



Arkansas Judicial Retirement System

Quarterly Board Meeting

(Thursday, May 16, 2024, 1:30 P.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 of the Meeting of February 22, 2024 **(Page 2)**
5. Administrative Expense Reports for the quarter ending March 31, 2024 **(Page 5)**
6. **Investments** - Mr. John Jackson from Callan LLC and Mr. Carlos Borromeo, Deputy Director of Investments and Finance
 - a. CIO Report **(Page 6)**
 - b. Quarterly Report for the Period Ending March 31, 2024 **(Page 15)**
 - c. Investment Policy Statement **(Page 37)**
7. **Finance** - Mr. Jason Willett, Chief Financial Officer
 - a. Financial Statements for the Quarter Ending March 31, 2024 **(Page 59)**
8. **Legal** – Mr. Richmond Giles, Staff Attorney
 - a. Litigation Update **(Page 61)**
9. **Benefits** - Ms. Allison Woods, Deputy Director of Benefits
 - a. Benefits Summary **(Page 62)**
10. **Executive Report** – Ms. Amy Fecher, Executive Director
 - a. Executive Report Review **(Page 74)**
 - b. Website Demo
11. Next Quarterly Board Meeting: August 22, at 1:30 p.m.
12. Adjournment

**Arkansas Judicial Retirement System
Board of Trustees Meeting
February 22, 2024**

The regular meeting of the Arkansas Judicial Retirement System Board of Trustees was held on Thursday, February 22, 2024, at 1:30 p.m. in the 4th floor conference room, 124 West Capitol, Little Rock, Arkansas. This hybrid meeting was held via ZOOM remote conferencing in the conference room. Judge Yeargan presided.

Judge Yeargan recognized the presence of a quorum and welcomed the newest member of the board, Judge John Scott of Bentonville.

Board Members Present

Hon. Charles Yeargan (Retired Circuit Judge), Chair, Glenwood
Hon. Raymond Abramson (AR Court of Appeals), Holly Grove
Hon. Herbert Wright (Circuit Judge), North Little Rock
Hon. Marcia Hearnberger (Circuit Judge), Hot Springs
Hon. John Scott (Circuit Judge), Bentonville

Visitors Present

Ms. Brianne Weymouth, Callan LLC

APERS Staff Present

Ms. Amy Fecher, Executive Director, Arkansas Judicial Retirement System
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. Richmond Giles, Staff Attorney
Ms. Patty Shipp, Assurance Officer
Ms. Jacobia Bates, Director of Public Affairs
Ms. Stephanie Blair, Communications Manager
Ms. Shelly George, Employer Services Manager*
Ms. Kristi Brown, Retirement Coordinator*
Ms. Usha Doolabh, Investment Manager*
Mr. Ronald Barrick, IT Support Specialist*
*Denotes Remote Attendees

Notification of News Media

An e-mail notification of the Arkansas Judicial 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 notification is pursuant to A.C.A. 25-19-101 (Act 93 of 1967) as amended-The Freedom of Information Act.

Minutes

Prior to the Board meeting, a copy of the minutes from the November 16, 2023, meeting was emailed to each AJRS Board member for review. Judge Wright made a motion to accept the minutes as presented.

After a correction was made to change Fort Smith to Bentonville for Judge Scott, the motion was seconded by Judge Scott. Without objection the motion carried.

Administrative Expense Reports for the Quarter

Judge Wright made a motion to accept the expense reports for October-December 2023 as presented. Judge Scott seconded the motion. With no objection the report was approved as submitted.

Investments

Mr. Carlos Borromeo provided the Investment summary for the second quarter of fiscal year 2024. The second quarter of fiscal year 2024 was positive for AJRS investments. During the final two months of the quarter the stock markets started to kick off. In December, the Fed pivoted on their intentions and the future path of interest rates. The markets viewed this as a positive and that's what started the lift for both stocks and bonds.

For the year, the Magnificent 7 collectively returned +107.01% and contributed 62% of the S&P 500's total return year-to-date. If you exclude the Magnificent 7, the S&P 500 could have only been up +12.49% vs +26.29%. The market concentration is clear in that nearly 75% of the stocks in the S&P 500 had a lower return than the overall index.

For the quarter, the valuation of the portfolio for the quarter was \$321,488 million.

