



Arkansas State Police Retirement System

Quarterly Board Meeting

Thursday, August 22, 2024, 10:00 a.m.

124 West Capitol Avenue, Suite 400, Little Rock 72201

The meeting will be held in the APERS conference room located on the 4th floor. The meeting will be a hybrid and can be attended via Zoom via the link on our website, www.apers.org.

AGENDA

1. Call to Order
2. Recognition of Notification of Meeting to News Media Pursuant to Act 93 of 1967 (AR Code 25-19-101) - Freedom of Information Act
3. Recognition of the Presence of a Quorum
4. **Action Item** - Approval of Minutes for the Board Meeting of May 16, 2024 **(Page 2)**
5. **Investments** - Mr. Carlos Borrromeo, Deputy Director of Investments and Finance
 - a. CIO Report **(Page 5)**
 - b. Quarterly Report for the Period Ending June 30, 2024 **(Page 16)**
6. **Finance** - Mr. Jason Willett, Chief Financial Officer
 - a. Financial Statements for the Quarter Ending June 30, 2024 **(Page 54)**
7. **Legal** – Ms. Laura Gilson, General Counsel
 - a. Proposed Rule Changes Update **(Page 56)**
8. **Benefits** - Ms. Allison Woods, Deputy Director of Benefits
 - a. Benefits Summary **(Page 57)**
9. **Executive Report** - Ms. Amy Fecher, Executive Director
 - a. Executive Report Review **(Page 59)**
10. Next Quarterly Board Meeting – December 5, 2024, 10:00 a.m.
11. Adjournment

**Arkansas State Police Retirement System
Board of Trustees
May 16, 2024**

The regular meeting of the Board of Trustees of the Arkansas State Police Retirement System was held on Thursday, May 16, 2024, at 10:00 a.m. This hybrid meeting was held via ZOOM remote conferencing in the Conference Room, 124 West Capitol, Little Rock, Arkansas. Captain Scott Joe presided.

Captain Joe recognized the presence of a quorum and called the meeting to order.

Board Members Present

Captain Scott Joe, Chair, ASP Tier II
Mr. Andy Babbitt, Department of Finance and Administration
Mr. Donnie Underwood, Citizen at Large*
Ms. Denise Bugos*

Board Member Absent

Captain Kyle Drown, ASP Tier I
Mr. John Allison, ASP Commissioner
Mr. Phillip Milligan

Visitors

Mr. Joe Ebisa, With Intelligence*

APERS Staff Present

Ms. Amy Fecher, Executive Director
Ms. Allison Woods, Deputy Director of Benefits
Mr. Carlos Borromeo, Deputy Director of Investments & Finance
Ms. Ashley Golleher, Deputy Director of Operations
Mr. Jason Willett, Chief Financial Officer
Mr. Phillip Norton
Mr. Richmond Giles, Staff Attorney
Ms. Patty Shipp, Assurance Officer
Ms. Jacobia Bates, Director of Public Affairs
Ms. Stephanie Blair, Communications Manager
Ms. Cheryl Wilburn, Benefits Operations Manager*
Ms. Kristi Brown, Retirement Coordinator*
Ms. Jennifer Taylor, Director of Benefits Administration*
Ms. Rhonda Summers, Investments Analyst*
Ms. Rebecca Walton, Administrative Analyst*

*Remote Attendees

News Media Notified

An e-mail notification of the Arkansas State Police Retirement System Board meeting was sent to the Arkansas Democrat-Gazette, the Associated Press, Television Station KLRT/FOX16, Radio Station KARN, and Radio Station KAAY, this letter of notification is pursuant to A.C.A. § 25-19-101 (Act 93 of 1967) as amended- The Freedom of Information Act.

Minutes

A copy of the minutes from the meeting of February 22, 2024, was e-mailed to each trustee prior to the meeting. Mr. Andy Babbitt made a motion to accept the minutes as presented. Ms. Denise Bugos seconded the motion. With no objection, the minutes were approved as presented.

Investments

CIO Report

Mr. Carlos Borrromeo reported that the total fund is at 4.85% for the quarter and for the calendar year 9.36%. He shared that despite higher interest rates in the first calendar quarter of 2024, U.S. stocks rallied. The S&P 500 posted its strongest start to a year since Q1 of 2019. Investors drove prices higher on the back of a solid economy. Recession fears continued to subside. Inflation decelerated from peak levels, but it is still being stubborn. Wage inflation eased. GDP grew at an annualized rate of 3.4% in 4Q23, which is the fastest growth since late 2021, driven by consumer spending and corporate investment. Unemployment remained low. More specifically a strong recovery in the labor participation rate improved labor supply. Corporate profits remained solid, and continued expectations for the Federal Reserve to cut rates this year.

He informed the ASPRS board that he had recommended to the APERS board of trustees replacing one of its investment equity managers. The APERS board agreed and voted to consider replacing Lazard Asset Management. Mr. Borrromeo stated that after he has completed research is replacing Lazard Asset Management, he will report his findings to the APERS board.

Mr. Borrromeo also provided a summary of the Callen and Stephens reports for the quarter ending March 31, 2024.

Finance

Financial Statements for the Quarter Ending March 31, 2024

Mr. Willett shared for the quarter ending March 31, 2024, ASPRS fiduciary net position was \$426,050,858 million. The statement of investment assets was \$424,790,264 million for the quarter end, which is a big increase from December, when investment assets were \$371 million. ASPRS contribution revenue is over \$11.600 million with most of this amount being employer contributions.

Mr. Willett mentioned that an annual transfer will be required for the insurance premium tax. The year, the estimated amount 11.4 million. This is an increase from the prior year due to salaries, stipends, and compensation time.

Legal:

The Arkansas Legislature began a process a few years ago to codify the rules of every state agency so that there would be a uniform rule style among state agencies, posted to a single website. The Bureau of Legislative Research has indicated to APERS that the codified version of ASPRS rules could be posted live on the legislative website by early 2025.

Mr. Richmond Giles shared that in preparation of the codification process, APERS staff has reviewed several ASPRS rules and recommends to the Board that six (6) rules be repealed so that they will not be codified. He added that the rules being recommended are either obsolete or no longer applicable. The six (6) rules recommended are as follows:

1. ASPRS Board Rule 1
2. ASPRS Board Rule 2
3. ASPRS Board Rule 5
4. ASPRS Board Rule 6 (May 1978)
5. ASPRS Board Rule 8 (June 1988)
6. ASPRS Board Rule 9 (November 1988)

Mr. Andy Babbitt made a motion to repeal the rules as recommended pending the Governor's office approval, it was seconded by Ms. Denise Bugos and carried.

Benefits

Ms. Allison Woods provided a benefits summary that included membership information, eligibility for benefits, retirement benefits and new retiree information. Ms. Woods shared that during the quarter ending March 31, 2024, a total of 32 new officers joined the system; however, by the end of the quarter one-third had terminated employment. There are no inactive members to report this quarter.

Executive Report

Director Fecher shared that the new website will go live on Monday, May 20, 2024. You may view the ASPRS website at <https://apers.mysites.io/asprs/>. Ms. Fecher also shared with the Board the ASPRS handbooks had been updated and will be available on the new website. She reported the APERS appropriation for FY25 had been approved and signed into law as Act 79 of 2024.

APERS will be engaging in strategic planning efforts beginning in May with the goal of providing the plan to board in Fall of 2024. We will engage staff representing various divisions as well as designated board of trustee members. We are currently in the planning stages and aim to commence the strategic facilitation meetings in late May.

Website

Ms. Jacobia Bates gave the ASPRS Board a demonstration of the new website. A comparison of the current website and new website was done that highlighted enhancements that will improve the user experience. The new site provides updated content and improved navigation to better meet the needs of members and employers. Members and employers can access forms, send secure messages, sign up for benefits and access their members portal account on the website.

Upcoming Board Meetings:

Next Quarterly Board Meeting –Thursday, August 22, 2024, at 10:00 a.m.

With no other business, Mr. Babbitt made a motion to adjourn second by Ms. Bugos, and the meeting was adjourned.

Captain Kyle Drown
Chair, Arkansas State Police Board of Trustees

Ms. Amy Fecher
APERS Executive Director



ASPRS

ARKANSAS STATE POLICE
RETIREMENT SYSTEM

DELIVERING SECURE RETIREMENT BENEFITS
AND EXCEPTIONAL SERVICE TO OUR MEMBERS.

Chief Investment Officer Report

For the Quarter Ending and Fiscal Year Ending, June 30, 2024

Second Quarter 2024 – How it started

There were strong April Headwinds					April Returns	
Highlights from the month of April 2024					S&P 500	-4.08%
* Oil hit \$90 per barrel (inflationary)					Russell 1000 Index	-4.26%
* The Fixed Income markets removed rate cut expectations, from 6, down to maybe just 1					Russell 1000 Growth Index	-4.24%
* Iran attacked Israel. Israel told U.S. "no choice but to retaliate"					Russell 1000 Value Index	-4.27%
* Fed Gov. Daly said "there is no urgency to cut rates"					Russell 2000 Index	-7.04%
* Fed Gov. Jefferson said in inflation persists, the Fed will hold rates HIGHER FOR LONGER					Russell 2000 Growth Index	-7.70%
* Fed Chairman Powell said recent data showed lack of further progress on inflation					Russell 2000 Value Index	-6.37%
He dialed back any expectations of rate cuts					Russell 3000 Index	-4.40%
* The Fed's Beige Book data strengthened the case for the Fed to delay rate cuts					MSCI EAFE Index	-2.56%
* Israel launched retaliatory strike against Iran.					MSCI EAFE Growth Index	-3.97%
* TESLA stock cratered following price cuts (Magnificent 7 member)					MSCI EAFE Value Index	-1.02%
* NVIDIA stock fell 10% (Magnificent 7 member)					ACWI ex US Index	-1.79%
* Meta issued light revenue price guidance (Magnificent 7 member)					Bloomberg Agg	-2.53%
May became the month to watch					Bloomberg High Yield Corp	-0.94%
* 5/01 was the day for the FOMC meeting. Stocks rallied. A possible rate hike was removed.					3-month T-Bill	0.44%
* 5/03 was the day for economic data, non-farm payrolls. Job growth was lower than expected.						
The Fixed Income markets adjusted the first Fed rate cut to Sept (from Nov.)						

Second Quarter 2024 - Summary

- In the second quarter of 2024, there was a combination of inflation, geopolitical uncertainty, economic slowdown, and anticipation for a Fed rate cut in September.
- Snap elections in France, a loss for the conservative party in the UK raised concerns for potential shifts in policy in those regions.
- A U.S. Presidential debate fueled doubts about the durability of President Biden to serve a second term.
- Inflationary pressures showed signs of easing supported by a slowing in wage gains and a small uptick in unemployment.
- During the quarter, momentum in the housing market slowed as housing starts and residential construction eased, overshadowing gains in home prices and a rise in sales activity.
- Economic growth has surpassed forecasts, yet the possibility of a rate cut still remains due to indications of reduced consumer spending, an increase in jobless claims, and a decline in business sentiment.

Second Quarter 2024 – Summary (cont.)

- The Fed's Beige Book indicated the U.S. economic activity continued to grow at a slight to modest rate. Wages experienced a modest to moderate pace. Projections suggest a slower growth trajectory in the next six months, influenced by upcoming election, possible domestic policy changes, geopolitical conflict, and inflation.
- The June Consumer Price Index (CPI) reported 3.0% rise, lower than the anticipated 3.3%. Financial markets adjusted to factor in a potential Fed rate cut.
- The European Central Bank cut rates for the first time in five years, followed by Denmark's central bank.
- Emerging markets, led by India, South Korea, and Taiwan, outperformed the global markets.
- A decline China's market due to deflation concerns and weak economic data overshadowed any optimism and improvements in China's property sector.

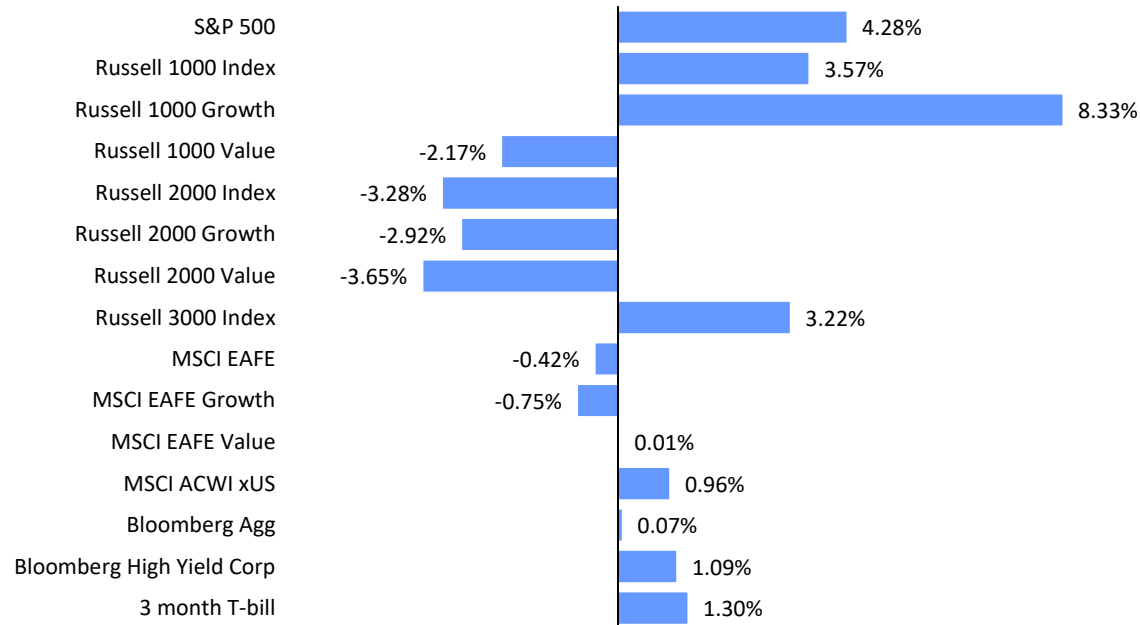
Second Quarter 2024 – APERS/ASPRS Portfolio

