



**Arkansas State Police Retirement System**  
Quarterly Board Meeting  
(Thursday, February 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 4<sup>th</sup> floor. The meeting will be a hybrid and can be attended via Zoom via the link on our website, [www.apers.org](http://www.apers.org).*

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**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 November 16, 2023 (**Page 2**)
5. **Investments** - Mr. Carlos Borrromeo, Deputy Director of Investments and Finance
  - a. CIO Report (**Page 6**)
  - b. Quarterly Report for the Period Ending December 31, 2023 (**Page 14**)
6. **Finance** - Mr. Jason Willett, Chief Financial Officer
  - a. Financial Statements for the Quarter Ending December 31, 2023 (**Page 37**)
7. **Legal** – Mr. Richmond Giles, Staff Attorney (**Page 39**)
8. **Benefits** - Ms. Allison Woods, Deputy Director of Benefits
  - a. Benefits Summary (**Page 40**)
9. **Executive Report** - Ms. Amy Fecher, Executive Director
  - a. Executive Report Review (**Page 42**)
  - b. Action Item – Annual Approval for Board Travel Reimbursement (A.C.A. 25-16-902) (**Page 44**)
10. Next Quarterly Board Meeting – May 16, 2024, 10:00 a.m.
11. Adjournment

**Arkansas State Police Retirement System  
Board of Trustees  
November 16, 2023**

The regular meeting of the Board of Trustees of the Arkansas State Police Retirement System was held on Thursday, November 16, 2023, at 11:00 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  
Captain Kyle Drown, ASP Tier I  
Ms. Denise Bugos, Citizen at Large\*  
Dr. John Shelnett, Designee for Secretary Jim Hudson, Director DF&A

**Board Member Absent**

Mr. John Allison, ASP Commissioner  
Mr. Phillip Milligan  
Mr. Donnie Underwood, Citizen at Large

**Visitors Present**

Mr. Mita Drazilov, GRS Representative  
Ms. Heidi Barry, GRS Representative  
Mr. Kenneth Cartwright  
Ms. Jane Hall, Court reporter  
Mr. Logan Surdam, Legislative Audit

**APERS Staff Present**

Ms. Amy Fecher, Executive Director  
Ms. Allison Woods, Deputy Director of Benefits  
Mr. Carlos Borrromeo, Deputy Director of Investments & Finance  
Ms. Ashley Golleher, Deputy Director of Operations  
Mr. Jason Willett, Chief Financial Officer  
Mr. Richmond Giles Staff Attorney  
Ms. Patty Shipp, Assurance Officer  
Ms. Jacobia Bates, Director of Public Affairs  
Ms. Cheryl Wilburn, Benefits Operations Manager\*  
Ms. Shelly George, Retirement Coordinator\*  
Ms. Phyllis Franklin, Retirement Coordinator\*  
Ms. Usha Doolabh, Investments Manager\*

\*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 September 28, 2023, was e-mailed to each trustee before the meeting. Capt. Drown made a motion to accept the minutes as presented. Mr. Shelnutt seconded the motion. With no objection, the minutes were approved as presented.

### **Investments**

Mr. Borromeo shared the CIO Report for the quarter ending September 30, 2023. The tone from June 2023 continued into the third quarter; The Fed remained hawkish on rates, the looming government shutdown was averted, a strike by autoworkers, and spikes in interest rates and oil prices were contributing factors. He noted that fixed income has struggled. The Bloomberg Agg fell -2.49% for September for its 5<sup>th</sup> consecutive monthly loss. The S&P 500 fell 4.51%. The only two sectors posting a positive return were energy and communication services due to the magnificent 7 stocks' performance. In international markets, all indices were negative. Mr. Borromeo shared that the new strategies in implementation will continue to whittle down investments in the international sectors.

Mr. Borromeo updated the board on APERS board of trustees' decision to invest \$50 million in Harrison Street Fund 9 which includes student housing at the University of Arkansas-Fayetteville. He also shared that the board approved William Blair as the new large-cap growth manager for the system. He shared that he reviewed fixed income with the board and will be looking to revamp the entire fixed income structure during the next quarter.

Mr. Shelnutt asked if Callan looks at the risks in commercial real estate and the massive overhang in the markets. Mr. Borromeo stated yes, that we are consistently monitoring and that we have been getting some of our real estate investments returning capital to us. We continue to monitor carefully. He explained that there is no office space in the new Harrison Street fund so that is not an issue.

### **Finance**

Heidi Barry, GRS Senior Consultant shared the purpose of the June 30, 2023, actuarial valuation to determine employer contribution rates for the fiscal year June 30, 2025, and to measure the funding progress in relation to the actuarial cost method. The board will approve the reserve transfers from the Employer Accumulation Account to the Retirement Reserve Account and the Deferred Annuity Account. Ms. Barry explained that actuarial valuation is the mathematical process by which the level contribution rate is determined. She reviewed the census data, asset data, benefit provisions, actuarial assumptions, and funding method factors taken into consideration during this process.

She reviewed the participant data used for this actuarial valuation. She noted that active participants did not change very much, but the average pay went from \$63,000 in 2022 to just under \$73,000 in 2023 which is above GRS assumptions. The stipend of \$5,000 was removed from the numbers since it was a one-time instance. She shared a breakdown of active members in Tier 1 and Tier 2. There are 13 active members covered under Tier 1 and 469 active members covered under Tier 2. There are an additional 35 members who participate in the DROP plan (not included in the active count). The beginning Funding Value of Assets (FVA) was \$403M and as of June 30, 2023, the FVA Value of Assets is 4% higher than the Market Value of Assets. The FVA at the end of the fiscal year was \$418M. The difference between the market value and the funding value is 15.6M in losses that will need to be recognized over the next three years.

Mr. Mita Drazilov, GRS consultant, reviewed the ASPRS-funded ratio. The actuarial accrued liabilities total \$548M and to cover the liabilities the valuation assets total \$418 million. The unfunded actuarial accrued liabilities total \$130 million. The ASPRS funded ratio is 76% based upon the FVA and 74% on a market value of assets basis. The ratios were 81% and 76% respectively in the previous valuation. He shared that the primary factor that contributed to the decline was the pay increases.

Mr. Drazilov reviewed the employer contribution rates and the components. In total, the weighted average of payrolls is 27.97%. The total computed average is 56.59%. The funding sources are payroll and the premium insurance tax money. In dollar terms, the payroll is roughly \$37 million and that is a computed employer contribution of about \$22 million.

The biggest actuarial assumption risk is investment risk and earning that 7%. He reviewed the plan maturity measures and ratios for ASPRS. He shared the reserve transfers that occur annually required by statute that serve as a balance between assets and actuarial accrued liabilities in the retirement reserve account and the deferred annuity account which help make the plans 100% funded. Captain Drown made a motion to approve the annual reserve transfers, and Dr. Shelnut seconded the motion. Without objection, the motion passed.

#### **Statement of Fiduciary Net Position and Changes**

Mr. Willett shared the statement of fiduciary net position as of September 30, 2023, which was \$383 million. He noted a 25% increase in investment income. The statement of changes in the Fiduciary net position reflects a better position over last year.

Dr. Shelnut asked if the finance team ever looks at scenarios of loss. Mr. Willett stated that they can review that with the board going forward.

#### **Legal:**

Mr. Richmond Giles shared an update on the rules promulgation process. The amendments to ASPRS board Rule 14 took effect on Monday, November 13. He shared that a member appeal would be heard following regular business.

### **Benefits**

Ms. Allison Woods, Deputy Director of Benefits shared the new Benefits Summary which includes quarterly information as well as historical information to show progression throughout the year and decades. The summary also shared benefit information for membership. Retirees have increased significantly over the past few decades.

### **Executive Report**

Ms. Amy Fecher, Executive Director, shared that staff attended the ASP Retirees quarterly board meeting and plans to attend twelve ASP trainings in January to provide education on retirement benefits. She highlighted APERS feature article in Arkansas Business in the fall. She also shared that the APERS board voted to allow APERS to engage in property searches and to bring back recommendations on renewing the existing lease versus purchasing a building asset for the system.

She announced that Dr. Shelnuttt will be retiring after 17 years of service on the board. She also shared that Mr. Milligan is resigning and the board needs to elect a new chair. Dr. Shelnuttt made a motion to nominate Captain Kyle Drown, Captain Joe seconded the motion, and without objection motion passed. Captain Joe will serve as vice chair.

### **Quarterly Board Meeting Dates**

The board reviewed the 2024 proposed board meeting dates.

February 22, 2024  
May 16, 2024  
August 22, 2024  
November 21, 2024

Captain Drown made a motion to accept the schedule, and Dr. Shelnuttt seconded the motion. Without objection motion passed.

### **Member Appeal**

Immediately following the regular board meeting, the board heard the member appeal of Corporal Kenneth Cartwright. The member represented himself. Richmond Giles represented ASPRS. Captain Scott Joe presided over the appeal and the hearing was recorded by Ms. Jane Hall, Court reporter. The board heard from both sides and deliberated. The board unanimously voted to uphold the Executive Director's determination.

With no other business, the meeting was adjourned.

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Captain Scott Joe  
Chair, Arkansas State Police Board of Trustees

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Ms. Amy Fecher  
APERS Executive Secretary

# Chief Investment Officer Report

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For the Quarter Ending December 31, 2023



Investor optimism set the tone for a strong finish to 2023:

*Economic strength and a changing outlook for interest rates assisted equities.*

- In October, stocks retreated on hawkish Fed stance and geopolitical concerns.
- Stocks rallied in the final two months of 2023 as inflation slowed.
- In December, the markets rallied as the FOMC took a more dovish tone and discussions of Fed interest rate cuts in 2024 continued.
- S&P 500 was able to post positive return
- Fixed Income recovered in 4Q after a poor 3Q performance.

# Q4 2023 Summary

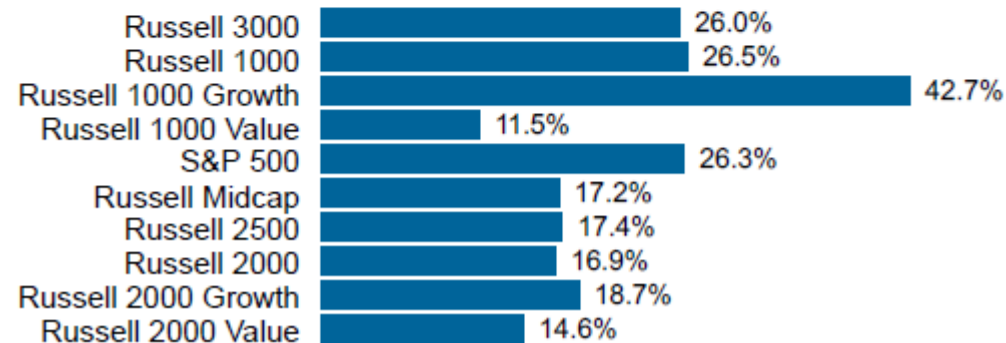
## Domestic Equities - Key takeaways

- The concentrated performance (“Magnificent 7”) started to broaden out the last 2 months of 2023.
- In 4Q23 small cap performed better than large cap.
- However, for the complete year, it wasn’t even close, large cap dominated.
- Large cap growth outperforms large cap value.