Ms. Brienne Weymouth reviewed the portfolio performance. As of the quarter ending December 31, 2023, all asset classes were within the target allocation range. At the beginning of the quarter market value was \$301,691,096 with a net increase in market value of \$21,137,117 making the end of the quarter market value 322,828,213. She also reviewed the individual managers performance for the quarter and gave an overview of the asset allocation structure.

Mr. Borromeo provided the board with an updated Investment Policy Statement for their review and approval. He explained that during a recent legislative audit, it was discovered that no specific language was outlined in the current policy statement authorizing or prohibiting the monthly disbursement of payments to retired judges. The proposed changes will establish authorization when paying monthly benefits to members. The board decided to review the proposed changes to the updated Investment Policy Statement and discuss at the next scheduled meeting.

Financial Statements for the Quarter Ending December 31, 2023

Mr. Jason Willett shared the quarterly financial statements with the board. AJRS Fiduciary Net Position as of December 31, 2023, was \$323,054,910 million. Mr. Willett stated the agency's investment assets was the driver behind the large increase in the net position. He also reviewed the AJRS statement of changes in fiduciary net position as of December 31, 2023, showing an increase in investment income for the quarter.

Legal Report

Mr. Richmond Giles provided an update on the ongoing appeal of the board's decision in the Judge Wendell Griffen administrative appeal case. APERS has filed an answer on behalf of the system and the administrative record. Attorneys from the Office of the Arkansas Attorney General entered their appearance on behalf of AJRS. The board asked staff to request the Attorney General's office get a briefing schedule established for the case.

Benefits Report

Ms. Allison Woods shared the summary of benefits for Q2 FY24. Ms. Woods informed the board that no judges had retired during the quarter ending December 31, 2023. Next quarter a list of judges who retired will be provided along with other historical data. She shared that the average pay for members has increased, however the number of judges has remained stable. Ms. Woods also reviewed eligibility requirements to received benefits.

Executive Report

Director Fecher shared that the Annual Comprehensive Financial Reports for AJRS and been completed and available for review. She informed the board that 26 education seminars had been scheduled around the for this year. Ms. Fecher offered that if there were judicial events that the board would like for APERS to present or attend, let her know. She updated the board that APERS is continuing to explore real estate options.

Director Fecher reminded the board of the annual requirement to approve travel reimbursement rates for trustees performing official Board duties at the first meeting of each calendar year. The Department of Finance and Administration has temporarily authorized a rate of fifty-two (52) cents per mile.

Judge Wright made a motion to approve Annual Board Travel Reimbursement (A.C.A. 25-16-902), Judge Hearnberger seconded the motion, without objection the motion passed.

There being no other business the meeting was adjourned.

Hon. Charles Yeagan, Ret. Circuit Judge
Chair Arkansas Judicial Retirement System

Amy Fecher
APERS Executive Director

ARKANSAS JUDICIAL RETIREMENT SYSTEM
STATEMENT OF ADMINISTRATIVE EXPENSES

Description	FY 23 Expenses	FY 24 Budget	Jan-24	Feb-24	Mar-24	Total YTD	Remaining Budget
<u>M & O Expenses</u>							
Office Supplies/Printing	1,075.87	2,460.00	-	-	988.49	988.49	1,471.51
Board Member Expense Reimbursement	1,266.72	6,000.00			362.96	761.29	5,238.71
Bank Charges	3,385.23	3,540.00	326.87	300.83	316.53	2,826.31	713.69
Total M & O Expenses	5,727.82	12,000.00	326.87	300.83	1,667.98	4,576.09	7,423.91
<u>Professional Fees</u>							
Veritext LLC (1)	-	-				311.60	-
Gabriel Roeder Smith (1)	33,800.00	35,000.00				28,400.00	6,600.00
Aristotle Capital (2)	139,851.49	155,000.00	38,046.66			72,372.74	82,627.26
Baillie Gifford (2)	126,814.22	210,000.00	31,270.56			64,509.29	145,490.71
Callan Associates (2)	75,226.36	75,000.00		19,558.85		39,117.70	35,882.30
Capital Guardian (2)	-	-				-	-
Invesco Real Estate (2)	98,900.04	95,000.00			25,085.15	81,181.70	13,818.30
MacKay Shields (2)	359,784.74	400,000.00	96,295.86			185,674.70	214,325.30
Robeco (Boston Partners) (2)	281,482.95	300,000.00	79,080.38			153,200.88	146,799.12
BNY Mellon (2)	14,877.93	20,000.00		7,863.79		10,991.34	9,008.66
Mellon Capital Management (2)	17,109.14	30,000.00	4,883.05			9,158.70	20,841.30
BatteryMarch / QS Investors (2)	-	-	-	-	-	-	-
Wellington Management (2)	-	-	-	-	-	-	-
Total Professional Fees	1,147,846.87	1,320,000.00	249,576.51	27,422.64	25,085.15	644,918.65	675,392.95
Transfers To APERS	113,708.00	115,000.00	-	-	-	115,000.00	-
Total Administrative Expenses	1,267,282.69	1,447,000.00	249,903.38	27,723.47	26,753.13	764,494.74	682,816.86