Benchmarks			Fiscal	APERS/ASPRS Portfolio			Fiscal		
U.S. Equity		Qtr	Year		Q2 2024	Year		30-Jun-24	Allocation
S&P 500		4.28%	24.56%	Domestic Equity	1.13%	18.49%		\$ 4,541,270,314	39.56%
Russell 1000 Growth		8.33%	33.48%	International Equity	0.65%	10.90%		\$ 2,828,089,562	24.64%
Russell 1000 Value		-2.17%	13.06%	Private Markets	6.83%	24.56%		\$ 388,399,810	3.38%
Russell 2000 Index		-3.28%	10.06%	Fixed Income	0.62%	5.48%		\$ 1,987,383,073	17.31%
Russell 2000 Growth		-2.92%	9.14%	Real Assets	0.08%	-6.38%		\$ 1,618,606,752	14.10%
Russell 2000 Value		-3.64%	10.90%					\$ 11,363,749,511	
Russell 3000 Index		3.22%	23.13%	APERS Total Portfolio	0.97%	10.42%		\$ 115,426,565	Cash
International Equity								\$ 11,479,176,076	TOTAL FUND
MSCI EAFE		-0.42%	11.54%					\$ 426,977,476.23	ASPRS Plan
MSCI ACWI xUS		0.96%	11.62%					\$ 12,535,555.53	ASPRS Cash
Fixed Income								\$ 439,513,031.76	
Bloomberg Agg		0.07%	2.63%						
Bloomberg High Yield		1.09%	10.44%						

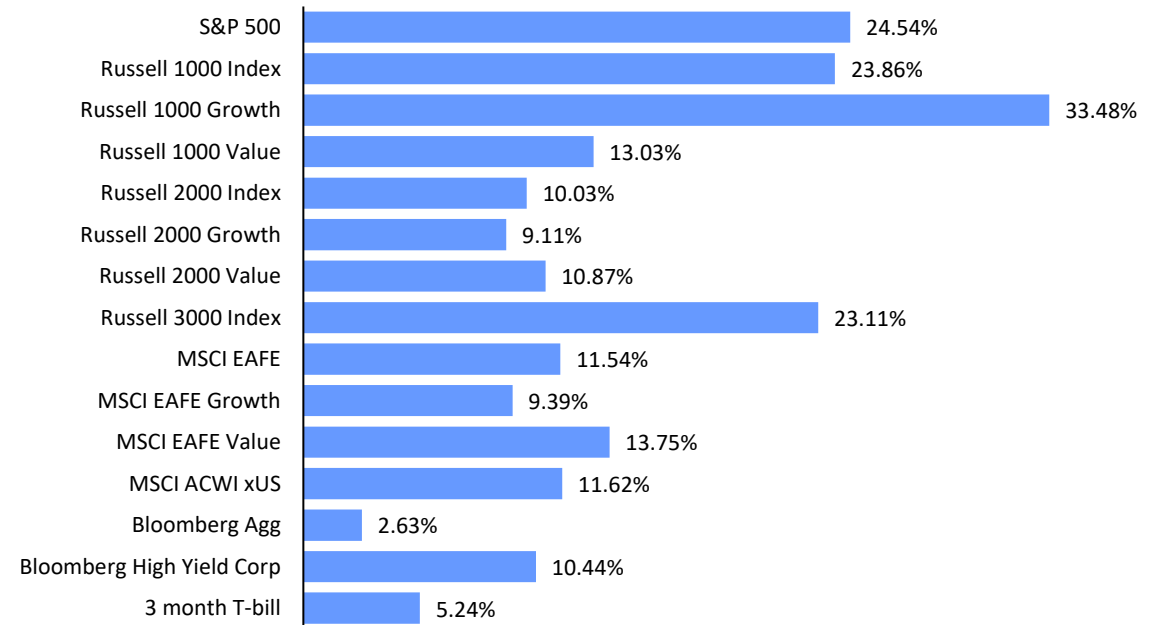
Second Quarter 2024 – Domestic Equities

- U.S. Large Cap stocks continue to outperform small and mid-cap stocks.
- Growth continues to outperform Value

Performance by Asset Class: Quarter Ended 6/30/24

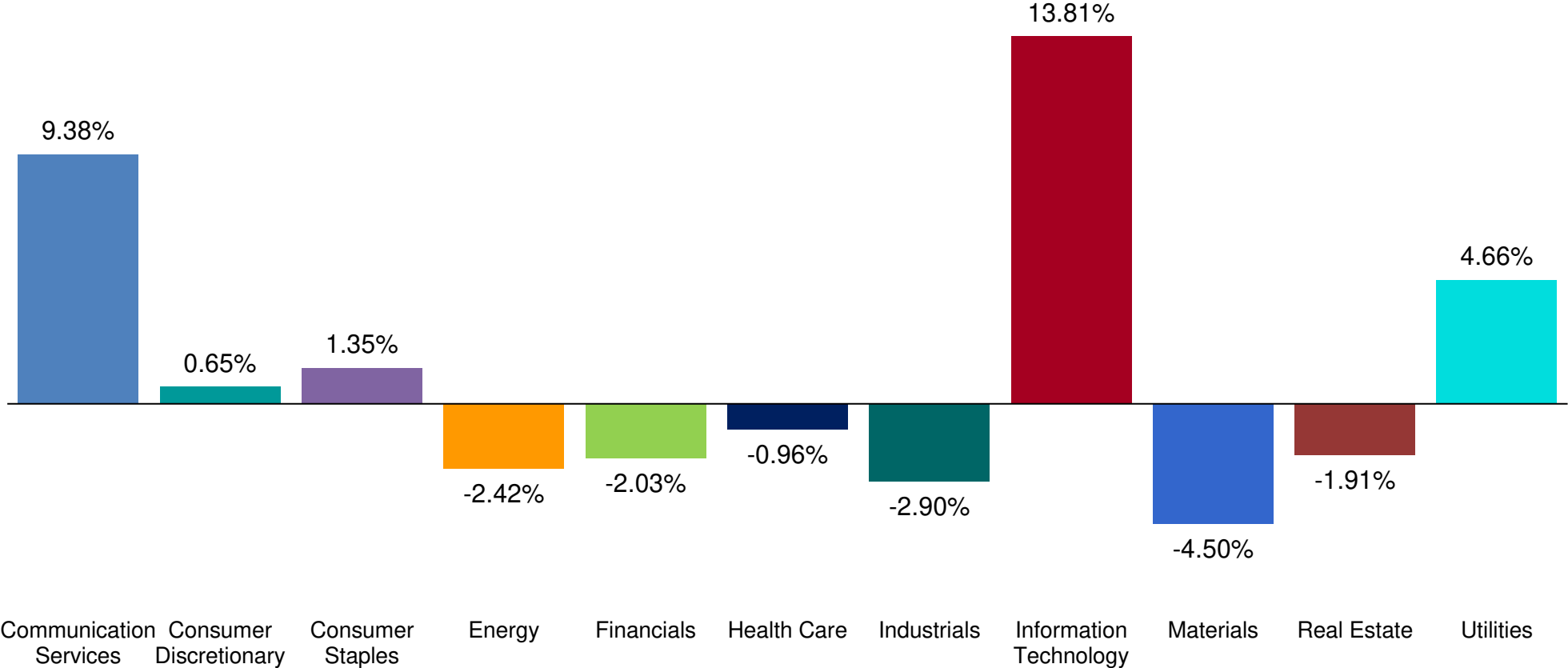


Performance by Asset Class: 1 Year Ended 6/30/24



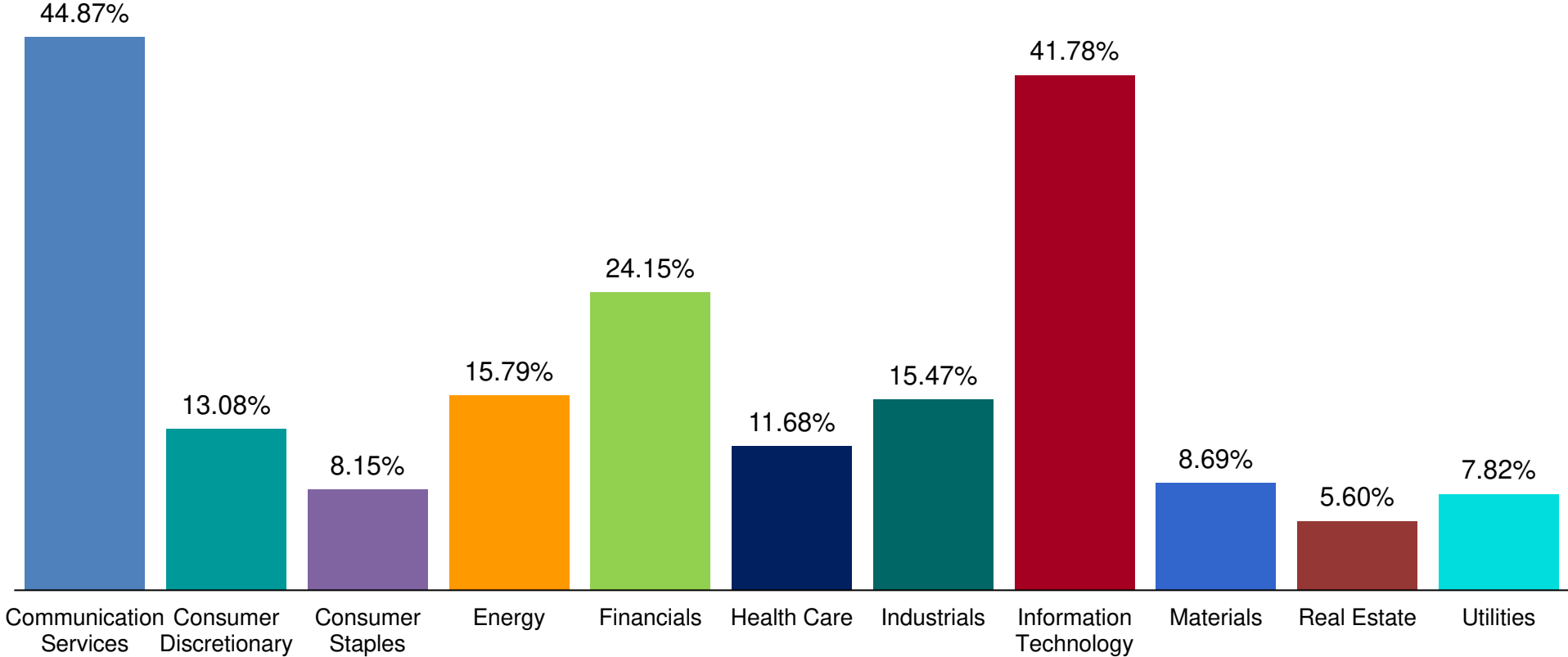
Second Quarter 2024 – Quarter Performance

Industry Sector Quarterly Performance (S&P 500) as of 6/30/2024



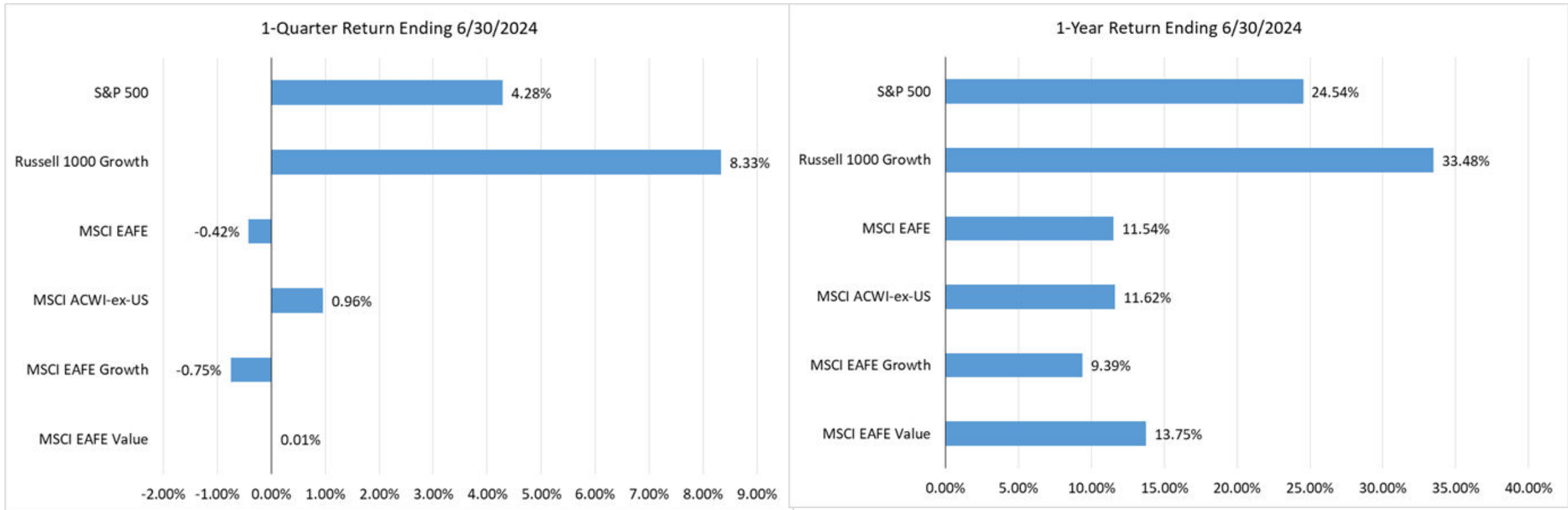
Second Quarter 2024 – Fiscal Year Performance

Industry Sector 1-Year Performance (S&P 500) as of 6/30/2024



Second Quarter 2024 – Global Equities

- U.S equities outperformed International equities
- Opposite of the U.S. equities, EAFE Value outperforms EAFE Growth



July and August 2024

- A faulty update from CrowdStrike, a cybersecurity company, caused Microsoft systems to crash.
- Chinese markets suffered largest decline in six months as economic and geopolitical risks continue.
- Fed's Dudley reversed his stance. He advocated for immediate rate cuts and caused market jitters.
- Bank of Japan raised interest rates which pressured the ¥en carry trade.
- Bank of England cut rates by 25 basis points to 5.00% which prompted concerns that the U.S. Fed was “behind the curve” and the U.S. would experience a hard landing.
- August 2, Japanese stocks plummeted.
- August 2, Fed officials pushed back against a 50 basis point rate cut.
- August 5, Black Monday as Japanese markets had a significant decline. The ¥en crashed from 161.76 to 142.57. The U.S. equity markets reacted as the DJIA plummeted over 1,000 points. The S&P lost 3% as fears of an economic slowdown and overheated gains in the technology sector.
- Fears that the ¥en carry trade is not complete.

Glossary of Terminology

The Super 6 = “MANMAT” = Microsoft, Apple, NVIDIA, Meta (facebook), Amazon, Tesla.