### U.S. Equity: Quarter Ended 12/31/23



### U.S. Equity: One Year Ended 12/31/23

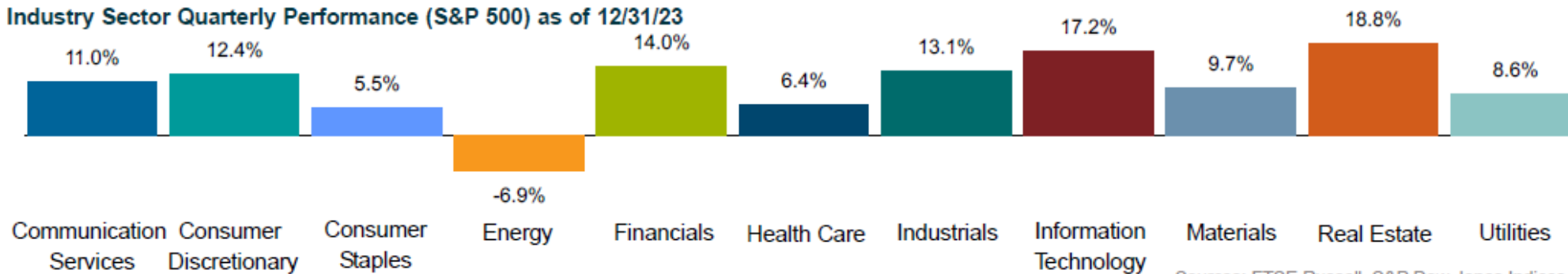




International Markets experienced a strong finish to the calendar year. International Market Insights include:

- Signs of cooling inflation got help from a reversal in oil prices which pushed the expectations that restrictive monetary policy was coming to an end. European Central Bank rate cuts?
- Conflict in Middle East did drive strength in oil prices. But economic fundamentals do not support strong oil price which prompted OPEC+ to announce further supply cuts.
- Watch China. Their mounting economic problems could impact the global economy.
- Watch upcoming earnings. Results have been mixed. US is proving to be resilient. Europe's outlook has worsened.

**Industry Sector Quarterly Performance (S&P 500) as of 12/31/23**



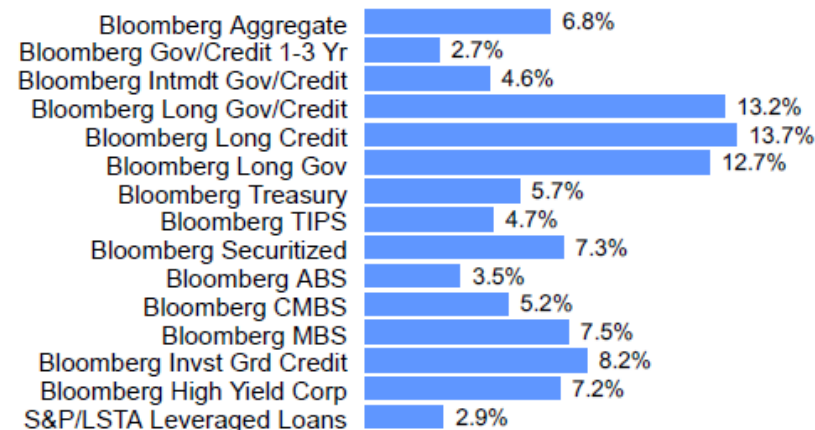
Sources: FTSE Russell, S&P Dow Jones Indices

# Q4 2023 Summary

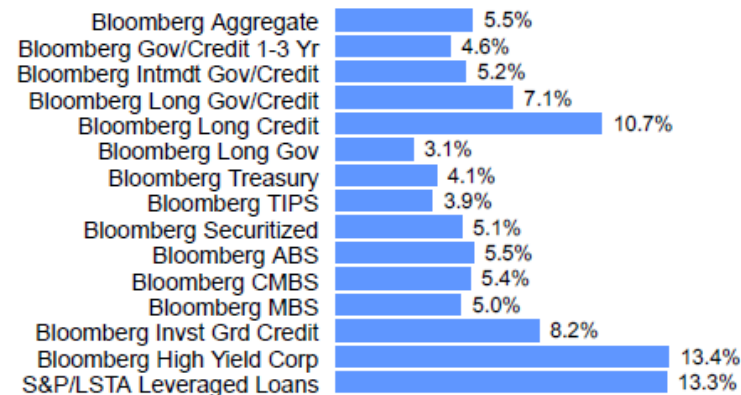
## Fixed Income

- The Fed pivot heard around the world. Their stance pivoted from “higher for longer” to possible rate cuts in 2024.
- Inflation over the past few months is below the Fed’s target of 2.00%
- The Bloomberg Aggregate Index was +6.67% for 4Q, the highest return since 2Q of 1989.
- High Yield soared as defaults remained low.

**U.S. Fixed Income Returns: Quarter Ended 12/31/23**



**U.S. Fixed Income Returns: One Year Ended 12/31/23**



# Q4 2023 Summary

	Qtr	Calendar YTD	Fiscal Year		Q4 2023	Fiscal Year	31-Dec-23	
<b>U.S. Equity</b>								
S&P 500	11.69%	26.29%	8.04%	<b>Domestic Equity</b>	<b>11.87%</b>	<b>7.38%</b>	\$ 4,210,095,221	39.39%
Russell 1000 Growth	14.16%	42.68%	10.59%	<b>International Equity</b>	<b>10.43%</b>	<b>5.23%</b>	\$ 2,772,318,692	26.31%
Russell 1000 Value	9.50%	11.46%	6.03%	<b>Diversified Strategy</b>	<b>2.59%</b>	<b>4.56%</b>	\$ 297,452,917	2.09%
Russell 2000 Index	14.03%	16.93%	8.18%	<b>Fixed Income</b>	<b>7.37%</b>	<b>4.51%</b>	\$ 1,971,055,565	18.03%
Russell 2000 Growth	12.75%	18.66%	4.50%	<b>Real Assets</b>	<b>-3.30%</b>	<b>-4.75%</b>	\$ 1,513,529,427	14.18%
Russell 2000 Value	15.26%	14.65%	11.85%	<b>APERS Total Portfolio</b>	<b>8.06%</b>	<b>4.32%</b>	\$ 10,764,451,822	
Russell 3000 Index	12.07%	25.96%	8.43%				\$ 222,204,567	Cash
<b>International Equity</b>							\$ 10,986,656,389	TOTAL FUND
MSCI EAFE	10.42%	18.24%	5.88%					
MSCI ACWI xUS	9.75%	15.62%	5.61%					
<b>Fixed Income</b>							\$ 408,477,516.45	ASPRS Plan
Bloomberg Agg	6.82%	5.72%	4.22%				\$ 701,708.55	ASPRS Cash
							\$ 409,179,225.00	

# Q4 2023 Summary

<b>Current Concerns</b>			
<b>2 U.S. Allies are involved in war/conflict - oil involved in both</b>			
<b>Ukraine</b>			
<b>Israel</b>			
<b>More bank failures? NY Community Bank fell 45%</b>			
<b>Commercial property losses causing bank problems globally</b>			
<b>China recently consolidated hundreds of rural lenders as financial risks mount</b>			
<b>Recent Houthi attacks causing unrest - oil &amp; possible European inflation</b>			
<b>Positives</b>			
<b>Did the Fed avoid a recession?</b>			
<b>Rate cuts instead of rate hikes? If so, when?</b>			



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

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



February 21, 2024

## **Executive Summary Fourth Quarter 2023**

Arkansas Public Employees  
Retirement System

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**Brianne Weymouth, CAIA**  
Senior Vice President

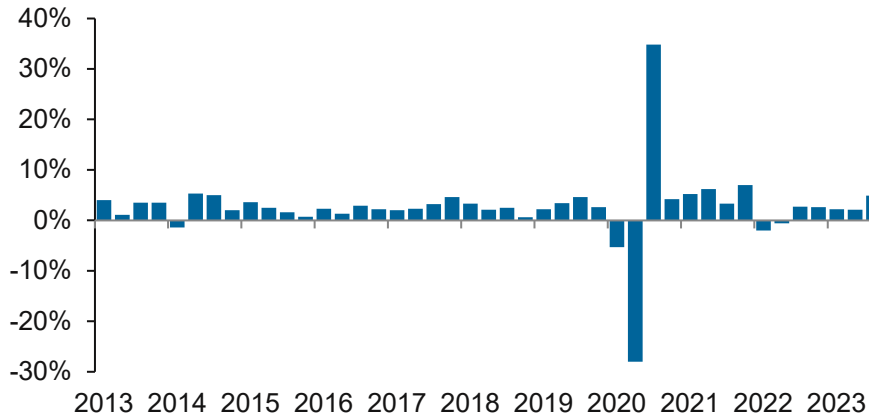
**John Jackson, CFA**  
Senior Vice President

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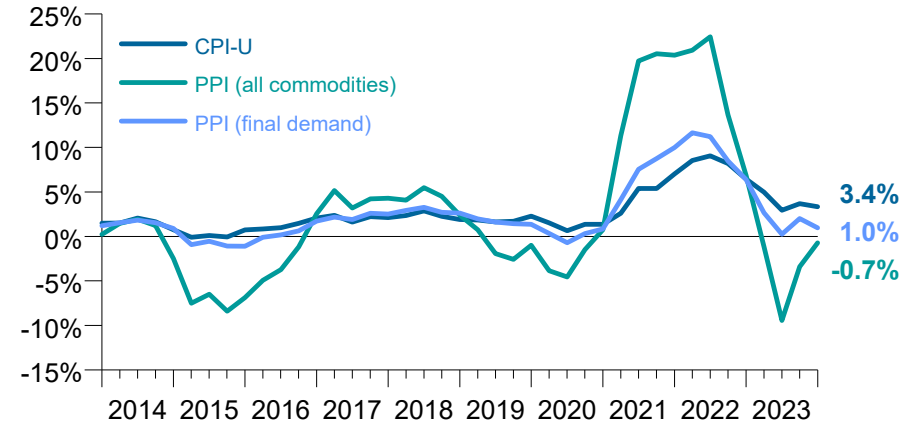
# U.S. Economy—Summary

For periods ended 12/31/23 (Except GDP which is as of 9/30/23)

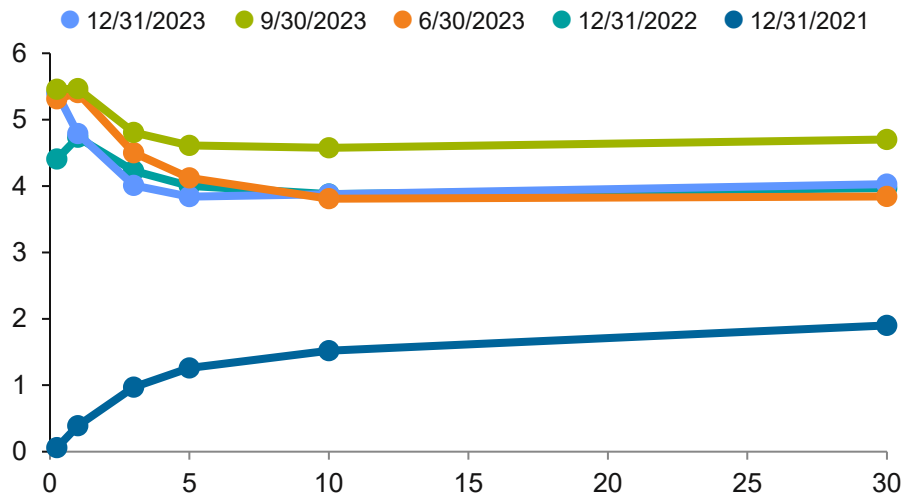
Quarterly Real GDP Growth



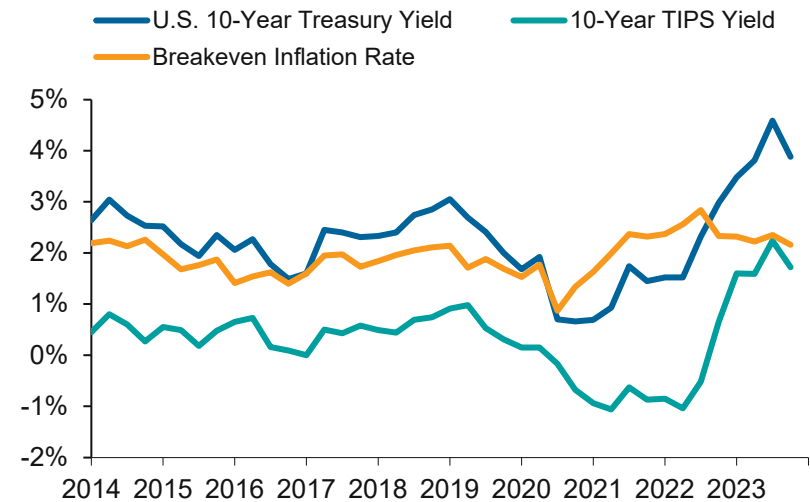
Inflation Year-Over-Year



U.S. Treasury Yield Curves



Historical 10-Year Yields Through 12/31/23



Sources: Bloomberg, Bureau of Labor Statistics, Callan

# Equity Markets Recovered in 4Q, Posted Positive 2023 Returns

Stocks and bonds are recovering from 2022

## S&P 500 soared 11.7% in 4Q23

- Loss through first three quarters of 2022 was 23.9%; the rebound in the following five quarters brought the index back to a positive return of 1.7% over the past two years.