Notes:

- (1) Administrative Expense
- (2) Investment Expense



Chief Investment Officer Report

For the Quarter Ending March 31, 2024



Q1 2024 Summary

		Fiscal			Fiscal		
U.S. Equity	Q1 2024	Year		Q1 2024	Year	31-Mar-24	
S&P 500	10.56%	19.44%	Domestic Equity	10.77%	21.15%	\$ 141,043,422	42.17%
Russell 2000 Index	14.03%	13.79%	International Equity	3.81%	3.41%	\$ 36,175,195	10.82%
Russell 3000	10.02%	19.29%	Fixed Income	0.66%	5.72%	\$ 129,953,852	38.86%
Russell 1000 Growth	14.16%	23.21%	Real Estate	-3.40%	-9.32%	\$ 27,043,598	8.09%
Russell 1000 Value	8.99%	15.56%	AJRS Total Portfolio	4.69%	9.90%	\$ 334,216,067	
International Equity						\$ 213,841	Cash
MSCI EAFE	5.78%	12.01%				\$ 334,429,908	
MSCI ACWI xUS	4.69%	10.56%					
Fixed Income							
Bloomberg Agg	-0.78%	2.56%					

Current Q2 Headwinds

Strong April Headwinds					April Returns	
So far in the month of April 2024					S&P 500	-4.08%
* Oil has hit \$90 per barrel (inflationary)					Russell 1000 Index	-4.26%
* The Fixed Income markets have 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, will hold rates HIGHER FOR LONGER					Russell 2000 Growth Index	-7.70%
* Fed Chairman Powell said "recent data shows lack of further progress on inflation"					Russell 2000 Value Index	-6.37%
He dialed back expectations on 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 craters 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 could set the tone					Bloomberg High Yield Corp	-0.94%
* 5/01 FOMC meeting. Stocks rally. Powell said "it's unlikely the next policy move will be a hike"					3-month T-Bill	0.44%
* 5/03 U.S. jobs growth was lower than expected. Unemployment rate rose to 3.9%						
The Fixed Income markets pull forward the first Fed rate cut to Sept (from Nov.)						

Q1 2024 Summary

Despite higher interest rates in first 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 in the back of a solid economy.
- Recession fears subsided.
- Inflation decelerated but it is still being stubborn.
- GDP grew at an annualized rate of 3.4% which is the fastest growth since late 2021.
- Unemployment remained low. More specifically a strong recovery in the labor participation rate.
- Corporate profits remained solid.
- Continued expectation for Fed rate cuts.

Q1 2024 Summary

Domestic Equities

- The theme continued: Large Cap outperforms Small Cap and Growth outperforms Value.