Magnificent 7 = “MANMAT” + Alphabet (Google) = MANMAAT

Fed = The U.S. Federal Reserve Bank

S&P 500 = Standard and Poor’s 500

Q4 = Fourth Quarter

YTD = Year to Date; FYD = Fiscal Year to Date

Bloomberg Agg = Bloomberg Aggregate Index

U.S. T-bill = United States Treasury Bill

Value = Value Stocks

Growth = Growth Stocks

EAFE = Europe Asia Far East

ACWI = All Country World Index

IG = Investment Grade



August 21, 2024

Executive Summary Second Quarter 2024

Arkansas Public Employees
Retirement System

Brianne Weymouth, CAIA
Senior Vice President

John Jackson, CFA
Senior Vice President

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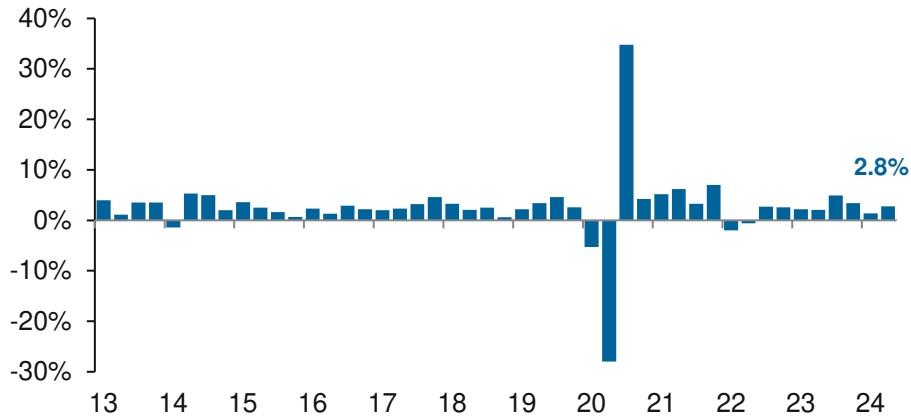


Economic Overview
June 30, 2024

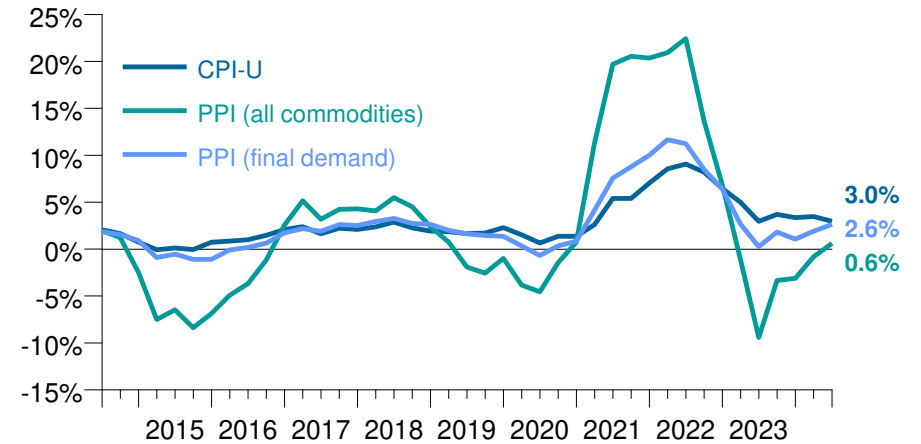
U.S. Economy—Summary

For periods ended 6/30/24

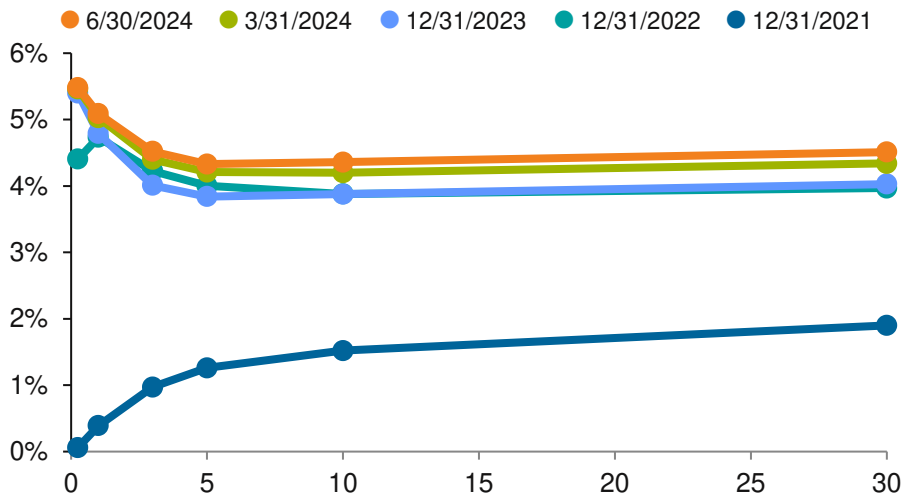
Quarterly Real GDP Growth



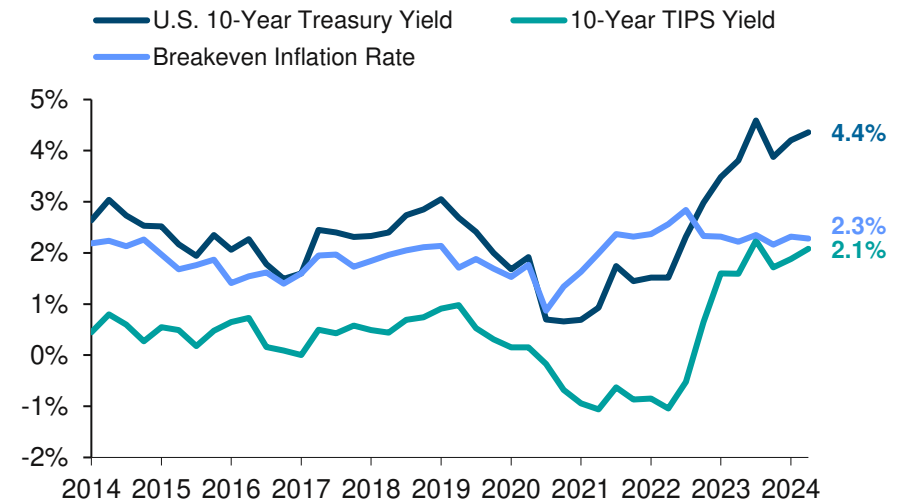
Inflation Year-Over-Year



U.S. Treasury Yield Curves



Historical 10-Year Yields



Sources: Bureau of Labor Statistics, Callan, Federal Reserve



Market Snapshot
June 30, 2024

Global Markets Snapshot

Returns for Periods ended 6/30/24

	Q2 2024	FYTD	1 Year	5 Years	10 Years	25 Years
U.S. Equity						
S&P 500	4.28	24.56	24.56	15.05	12.86	7.67
Russell 1000 Growth	8.33	33.48	33.48	19.34	16.33	8.18
Russell 1000 Value	(2.17)	13.06	13.06	9.01	8.23	6.85
Russell 2000	-3.28	10.06	10.06	6.94	7.00	7.60
Russell 2000 Growth	(2.92)	9.14	9.14	6.17	7.39	6.42
Russell 2000 Value	(3.64)	10.90	10.90	7.07	6.23	8.32
Russell 3000	3.22	23.13	23.13	14.14	12.15	7.82
Global ex-U.S. Equity						
MSCI World ex USA	-0.60	11.22	11.22	6.55	4.27	4.63
MSCI:EAFE	(0.42)	11.54	11.54	6.46	4.33	4.49
MSCI Emerging Markets	5.00	12.55	12.55	3.10	2.79	--
MSCI ACWI ex USA Small Cap	0.66	11.26	11.26	6.13	4.44	6.74
Fixed Income						
Bloomberg Aggregate	0.07	2.63	2.63	-0.23	1.35	3.88
90-day T-Bill	1.32	5.40	5.40	2.16	1.51	1.91
Bloomberg Long Gov/Credit	-1.73	-1.58	-1.58	-2.22	1.65	5.29
Bloomberg Global Agg ex-US	-2.11	-0.66	-0.66	-3.56	-1.86	2.46
Real Estate						
NCREIF Property	-0.26	-5.53	-5.53	3.39	6.07	7.75
NCREIF NFI ODCE Eq Wt Net	-0.82	-10.32	-10.32	2.58	5.80	6.23
FTSE Nareit Equity	0.06	7.79	7.79	3.90	5.90	9.06
Alternatives						
HFRI Fund Weighted	0.54	9.80	9.80	6.67	4.77	6.00
Cambridge Private Equity*	2.61	5.95	5.95	15.39	13.70	13.62
Inflation - CPI-U						
	0.59	2.97	2.97	4.17	2.80	2.58