## Fixed income recovered in 4Q, up 6.8% after a sharp loss of 3.2% in 3Q

- The Bloomberg Aggregate was on track for another negative year through 3Q; softening Fed language on rates and a dot plot that showed cuts on the horizon in 4Q turned the market around.
- CPI-U declined in 4Q compared to 3Q, though up 3.4% year-over-year; the index is still 10% higher than it was at the start of 2022.

## Economic data defied expectations of recession in 2023

- GDP growth came in at 2.1% in 1Q, 2.2% in 2Q, and jumped to a stunning 4.9% in 3Q. Preliminary 4Q forecasts have GDP over 2%.
- Job market remains solid, providing support to Fed efforts to fight inflation.

## Returns for Periods ended 12/31/23

	Quarter	1 Year	2 Years	5 Years	10 Years	25 Years
<b>U.S. Equity</b>						
Russell 3000	12.07	25.96	0.88	15.16	11.48	7.74
S&P 500	11.69	26.29	1.69	15.69	12.03	7.56
Russell 2000	14.03	16.93	-3.55	9.97	7.16	7.91
<b>Global ex-U.S. Equity</b>						
MSCI World ex USA	10.51	17.94	0.54	8.45	4.32	4.62
MSCI Emerging Markets	7.86	9.83	-6.32	3.69	2.66	--
MSCI ACWI ex USA Small Cap	10.12	15.66	-3.79	7.89	4.88	7.28
<b>Fixed Income</b>						
Bloomberg Aggregate	6.82	5.53	-4.19	1.10	1.81	3.85
90-day T-Bill	1.37	5.01	3.22	1.88	1.25	1.90
Bloomberg Long Gov/Credit	13.24	7.13	-11.62	1.12	3.22	5.21
Bloomberg Global Agg ex-US	9.21	5.72	-7.29	-1.56	-0.79	2.25
<b>Real Estate</b>						
NCREIF Property*	-1.37	-8.39	3.12	5.26	7.40	8.31
FTSE Nareit Equity	16.22	13.73	-7.25	7.39	7.65	9.27
<b>Alternatives</b>						
HFRI Fund Weighted	3.59	7.52	1.52	7.00	4.53	6.30
Cambridge Private Equity*	1.60	2.78	3.19	15.18	14.78	13.61
Bloomberg Commodity	-4.63	-7.91	3.40	7.23	-1.11	2.83
Gold Spot Price	11.02	13.45	6.44	10.09	5.59	8.19
<b>Inflation - CPI-U</b>	-0.34	3.35	4.89	4.07	2.79	2.54

\*Cambridge PE data as of 6/30/23; NCREIF Property data as of 9/30/23

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



# U.S. Equity Performance: 4Q23

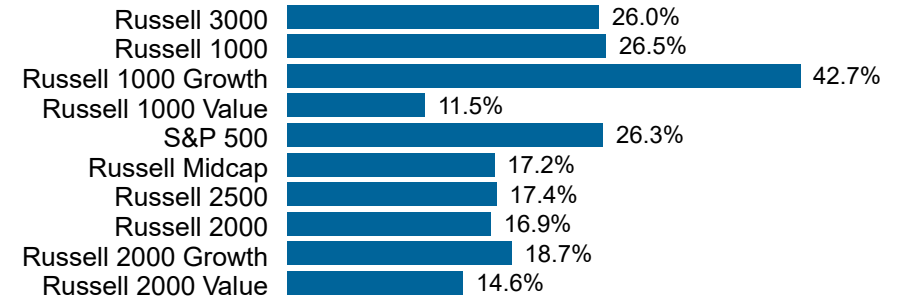
The U.S. equity market rallied in 4Q, closing the year near record highs

- ▶ U.S. equity markets rebounded in the last two months of the year as the impact of possible rate cuts in 2024 started to get priced in.
- ▶ 2023 saw the narrowest breadth of leadership (“the Magnificent Seven”) since 1987 with just 27% of stocks outperforming the S&P 500. Historically, such concentrated leadership has not been the sign of a healthy market. However, gains started broadening out in the last two months of the year with the equal-weighted S&P index outperforming the capitalization-weighted version.
- ▶ Smaller cap stocks also outperformed their large cap counterparts in 4Q23, further proof of the broadening out of returns; for the full year, large cap stocks outperformed small cap stocks by almost 10 percentage points.
- ▶ Growth vs. value performance was mixed across market capitalization during the quarter. Within large cap, growth outperformed value, while the opposite was true within small cap.

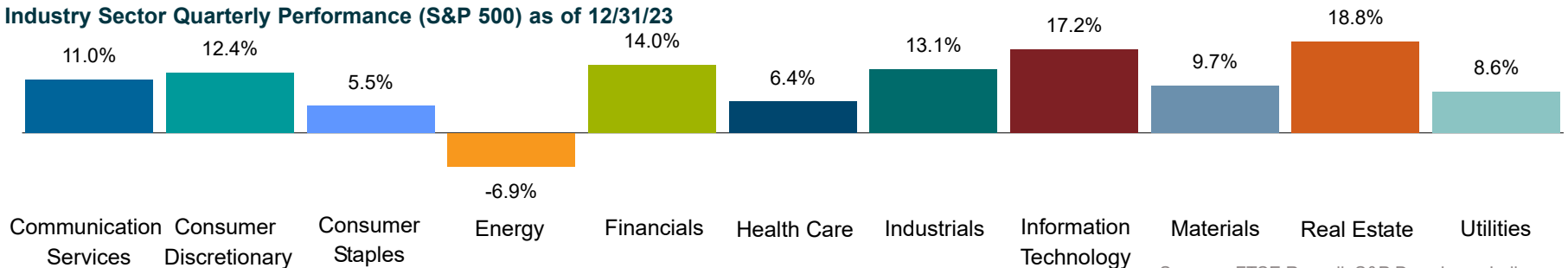
## U.S. Equity: Quarter Ended 12/31/23



## U.S. Equity: One Year Ended 12/31/23



## Industry Sector Quarterly Performance (S&P 500) as of 12/31/23



Sources: FTSE Russell, S&P Dow Jones Indices

# Global/Global ex-U.S. Equity Performance: 4Q23

Dovish central banks drove market higher

## Global markets in the black for 4Q

### Broad market

- ▶ Dovish signaling from central banks and dropping yields led to a broad market rally in 4Q.
- ▶ Global ex-U.S. small caps reclaimed some of their lagging performance in 4Q but ended the year as the worst-performing broad-based index, albeit up over 12%. Elevated borrowing costs and the persistent risk of a recession have kept investors away.
- ▶ Japan's low rates have benefited exporters, and the threat of being delisted spurred a stock buy-back spree. Coupled with an increased focus on governance, this spurred Japan to a multi-decade high.

### Emerging markets

- ▶ Emerging markets underperformed developed markets.
  - India's rally couldn't overcome China's weakness, whose economic growth was near the government's target, but investor concerns around stimulus and a surprisingly sluggish reopening drove stocks lower.

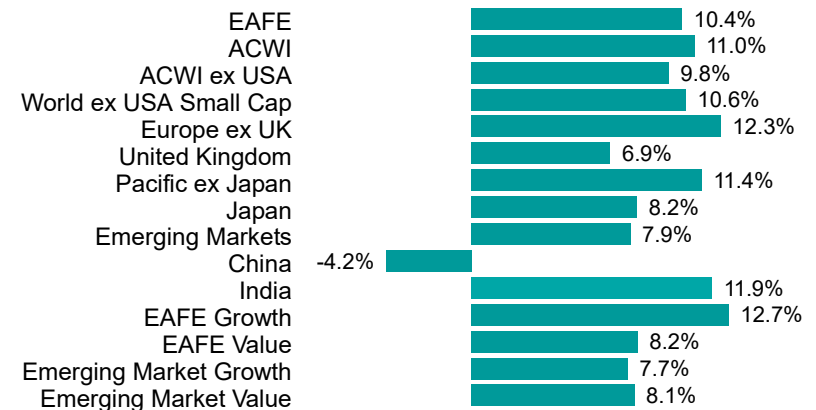
### Growth vs. value

- ▶ Energy, a volatile area in the market, pulled back value's rally after having a strong 3Q. Global ex-U.S. growth rallied on lowering yields but couldn't overcome earlier underperformance and ended the year behind its value peers in both emerging and developed markets.

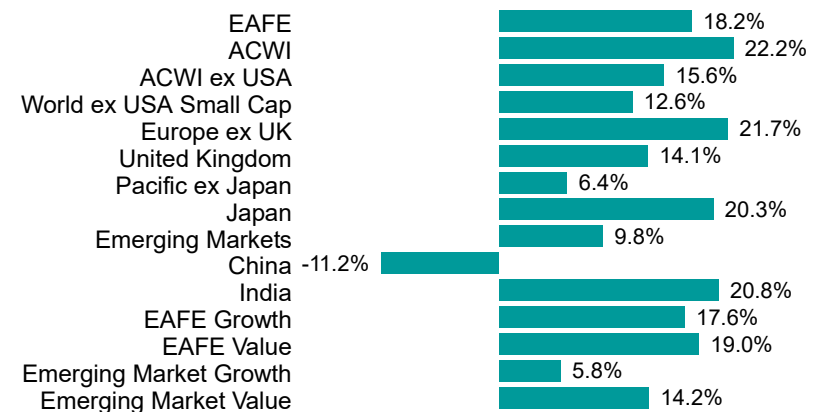
### U.S. dollar vs. other currencies

- ▶ The U.S. dollar weakened in 4Q as investors believed that U.S. interest rates would fall faster than much of the developed world.

Global Equity Returns: Quarter Ended 12/31/23



Global Equity Returns: One Year Ended 12/31/23



Source: MSCI

# U.S. Fixed Income Performance: 4Q23

Bonds bounce back at year-end; U.S. Treasury yield has volatile 2023

## Strong returns at end of year

- ▶ Driven by falling rates and strong risk-on sentiment, the Aggregate returned 6.8%, the highest quarterly return since 2Q89
- ▶ 10-year U.S. Treasury yield closed the year at 3.88%.
  - A round trip from 12/2022, masking significant volatility during the year
  - High was 4.98% in October and low was 3.30% in April
- ▶ Corporates and mortgages outperformed Treasuries for the quarter and year.
- ▶ High yield corporates soared as defaults remained low, economy resilient.