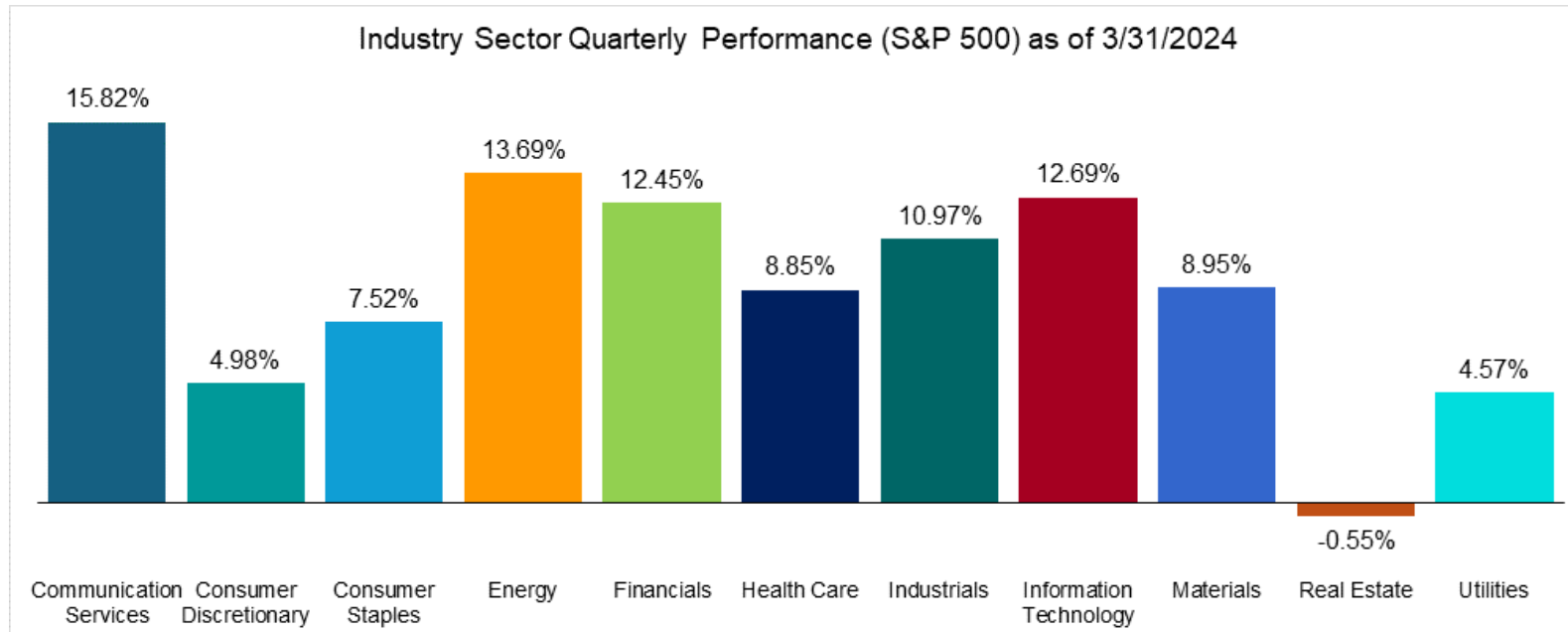
RU1000 Growth 11.4%

RU2000 Growth 7.58%

RU1000 Value 9.0%

RU2000 Value 2.90%

- The S&P 500 sector breakdown, all sectors posted a positive return except Real Estate.