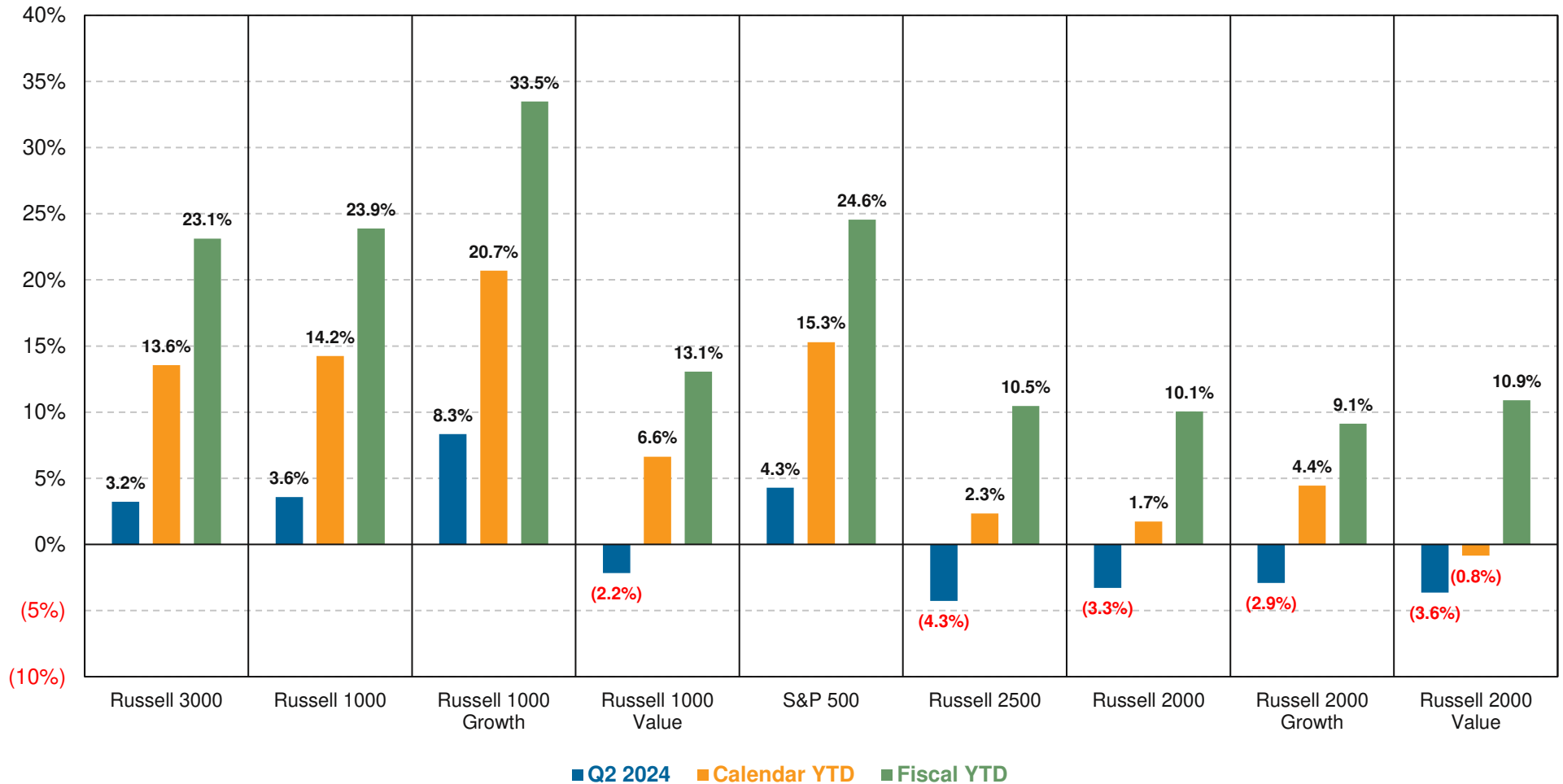
*Cambridge PE data as of 12/31/23

Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

U.S. Equity Market Snapshot: Q2 2024

Broad indices exhibited a strong start to 2024, but performance was uneven

Returns for Periods Ended June 30, 2024

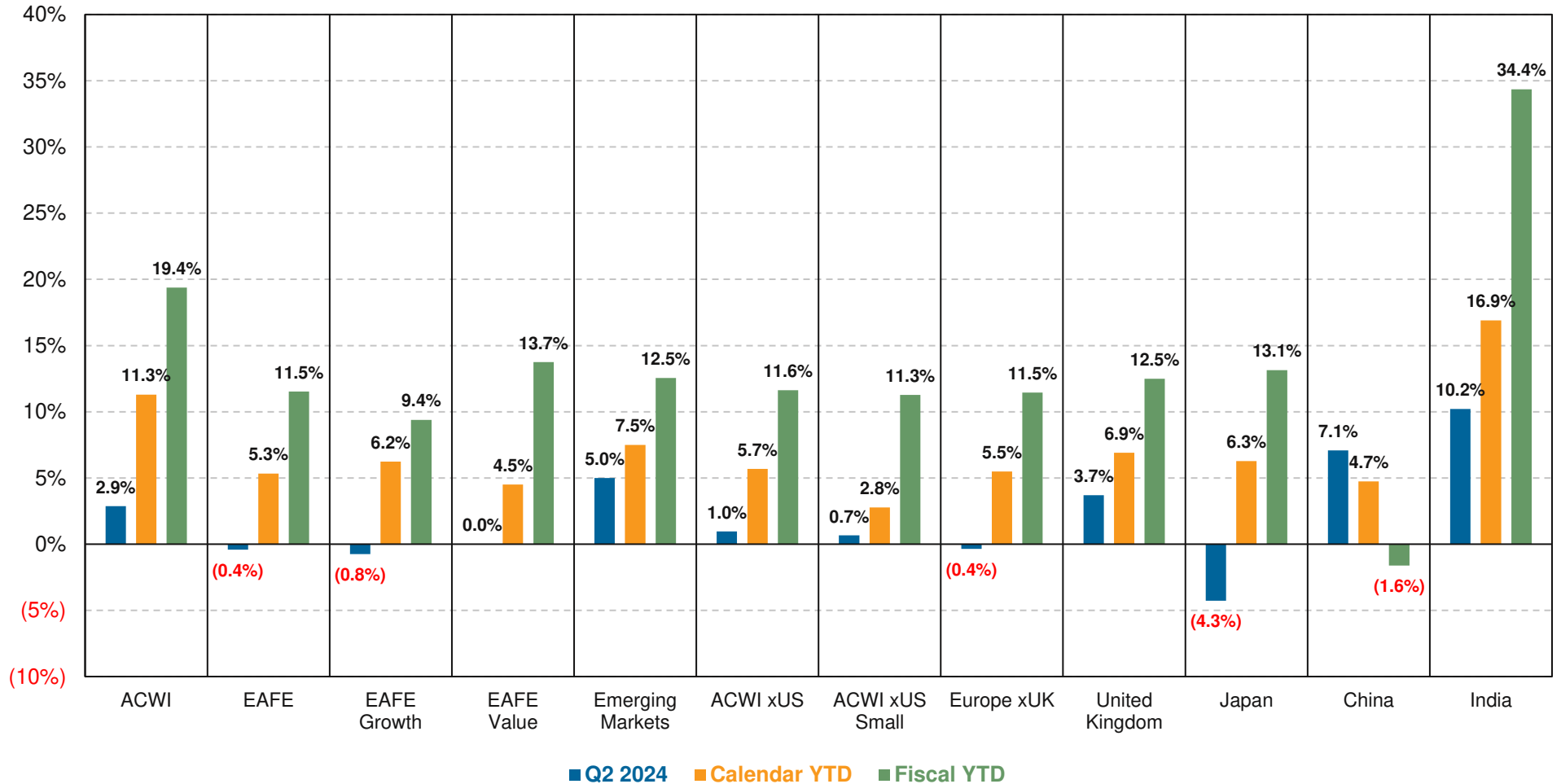


Sources: FTSE Russell, S&P Dow Jones Indices

Global Equity Market Snapshot: Q2 2024

Reversal as China snaps back and Japan lags; India continues to outperform

Returns for Periods Ended June 30, 2024

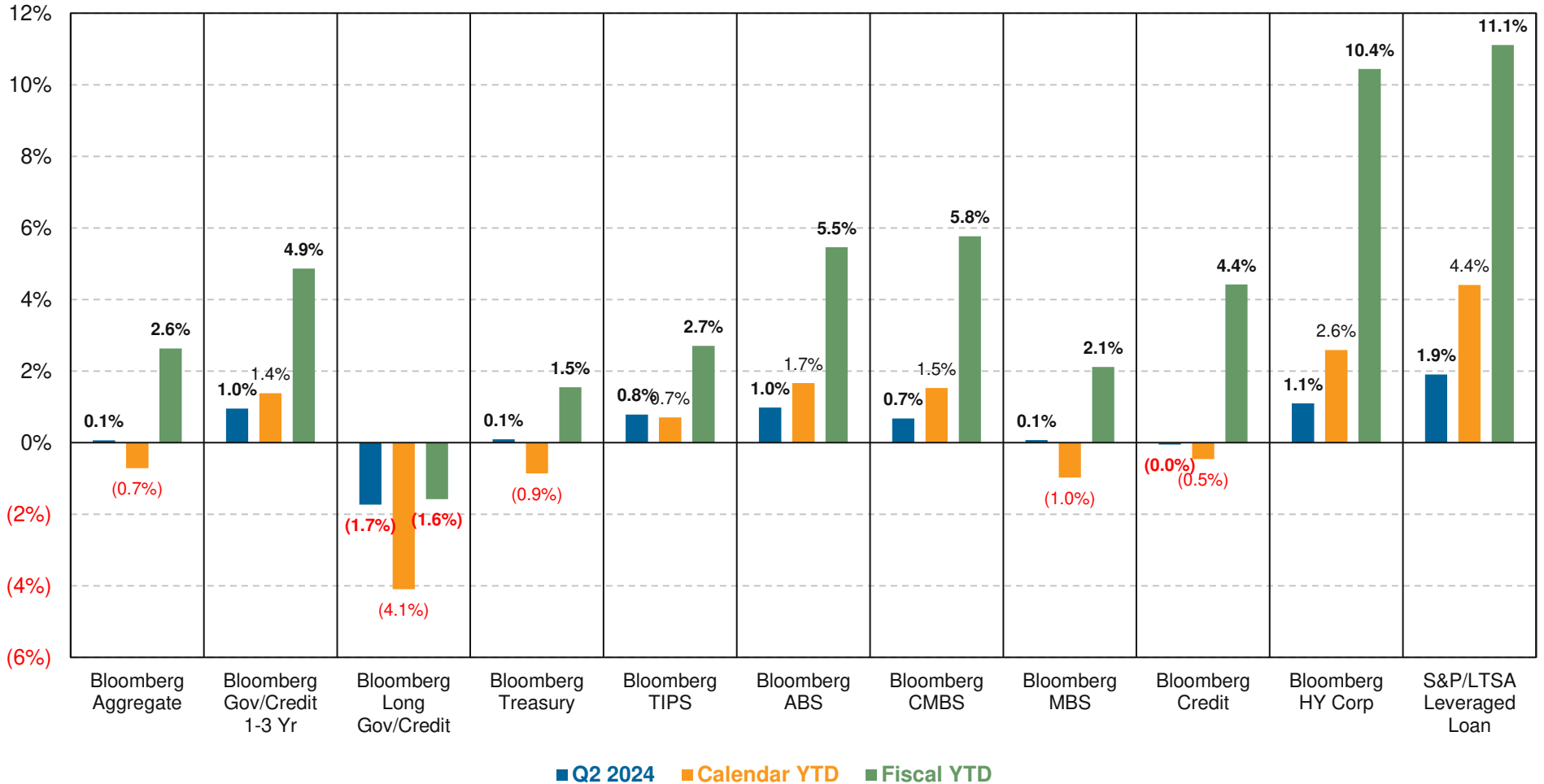


Source: MSCI


U.S. Fixed Income Market Snapshot: Q2 2024

Muted performance across the board

Returns for Periods Ended June 30, 2024



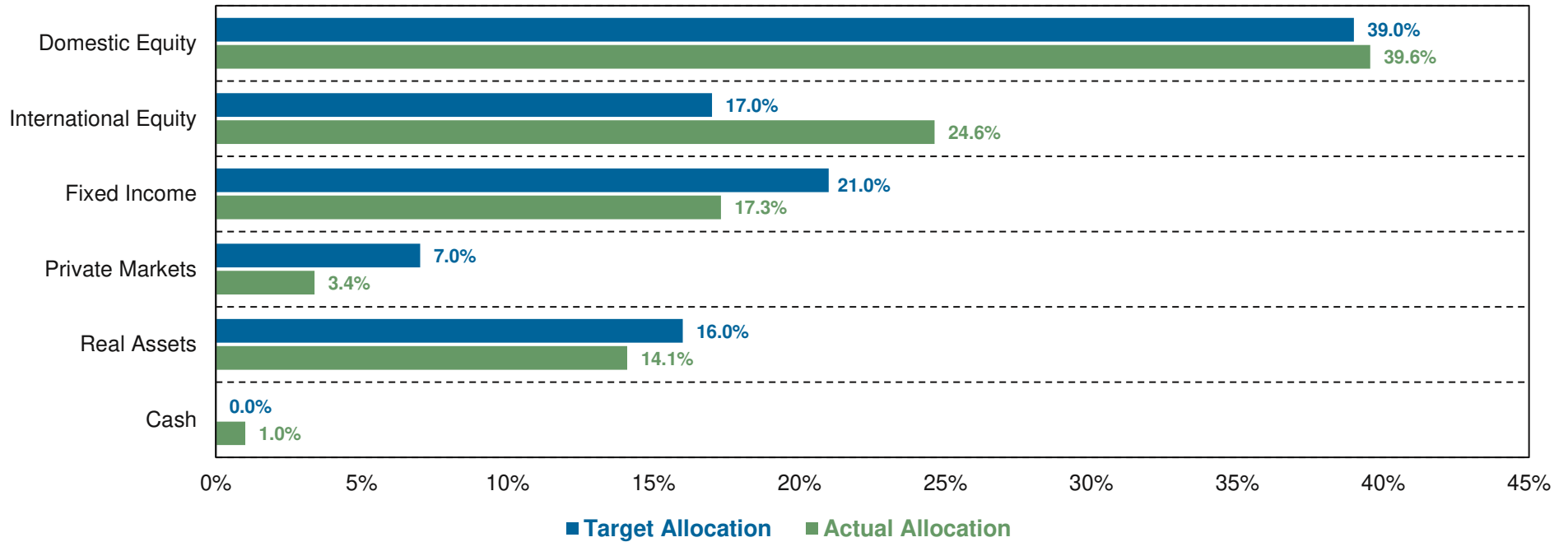
Sources: Bloomberg, Callan, S&P Dow Jones Indices



APERS Portfolio Review
June 30, 2024

Actual vs. Target Asset Allocation*

June 30, 2024



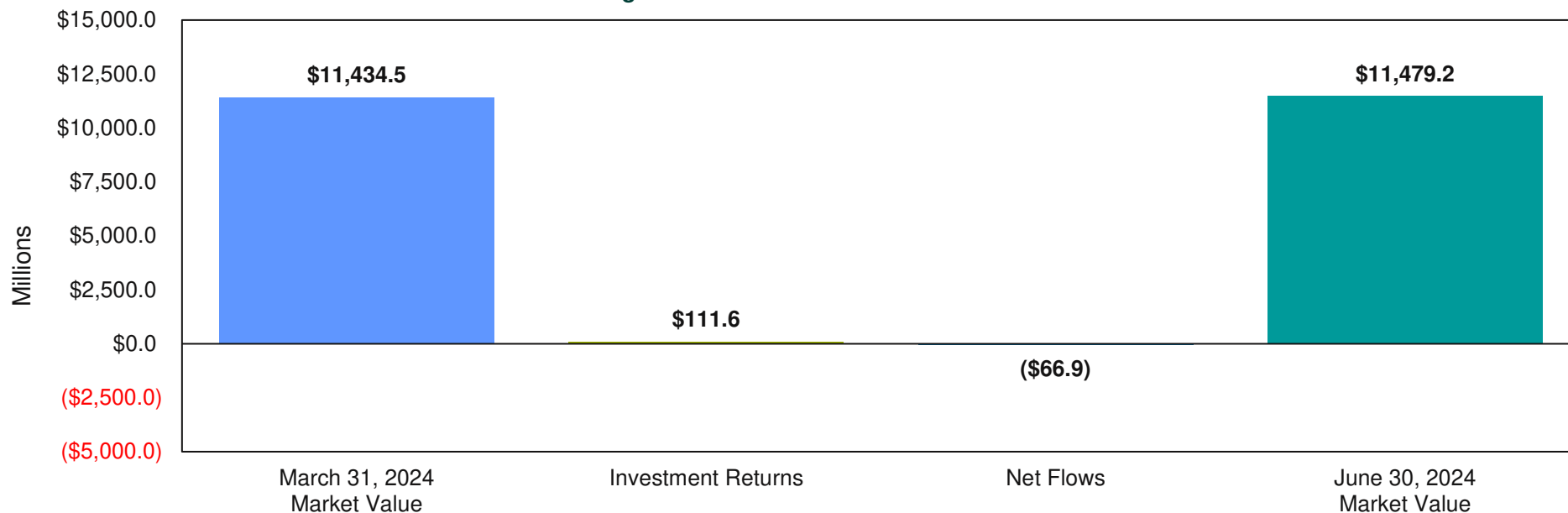
Asset Class	\$Millions Actual	Weight Actual	Min. Target	Target	Max. Target
Domestic Equity	4,541	39.6%	34.0%	39.0%	44.0%
International Equity	2,828	24.6%	12.0%	17.0%	22.0%
Domestic Fixed Income	1,987	17.3%	16.0%	21.0%	26.0%
Alternatives	388	3.4%	2.0%	7.0%	12.0%
Real Assets	1,619	14.1%	11.0%	16.0%	21.0%
Cash	116	1.0%	0.0%	0.0%	5.0%
Total	11,479	100.0%		100.0%	

*The target asset allocation was approved in February 2023. The benchmark will be modified to reflect the new long-term targets when the Private Equity allocation has been fully implemented. Benchmark definitions can be found in the appendix.

Total Fund Asset Summary

June 30, 2024

Changes in Total Fund Assets – Q2 2024



	Beginning Market Value	+	Investment Gain/(Loss)	+	Net Flows	=	Ending Market Value
Q2 2024 (3/31/24 - 6/30/24)	\$11,434,487,782	+	\$111,554,985	+	(\$66,866,690)	=	\$11,479,176,077
Fiscal Year (6/30/23 - 6/30/24)	\$10,691,261,784	+	\$1,088,664,236	+	(\$300,749,943)	=	\$11,479,176,077

Total Fund Performance

June 30, 2024

Returns for Periods Ended June 30, 2024

Group: Callan Public Fund Spr DB

	Q2 2024	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile:	2.13%	13.92%	4.84%	8.90%	7.84%	7.71%
25th Percentile:	1.88%	12.48%	4.03%	8.28%	7.40%	7.42%
Median:	1.38%	11.13%	3.16%	7.70%	6.96%	7.10%
75th Percentile:	0.95%	9.71%	2.34%	6.95%	6.39%	6.71%
90th Percentile:	0.53%	8.49%	1.50%	6.15%	5.85%	6.36%
Total Fund	0.97% (73)	10.42% (63)	2.44% (72)	7.65% (51)	6.90% (53)	7.39% (27)
Benchmark	1.46% (45)	11.32% (48)	3.60% (37)	8.01% (37)	7.06% (44)	7.37% (28)
Peer Universe Constituents	329	329	323	323	304	223

Peer group ranking in parentheses.
Benchmark definitions included in the Appendix.

Total Fund Performance

June 30, 2024

Returns for Periods Ended June 30, 2024
Group: Callan Public Fd V Lg DB (>\$10B)

	Q2 2024	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile:	2.09%	12.15%	6.15%	9.49%	8.06%	7.84%
25th Percentile:	1.72%	10.83%	5.05%	8.78%	7.67%	7.64%
Median	1.45%	10.23%	3.95%	8.12%	7.23%	7.43%
75th Percentile:	1.01%	9.17%	3.03%	7.62%	6.92%	7.14%
90th Percentile:	0.78%	7.80%	2.37%	7.08%	6.44%	6.44%
Total Fund	0.97% (79)	10.42% (44)	2.44% (89)	7.65% (74)	6.90% (77)	7.39% (53)
Benchmark	1.46% (49)	11.32% (21)	3.60% (57)	8.01% (59)	7.06% (64)	7.37% (54)
Peer Universe Constituents	54	54	54	54	52	50

Peer group ranking in parentheses.
Benchmark definitions included in the Appendix.