## U.S. Treasury yield curve remained inverted, but less so

- ▶ 1.06% as of 6/30; 0.44% as of 9/30; 0.35% as of 12/31

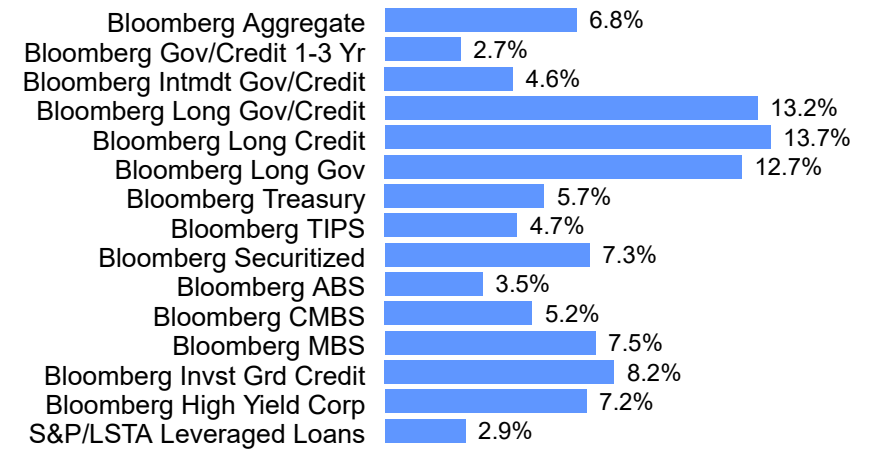
## Fed kept Fed Funds rate on hold and softened language

- ▶ Pivoted from “higher for longer” to projected rate cuts in 2024
- ▶ Inflation over past six months below Fed’s 2% target
  - Core PCE Price Index was 1.9% annualized in November
- ▶ Markets expect six rate cuts in 2024 versus three in the Fed’s Summary of Economic Projections

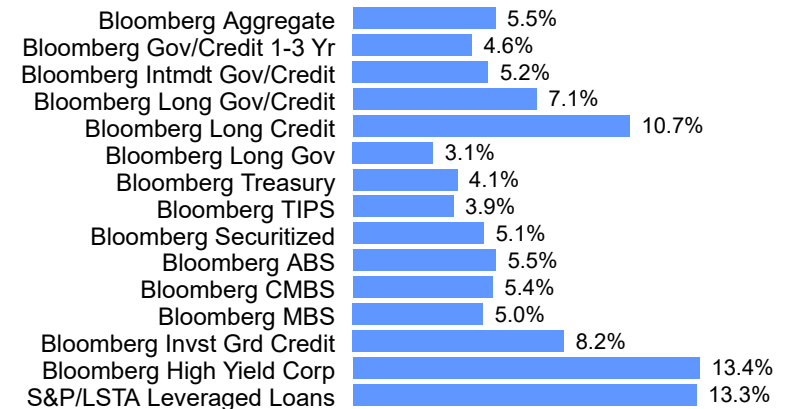
## Valuations

- ▶ Investment grade and high yield corporate spreads now below 10-year averages

## U.S. Fixed Income Returns: Quarter Ended 12/31/23



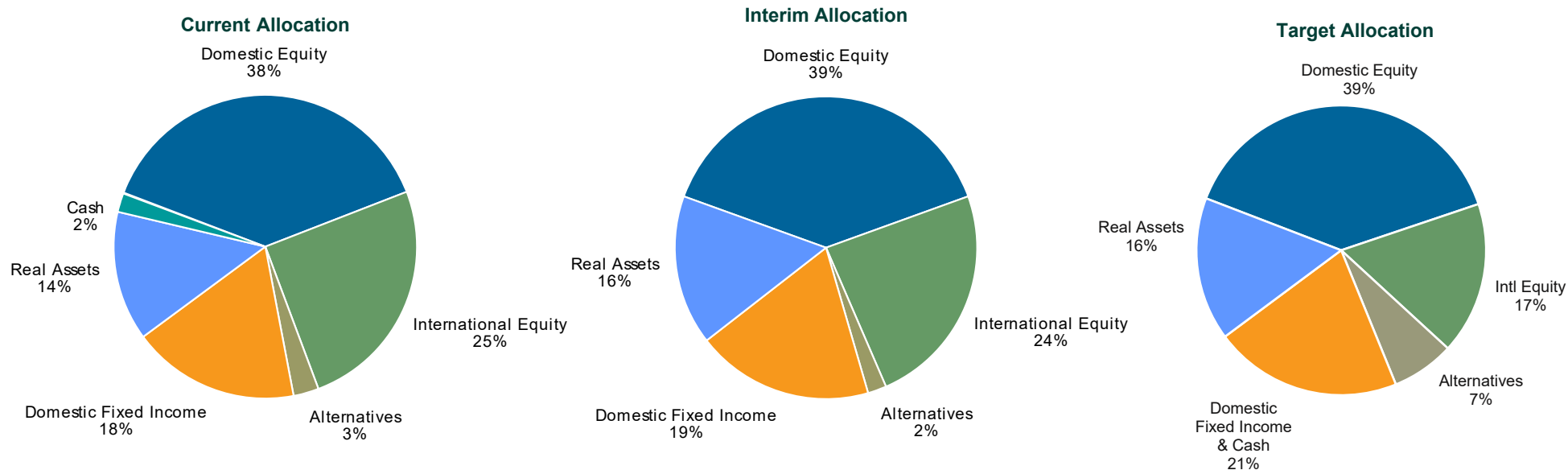
## U.S. Fixed Income Returns: One Year Ended 12/31/23



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

# Actual vs. Target Asset Allocation\*

December 31, 2023



Asset Class	\$Millions Actual	Weight Actual	Interim Target	Percent Difference	\$Millions Difference
Domestic Equity	4,210	38.3%	39.0%	(0.7%)	(75)
International Equity	2,772	25.2%	24.0%	1.2%	136
Alternatives	297	2.7%	2.0%	0.7%	78
Domestic Fixed Income	1,971	17.9%	19.0%	(1.1%)	(116)
Real Assets	1,514	13.8%	16.0%	(2.2%)	(244)
Cash	222	2.0%	0.0%	2.0%	222
<b>Total</b>	<b>10,987</b>	<b>100.0%</b>	<b>100.0%</b>		

- The APERS Investment Policy states that rebalancing to the target asset allocation should take place when the actual asset allocation falls outside of a +/- 5% range from the target asset allocation. All asset classes are within their allowable ranges.

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

# Investment Manager Asset Allocation

December 31, 2023

	December 31, 2023			September 30, 2023		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Domestic Equity</b>	<b>\$4,210,095,221</b>	<b>38.32%</b>	<b>\$(113,692,977)</b>	<b>\$451,706,938</b>	<b>\$3,872,081,260</b>	<b>37.78%</b>
Lazard Asset Mgmt.	515,769,708	4.69%	(350,465)	48,806,047	467,314,126	4.56%
CastleArk Mgmt. LLC	539,241,659	4.91%	(630,496)	65,540,526	474,331,629	4.63%
Mellon S&P 500 Index Fd	706,243,433	6.43%	(47,141,676)	74,222,329	679,162,779	6.63%
Horrell Capital - Passive	222,716,373	2.03%	(80,653)	24,295,494	198,501,532	1.94%
Mellon Large Cap Growth	403,534,109	3.67%	(36,012,250)	53,522,417	386,023,943	3.77%
Wellington Management	504,284,506	4.59%	(343,399)	46,136,103	458,491,802	4.47%
Intech	6,841	0.00%	(136)	6,886	91	0.00%
LSV Asset Management	405,198,854	3.69%	(511,487)	49,802,358	355,907,983	3.47%
Stephens Investment Mgmt.	503,136,917	4.58%	(718,327)	56,967,128	446,888,117	4.36%
Froley Revy Investment	409,962,821	3.73%	(27,904,087)	32,407,651	405,459,257	3.96%
<b>International Equity</b>	<b>\$2,772,318,692</b>	<b>25.23%</b>	<b>\$(118,408,501)</b>	<b>\$267,296,929</b>	<b>\$2,623,430,264</b>	<b>25.60%</b>
Artisan Partners	701,189,707	6.38%	(40,884,968)	68,924,644	673,150,031	6.57%
Mellon ACWI ex US Fund	614,917,146	5.60%	(25,069,398)	55,577,903	584,408,641	5.70%
Baillie Gifford Overseas	511,680,219	4.66%	(25,483,413)	54,636,091	482,527,541	4.71%
Lazard Asset Mgmt.	577,523,904	5.26%	(26,412,293)	53,829,403	550,106,793	5.37%
Acadian ACW ex US SmallCap	202,568,446	1.84%	(300,072)	18,288,157	184,580,361	1.80%
Franklin Templeton Intl SmallCap	164,439,270	1.50%	(258,357)	16,040,731	148,656,896	1.45%
<b>Alternatives</b>	<b>\$297,452,917</b>	<b>2.71%</b>	<b>\$68,046,952</b>	<b>\$5,789,535</b>	<b>\$223,616,430</b>	<b>2.18%</b>
<b>Private Equity</b>	<b>\$68,620,383</b>	<b>0.62%</b>	<b>\$68,620,383</b>	<b>\$0</b>	<b>-</b>	<b>-</b>
HarbourVest Dover XI	68,620,383	0.62%	68,620,383	0	-	-
<b>Hedge Funds</b>	<b>\$228,832,534</b>	<b>2.08%</b>	<b>\$(573,431)</b>	<b>\$5,789,535</b>	<b>\$223,616,430</b>	<b>2.18%</b>
Blackstone Alt. Asset Mgmt	228,832,534	2.08%	(573,431)	5,789,535	223,616,430	2.18%
<b>Domestic Fixed Income</b>	<b>\$1,971,055,565</b>	<b>17.94%</b>	<b>\$(947,649)</b>	<b>\$135,306,569</b>	<b>\$1,836,696,646</b>	<b>17.92%</b>
DoubleLine Capital	622,225,206	5.66%	(276,482)	40,336,153	582,165,535	5.68%
MacKay Shields	670,095,105	6.10%	(309,223)	47,830,249	622,574,079	6.07%
PGIM	678,735,254	6.18%	(361,945)	47,140,166	631,957,032	6.17%
<b>Real Assets</b>	<b>\$1,513,529,427</b>	<b>13.78%</b>	<b>\$121,828,816</b>	<b>\$(51,508,175)</b>	<b>\$1,443,208,786</b>	<b>14.08%</b>
<b>REITS</b>	<b>\$12,516,715</b>	<b>0.11%</b>	<b>\$(1,356)</b>	<b>\$1,758,731</b>	<b>\$10,759,340</b>	<b>0.10%</b>
MCM EB DV Non-SL REIT Fd	12,516,715	0.11%	(1,356)	1,758,731	10,759,340	0.10%
<b>Core Real Estate</b>	<b>\$875,471,077</b>	<b>7.97%</b>	<b>\$(3,639,326)</b>	<b>\$(42,229,875)</b>	<b>\$921,340,278</b>	<b>8.99%</b>
Invesco Real Estate	542,477,789	4.94%	(567,273)	(26,438,397)	569,483,459	5.56%
Heitman Real Estate Tr LP	332,993,288	3.03%	(3,072,053)	(15,791,478)	351,856,819	3.43%
<b>Value Add Real Estate</b>	<b>\$433,168,337</b>	<b>3.94%</b>	<b>\$121,432,389</b>	<b>\$(12,311,488)</b>	<b>\$324,047,436</b>	<b>3.16%</b>
Carlyle Property Investors	85,000,000	0.77%	85,000,000	0	-	-
Clarion Lion Industrial Trust	79,700,284	0.73%	(245,590)	(2,282,356)	82,228,230	0.80%
Hamison Street Fund VIII	46,782,812	0.43%	2,357,023	(54,919)	44,480,708	0.43%
Heitman Value Partners IV	46,795,332	0.43%	(2,427,643)	3,745,691	45,477,284	0.44%
LaSalle Inc & Growth VI LP	5,443,416	0.05%	0	436,849	5,006,567	0.05%
LaSalle Inc & Growth VII LP	18,006,238	0.16%	(86,502)	(3,357,455)	21,450,195	0.21%
Starwood SOF XII	37,236,053	0.34%	22,263,635	(1,849,086)	16,821,504	0.16%
TA Realty XI	3,389,536	0.03%	(4,043,035)	(1,341,709)	8,774,280	0.09%
TA Realty XII	95,320,167	0.87%	670,854	(5,159,355)	99,808,668	0.97%
TA Realty XIII	15,494,499	0.14%	17,943,647	(2,449,148)	-	-
<b>Farmland</b>	<b>\$94,835,372</b>	<b>0.86%</b>	<b>\$4,256,165</b>	<b>\$875,062</b>	<b>\$89,704,145</b>	<b>0.88%</b>
IFC Core Farmland Fund	52,620,404	0.48%	(1,071,673)	1,099,456	52,592,621	0.51%
PGIM Agriculture	42,214,968	0.38%	5,327,838	(224,394)	37,111,524	0.36%
<b>Timber</b>	<b>\$97,537,927</b>	<b>0.89%</b>	<b>\$(219,055)</b>	<b>\$399,395</b>	<b>\$97,357,587</b>	<b>0.95%</b>
Pinnacle	97,537,927	0.89%	(219,055)	399,395	97,357,587	0.95%
<b>Cash</b>	<b>\$222,204,567</b>	<b>2.02%</b>	<b>\$(29,720,757)</b>	<b>\$1,749,765</b>	<b>\$250,175,559</b>	<b>2.44%</b>
<b>Composite Fund</b>	<b>\$10,986,656,389</b>	<b>100.00%</b>	<b>\$(72,894,116)</b>	<b>\$810,341,561</b>	<b>\$10,249,208,945</b>	<b>100.00%</b>