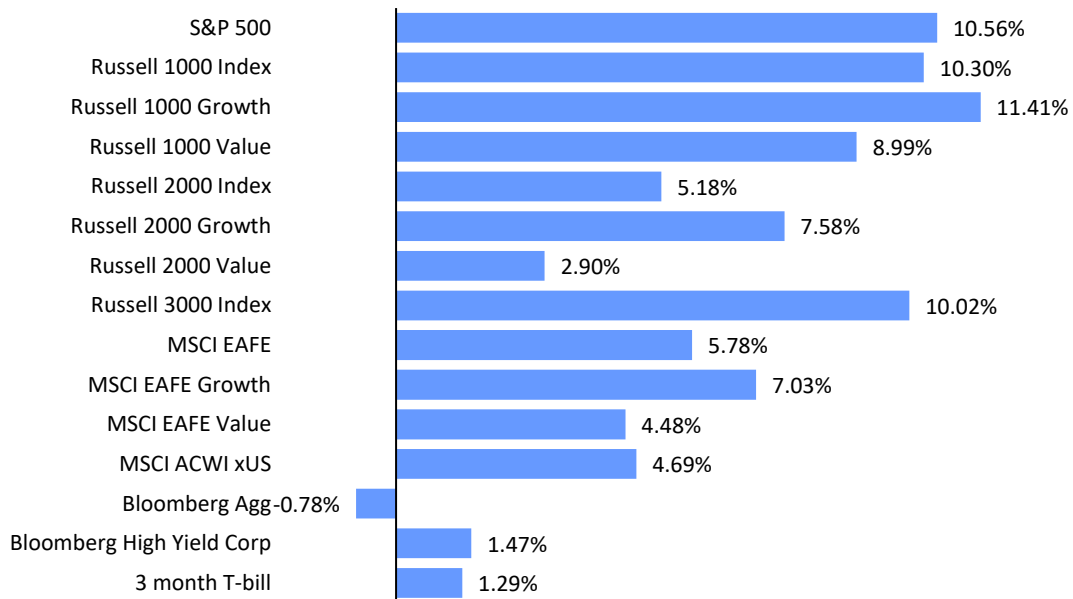


Q1 2024 Summary

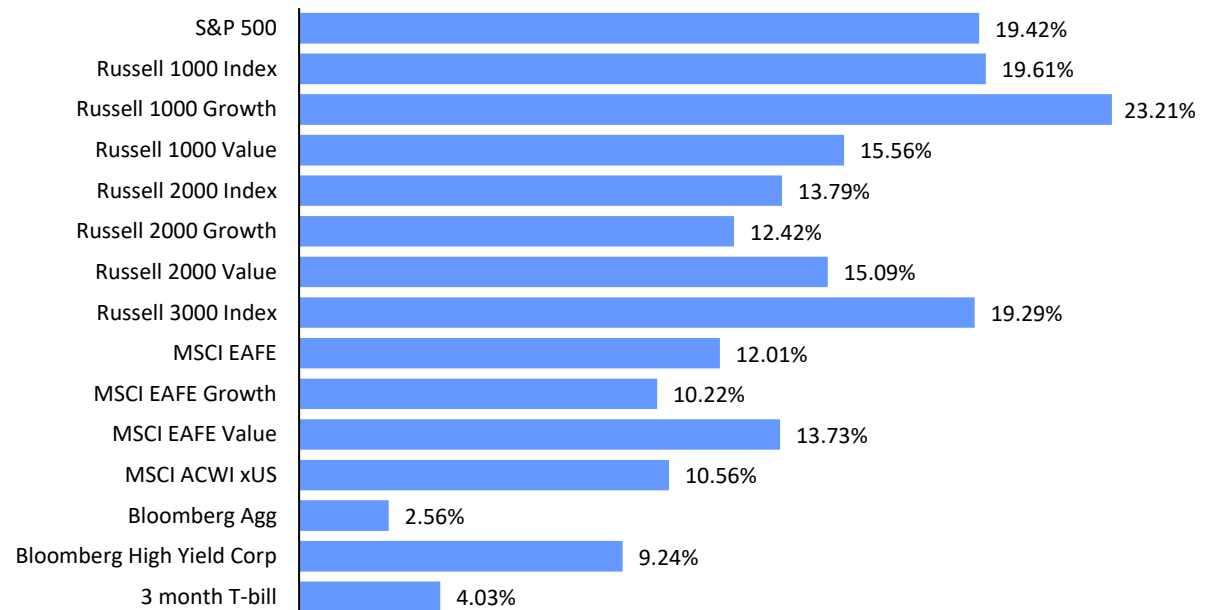
Major global equity indices all performed well.

- The S&P 500 Index was up 10.6%
- The MSCI EAFE was up 10.0% (in local currency). The strength of the US\$ hurt performance. The EAFE was up 5.8% in US\$

Performance by Asset Class: Quarter Ended 3/31/24



Performance by Asset Class: 9 Months Ended 3/31/24





Q1 2024 Summary

International Equities

- Global equities ended 1Q on a strong note buoyed by optimism surrounding future rate cuts, strong corporate earnings, and slowing inflation.
- Tensions in the Middle East weighed on the markets.
- All major central banks maintained their interest rates unchanged while suggesting potential interest rate cuts in June.
- Japanese equity markets stood out, outperforming global stocks, on a weak ¥en and the Bank of Japan's surprising reversal of its negative monetary policy stance. Investors weren't convinced.
- The emerging markets struggled with an ailing property sector, high unemployment, and slowing factory output.