Asset Class Performance and Market Values

June 30, 2024

	Market Value \$(Dollars)	Ending Weight	Q2 2024	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity <i>Russell:3000 Index</i>	\$4,541,270,314	39.56%	1.13% 3.22%	18.49% 23.13%	18.49% 23.13%	5.41% 8.05%	12.28% 14.14%	10.91% 12.15%
International Equity <i>Int'l Equity Benchmark</i>	\$2,827,846,080	24.63%	0.65% 0.92%	10.90% 11.57%	10.90% 11.57%	0.31% 0.19%	7.05% 4.92%	5.16% 3.57%
Private Markets	\$388,399,810	3.38%	6.83%	24.56%	24.56%	7.60%	7.62%	6.48%
Private Equity <i>PE Benchmark</i>	\$145,640,694	1.27%	16.22% 10.59%	-- --	-- --	-- --	-- --	-- --
Hedge Funds <i>HFRI FOF Index</i>	\$242,759,116	2.11%	1.89% 0.62%	11.82% 8.42%	11.82% 8.42%	6.72% 6.71%	6.45% 5.97%	6.38% 5.42%
Fixed Income <i>Blmbg:Aggregate</i>	\$1,987,383,073	17.31%	0.62% 0.07%	5.48% 2.63%	5.48% 2.63%	(1.96%) (3.02%)	0.98% (0.23%)	2.34% 1.35%
Real Assets <i>Real Assets Benchmark</i>	\$1,618,595,624	14.10%	0.08% (0.26%)	(6.38%) (5.53%)	(6.38%) (5.53%)	3.91% 4.54%	4.92% 5.52%	4.90% 5.49%
REITS <i>S&P DJ US Select REIT</i>	\$12,443,817	0.11%	(0.15%) (0.16%)	7.12% 7.15%	7.12% 7.15%	(0.13%) (0.14%)	2.52% 2.78%	-- 5.17%
Core/Core Plus RE <i>NFI-ODCE Eq Wt Net</i>	\$1,085,035,225	9.45%	(0.44%) (0.82%)	(8.71%) (10.32%)	(8.71%) (10.32%)	2.39% 1.14%	3.11% 2.58%	5.83% 5.80%
Value Add Real Estate <i>NCREIF Total Index</i>	\$318,988,019	2.78%	0.32% (0.26%)	(7.18%) (5.53%)	(7.18%) (5.53%)	9.06% 2.33%	9.92% 3.39%	11.74% 6.07%
Farmland <i>NCREIF Farmland Index</i>	\$101,016,534	0.88%	0.43% (0.21%)	1.86% 2.54%	1.86% 2.54%	-- 6.77%	-- 5.82%	-- 6.90%
Timber <i>NCREIF Timberland Index</i>	\$101,112,028	0.88%	4.78% 1.71%	10.62% 9.84%	10.62% 9.84%	14.39% 10.99%	8.21% 7.18%	3.96% 5.89%
Cash	\$115,681,176	1.01%	1.29%	5.09%	5.09%	3.07%	2.16%	1.50%
Total Fund <i>Total Fund Benchmark</i>	\$11,479,176,077	100.00%	0.97% 1.46%	10.42% 11.32%	10.42% 11.32%	2.44% 3.60%	7.65% 8.01%	6.90% 7.06%

Benchmark definitions included in the Appendix.

Investment Manager Returns and Peer Group Rankings

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years		Last 5 Years		Last 10 Years	
Domestic Equity	1.13%	84	18.49%	84	5.41%	86	12.28%	77	10.91%	72
Russell 3000 Index	3.22%	12	23.13%	15	8.05%	28	14.14%	21	12.15%	23
Pub Pln- Dom Equity	2.16%		21.15%		7.52%		13.31%		11.54%	
Lazard Asset Mgmt.	(0.22%)	55	5.07%	98	2.20%	83	8.24%	96	9.12%	78
Russell 3000 Index	3.22%	23	23.13%	35	8.05%	38	14.14%	34	12.15%	38
Callan All Cap Broad	0.54%		21.28%		7.03%		12.82%		10.95%	
CastleArk	6.67%	1	33.32%	7	11.04%	13	18.55%	7	15.12%	5
Russell 3000 Growth Index	7.80%	1	32.22%	8	10.33%	22	18.55%	7	15.75%	1
Callan All Cap Broad	0.54%		21.28%		7.03%		12.82%		10.95%	
Mellon S&P 500 Index Fd	4.28%	47	24.55%	75	10.01%	55	14.72%	56	12.70%	55
S&P 500 Index	4.28%	47	24.56%	75	10.01%	55	15.05%	48	12.86%	48
Callan Large Cap Core	4.08%		26.57%		10.31%		15.00%		12.79%	
Horrell Capital - Passive	(4.13%)	96	12.84%	87	7.50%	48	12.54%	52	10.59%	55
Bloomberg Arkansas Index	(4.23%)	97	9.52%	92	13.38%	5	17.09%	11	10.03%	62
S&P 500 Index	4.28%	10	24.56%	33	10.01%	23	15.05%	24	12.86%	23
Callan All Cap Broad	0.54%		21.28%		7.03%		12.82%		10.95%	
Mellon Large Cap Growth	8.32%	15	33.53%	42	-	-	-	-	-	-
Russell 1000 Growth Index	8.33%	15	33.48%	42	11.28%	16	19.34%	9	16.33%	15
Callan Large Cap Growth	6.42%		31.92%		8.73%		16.51%		15.26%	
Wellington Management	(1.24%)	42	15.58%	58	7.86%	43	10.63%	58	8.88%	60
Russell 1000 Value Index	(2.17%)	67	13.06%	83	5.52%	82	9.01%	89	8.23%	88
Callan Large Cap Value	(1.58%)		16.26%		7.38%		10.98%		9.20%	
LSV Asset Management	(3.51%)	55	13.74%	48	6.57%	18	10.63%	31	-	-
Russell 2000 Value Index	(3.64%)	57	10.90%	71	(0.53%)	90	7.07%	89	6.23%	97
Callan Small Cap Value	(3.48%)		13.22%		3.65%		9.38%		7.86%	
Stephens Investment Mgmt.	(2.31%)	49	15.36%	18	(0.51%)	28	8.59%	46	9.68%	61
Russell 2000 Growth Index	(2.92%)	62	9.14%	58	(4.86%)	66	6.17%	87	7.39%	99
Callan Small Cap Growth	(2.33%)		10.21%		(2.49%)		8.46%		10.05%	
Froley Revy Investment	0.34%	59	7.87%	32	(3.66%)	94	8.60%	26	7.79%	27
ML All Conv	(0.21%)	72	6.19%	69	(2.31%)	83	9.40%	16	8.15%	17
Callan Convert Bonds DB	0.46%		6.98%		(0.55%)		7.06%		6.32%	

Benchmark definitions included in the Appendix.

Investment Manager Returns and Peer Group Rankings

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years		Last 5 Years		Last 10 Years	
International Equity	0.65%	82	10.90%	85	0.31%	59	7.05%	35	5.16%	46
Benchmark*	0.92%	74	11.57%	73	0.19%	61	4.92%	82	3.58%	90
Pub Pln- Intl Equity	1.62%		12.62%		0.93%		6.63%		4.94%	
Artisan Partners	2.03%	10	14.91%	21	8.27%	1	12.08%	1	8.16%	3
MSCI EAFE	(0.42%)	69	11.54%	44	2.89%	37	6.46%	64	4.33%	78
Callan NonUS Eq	0.23%		11.15%		2.10%		7.10%		5.22%	
Mellon ACWI ex US Fund	1.20%	23	11.82%	42	0.72%	69	5.84%	78	-	
MSCI ACWI ex US	0.96%	26	11.62%	44	0.46%	72	5.55%	84	3.84%	89
Callan NonUS Eq	0.23%		11.15%		2.10%		7.10%		5.22%	
Baillie Gifford Overseas	(0.53%)	71	3.54%	96	(8.91%)	99	3.96%	96	4.48%	75
MSCI ACWIxUS Gross	1.17%	23	12.17%	38	0.97%	65	6.05%	70	4.34%	78
Callan NonUS Eq	0.23%		11.15%		2.10%		7.10%		5.22%	
Lazard Asset Mgmt.	(1.20%)	84	10.47%	55	1.28%	61	5.91%	74	5.03%	55
MSCI ACWIxUS Gross	1.17%	23	12.17%	38	0.97%	65	6.05%	70	4.34%	78
Callan NonUS Eq	0.23%		11.15%		2.10%		7.10%		5.22%	
Acadian ACW ex US SmallCap	3.04%	1	18.39%	7	3.04%	14	-		-	
MSCI ACWI ex US Small Cap	0.66%	9	11.26%	38	(1.45%)	45	6.13%	47	4.44%	78
Callan Intl Small Cap	(1.20%)		9.11%		(2.26%)		5.59%		5.42%	
Franklin Templeton Intl SmallCap	(0.10%)	31	7.22%	65	(3.39%)	58	-		-	
MSCI ACWI ex US Small Cap	0.66%	9	11.26%	38	(1.45%)	45	6.13%	47	4.44%	78
Callan Intl Small Cap	(1.20%)		9.11%		(2.26%)		5.59%		5.42%	

Benchmark definitions included in the Appendix.

Investment Manager Returns and Peer Group Rankings

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years		Last 5 Years		Last 10 Years	
Fixed Income	0.62%	15	5.48%	13	(1.96%)	46	0.98%	42	2.34%	29
Blmbg Aggregate Index	0.07%	82	2.63%	87	(3.02%)	89	(0.23%)	97	1.35%	94
Pub Pln- Dom Fixed	0.25%		4.02%		(2.04%)		0.86%		1.97%	
DoubleLine Capital	0.36%	65	4.27%	51	(1.86%)	19	0.38%	83	-	
MacKay Shields	0.99%	1	6.57%	4	(1.85%)	19	1.57%	13	2.53%	23
PGIM	0.50%	31	5.51%	14	(2.19%)	41	0.93%	43	2.72%	16
Blmbg Aggregate Index	0.07%	96	2.63%	95	(3.02%)	90	(0.23%)	98	1.35%	100
Callan Core Plus FI	0.42%		4.31%		(2.33%)		0.91%		2.25%	
Private Markets	6.83%		24.56%		7.60%		7.62%		6.48%	
Private Equity	16.22%		-		-		-		-	
Benchmark**	10.58%		-		-		-		-	
HarbourVest Dover XI	12.80%		-		-		-		-	
Neuberger Berman Fund of One	27.43%		-		-		-		-	
Benchmark**	10.58%		-		-		-		-	
Hedge Funds of Funds	1.89%		11.82%		6.72%		6.45%		6.38%	
HFRI FOF: Diversified Index***	0.64%		8.44%		6.72%		5.97%		5.42%	
Blackstone Alt. Asset Mgmt.	1.89%	29	11.82%	11	6.72%	12	6.45%	31	6.38%	7
HFRI FOF: Diversified Index***	0.64%	80	8.44%	74	6.72%	12	5.97%	49	5.42%	15
Callan Core Diversif FoF	1.57%		9.98%		4.22%		5.93%		4.52%	

Benchmark definitions included in the Appendix.

Investment Manager Returns and Peer Group Rankings

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years		Last 5 Years		Last 10 Years	
Real Assets	0.08%		(6.38%)		3.91%		4.92%		4.90%	
NCREIF Total Index****	(0.26%)		(5.53%)		4.54%		5.52%		5.48%	
REITS	(0.15%)		7.12%		(0.13%)		2.52%		-	
S&P DJ US Select REIT	(0.16%)		7.15%		(0.14%)		2.78%		5.17%	
MCM EB DV Non-SL REIT Fd	(0.15%)	47	7.12%	52	(0.13%)	47	2.52%	93	-	
S&P DJ US Select REIT	(0.16%)	48	7.15%	48	(0.14%)	48	2.78%	87	5.17%	87
Callan Real Estate REIT	(0.17%)		7.13%		(0.15%)		4.92%		6.58%	
Core/Core-Plus Real Estate	(0.44%)		(8.71%)		2.39%		3.11%			
NCREIF NFI-ODCE Eq Wt Net	(0.82%)		(10.32%)		1.14%		2.58%			
Carlyle Property Investors	0.31%	10	-		-		-		-	
Clarion Lion Industrial Trust	(1.53%)	82	(3.26%)	16	-		-		-	
Invesco Real Estate	(1.29%)	79	(10.49%)	70	0.90%	63	2.33%	66	6.18%	45
Heitman Real Estate Trust LP*****	0.65%	7	(7.66%)	37	4.12%	28	3.98%	37	6.52%	29
NCREIF NFI-ODCE Eq Wt Net	(0.82%)	60	(10.32%)	68	1.14%	59	2.58%	61	5.80%	61
Callan OE Core Cmngld RE	(0.60%)		(8.55%)		1.60%		3.18%		5.96%	
Non-Core Real Estate	0.32%		(7.18%)		9.06%		9.92%		11.74%	
NCREIF Total Index	(0.26%)		(5.53%)		2.33%		3.39%		6.07%	
Harrison Street Fund VIII	(0.14%)		0.07%		-		-		-	
Harrison Street Fund IX	0.00%		-		-		-		-	
Heitman Value Partners IV	0.32%		11.38%		13.26%		13.12%		-	
LaSalle Inc & Growth VI LP	(8.13%)		(17.07%)		(16.13%)		(11.70%)		0.03%	
LaSalle Inc & Growth VII LP	(2.06%)		(45.04%)		(16.17%)		(9.13%)		-	
Starwood SOF XII	3.25%		10.37%		-		-		-	
TA Realty XII	0.94%		(8.13%)		15.50%		-		-	
TA Realty XIII	(1.43%)		-		-		-		-	
NCREIF Total Index	(0.26%)		(5.53%)		2.33%		3.39%		6.07%	
Farmland	0.43%		1.86%		-		-		-	
IFC Core Farmland Fund	1.18%		6.09%		-		-		-	
PGIM Agriculture	(0.39%)		(3.40%)		-		-		-	
NCREIF Farmland Index	(0.21%)		2.54%		6.77%		5.82%		6.90%	
Timber	4.78%		10.62%		14.39%		8.21%		3.96%	
Pinnacle	4.78%		10.62%		14.39%		8.21%		3.96%	
NCREIF Timberland Index	1.71%		9.84%		10.99%		7.18%		5.89%	
Cash	1.29%		5.09%		3.07%		2.16%		1.50%	
Total Fund	0.97%	73	10.42%	63	2.44%	72	7.65%	51	6.90%	53
Benchmark*	1.46%	45	11.32%	48	3.60%	37	8.01%	37	7.06%	44
Callan Public Fund Spr DB	1.38%		11.13%		3.16%		7.70%		6.96%	

Benchmark definitions included in the Appendix.