# Asset Class Performance and Market Values

December 31, 2023

	Market Value \$(Dollars)	Ending Weight	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
<b>Domestic Equity</b>	<b>\$4,210,095,221</b>	<b>38.32%</b>	<b>11.87%</b>	<b>7.38%</b>	<b>20.79%</b>	<b>6.61%</b>	<b>14.05%</b>
Russell 3000 Index	-	-	12.07%	8.43%	25.96%	8.54%	15.16%
<b>International Equity</b>	<b>\$2,772,318,692</b>	<b>25.23%</b>	<b>10.43%</b>	<b>5.23%</b>	<b>17.86%</b>	<b>2.11%</b>	<b>9.06%</b>
Benchmark**	-	-	9.81%	5.98%	15.62%	1.53%	6.61%
<b>Alternatives</b>	<b>\$297,452,917</b>	<b>2.71%</b>	<b>2.29%</b>	<b>4.56%</b>	<b>8.14%</b>	<b>3.49%</b>	<b>6.22%</b>
<b>Private Equity</b>	<b>\$68,620,383</b>	<b>0.62%</b>	-	-	-	-	-
<b>Hedge Funds</b>	<b>\$228,832,534</b>	<b>2.08%</b>	<b>2.59%</b>	<b>4.87%</b>	<b>7.42%</b>	<b>6.42%</b>	<b>6.47%</b>
HFRI FOF: Diversified Index***	-	-	2.92%	3.71%	8.06%	5.84%	5.69%
<b>Domestic Fixed Income</b>	<b>\$1,971,055,565</b>	<b>17.94%</b>	<b>7.37%</b>	<b>4.51%</b>	<b>7.87%</b>	<b>(2.38%)</b>	<b>2.23%</b>
Blmbg Aggregate	-	-	6.82%	3.37%	5.53%	(3.31%)	1.10%
<b>Real Assets</b>	<b>\$1,513,529,427</b>	<b>13.78%</b>	<b>(3.30%)</b>	<b>(4.75%)</b>	<b>(8.74%)</b>	<b>8.55%</b>	<b>6.17%</b>
NCREIF Total Index****	-	-	(3.02%)	(4.35%)	0.18%	7.11%	6.59%
<b>REITS</b>	<b>\$12,516,715</b>	<b>0.11%</b>	<b>16.35%</b>	<b>7.72%</b>	<b>13.92%</b>	<b>7.19%</b>	<b>5.84%</b>
S&P DJ US Select REIT	-	-	16.35%	7.74%	13.96%	7.18%	6.12%
<b>Core Real Estate</b>	<b>\$875,471,077</b>	<b>7.97%</b>	<b>(4.60%)</b>	<b>(6.38%)</b>	<b>(11.75%)</b>	<b>5.47%</b>	<b>3.99%</b>
NFI-ODCE Eq Wt Net	-	-	(5.37%)	(7.37%)	(13.33%)	4.35%	3.78%
<b>Value Add Real Estate</b>	<b>\$433,168,337</b>	<b>3.94%</b>	<b>(2.79%)</b>	<b>(5.12%)</b>	<b>(10.64%)</b>	<b>13.81%</b>	<b>12.14%</b>
NCREIF Total Index	-	-	(3.02%)	(4.35%)	(7.94%)	4.57%	4.33%
<b>Farmland</b>	<b>\$94,835,372</b>	<b>0.86%</b>	<b>0.98%</b>	<b>0.98%</b>	<b>5.68%</b>	-	-
NCREIF Farmland Index	-	-	2.27%	2.00%	4.96%	7.41%	6.01%
<b>Timber</b>	<b>\$97,537,927</b>	<b>0.89%</b>	<b>0.41%</b>	<b>5.16%</b>	<b>16.47%</b>	<b>13.98%</b>	<b>7.28%</b>
NCREIF Timberland Index	-	-	4.34%	5.76%	9.45%	10.49%	6.62%
<b>Cash</b>	<b>\$222,204,567</b>	<b>2.02%</b>	<b>1.29%</b>	<b>2.51%</b>	<b>4.90%</b>	<b>2.22%</b>	<b>1.90%</b>
<b>Total Fund</b>	<b>\$10,986,656,389</b>	<b>100.00%</b>	<b>7.98%</b>	<b>4.30%</b>	<b>12.27%</b>	<b>3.90%</b>	<b>9.18%</b>
<b>Total Fund ex Cash</b>	<b>\$10,764,451,822</b>	<b>97.98%</b>	<b>8.06%</b>	<b>4.32%</b>	<b>12.33%</b>	<b>3.91%</b>	<b>9.22%</b>
Benchmark*	-	-	7.93%	4.78%	14.98%	4.44%	9.27%

- **Domestic Equity** underperformed the benchmark in the fourth quarter and over the last 5-year period.
- **International Equity** outperformed the benchmark in the fourth quarter and exceeded the benchmark return over longer time periods.
- **Hedge Funds** trailed the index in the fourth quarter and leads the benchmark over longer time periods.
- **Domestic Fixed Income** outperformed the benchmark in the fourth quarter and leads the index over longer trailing time periods.
- **Farmland and Timber** underperformed their respective benchmarks for the quarter. The Timber allocation outpaced its benchmark over the last one-, three-, and five-year periods, and Farmland beat its benchmark over the last year.
- **Value Add Real Estate** outperformed its benchmark in the fourth quarter and over the trailing three- and five-year periods.
- **Core Real Estate** beat its benchmark return for the quarter and outperformed over longer periods.
- **REITS** performed in line with the benchmark for the quarter and modestly underperformed over the last five years.

\* Current Quarter Target = 39% Russell 3000 Index, 24% MSCI ACWI ex US IMI Index, 19% Blmbg Aggregate Index, 16% CPI All Urban Cons +4%, 3% MSCI World Index and 2% Blmbg Aggregate Index



\*\*\* MSCI EAFE through 12/31/2020; MSCI ACWI ex US IMI (Net) thereafter.

\*\*\*\* 60% MSCI World and 40% Bloomberg Aggregate through 6/30/2023; HFRI FOF: Diversified Index thereafter

\*\*\*\*\* CPI All Urban Consumers +4% through 6/30/2023; NCREIF Total Index thereafter

# Total Fund Performance

December 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	9.40	16.28	6.49	10.14	7.83	7.66
25th Percentile	8.55	14.33	5.38	9.55	7.41	7.38
Median	7.93	12.99	4.26	8.97	6.90	7.16
75th Percentile	7.35	11.64	3.25	8.13	6.33	6.78
90th Percentile	6.58	10.66	2.14	7.50	5.91	6.42
 <b>Total Fund</b>	<b>7.98 (48)</b>	<b>12.27 (64)</b>	<b>3.90 (59)</b>	<b>9.18 (40)</b>	<b>6.91 (49)</b>	<b>7.24 (39)</b>
 <b>Benchmark</b>	7.93 (50)	14.98 (18)	4.44 (46)	9.27 (37)	6.97 (47)	7.20 (45)

- The above chart shows the distribution of returns for the Callan Public Fund DB Peer Group across time periods ended December 31, 2023. Returns longer than one year annualized.
- The returns and peer group ranking for the APERS Total Fund and Total Fund Target are shown in the bottom two rows.
  - **The 25th percentile return** represents the value above which 25% of the returns fall. In other words, it's the point where a quarter of the peer group earned a higher return, and three-quarters of the peer group earned a lower return.
  - **The median return** represents the middle value in a distribution of returns. If we arrange all the returns in ascending order, the median is the value that separates the lower half from the higher half.
  - **The 75th percentile return** represents the value above which 75% of the returns fall. In other words, it's the point where three-quarters of the peer group earned a higher return, and a quarter of the peer group earned a lower return.

*Current Quarter Target = 39% Russell 3000 Index, 24% MSCI ACWI ex US IMI Index, 19% Blmbg Aggregate Index, 16% NCREIF Total Index, 2% HFRI FOF: Diversified Index*



# Investment Manager Returns and Peer Group Rankings

December 31, 2023

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years					
<b>Domestic Equity</b>	<b>11.87%</b>	<b>48</b>	<b>7.38%</b>	<b>82</b>	<b>20.79%</b>	<b>85</b>	<b>6.61%</b>	<b>87</b>	<b>14.05%</b>	<b>71</b>
Russell 3000 Index	12.07%	33	8.43%	24	25.96%	14	8.54%	50	15.16%	21
Pub Pln- Dom Equity	11.81%		8.02%		23.72%		8.54%		14.57%	
Lazard Asset Mgmt.	10.46%	67	1.54%	97	16.31%	69	6.27%	75	11.87%	82
Russell 3000 Index	12.07%	41	8.43%	49	25.96%	29	8.54%	58	15.16%	40
Callan All Cap Broad	11.48%		8.41%		20.75%		9.73%		14.68%	
CastleArk	13.83%	12	8.70%	38	31.07%	24	8.42%	58	17.97%	10
Russell 3000 Growth Index	14.09%	11	10.28%	17	41.21%	7	8.08%	62	18.85%	7
Callan All Cap Broad	11.48%		8.41%		20.75%		9.73%		14.68%	
Mellon S&P 500 Index Fd	11.68%	59	8.03%	82	26.28%	48	10.00%	58	15.36%	54
S&P 500 Index	11.69%	58	8.04%	82	26.29%	48	10.00%	58	15.69%	50
Callan Large Cap Core	11.88%		9.38%		26.16%		10.33%		15.69%	
Horrell Capital - Passive	12.25%	40	7.77%	59	14.49%	70	11.96%	26	14.69%	47
Bloomberg Arkansas Index	8.57%	89	11.38%	8	19.44%	55	24.10%	1	20.29%	3
S&P 500 Index	11.69%	43	8.04%	55	26.29%	29	10.00%	44	15.69%	31
Callan All Cap Broad	11.48%		8.41%		20.75%		9.73%		14.68%	
Mellon Large Cap Growth	14.22%	48	10.64%	43	-	-	-	-	-	-
Russell 1000 Growth Index	14.16%	51	10.59%	47	42.68%	35	8.86%	26	19.50%	10
Callan Large Cap Growth	14.19%		10.49%		40.49%		6.74%		17.14%	
Wellington Management	10.07%	48	6.87%	75	14.45%	36	10.55%	63	12.52%	52
Russell 1000 Value Index	9.50%	64	6.03%	85	11.46%	66	8.86%	90	10.91%	87
Callan Large Cap Value	10.04%		7.60%		12.99%		11.11%		12.61%	
LSV Asset Management	14.02%	38	13.40%	27	18.99%	27	16.00%	15	13.46%	33
Russell 2000 Value Index	15.26%	20	11.85%	41	14.65%	65	7.94%	81	10.00%	89
Callan Small Cap Value	13.54%		10.95%		16.62%		11.09%		12.33%	
Stephens Investment Mgmt.	12.78%	25	7.38%	7	20.30%	31	0.29%	33	11.69%	62
Russell 2000 Growth Index	12.75%	26	4.50%	35	18.66%	47	(3.50%)	62	9.22%	86
Callan Small Cap Growth	11.13%		3.87%		17.88%		(1.53%)		12.21%	
Froley Revy Investment	8.10%	8	3.89%	38	8.40%	66	(2.95%)	87	10.73%	35
ML All Conv	6.67%	31	3.98%	37	12.87%	11	(0.82%)	57	11.93%	18
Callan Convert Bonds DB	6.01%		3.53%		9.13%		(0.63%)		8.74%	

- Total Domestic Equity underperformance over the last year has weighed on long-term results, as the composite trails the benchmark and peer group median over the trailing 3- and 5-year periods.
- Wellington, Stephens, and Froley Revy led their respective benchmarks for the quarter and ranked in the top half of their peer universe. Over the last five years, Stephens and Wellington outperformed their respective benchmarks while Froley Revy underperformed.
- CastleArk and Lazard underperformed their respective benchmarks for the fourth quarter. CastleArk trailed the benchmark over the last five years but ranked in the top quartile of peers. Lazard has underperformed the benchmark and its peer group median over longer periods.