MSCI EAFE Growth 7.0%
Japan 19.2%
India 6.3%

MSCI EAFE Value 4.5%
Australia 5.4%
Turkey 25.5%

U.K. Equities 4.0%
Brazil (4.5%)

Q1 2024 Summary

Fixed Income

- 1Q24 marked a partial unwind of markets pricing in overly dovish policy expectations.
- At the end of 2023, the futures market was pricing in as many as six rate cuts in 2024, but in Q1, that was cut in half.
- The inflation data slowly pushed higher as the core services component has proven to be stickier than originally expected.
- Comments from Fed Chairman Powell and Fed Governor Waller in March tempered market expectations regarding the speed, magnitude, and timing of rate cuts that were originally priced into the markets in 2024. *(the Fed's own dot plots suggested the rate cuts). This caused interest rates to back up across the curve.



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

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

May 2024



Executive Summary First Quarter 2024

Arkansas Judicial Retirement
System

Brianne Weymouth, CAIA
Senior Vice President

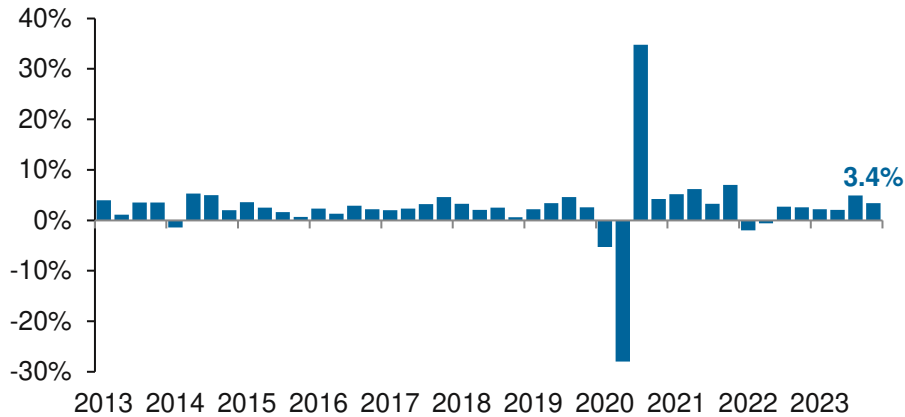
John Jackson, CFA
Senior Vice President

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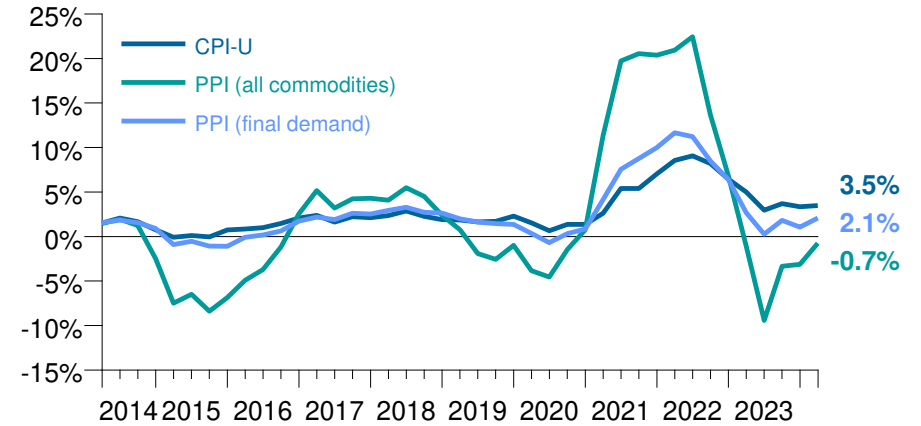
U.S. Economy—Summary

For periods ended 3/31/24 (except GDP, which is as of 12/31/23)

