance with an appropriate total Retirement Plan benchmark.
  - Individual fund manager performance with appropriate fund manager benchmarks.
  - Performance over different time periods and market cycles for individual funds and the total Retirement Plan.
  - Risk metrics such as standard deviation, Sharpe Ratio, etc. for the total Retirement Plan and investment managers.

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## **Independent Firm Disclosure**

## Independent Firm Disclosure

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- ACG provides institutional investment consulting services to taxable and tax-exempt investors such as trusts, endowments, foundations and other non-profit corporations, insurance company reserves, and corporate, public, Taft-Hartley employee benefit Plans and high net worth individuals and family offices. ACG has provided investment consulting and investment research services since 1989.
- ACG meets the experience requirements for completing the investment practices and performance evaluation.
- No existing relationship exists between NTMWD and ACG other than the investment practices and performance evaluation review.
- ACG is not involved, directly or indirectly, in managing investments of NTMWD.
- No conflict of interest or appearance of a conflict of interest exists between ACG and NTMWD that would impact the analysis of this review.
- ACG receives no remuneration from sources other than NTMWD for services provided to NTMWD.
- ACG has included within this report recommendations to NTMWD to enhance the evaluated matters.

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Past performance is not indicative of future results. Given the inherent volatility of the securities markets, you should not assume that your investments will experience returns comparable to those shown in the analysis contained in this report. For example, market and economic conditions may change in the future producing materially different results than those shown included in the analysis contained in this report. Any comparison to an index is for comparative purposes only. An investment cannot be made directly into an index. Indices are unmanaged and do not reflect the deduction of advisory fees.

This report is distributed with the understanding that it is not rendering accounting, legal or tax advice. Please consult your legal or tax advisor concerning such matters. No assurance can be given that the investment objectives described herein will be achieved and investment results may vary substantially on a quarterly, annual or other periodic basis. There is no representation or warranty as to the current accuracy of, nor liability for, decisions based on such information.



October 23, 2025

Retirement Plan Committee  
North Texas Municipal Water District  
501 East Brown Street  
Wylie, TX 75098

Dear Retirement Plan Committee:

Thank you for the opportunity to complete the investment practices and performance review as mandated by Texas Government Code 802.109. In response to Texas Government Code 802.109, we are requesting that the Retirement Plan Committee submit to ACG in writing:

- 1) any action taken or expected to be taken in response to the recommendations made in the evaluation
- 2) any written response that the Retirement Plan Committee wants to accompany the final evaluation report

We will incorporate any responses received from the Retirement Plan Committee within the final evaluation report.

Please do not hesitate to reach out with any questions.

Sincerely,

Nathan Burk, CFA  
314-754-7669



October 23, 2025

Mr. Nathan Burk  
Asset Consulting Group (ACG)  
231 South Bemiston Avenue  
14<sup>th</sup> Floor  
St Louis, MO 63105

Re: Response to Investment Practices and Performance Evaluation Report

Dear Mr. Burk:

On behalf of the Retirement Plan Committee, I would like to express our appreciation for the thorough report, insightful recommendations, and discussion at our meeting today. The Committee and NTMWD staff intend to thoroughly analyze the recommendations. Once our analysis is completed, we will begin implementation of the recommendations that are considered feasible.

Sincerely,

A handwritten signature in black ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield  
Assistant General Manager – Chief Financial Officer

C: Retirement Plan Committee Members  
Jenna Covington, Executive Director/General Manager