# Investment Manager Returns and Peer Group Rankings

December 31, 2023

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
<b>International Equity</b>	<b>10.43%</b>	<b>5.23%</b>	<b>17.86%</b>	<b>2.11%</b>	<b>9.06%</b>
Benchmark*	9.81%	5.98%	15.62%	1.53%	6.61%
Pub Pln- Intl Equity	9.70%	5.48%	16.51%	1.82%	8.11%
Artisan Partners	10.53%	7.66%	24.43%	11.48%	13.84%
MSCI EAFE	10.42%	5.88%	18.24%	4.02%	8.16%
Callan NonUS Eq	10.07%	5.09%	18.08%	3.36%	8.86%
Mellon ACWI ex US Fund	9.73%	5.63%	15.95%	1.82%	7.40%
MSCI ACWI ex US	9.75%	5.61%	15.62%	1.55%	7.08%
Callan NonUS Eq	10.07%	5.09%	18.08%	3.36%	8.86%
Baillie Gifford Overseas	11.62%	0.19%	11.55%	(7.82%)	7.24%
MSCI ACWIxUS Gross	9.82%	5.78%	16.21%	2.04%	7.60%
Callan NonUS Eq	10.07%	5.09%	18.08%	3.36%	8.86%
Lazard Asset Mgmt.	10.05%	5.08%	19.17%	2.40%	7.69%
MSCI ACWIxUS Gross	9.82%	5.78%	16.21%	2.04%	7.60%
Callan NonUS Eq	10.07%	5.09%	18.08%	3.36%	8.86%
Acadian ACW ex US SmallCap	9.93%	8.45%	15.58%	7.57%	-
MSCI ACWI ex US Small Cap	10.12%	8.25%	15.66%	1.49%	7.89%
Callan Intl Small Cap	10.88%	6.48%	15.06%	(0.01%)	7.77%
Franklin Templeton Intl SmallCap	10.82%	6.83%	17.13%	-	-
MSCI ACWI ex US Small Cap	10.12%	8.25%	15.66%	1.49%	7.89%
Callan Intl Small Cap	10.88%	6.48%	15.06%	(0.01%)	7.77%
<b>Alternatives</b>	<b>2.29%</b>	<b>4.56%</b>	<b>8.14%</b>	<b>3.49%</b>	<b>6.22%</b>
<b>Hedge Funds</b>	<b>2.59%</b>	<b>4.87%</b>	<b>7.42%</b>	<b>6.42%</b>	<b>6.47%</b>
HFRI FOF: Diversified Index***	2.92%	3.71%	8.06%	5.84%	5.69%
Blackstone Alt. Asset Mgmt.	2.59%	4.87%	7.42%	6.42%	6.47%
HFRI FOF: Diversified Index***	2.92%	3.71%	8.06%	5.84%	5.69%
Callan Core Diversif FoF	2.52%	3.99%	6.85%	3.65%	5.69%
<b>Domestic Fixed Income</b>	<b>7.37%</b>	<b>4.51%</b>	<b>7.87%</b>	<b>(2.38%)</b>	<b>2.23%</b>
Bimbg Aggregate Index	6.82%	3.37%	5.53%	(3.31%)	1.10%
Pub Pln- Dom Fixed	6.87%	3.94%	6.60%	(2.23%)	2.04%
DoubleLine Capital	6.93%	3.75%	7.11%	(2.01%)	1.54%
MacKay Shields	7.69%	4.93%	8.20%	(2.31%)	2.71%
PGIM	7.46%	4.79%	8.23%	(2.80%)	2.37%
Bimbg Aggregate Index	6.82%	3.37%	5.53%	(3.31%)	1.10%
Callan Core Plus FI	7.17%	4.03%	6.90%	(2.52%)	2.23%

- **Total International Equity** outperformed the benchmark in the fourth quarter and has outpaced the benchmark over longer periods. The composite ranks in the 21<sup>st</sup> percentile of peers over the last five years.
- Artisan, Baillie Gifford, Lazard, and Franklin Templeton led their respective benchmarks for the quarter. Artisan, Lazard, Artisan, Baillie Gifford, and Lazard ranked in the top half of their peer groups. Over the 5-year period, Artisan and Lazard have outperformed their respective benchmarks. Baillie Gifford underperformed over the last five years.
- **Hedge Funds:** Blackstone underperformed the target for the quarter but has outpaced its target return and ranks in the top quartile of peers over the trailing 3- and 5-year periods.
- **Domestic Fixed Income** leads the index over the last 3- and 5-year periods. All three managers delivered excess returns over the benchmark in the fourth quarter and have outperformed over longer periods.

\*\* MSCI EAFE through 12/31/2020; MSCI ACWI ex US IMI (Net) thereafter.

\*\*\* 60% MSCI World and 40% Bloomberg Aggregate through 6/30/2023; HFRI FOF: Diversified Index thereafter

# Investment Manager Returns and Peer Group Rankings

December 31, 2023

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
<b>Real Assets</b>	<b>(3.30%)</b>	<b>(4.75%)</b>	<b>(8.74%)</b>	<b>8.55%</b>	<b>6.17%</b>
NCREIF Total Index****	(3.02%)	(4.35%)	0.18%	7.11%	6.59%
<b>REITS</b>	<b>16.35%</b>	<b>7.72%</b>	<b>13.92%</b>	<b>7.19%</b>	<b>5.84%</b>
S&P DJ US Select REIT	16.35%	7.74%	13.96%	7.18%	6.12%
MCM EB DV Non-SL REIT Fd	16.35%	61 7.72%	59 13.92%	51 7.19%	37 5.84%
S&P DJ US Select REIT	16.35%	61 7.74%	59 13.96%	50 7.18%	38 6.12%
Callan Real Estate REIT	16.48%	8.08%	13.96%	6.79%	8.85%
<b>Core Real Estate</b>	<b>(4.60%)</b>	<b>(6.38%)</b>	<b>(11.75%)</b>	<b>5.47%</b>	<b>3.99%</b>
NCREIF NFI-ODCE Eq Wt Net	(5.37%)	(7.37%)	(13.33%)	4.35%	3.78%
Invesco Real Estate	(4.64%)	84 (6.13%)	76 (12.14%)	72 4.64%	58 3.75%
Heitman Real Estate Trust LP*****	(4.53%)	81 (6.79%)	80 (11.12%)	68 6.81%	37 4.42%
NCREIF NFI-ODCE Eq Wt Net	(5.37%)	88 (7.37%)	84 (13.33%)	82 4.35%	62 3.78%
Callan OE Core Cmngld RE	(0.22%)	(2.08%)	(8.63%)	5.52%	4.70%
<b>Value Add Real Estate</b>	<b>(2.79%)</b>	<b>(5.12%)</b>	<b>(10.64%)</b>	<b>13.81%</b>	<b>12.14%</b>
NCREIF Total Index	(3.02%)	(4.35%)	(7.94%)	4.57%	4.33%
Clarion Lion Industrial Trust	(2.78%)	(2.06%)	(4.17%)	-	-
Harrison Street Fund VIII	(0.12%)	0.01%	15.86%	-	-
Heitman Value Partners IV	8.59%	11.22%	1.02%	17.44%	14.99%
LaSalle Inc & Growth VI LP	8.73%	(1.89%)	(7.68%)	(13.25%)	(8.92%)
LaSalle Inc & Growth VII LP	(15.71%)	(35.98%)	(51.12%)	(11.30%)	(5.40%)
Starwood SOF XII	(4.73%)	(1.80%)	(3.19%)	-	-
TA Associates Realty Fund XI	(23.51%)	(26.80%)	(43.56%)	(1.25%)	4.23%
TA Associates Realty Fund XII	(5.12%)	(7.30%)	(10.57%)	20.67%	-
NCREIF Total Index	(3.02%)	(4.35%)	(7.94%)	4.57%	4.33%
<b>Farmland</b>	<b>0.98%</b>	<b>0.98%</b>	<b>5.68%</b>	<b>-</b>	<b>-</b>
IFC Core Farmland Fund	2.11%	3.29%	10.72%	-	-
PGIM Agriculture	(0.61%)	(2.18%)	(1.55%)	-	-
NCREIF Farmland Index	2.27%	2.00%	4.96%	7.41%	6.01%
<b>Timber</b>	<b>0.41%</b>	<b>5.16%</b>	<b>16.47%</b>	<b>13.98%</b>	<b>7.28%</b>
Pinnacle	0.41%	5.16%	16.47%	13.98%	7.28%
NCREIF Timberland Index	4.34%	5.76%	9.45%	10.49%	6.62%
<b>Cash</b>	<b>1.29%</b>	<b>2.51%</b>	<b>4.90%</b>	<b>2.22%</b>	<b>1.90%</b>
<b>Total Fund</b>	<b>7.98%</b>	<b>48 4.30%</b>	<b>83 12.27%</b>	<b>64 3.90%</b>	<b>59 9.18%</b>
Callan Public Fund Spr DB	7.93%	5.08%	12.99%	4.26%	8.97%
<b>Total Fund ex Cash</b>	<b>8.06%</b>	<b>43 4.32%</b>	<b>82 12.33%</b>	<b>63 3.91%</b>	<b>58 9.22%</b>
Benchmark*	7.93%	50 4.78%	66 14.98%	18 4.44%	46 9.27%
Callan Public Fund Spr DB	7.93%	5.08%	12.99%	4.26%	8.97%

- The **Real Assets** composite underperformed its target for the third quarter and over the last year. REITS performed in line with the benchmark for the quarter, Core and Value Add Real Estate outperformed, and the Farmland and Timber allocations underperformed their benchmarks.
- The **Total Fund** outperformed its benchmark and ranked ahead of its peer group median for the quarter. The Fund ranked at the 59<sup>th</sup> percentile of peers and trailed the benchmark over the last 3-year period. Over the last 5 years, the Fund narrowly trailed its benchmark but ranked at the 40<sup>th</sup> percentile of its peer group.

\* Current Quarter Target = 39% Russell 3000 Index, 24% MSCI ACWI ex US IMI Index, 19% Blmbg Aggregate Index, 16% CPI All Urban Cons +4%, 3% MSCI World Index and 2% Blmbg Aggregate Index

\*\*\* MSCI EAFE through 12/31/2020; MSCI ACWI ex US IMI (Net) thereafter.

\*\*\*\* 60% MSCI World and 40% Bloomberg Aggregate through 6/30/2023; HFRI FOF: Diversified Index thereafter

\*\*\*\*\* CPI All Urban Consumers +4% through 6/30/2023; NCREIF Total Index thereafter

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## Organizational Developments

*4<sup>th</sup> Quarter 2023*

### **CastleArk Management – Domestic Equity**

In December 2023, CastleArk’s Internal Chief Compliance Officer, Rick Simek, notified the firm of his desire to leave the firm. CastleArk’s Executive Committee discussed Simek’s departure with internal and external counsel and made the decision to pursue ACA Global as an Outsourced Chief Compliance Officer as his replacement. ACA is a long-standing partner of CastleArk’s, dating back more than 10 years. They have provided GIPS audit and other compliance advice to CastleArk over that time and were very familiar with the firm. ACA has been in the outsource OCCO business for some time but expanded significantly via their acquisitions of Foreside and Harden in the past few years. These firms were focused outsourced providers and allowed ACA to become the new industry heavyweight in these and other services. Chris Brancazio (ACA) is onboard as the OCCO and will with the dedicated internal resource—Sarah Johnson—to maintain a consistent feedback and module connectivity to the organization. Sarah’s role in the firm is expanding from ESG and Execution into the Compliance Coordinator role. It is CastleArk’s expectation that she will ultimately take the CCO role over in the coming years.

It is not unusual to see smaller firms outsource many areas including compliance given the increased costs. CastleArk has outsourced other functions such as middle/back office and cybersecurity in the past, so this is not the first external relationship for the firm. The SEC states that it’s inappropriate not to have a named internal CCO so Callan will continue monitoring to verify that Sarah Johnson remains on track for that position in addition to her ESG duties

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# Organizational Developments

*4<sup>th</sup> Quarter 2023*

## **Acadian Asset Management – International Equity**

On December 20, 2023, Acadian announced that CEO Ross Dowd was replaced by Chief Marketing Officer (CMO) Kelly Young. Ted Noon will become the new CMO. The change was not related to Acadian's performance or Ross's management ability but differing views on the future of Acadian's ownership. Kelly is a 15-year veteran at Acadian. She has been the Chief Marketing Officer since 2019, where she was responsible for Acadian's business development efforts. Ted Noon has been with Acadian since 2003, most recently focusing on North American Business Development.