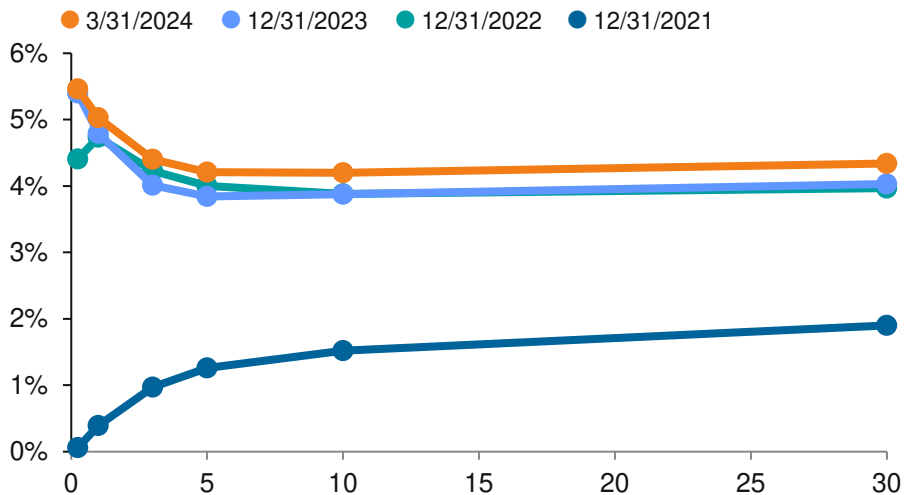
Quarterly Real GDP Growth



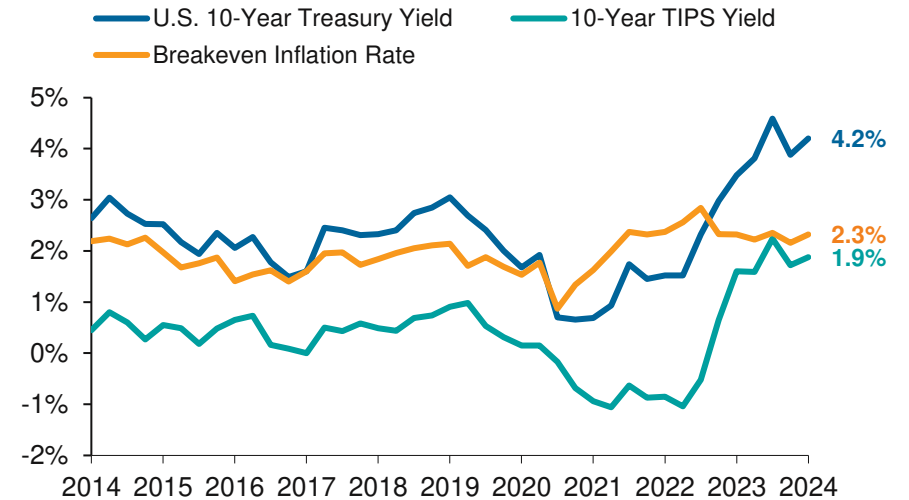
Inflation Year-Over-Year



U.S. Treasury Yield Curves



Historical 10-Year Yields



Sources: Bloomberg, Bureau of Labor Statistics, Callan

Market Snapshot

Returns for Periods ended 3/31/24

	Q1 2024	FYTD	1 Year	5 Years	10 Years	25 Years
U.S. Equity						
S&P 500	10.56	19.44	29.88	15.05	12.96	7.78
Russell 1000 Growth	11.41	23.21	39.00	18.52	15.98	8.00
Russell 1000 Value	8.99	15.56	20.27	10.32	9.01	7.40
Russell 2000	5.18	13.79	19.71	8.10	7.58	8.37
Russell 2000 Growth	7.58	12.42	20.35	7.38	7.89	7.14
Russell 2000 Value	2.90	15.09	18.75	8.17	6.87	9.15
Russell 3000	10.02	19.29	29.29	14.34	12.33	8.01
Global ex-U.S. Equity						
MSCI World ex USA	5.59	11.90	15.29	7.48	4.81	4.78
MSCI:EAFE	5.78	12.01	15.32	7.33	4.80	4.61
MSCI Emerging Markets	2.37	7.19	8.15	2.22	2.95	--
MSCI ACWI ex USA Small Cap	2.11	10.54	12.80	6.24	4.74	7.20
Fixed Income						
Bloomberg Aggregate	-0.78	2.56	1.70	0.36	1.54	3.84
90-day T-Bill	1.29	4.03	5.24	2.02	1.38	1.91
Bloomberg Long Gov/Credit	-2.41	0.15	-1.15	-0.62	2.32	5.25
Bloomberg Global Agg ex-US	-3.21	1.48	-0.71	-2.49	-1.38	2.34
Real Estate						
NCREIF Property	-0.98	-5.29	-7.16	3.76	6.41	7.88
NCREIF NFI ODCE Eq Wt Net	-2.38	-9.57	-12.33	2.98	6.15	6.38
FTSE Nareit Equity	-0.20	7.72	10.54	4.15	6.61	9.48
Alternatives						
HFRI Fund Weighted	4.44	9.21	11.60	6.91	4.93	6.34
Cambridge Private Equity*	-0.42	1.18	4.17	14.59	14.27	13.87
Inflation - CPI-U						
	1.82	2.37	3.48	4.20	2.83	2.58