Organizational Developments

2nd Quarter 2024

CastleArk – Domestic Equity

In July 2024, Callan was informed that David Bucolo, Senior Research Analyst on the Large Cap Growth team, left the firm to pursue another opportunity within the industry. CastleArk has started the interview process to replace David and will follow up once the new hire is announced.

No action required.

LaSalle Investment Management – Value Add Private Real Estate

June 2024 – Kristy Heuberger, co-head of Americas and head of asset management, will be leaving LaSalle in summer 2024 to pursue other opportunities. Her responsibilities as head of asset management will be taken over by Kyle Dupree, currently the residential sector lead. Brad Gries, currently co-head of Americas alongside Ms. Heuberger, will become the sole head of the Americas division.

April 2024 – It was announced that Joe Munoz, Portfolio Manager for LaSalle Value Partners, has departed LaSalle to pursue another opportunity. Jeff Shuster (Head of investments for Fund VIII, IX, and portfolio construction with Munoz) will be assuming the PM role.

No action required.

Work Plan Update

Annual Work Plan

Agenda Item	Frequency	Last Completed	Scheduled Review
Performance Measurement Reports	Quarterly	08/2024	11/2024
Quarterly Board Meetings	Quarterly	08/2024	11/2024
Customized Board Education Sessions	As Needed	05/2023	As Needed
Investment Policy Statement Review	Annual	11/2023	11/2024

Multi-Year Work Plan

Agenda Item	Frequency	Last Completed	Scheduled Review
Asset/Liability Study	5-7 years	02/2019	2024 – 2026
Asset Allocation Analysis	3 years	12/2023	2026 – 2029
Domestic Equity Structure Review	3-5 years	08/2022	2025 – 2027
Non-U.S. Equity Structure Review	3-5 years	11/2020	2023 – 2025
Fixed Income Structure Review	3-5 years	11/2023	2026 – 2028
Real Assets Structure & Pacing Analysis	1-3 years	05/2021	2022 – 2024
Private Equity Structure & Pacing Analysis	1-3 years	05/2023	2024 – 2026



Appendix

Benchmark Definitions

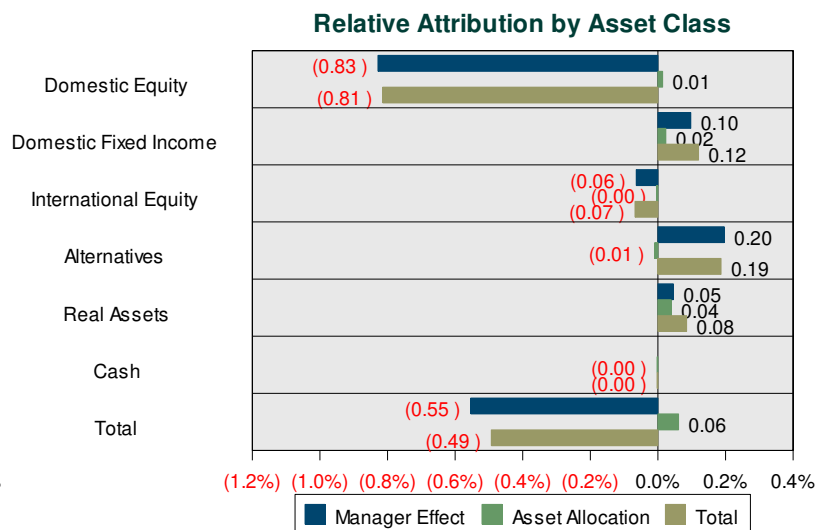
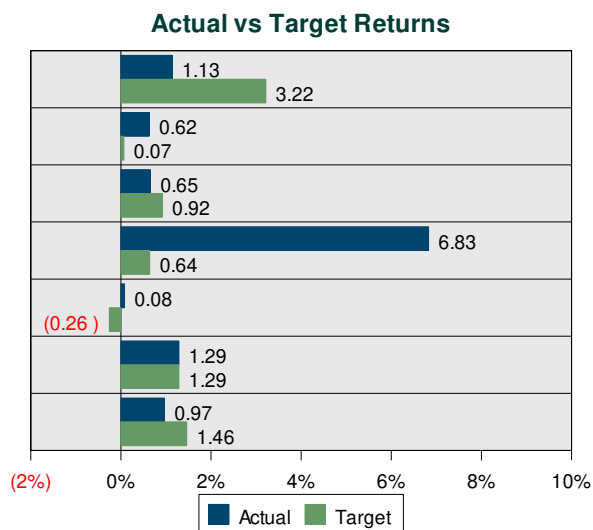
1. **Total Fund Benchmark (Target):** Blend of asset class benchmarks at policy weights. The Long-Term Target was established in February 2023; however, the benchmark will be modified in accordance with the actual implementation. This process reflects the practical implementation of the strategic long-term asset allocation.

	Long-Term Target	2Q 2024 Target
Domestic Equity	39.0%	39.0%
International Equity	17.0	24.0
Fixed Income	21.0	19.0
Real Assets	16.0	16.0
Private Markets	7.0	2.0
- Private Equity	5.0	0.0
- Hedge Funds	2.0	2.0
Total Target	100.0%	100.0%

2. **Domestic Equity Benchmark:** Russell 3000 Index
3. **International Equity Benchmark:** MSCI ACWI xUS IMI Index; Prior to 12/31/2020 MSCI EAFE Index
4. **Fixed Income Benchmark:** Bloomberg Aggregate Index
5. **Real Assets Benchmark:** NCREIF Total Index; Prior to 7/1/2023 CPI All Urban Consumers + 4%
6. **Private Equity Benchmark:** Russell 3000 Index +3%, lagged one quarter.
7. **Hedge Funds Benchmark:** HFRI Diversified Index; Prior to 7/1/2023 60% MSCI World and 40% Bloomberg Aggregate.

Total Fund Relative Attribution – Q2 2024

June 30, 2024



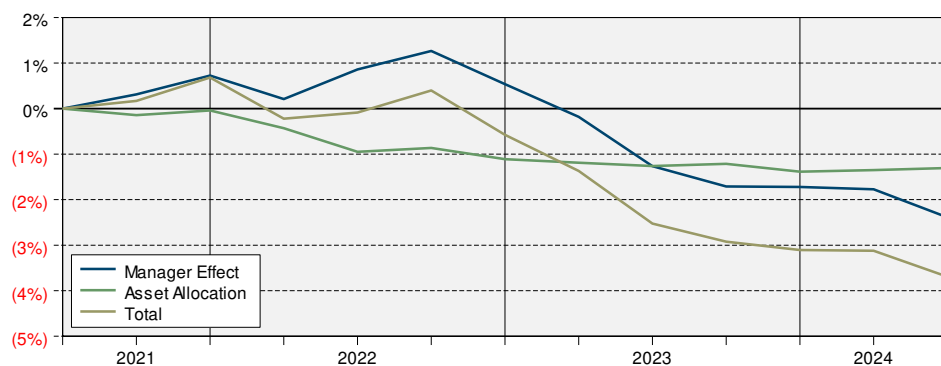
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	40%	39%	1.13%	3.22%	(0.83%)	0.01%	(0.81%)
Fixed Income	17%	19%	0.62%	0.07%	0.10%	0.02%	0.12%
International Equity	25%	24%	0.65%	0.92%	(0.06%)	(0.00%)	(0.07%)
Private Markets	3%	2%	6.83%	0.64%	0.20%	(0.01%)	0.19%
Real Assets	14%	16%	0.08%	(0.26%)	0.05%	0.04%	0.08%
Cash	1%	0%	1.29%	1.29%	0.00%	(0.00%)	(0.00%)
Total			0.97%	1.46%	(0.55%)	0.06%	(0.49%)

Benchmark definitions included in the Appendix.

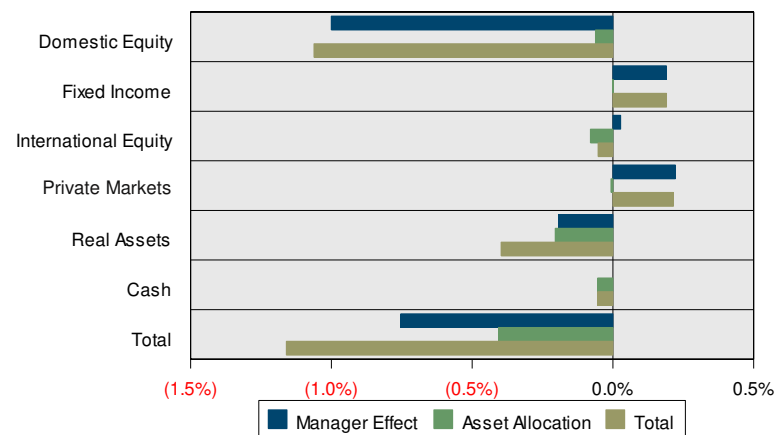
Total Fund Relative Attribution – 3 Years

June 30, 2024

Cumulative Relative Attribution Effects



3-Year Annualized Relative Attribution Effects



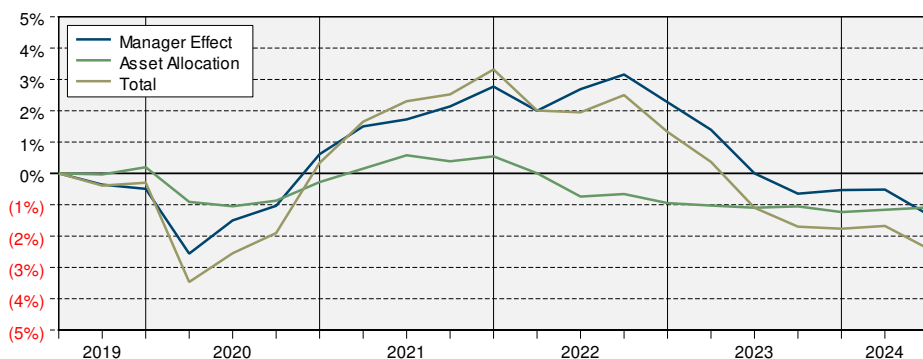
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	5.41%	8.05%	(1.00%)	(0.06%)	(1.06%)
Fixed Income	18%	18%	(1.96%)	(3.02%)	0.19%	0.00%	0.19%
International Equity	25%	24%	0.31%	0.19%	0.03%	(0.08%)	(0.05%)
Private Markets	4%	4%	7.60%	1.58%	0.22%	(0.01%)	0.22%
Real Assets	14%	16%	3.91%	4.54%	(0.19%)	(0.20%)	(0.40%)
Cash	1%	0%	3.07%	3.07%	0.00%	(0.05%)	(0.05%)
Total			2.44%	3.60%	+ (0.75%)	+ (0.41%)	(1.16%)

Benchmark definitions included in the Appendix.

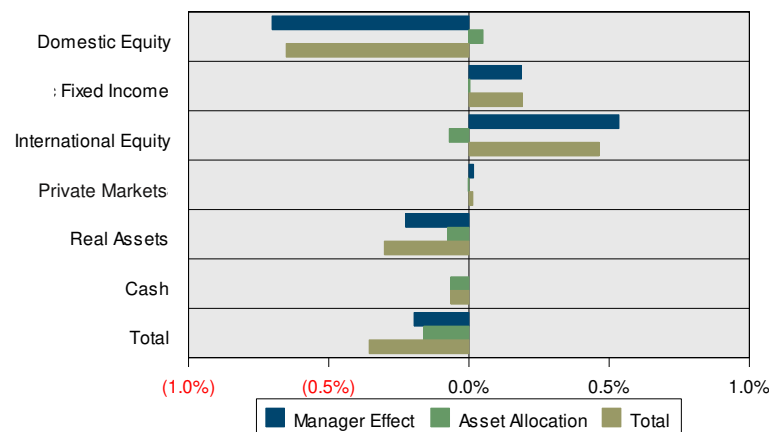
Total Fund Relative Attribution – 5 Years

June 30, 2024

Cumulative Relative Attribution Effects



5-Year Annualized Relative Attribution Effects



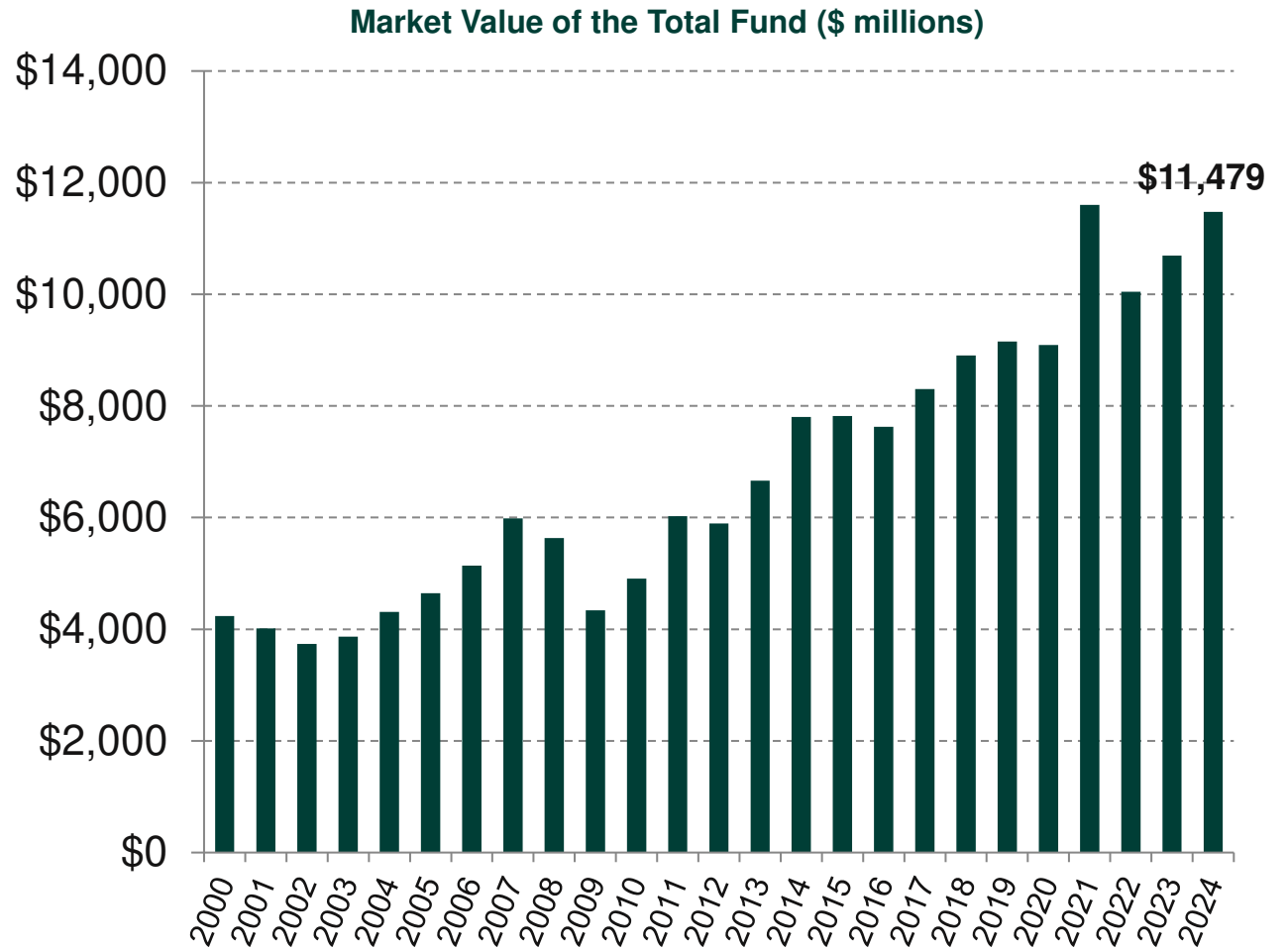
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	37%	12.28%	14.14%	(0.70%)	0.05%	(0.65%)
Fixed Income	17%	18%	0.98%	(0.23%)	0.19%	0.00%	0.19%
International Equity	25%	24%	7.05%	4.92%	0.53%	(0.07%)	0.46%
Private Markets	4%	4%	7.62%	6.39%	0.02%	(0.00%)	0.01%
Real Assets	14%	16%	4.92%	5.52%	(0.23%)	(0.08%)	(0.30%)
Cash	1%	0%	2.16%	2.16%	0.00%	(0.06%)	(0.06%)
Total			7.65%	8.01%	+ (0.20%)	+ (0.16%)	(0.36%)

Benchmark definitions included in the Appendix.