We believe that Dowd's departure relates to his relationship with the BSIG's executive team and does not reflect on the firm, investment team, or strategies. As we have communicated in the past, and this event further solidifies, we believe the chance of a change of Acadian's ownership remains elevated.

## **Franklin Templeton – International Equity**

On January 1, 2024 Franklin completed the acquisition of Putnam from Great-West Lifeco, Inc. The Putnam equity teams will remain as distinct investment boutiques similar to previous acquired firms (ClearBridge, Brandywine, Western Asset). The Putnam Fixed Income & Multi-Asset teams will fold under FT Fixed Income and FT Investment Solutions.

Franklin was able to execute the acquisition of Legg Mason well providing confidence in this integration too. However, we will follow up if our opinion changes.

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## Organizational Developments

*4<sup>th</sup> Quarter 2023*

### **Baillie Gifford – International Equity**

Baillie Gifford announced that on March 1st, the strategy's Portfolio Construction Group (PCG) will be expanding from five to six members with the addition of Alex Summers, an experienced Emerging Markets investor. At the same point, existing PCG members Iain Campbell and Joe Faraday will establish a dedicated central desk for the strategy, focusing on additional portfolio monitoring, construction, and complimentary research. Iain and Joe will now only be responsible for this strategy with no other regional or client servicing focused responsibilities. Efforts have been made to refine portfolio construction and risk oversight, aiming to strike a balance between high-growth, pre-profit companies and quality compounders.

Overall, while the changes seem incremental, Callan views the heightened focus on risk management to aid in the portfolio balance as a positive development.

### **Clarion Partners – Value-Add Real Estate**

On December 22, 2023, Clarion Partners announced that Dr. Tim Wang, Managing Director and Head of Investment Research, will retire at the end of December 2023 after nearly 18 years with the Firm. Dr. Wang joined Clarion in 2006 and became Head of Investment Research in 2012. In this role, he served as a member of both the equity and debt investment committees. The Research team, which already reports up to the Chief Investment Officer, Jeb Belford, will be led by Mr. Belford in the interim. Indraneel ("Indy") Karlekar, Ph.D. has joined Clarion Partners as a Managing Director and the Global Head of Research and Strategy. Indy will be a voting member of Clarion's Equity and Debt Investment Committees, and will be a member of Clarion's Executive Board. In his role, Mr. Karlekar is responsible for overseeing all facets of investment research in developing portfolio strategy, leveraging data analytics, and supporting capital raising and client service. Mr. Karlekar spent the last 10 years as the Global Head of Research and Portfolio Strategies for Principal Asset Management. He had also held senior research roles with ING Clarion Real Estate Securities between 2003 and 2011.

The announcement of Dr. Wang's retirement is notable but not actionable. Dr. Wang is highly regarded by the industry, including Callan's Real Assets Consulting team, but is supported by a strong team of nine dedicated research professionals, including several senior- and mid-level individuals.

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## Work Plan Update

### Asset Liability Study

- Completed in February 2019. The Board decided to keep the current asset allocation unchanged

### Investment Policy Review and Update – Completed in August 2019

#### Non-US Equity Structure Study

- The Board reviewed the Non-US Equity Structure Study at the November 2019 Board Meeting
- The Board selected a structure which included a new allocation to Non-US Small Cap Equity
- The Non-US Small Cap Equity search was concluded in November 2020 with the selection of Acadian Asset Management and Franklin Templeton Investments

#### Real Assets Structure Study

- The Board reviewed the Real Assets Structure at the February 2021 meeting. The Board chose to eliminate the Energy equity allocation, in favor of additional Core and Core Plus real estate, and Farmland. Additional Allocations to Value-add real estate were also approved
- At the May 2021 Board Meeting, the Board approved the Real Estate Pacing Study and new commitments to Starwood and Harrison Street Partners
- At the November 2021 Board Meeting, Farmland managers were interviewed and both IFC and PGIM were allocated \$50 million.
- Core Plus Real Estate Manager Interviews occurred at the February Board Meeting, all three managers, Carlyle, Principal, and Clarion, were hired to manage \$85 million.

#### Domestic Equity Structure Study

- Presented at the August 2022 Board Meeting. The Board decided to maintain the current Domestic Equity Structure.

#### Private Equity Education and Total Fund Asset Allocation Review

- Private equity education was provided at the Trustee Workshop in October 2022. In the November 2022 meeting the Board received an asset allocation review which included portfolios containing private equity.
- The Board requested that Callan complete a Private Equity pacing analysis using a 5% private equity target allocation for the Fund.

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## **Work Plan Update**

### **Total Fund Asset Allocation Review Update and Private Equity Pacing Study Analysis**

- Presented at the February 2023 meeting

### **Private Equity Education, Pacing Study Review**

- Additional Private Equity education provided on May 16<sup>th</sup>, 2023
- Private Equity Pacing Study results presented at the May 16<sup>th</sup>, 2023 meeting

### **Investment Policy Review**

- Approved in November 2023

### **Upcoming Projects:**

- **Fixed Income Structure Study**

# Total Fund Relative Attribution

December, 2023

## Relative Attribution Effects for Quarter ended December 31, 2023

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	37%	39%	11.87%	12.07%	(0.08%)	(0.07%)	(0.14%)
Domestic Fixed Income	18%	19%	7.37%	6.82%	0.10%	0.01%	0.11%
International Equity	25%	24%	10.43%	9.81%	0.16%	0.02%	0.18%
Alternatives	3%	2%	2.29%	2.92%	(0.02%)	(0.03%)	(0.04%)
Real Assets	15%	16%	(3.30%)	(3.02%)	(0.04%)	0.14%	0.10%
Cash	2%	0%	1.29%	1.29%	0.00%	(0.15%)	(0.15%)
<b>Total</b>			<b>7.98%</b>	<b>= 7.93%</b>	<b>+ 0.12%</b>	<b>+ (0.08%)</b>	<b>0.05%</b>

## Three 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%	6.61%	8.54%	(0.74%)	0.04%	(0.69%)
Domestic Fixed Income	17%	18%	(2.38%)	(3.31%)	0.16%	0.07%	0.23%
International Equity	25%	24%	2.11%	1.53%	0.15%	(0.07%)	0.08%
Alternatives	4%	5%	3.49%	2.36%	0.07%	0.00%	0.07%
Real Assets	14%	16%	8.55%	7.11%	0.05%	(0.22%)	(0.18%)
Cash	1%	0%	2.22%	2.22%	0.00%	(0.05%)	(0.05%)
<b>Total</b>			<b>3.90%</b>	<b>= 4.44%</b>	<b>+ (0.31%)</b>	<b>+ (0.23%)</b>	<b>(0.54%)</b>

## Five 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%	14.05%	15.16%	(0.42%)	0.07%	(0.34%)
Domestic Fixed Income	17%	18%	2.23%	1.10%	0.17%	0.01%	0.17%
International Equity	25%	24%	9.06%	6.61%	0.61%	(0.07%)	0.54%
Alternatives	4%	5%	6.22%	7.96%	(0.08%)	0.00%	(0.08%)
Real Assets	14%	16%	6.17%	6.59%	(0.20%)	(0.11%)	(0.31%)
Cash	1%	0%	1.90%	1.90%	0.00%	(0.06%)	(0.06%)
<b>Total</b>			<b>9.18%</b>	<b>= 9.27%</b>	<b>+ 0.07%</b>	<b>+ (0.16%)</b>	<b>(0.09%)</b>

- 4<sup>th</sup> Quarter:** Active management added value for the quarter, particularly within Fixed Income and International Equity. Variance from policy weights had a modest negative impact, primarily due to an overweight to cash.
- Three Years:** Over the last three years, active management had a negative impact on relative performance overall. Domestic Equity managers were the largest detractor. The Fund benefited from an overweight to Domestic Equity and an underweight to Fixed Income, but an underweight to Real Assets and an overweight to International Equity were detractors.
- Five Years:** The Fund trailed its policy benchmark return over the last five years. Active management within International Equity and Fixed Income added value, while Domestic Equity and Real Assets managers were the primary detractors. Variance from target policy weights had a negative impact due to an underweight to Real Assets and overweights to Cash and International Equity.

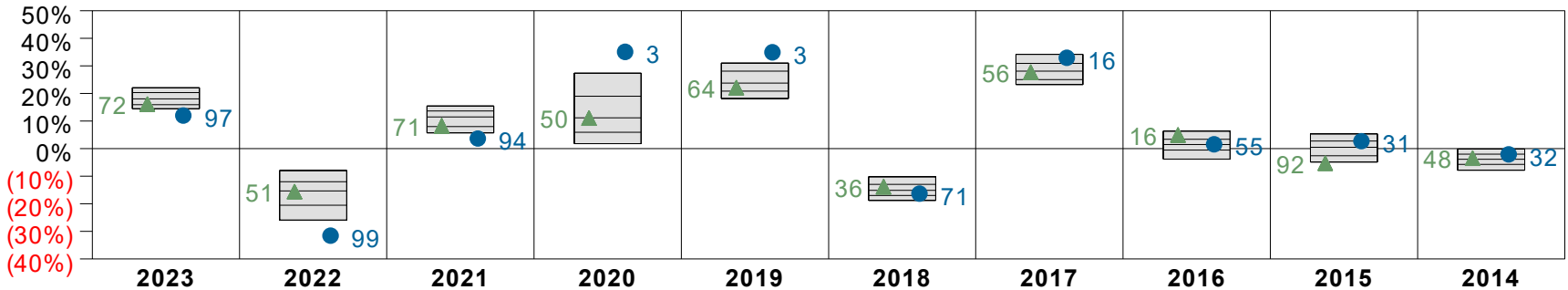
Current Quarter Target = 39% Russell 3000 Index, 24% MSCI ACWI ex US IMI Index, 19% Blmbg Aggregate Index, 16% NCREIF Total Index, 2% HFRI FOF: Diversified Index



# Manager Spotlight

## Baillie Gifford

### Performance vs Callan Non-US Equity (Gross)



	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
10th Percentile	22.05	(7.90)	15.44	27.39	31.03	(10.17)	34.21	6.37	5.38	(0.13)
25th Percentile	20.34	(11.97)	13.69	19.00	28.11	(12.89)	30.96	3.40	2.76	(1.97)
Median	18.08	(15.29)	11.50	11.19	23.78	(15.12)	28.16	1.50	0.54	(3.85)
75th Percentile	15.93	(20.51)	7.98	5.93	20.88	(17.01)	25.08	(0.47)	(2.53)	(5.70)
90th Percentile	14.48	(25.95)	5.73	1.81	18.19	(18.73)	23.28	(3.82)	(4.89)	(7.82)

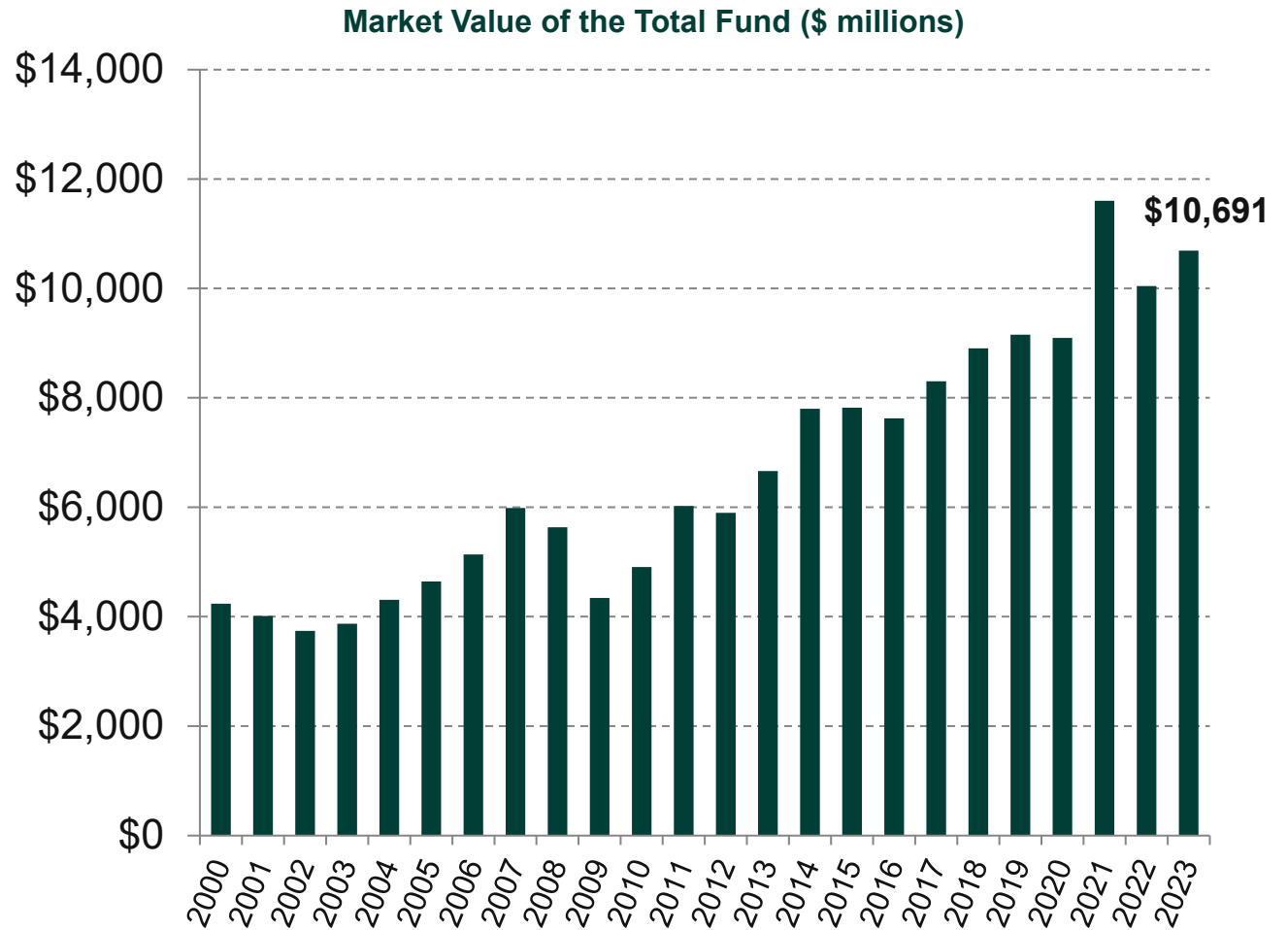
<b>Baillie Gifford Overseas</b>	●	11.55	(31.98)	3.22	34.64	34.52	(16.76)	32.51	1.13	2.25	(2.50)
MSCI ACWI xUS GD	▲	16.21	(15.57)	8.29	11.13	22.13	(13.77)	27.77	5.01	(5.25)	(3.44)

- Baillie Gifford outperformed the benchmark and placed in the top third of its peer group in 5 of the last 10 full calendar years.
- Recently, Baillie Gifford has underperformed the benchmark and ranked in the bottom decile of peers in two consecutive calendar years. The strategy trailed the benchmark and ranked in the 97<sup>th</sup> percentile of its peer group in 2023 despite positive 4Q performance.
- Performance in 2023 struggled due to some key detractors:
  - Japan: a strong value market was a headwind, and several holdings were hurt by their exposure to Chinese consumers and regulations.
  - Consumer Discretionary: luxury goods and cosmetics companies struggled post-COVID as the reopening economy in China was weaker than expected.

# 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



# Benchmark Definitions

1. **Total Fund Benchmark (Target):** Blend of asset class benchmarks at policy weights. The Long-Term Target was established in July 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.

	<b>Long-Term Target</b>	<b>4Q 2023 Target</b>
<b>Russell 3000</b>	<b>39.0%</b>	<b>39.0%</b>
<b>MSCI ACWI xUS IMI</b>	<b>17.0</b>	<b>24.0</b>
<b>Bloomberg Aggregate</b>	<b>21.0</b>	<b>19.0</b>
<b>Real Assets</b>	<b>16.0</b>	<b>16.0</b>
<b>Alternatives</b>	<b>7.0</b>	<b>2.0</b>
- Private Equity	5.0	0.0
- Hedge Funds	2.0	2.0
<b>Total Target</b>	<b>100.0%</b>	<b>100.0%</b>

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:** NCREIF Property Index; Prior to 7/1/2023 CPI All Urban Consumers + 4%
6. **Private Equity:** Russell 3000 Index +3%
7. **Hedge Funds:** HFRI Diversified Index; Prior to 7/1/2023 60% MSCI World and 40% Bloomberg Aggregate.

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Unless Callan has been specifically engaged to do so, Callan does not conduct background checks or in-depth due diligence of the operations of any investment manager search candidate or investment vehicle, as may be typically performed in an operational due diligence evaluation assignment and in no event does Callan conduct due diligence beyond what is described in its report to the client.

Any decision made on the basis of this document is sole responsibility of the client, as the intended recipient, and it is incumbent upon the client to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.



Quarterly Board Meeting

**Statement of Fiduciary Net Position as of December 31, 2023**

ASSETS	
Cash and Cash Equivalents	\$ 742,589
Receivables	
Contributions Receivable	411,655
Overpayment Receivable	276,136
Allowance for Doubtful Accounts	(276,136)
Total Receivables	<u>411,655</u>
Investments at Fair Value	
Investment Assets	408,477,516
Securities Lending Collateral	22,777,621
Total Investments	<u>431,255,138</u>
<b>TOTAL ASSETS</b>	<b><u>432,409,382</u></b>
LIABILITIES	
Securities Lending Liability	22,778,585
Accrued Expense and Other Liabilities	641,206
<b>TOTAL LIABILITIES</b>	<b><u>23,419,791</u></b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b><u>\$ 408,989,591</u></b>

Unaudited  
(02/02/2024)



Quarterly Board Meeting  
**Statement of Changes in Fiduciary Net Position**  
**for the Period Ending December 31, 2023**

ADDITIONS	
Contributions	
Employer	\$ 6,156,189
Employee	8,247
Total Contributions	6,164,437
Investment Income	
Investment Income	16,931,923
Less: Investment Expense	(416,283)
Net Investment Income	16,515,641
TOTAL ADDITIONS	22,680,077
DEDUCTIONS	
Benefits	15,796,407
Administrative Expense	229,193
TOTAL DEDUCTIONS	16,025,600
NET INCREASE/(DECREASE)	6,654,477
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of Year	402,335,114
End of 2nd Quarter	\$ 408,989,591

Unaudited  
(02/02/2024)



Quarterly Board Meeting  
February 22, 2024  
**Legal Report**

**ADMINISTRATIVE MEMBER APPEALS**

***Cpl. Kenneth Cartwright - Closed***

On November 16, 2023, the board voted to uphold the Executive Director's Determination denying the member's request to recognize concurrent volunteer time in the Local Police and Fire Retirement System (LOPFI) as reciprocal service so that he can reach eligibility to receive full retirement benefits in ASPRS. The member did not file a petition for judicial review of the board's decision within the appeal period of 30 days from the board's decision.

**APPEAL FROM ADMINISTRATIVE MEMBER APPEAL - LITIGATION**

None pending

**RULES PROMULGATION**

None



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.

**Active Members – New This Quarter**

	Oct 2023	Nov 2023	Dec 2023
Number	69	3	0
Total Active Members	580	583	583

**Active 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**

	Oct 2023	Nov 2023	Dec 2023
Number	2	0	0
Total Inactive Members	127	127	127

**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**

	Oct 2023	Nov 2023	Dec 2023
Number	2	3	5
Total Retirees	711	711	715

**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

#### **Annual Comprehensive Financial Report**

The Annual Comprehensive Financial Reports for APERS, ASPRS, and AJRS have been completed. Printed copies are available for your review.

#### **FY23 Legislative Audit**

The FY23 Legislative Audit has been completed and reviewed. There were no audit findings for APERS in FY23. You should have been mailed a copy of the report and the complete report is available for your review.

#### **Building Lease and Purchase Options**

Following the November APERS Board meeting, the APERS executive team toured several properties in the Little Rock area to explore the options of purchasing a building to compare with our existing lease with Moses Tucker.

#### **Education and Outreach**

- **ASPRS Collaborative Training:** APERS joined the Arkansas State Police at Camp Robinson to partner in providing retirement education and counseling from January 2- January 31<sup>st</sup>. Over 500 troopers participated in this collaborative training.
- **Employer Training and Outreach:** APERS conducted an employer outreach survey in November 2023 resulting in partnership with 26 employers to host onsite member education seminars across the state. In addition, APERS staff continues to offer ongoing virtual member education seminars as well as regularly scheduled training with employers.
- **Website Update:** The Public Affairs team continues to work with Tyler Technologies to load APERS, ASPRS, and AJRS content into our new website platform. We anticipate our new improved website will be live by our next board meeting in May. We will be meeting with stakeholder groups in March and April to gather input and make final edits to ensure ease of use for our active members and retirees. I will share the website with the board as well for your input.

#### **Staff Training**

The APERS IT department conducted in-house training for staff during December. The training provided insight into Microsoft and Windows navigation and use. The APERS IT department is currently providing cyber security awareness training for all staff.



## Quarterly Board Meeting

### Executive Report

#### **Operational Improvements:**

- **Return Mail:** APERS Digital Services and the Benefits division are diligently working to implement new processes to ensure effective communication with our members. They have implemented a process to reach members with return mail to ensure we have the right contact information on file for correspondence. This is very important to ensure members are notified of any changes and to ensure member benefits are received by intended recipients. This operational improvement will also assist us in identifying cases where a member is deceased, and we have not been provided with a notice of death.
- **Retirement Support Center:** The APERS Call Center has been re-branded to the Retirement Support Center (RSC) and is now under the Public Affairs department within our Operations Division. We are working with DIS to update our IVR to route calls more appropriately and better serve our members. The RSC will handle all incoming member calls to address questions related to retirement planning. Retiree calls will be routed to retirement counselors to address retiree needs.



STATE OF ARKANSAS  
**Department of Finance  
 and Administration**

**OFFICE OF THE SECRETARY**  
 1509 West Seventh Street, Suite 401  
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 Little Rock, Arkansas 72203-3278  
 Phone: (501) 682-2242  
 Fax: (501) 682-1029  
 www.arkansas.gov/dfa

**MEMORANDUM**

**TO:** All State Agencies, Boards and Commissions,  
 and Institutions of Higher Education

**FROM:** Larry W. Walther, Secretary *Larry W Walther*

**SUBJECT:** Rate of Mileage Reimbursement for Use of Privately-Owned  
 Motor Vehicles on Official Business of the State

**DATE:** March 17, 2022

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 682-1029  
 .gov/dfa

Effective immediately, due to the increasing gas prices, the maximum authorized State rate of mileage reimbursement for the use of privately-owned motor vehicles on official business of the State will be **temporarily** increased to fifty-two (52) cents per mile. Reimbursement for travel performed on or after March 17, 2022, is authorized at the new temporary rate of fifty-two (52) cents per mile until further notice. Reimbursement for any travel before March 17, 2022, is authorized at the rate of forty-two (42) cents per mile.

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The Office of Accounting will continue to monitor average gasoline prices and the reimbursement rate will be re-evaluated for possible reduction when the average gasoline price declines below \$3.50 per gallon.

It is the responsibility of the agency director to ensure that their agency budget is sufficient to fund this increase in mileage reimbursement. The agency director may authorize reimbursement for the use of privately-owned automobiles at amounts less than the authorized State maximum rate if the agency budget is insufficient to fund the increase in rate. If your agency decides to reimburse at a rate less than fifty-two (52) cents per mile, please notify your DFA Budget Analyst before implementation of the rate increase.

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If you have any questions, please contact the Office of Accounting at 501 682-1675.

LWW: pl

# 2020 Arkansas Code

## Title 25 - State Government

### Chapter 16 - State Officers

#### Subchapter 9 - State Boards — Compensation

#### § 25-16-902. Expense reimbursement

**Universal Citation:** AR Code § 25-16-902 (2020)

(a) Every state board may, by a majority vote of the total membership of the board cast during its first regularly scheduled meeting of each calendar year, authorize expense reimbursement for each board member for performing official board duties.

(b) The expense reimbursement shall not exceed the rate established for state employees by state travel regulations.

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