Historical Market Values of the Total Fund

Fiscal Year-End Market Values

Fiscal Year Ending	Market Value
2000	\$4,236,749,732
2001	\$4,012,745,608
2002	\$3,739,381,695
2003	\$3,869,787,673
2004	\$4,307,589,827
2005	\$4,642,924,118
2006	\$5,136,985,259
2007	\$5,985,111,493
2008	\$5,633,155,289
2009	\$4,341,419,711
2010	\$4,907,734,835
2011	\$6,022,965,592
2012	\$5,896,862,618
2013	\$6,662,631,673
2014	\$7,800,291,923
2015	\$7,820,289,128
2016	\$7,624,665,446
2017	\$8,301,352,120
2018	\$8,904,393,859
2019	\$9,153,121,783
2020	\$9,093,497,703
2021	\$11,602,695,185
2022	\$10,042,629,672
2023	\$10,691,261,784
2024	\$11,479,176,077



Asset Distribution Across Investment Managers

June 30, 2024

	June 30, 2024			March 31, 2024		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equity	\$4,541,270,314	39.56%	\$(93,846,056)	\$52,836,642	\$4,582,279,727	40.07%
Lazard Asset Mgmt.	512,688,063	4.47%	(20,400,767)	(1,355,344)	534,444,174	4.67%
CastleArk Mgmt. LLC	670,854,772	5.84%	9,260,512	41,997,702	619,596,559	5.42%
Mellon S&P 500 Index Fd	766,895,908	6.68%	(15,021,621)	32,128,438	749,789,091	6.56%
Horrell Capital - Passive	232,996,159	2.03%	(97,347)	(10,049,304)	243,142,810	2.13%
Mellon Large Cap Growth	43,359,992	0.38%	(3,586)	3,331,876	40,031,703	0.35%
Wellington Management	499,380,752	4.35%	(30,408,983)	(6,360,073)	536,149,808	4.69%
William Blair LCG	483,639,549	4.21%	(282,634)	21,615,141	462,307,042	4.04%
Intech	0	0.00%	0	(6,841)	6,841	0.00%
Stephens Mid Cap Growth	336,585,156	2.93%	340,442,703	(3,857,547)	-	-
LSV Asset Management	381,007,229	3.32%	(25,592,660)	(13,969,796)	420,569,685	3.68%
Stephens Investment Mgmt.	199,105,050	1.73%	(341,319,270)	(12,012,339)	552,436,659	4.83%
Foley Revy Investment	414,757,684	3.61%	(10,422,402)	1,374,730	423,805,356	3.71%
International Equity	\$2,827,846,080	24.63%	\$(2,573,770)	\$18,325,657	\$2,812,094,193	24.59%
Artisan Partners	727,913,592	6.34%	(958,806)	14,467,483	714,404,916	6.25%
Mellon ACWI ex US Fund	630,339,627	5.49%	(72,492)	7,501,644	622,910,475	5.45%
Baillie Gifford Overseas	510,787,337	4.45%	(516,882)	(2,765,216)	514,069,435	4.50%
Lazard Asset Mgmt.	578,988,242	5.04%	(449,745)	(7,042,191)	586,480,178	5.13%
Acadian ACW ex US SmallCap	215,330,175	1.88%	(312,582)	6,340,613	209,302,145	1.83%
Franklin Templeton Intl SmallCap	164,487,107	1.43%	(263,263)	(176,675)	164,927,045	1.44%
Fixed Income	\$1,987,383,073	17.31%	\$(962,466)	\$12,315,873	\$1,976,029,667	17.28%
DoubleLine Capital	624,784,855	5.44%	(292,597)	2,251,896	622,825,556	5.45%
MacKay Shields	679,897,868	5.92%	(334,730)	6,687,090	673,545,508	5.89%
PGIM	682,700,350	5.95%	(335,140)	3,376,888	679,658,602	5.94%
Private Markets						
Private Equity	\$145,640,694	1.27%	\$3,976,077	\$20,978,409	\$120,686,208	1.06%
HarbourVest Dover XI	108,366,327	0.94%	(2,523,923)	12,954,042	97,936,208	0.86%
Neuberger Berman Fund of One	37,274,367	0.32%	6,500,000	8,024,367	22,750,000	0.20%
Hedge Funds	\$242,759,116	2.11%	\$(608,447)	\$4,504,637	\$238,862,926	2.09%
Blackstone Alt. Asset Mgmt	242,759,116	2.11%	(608,447)	4,504,637	238,862,926	2.09%

Asset Distribution Across Investment Managers

June 30, 2024

	June 30, 2024			March 31, 2024		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Real Assets	\$1,618,595,624	14.10%	\$103,629,850	\$1,141,384	\$1,513,824,389	13.24%
REITS	\$12,443,817	0.11%	\$(1,550)	\$(19,247)	\$12,464,614	0.11%
MCM EB DV Non-SL REIT Fd	12,443,817	0.11%	(1,550)	(19,247)	12,464,614	0.11%
Core/Core-Plus Real Estate	\$1,085,035,225	9.45%	\$80,420,558	\$(4,829,426)	\$1,009,444,093	8.83%
Carlyle Property Investors	81,486,019	0.71%	(405,818)	251,047	81,640,790	0.71%
Clarion Lion Industrial Trust	78,011,272	0.68%	(472,454)	(1,216,558)	79,700,284	0.70%
Invesco Real Estate	516,250,020	4.50%	(545,180)	(6,763,968)	523,559,168	4.58%
Heitman Real Estate Tr LP	323,479,184	2.82%	(3,155,991)	2,091,324	324,543,851	2.84%
Principal Enh. Property Fd	85,808,730	0.75%	85,000,000	808,730	-	-
Non-Core Real Estate	\$318,988,019	2.78%	\$24,652,164	\$923,655	\$293,412,200	2.57%
Harrison Street Fund VIII	48,780,029	0.42%	18,679	(68,716)	48,830,066	0.43%
Harrison Street Fund IX	31,489,774	0.27%	3,531,782	0	27,957,992	0.24%
Heitman Value Partners IV	46,221,898	0.40%	439,103	149,568	45,633,227	0.40%
LaSalle Inc & Growth VI LP	4,601,156	0.04%	0	(406,989)	5,008,145	0.04%
LaSalle Inc & Growth VII LP	15,331,636	0.13%	(62,893)	(323,303)	15,717,832	0.14%
Starwood SOF XII	41,341,952	0.36%	(232,951)	1,302,161	40,272,742	0.35%
TA Realty XI	363,979	0.00%	(1,203,303)	(388,537)	1,955,819	0.02%
TA Realty XII	94,496,345	0.82%	(138,958)	881,623	93,753,680	0.82%
TA Realty XIII	36,361,251	0.32%	22,300,706	(222,153)	14,282,698	0.12%
Farmland	\$101,016,534	0.88%	\$(722,637)	\$429,048	\$101,310,123	0.89%
IFC Core Farmland Fund	52,719,017	0.46%	(605,999)	617,990	52,707,026	0.46%
PGIM Agriculture	48,297,517	0.42%	(116,638)	(188,942)	48,603,097	0.43%
Timber	\$101,112,028	0.88%	\$(718,685)	\$4,637,354	\$97,193,359	0.85%
Pinnacle	101,112,028	0.88%	(718,685)	4,637,354	97,193,359	0.85%
Cash	\$115,681,176	1.01%	\$(76,481,878)	\$1,452,382	\$190,710,672	1.67%
Composite Fund	\$11,479,176,077	100.00%	\$(66,866,690)	\$111,554,985	\$11,434,487,782	100.00%

Investment Manager Returns – Net of Fees

June 30, 2024

	Q2 2024	Fiscal Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
Domestic Equity	1.04%	18.12%	5.07%	11.91%
Russell 3000 Index	3.22%	23.13%	8.05%	14.14%
Pub Pln- Dom Equity	2.16%	21.15%	7.52%	13.31%
Lazard Asset Mgmt.	(0.30%)	4.75%	1.89%	7.92%
Russell 3000 Index	3.22%	23.13%	8.05%	14.14%
Callan All Cap Broad	0.54%	21.28%	7.03%	12.82%
CastleArk	6.54%	32.78%	10.65%	18.15%
Russell 3000 Growth Index	7.80%	32.22%	10.33%	18.55%
Callan All Cap Broad	0.54%	21.28%	7.03%	12.82%
Mellon S&P 500 Index Fd	4.28%	24.53%	10.00%	14.70%
S&P 500 Index	4.28%	24.56%	10.01%	15.05%
Callan Large Cap Core	4.08%	26.57%	10.31%	15.00%
Horrell Capital - Passive	(4.17%)	12.66%	7.33%	12.36%
Bloomberg Arkansas Index	(4.23%)	9.52%	13.38%	17.09%
S&P 500 Index	4.28%	24.56%	10.01%	15.05%
Callan All Cap Broad	0.54%	21.28%	7.03%	12.82%
Mellon Large Cap Growth	8.31%	33.47%	-	-
Russell 1000 Growth Index	8.33%	33.48%	11.28%	19.34%
Callan Large Cap Growth	6.42%	31.92%	8.73%	16.51%
Wellington Management	(1.32%)	15.22%	7.53%	10.30%
Russell 1000 Value Index	(2.17%)	13.06%	5.52%	9.01%
Callan Large Cap Value	(1.58%)	16.26%	7.38%	10.98%
William Blair LCG	4.68%	-	-	-
Russell 1000 Growth Index	8.33%	33.48%	11.28%	19.34%
Callan Large Cap Growth	6.42%	31.92%	8.73%	16.51%
LSV Asset Management	(3.66%)	13.07%	5.97%	10.01%
Russell 2000 Value Index	(3.64%)	10.90%	(0.53%)	7.07%
Callan Small Cap Value	(3.48%)	13.22%	3.65%	9.38%
Stephens Investment Mgmt.	(2.58%)	14.49%	(1.18%)	7.87%
Russell 2000 Growth Index	(2.92%)	9.14%	(4.86%)	6.17%
Callan Small Cap Growth	(2.33%)	10.21%	(2.49%)	8.46%
Froley Revy Investment	0.24%	7.43%	(4.05%)	8.17%
ML All Conv	(0.21%)	6.19%	(2.31%)	9.40%
Callan Convert Bonds DB	0.46%	6.98%	(0.55%)	7.06%

Benchmark definitions included in the Appendix.

Investment Manager Returns – Net of Fees

June 30, 2024

	Q2 2024	Fiscal Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
International Equity	0.56%	10.49%	(0.05%)	6.69%
Benchmark*	0.92%	11.57%	0.19%	4.92%
Pub Pln- Intl Equity	1.62%	12.62%	0.93%	6.63%
Artisan Partners	1.89%	14.30%	7.70%	11.48%
MSCI EAFE	(0.42%)	11.54%	2.89%	6.46%
Callan NonUS Eq	0.23%	11.15%	2.10%	7.10%
Mellon ACWI ex US Fund	1.19%	11.76%	0.66%	5.78%
MSCI ACWI ex US	0.96%	11.62%	0.46%	5.55%
Callan NonUS Eq	0.23%	11.15%	2.10%	7.10%
Baillie Gifford Overseas	(0.64%)	3.12%	(9.27%)	3.56%
MSCI ACWIxUS Gross	1.17%	12.17%	0.97%	6.05%
Callan NonUS Eq	0.23%	11.15%	2.10%	7.10%
Lazard Asset Mgmt.	(1.28%)	10.13%	0.97%	5.58%
MSCI ACWIxUS Gross	1.17%	12.17%	0.97%	6.05%
Callan NonUS Eq	0.23%	11.15%	2.10%	7.10%
Acadian ACW ex US SmallCap	2.88%	17.67%	2.40%	-
MSCI ACWI ex US Small Cap	0.66%	11.26%	(1.45%)	6.13%
Callan Intl Small Cap	(1.20%)	9.11%	(2.26%)	5.59%
Franklin Templeton Intl SmallCap	(0.27%)	6.50%	(4.03%)	-
MSCI ACWI ex US Small Cap	0.66%	11.26%	(1.45%)	6.13%
Callan Intl Small Cap	(1.20%)	9.11%	(2.26%)	5.59%

Benchmark definitions included in the Appendix.

Investment Manager Returns – Net of Fees

June 30, 2024

	Q2 2024	Fiscal Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
Fixed Income	0.57%	5.27%	(2.15%)	0.78%
Blmbg Aggregate Index	0.07%	2.63%	(3.02%)	(0.23%)
Pub Pln- Dom Fixed	0.25%	4.02%	(2.04%)	0.86%
DoubleLine Capital	0.31%	4.07%	(2.04%)	0.20%
Mackay Shields	0.94%	6.36%	(2.05%)	1.37%
PGIM	0.45%	5.30%	(2.39%)	0.73%
Blmbg Aggregate Index	0.07%	2.63%	(3.02%)	(0.23%)
Callan Core Plus FI	0.42%	4.31%	(2.33%)	0.91%
Private Markets				
Private Equity	14.03%	-	-	-
Benchmark**	10.58%	-	-	-
HarbourVest Dover XI	10.04%	-	-	-
Neuberger Berman Fund of One	27.43%	-	-	-
Benchmark**	10.58%	-	-	-
Hedge Funds of Funds	1.63%	10.69%	5.65%	5.38%
HFRI FOF: Diversified Index***	0.64%	8.44%	1.58%	6.39%
Blackstone Alt. Asset Mgmt.	1.63%	10.69%	5.65%	5.38%
HFRI FOF: Diversified Index****	0.64%	8.44%	6.72%	5.97%
Callan Core Diversif FoF	1.57%	9.98%	4.22%	5.93%

Benchmark definitions included in the Appendix.

Investment Manager Returns – Net of Fees

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years	Last 5 Years		
NET OF FEE RETURNS								
Real Assets	(0.13%)				3.00%		4.03%	
NCREIF Total Index*****	(0.26%)				4.54%		5.52%	
REITS	(0.17%)				(0.20%)		2.46%	
S&P DJ US Select REIT	(0.16%)				(0.14%)		2.78%	
MCM EB DV Non-SL REIT Fd	(0.15%)	47	7.12%	52	(0.13%)	47	2.52%	93
S&P DJ US Select REIT	(0.16%)	48	7.15%	48	(0.14%)	48	2.78%	87
Callan Real Estate REIT	(0.17%)		7.13%		(0.15%)		4.92%	
Core/Core-Plus Real Estate	(0.62%)				1.88%		2.60%	
NCREIF NFI-ODCE Eq Wt Net	(0.82%)				1.14%		2.58%	
Invesco Real Estate	(1.40%)	80	(10.84%)	71	0.54%	67	1.97%	76
Heitman Real Estate Trust LP	0.47%	8	(8.15%)	41	3.45%	32	3.25%	43
NFI-ODCE Equal Weight Net	(0.82%)	60	(10.32%)	68	1.14%	59	2.58%	61
Callan OE Core Cmngld RE	(0.60%)		(8.55%)		1.60%		3.18%	
Non-Core Real Estate	0.11%				6.73%		7.34%	
NCREIF Total Index	(0.26%)		(5.53%)		2.33%		3.39%	
Carlyle Property Investors	(0.19%)		-		-		-	
Clarion Lion Industrial Trust	(2.12%)		(4.70%)		-		-	
Harrison Street Fund VIII	(0.10%)		1.53%		-		-	
Heitman Value Partners IV	0.14%		10.49%		12.42%		12.15%	
LaSalle Inc & Growth VI LP	(8.13%)		(17.07%)		(16.39%)		(12.16%)	
LaSalle Inc & Growth VII LP	(2.46%)		(45.88%)		(17.14%)		(10.19%)	
Starwood SOF XII	2.65%		6.85%		-		-	
TA Realty XII	0.89%		(6.54%)		12.52%		-	
TA Realty XIII	(2.68%)		-		-		-	
NCREIF Total Index	(0.26%)		(5.53%)		2.33%		3.39%	
Farmland	(0.10%)				-		-	
IFC Core Farmland Fund	0.38%		2.17%		-		-	
PGIM Agriculture	(0.63%)		(4.42%)		-		-	
NCREIF Farmland Index	(0.21%)		2.54%		6.77%		5.82%	
Timber	4.55%				13.36%		7.24%	
Pinnacle	4.55%		9.62%		13.36%		7.24%	
NCREIF Timberland Index	1.71%		9.84%		10.99%		7.18%	
Cash	1.29%				3.07%		2.16%	
Total Fund	0.84%	81	9.97%	72	2.01%	82	7.22%	66
Callan Public Fund Spr DB	1.38%		11.13%		3.16%		7.70%	
Total Fund ex Cash	0.83%	81	10.01%	71	2.03%	82	7.25%	65
Benchmark*	1.46%	45	11.32%	48	3.60%	37	8.01%	37
Callan Public Fund Spr DB	1.38%		11.13%		3.16%		7.70%	

Benchmark definitions included in the Appendix.

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A PRESENTATION FROM STEPHENS CAPITAL MANAGEMENT

Arkansas PERS Private Equity Program

Second Quarter 2024 Update

APERS Private Equity Program Second Quarter Activity

Commitments Totaling \$725mm In Two Underlying Funds

- \$400mm HarbourVest Partners Dover Street XI, LP (Secondary Private Equity Fund)
 - No Capital Was Drawn During 2Q
 - As of 6/30/2024 \$76mm of Cumulative Capital Has Been Called
- \$325mm NB Arkansas PERS FOO, LP (Custom Private Equity Fund)
 - A Capital Call of \$6.5mm Was Contributed April 15, 2024
 - As of 6/30/2024 \$29.25MM of Cumulative Capital Has Been Called

Performance data and detailed information will be available twelve months after first capital call. We expect data to lag by one quarter.

Commitment Funding Status as of 6/30/24

	Investment	Adjusted Commitment	Paid-In Capital	Distributions	Net Capital Contributed	Valuation*	Unfunded	% Funded
APERS PE Program								
1	NB AR PERS FOO, LP	\$325,000,000	\$29,250,000	\$ -	\$ 29,250,000.00	\$ 37,274,000.00	\$ 295,750,000.00	9%
2	HV Dover Street XI	\$400,000,000	\$76,000,000	\$ -	\$ 76,000,000.00	\$ 100,500,000.00	\$ 324,000,000.00	19%
TOTAL		\$725,000,000	\$105,250,000	\$ -	\$ 105,250,000.00	\$ 137,774,000.00	\$ 619,750,000.00	28%

* Valuations provided by managers from previous quarter plus roll forward estimates

Source: MSCI/Burgiss, Stephens, Neuberger Berman, HarbourVest

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Blended benchmarks are rebalanced periodically. The blended return calculations for the benchmarks are determined by using the return performance data for the stated time period on each of the comparative index benchmarks as stated per asset class below, as reported by independent data services, and blending asset class and time period. Index performance information is provided for comparison only. Indexes are unmanaged, may assume reinvestment of all distributions and does not account for fees or any charges. It is not possible to invest directly into an index.

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Quarterly Board Meeting

Statement of Fiduciary Net Position as of (June 30, 2024)

ASSETS	
Cash and Cash Equivalents	\$ 13,137,883
Receivables	
Contributions Receivable	1,887
Overpayment Receivable	269,981
Allowance for Doubtful Accounts	<u>(269,981)</u>
Total Receivables	1,887
Investments at Fair Value	
Investment Assets	426,977,476
Securities Lending Collateral	<u>25,330,373</u>
Total Investments	452,307,849
TOTAL ASSETS	<u>465,447,619</u>
LIABILITIES	
Securities Lending Liability	25,334,078
Accrued Expense and Other Liabilities	<u>608,869</u>
TOTAL LIABILITIES	<u>25,942,947</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 439,504,672</u>



Quarterly Board Meeting

Statement of Changes in Fiduciary Net Position for the Period Ending (June 30, 2024)

ADDITIONS	
Contributions	
Employer	\$ 29,577,098
Employee	<u>8,521</u>
Total Contributions	29,585,618
Investment Income	
Investment Income	42,295,128
Less: Investment Expense	<u>(3,073,210)</u>
Net Investment Income	39,221,918
TOTAL ADDITIONS	68,807,536
DEDUCTIONS	
Benefits	31,410,879
Administrative Expense	<u>227,099</u>
TOTAL DEDUCTIONS	31,637,978
NET INCREASE/(DECREASE)	37,169,558
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of Year	<u>402,335,114</u>
End of 4th Quarter	<u>\$ 439,504,672</u>



Quarterly Board Meeting

Legal Report

ADMINISTRATIVE MEMBER APPEALS

None

APPEAL FROM ADMINISTRATIVE MEMBER APPEAL - LITIGATION

None

RULES PROMULGATION

Arkansas' General Assembly began a process several years ago to codify the rules of every state agency so that there would be a uniform rule style among state agencies, posted to a single website. The Bureau of Legislative Research has indicated to APERS that the codified version of ASPRS rules could be posted live on the legislative website by early 2025. In preparing the rules for the codification process, staff recommended that six (6) obsolete rules be repealed so that they will not be codified. Following the Board's approval of the proposed rule repeals in May, staff began the rule promulgation process. Staff did not receive any public comments on the proposed rule repeals. The proposed rule repeals were reviewed by the General Assembly's Joint Retirement Committee on June 4, 2024, and are on the Administrative Rules Subcommittee agenda on August 22, 2024 for review/approval.

2025 PROPOSED LEGISLATION

ASPRS Technical Corrections/Cleanup Bill:

Summary - this proposed bill is intended to:

- amend §§ 24-6-409 and 24-6-413 under the Tier Two plan to align with similar sections under the Tier One plan to provide for the consistent administration of benefits;
- change the dependent child age to twenty-three (23) for survivors' benefits under § 24-6-218 to be consistent with the other survivors' benefits provisions; and
- correct an erroneous citation in § 24-6-226.



Quarterly Board Meeting

Benefits Summary

Membership

- **Tier One:** All state police officers on March 19, 1951, and all persons who become state police officers after that date become members of State Police Retirement System.
- **Tier Two:** All state police officers first hired on or after April 3, 1997, are covered by the tier two benefit plan.

Members – New This Quarter

	Apr 2024	May 2024	Jun 2024
Number	1	0	0

Members - Historical

	1 year	5 years	10 years	20 years
Number	517	528	525	424
Average Pay	\$72,943	\$56,048	\$53,344	\$39,730

Eligibility for Benefits

- **Normal retirement:** Members may voluntarily retire once they attain normal retirement age, which is the youngest of the following ages:
 - Any age with 28 years of credited service
 - Age 65 with at least five (5) years of credited service
 - Age 65 reduced by 0.75 of a month for each month of service, but no younger than age 55.
- **Early retirement:** Members who have not attained normal retirement age may retire with an early annuity. Early retirement can begin under the following conditions:
 - Within 10 years of normal retirement age
 - A reduction of one-half percent (0.5%) multiplied by the number of months the early retirement age is younger than normal retirement age
- **Disability retirement:** Members with at least five (5) years of actual service who become totally and permanently incapacitated for duty with the division due to personal injury or disease can be retired by the board after a medical examination.
- **Survivor retirement:** Survivors of members with at least five (5) years of actual service who die before retirement may receive a survivor annuity. Eligible survivors include a spouse, dependent children, and in some cases, dependent parents.



Quarterly Board Meeting

Benefits Summary

Inactive Members – New This Quarter

	Apr 2024	May 2024	Jun 2024
Number	1	0	8

Inactive Members - Historical

	1 year	5 years	10 years	20 years
Number	123	84	63	26
Total Benefits	\$1.35m	\$913k	\$597k	\$271k

Benefits

- **Straight life annuity:** Members who retire receive a straight life annuity equal to 2.65% of their final average compensation (FAC) multiplied by the number of years of credited service.
- **Benefit calculation example:** Final Average Compensation X 2.65% X Credited Service
 $\$72,943 \times 2.65\% \times 21.67 \text{ yrs.} = \$41,887 \text{ annually} / \$3,490 \text{ monthly}$
- **Annuity options:** Before members receive their first payment, they can elect to receive the straight life annuity or elect to have their annuity reduced under one of four options that provide continuing benefits to a designated beneficiary.
- **Cost-of-living adjustments:** Each July 1, the system redetermines the amount of each monthly benefit that has been paid for at least twelve months. The amount of the redetermined benefit – a cost-of-living adjustment (COLA) – is the previous July 1 benefit amount increased by three percent (3%).

Retirees – New This Quarter

	Apr 2024	May 2024	Jun 2024
Number	3	3	1
Total Retirees	719	720	717

Retirees - Historical

	1 year	5 years	10 years	20 years
Number	740	668	598	425
Total Benefits	\$28.9m	\$24.3m	\$20.3m	\$10.8m



Quarterly Board Meeting

Executive Report

APERS Strategic Planning Process

APERS began the strategic planning process in May 2024. We have engaged the entire APERS staff on this process through various working sessions to identify five overarching goals for the agency to accomplish its vision and mission. Board support is important to this process, and we will be enlisting you as your time allows.

FY 2024 Fiscal Year End Closing

The Finance and Investments teams have completed closing out our books for ASPERS for the year of July 1, 2023, through June 30th, 2024.

Biennial Budget

We submitted our biennial budget to the Office of Budget and our hearing is scheduled for October 9th at 9:00 am.

Proxy Vote Reports

Act 498 of 2023 requires all retirement systems to report proxy votes to the Board annually and post the reports on our website. APERS, ASPRS and AJRS Proxy reports are complete and may be found on our website in the investments section: [Reports and Resources – APERS](#)

Retirement Education and Outreach

The APERS team continues to work with participating employers to provide retirement education through in person and virtual engagement. The APERS staff provided education and counseling at the following events over the last quarter: The Municipal League Conference, The Judicial Spring Conference, Administrative Office of the Courts, The Rural Development Conference, and the Arkansas Association of Counties Conference.

AR Interns 2024

APERS participated in the 2024 myARInternship program through the Department of Transformation and Shared. The interns were Janina Eddy and Lucky Gilmore. They participated in various meetings and projects to assist the APERS team. Some of their activities included: review of actuarial data, website review and edits, drafting the Fall newsletter, legislative research, attending meetings with the director, etc. We are grateful for the opportunity to work with the AR Interns and wish them all the best on their future endeavors.

Collaboration with Auditor of State and AASIS

Our IT Team worked closely with the OPM AASIS Team and the Auditor of State's Office to roll out the addition of several new entities onto the payroll system. This was a long-term project to integrate systems that went live on July 1 without issues.

Proposed Legislative Package

We are working on our proposed legislative package for the session to begin in January 2025 and will have a draft for the board to review at the December meeting.



Quarterly Board Meeting

Executive Report

Board Meeting Dates

The APERS investments and finance teams would like the board to consider adjusting board meeting dates in the future to present up to date private equity data and returns. We are proposing the following dates for your consideration and action:

- December 5, 2024, at 10:00 a.m. (change from November 21st)
- March 13, 2025, at 10:00 a.m.
- June 12, 2025, at 10:00 a.m.
- September 11, 2025, at 10:00 a.m.
- December 4, 2025, at 10:00 a.m.