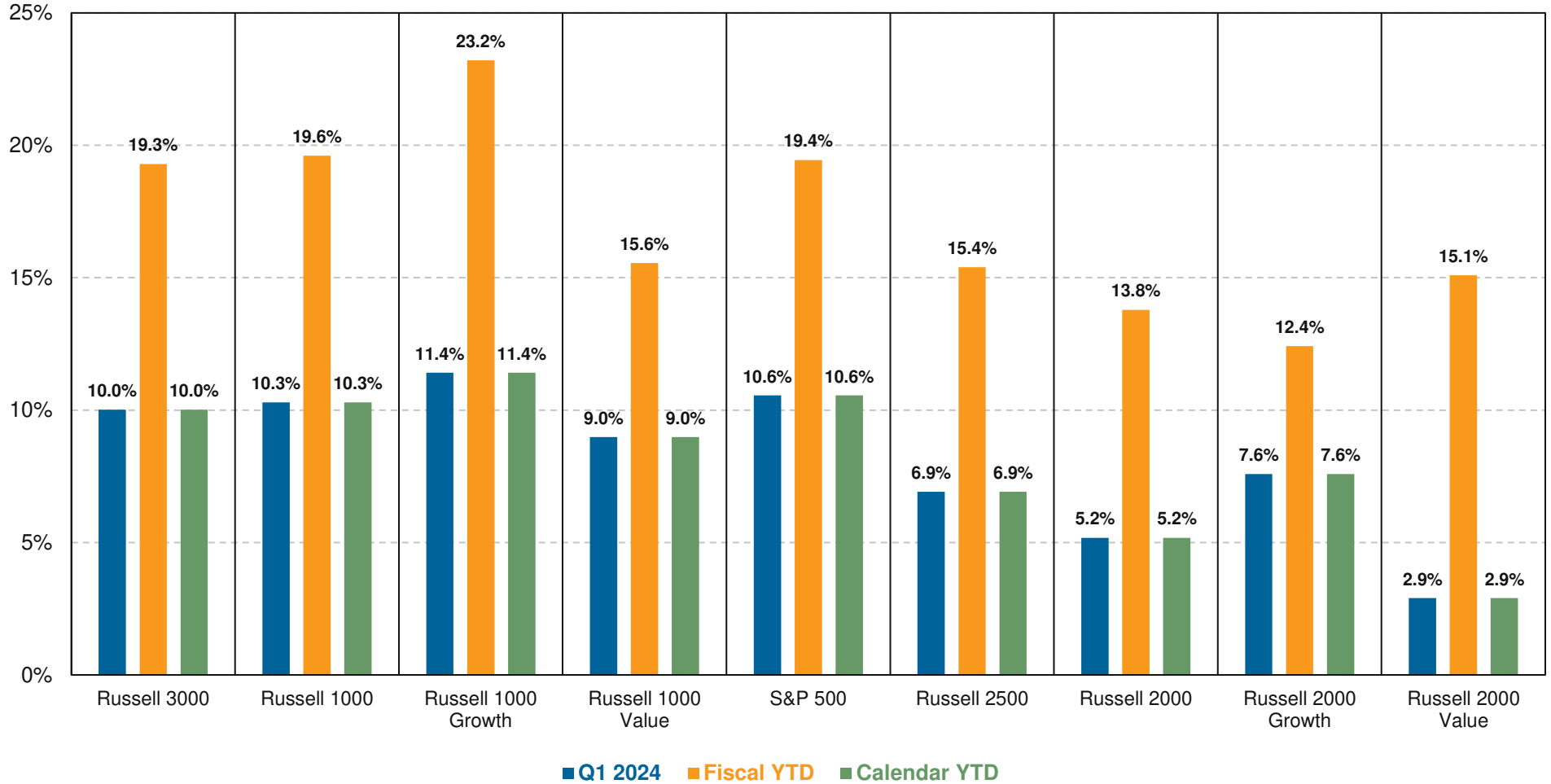
*Cambridge PE data as of 9/30/23

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

U.S. Equity Market Snapshot: Q1 2024

Domestic equity markets exhibited a strong start to 2024

Returns for Periods Ended March 31, 2024

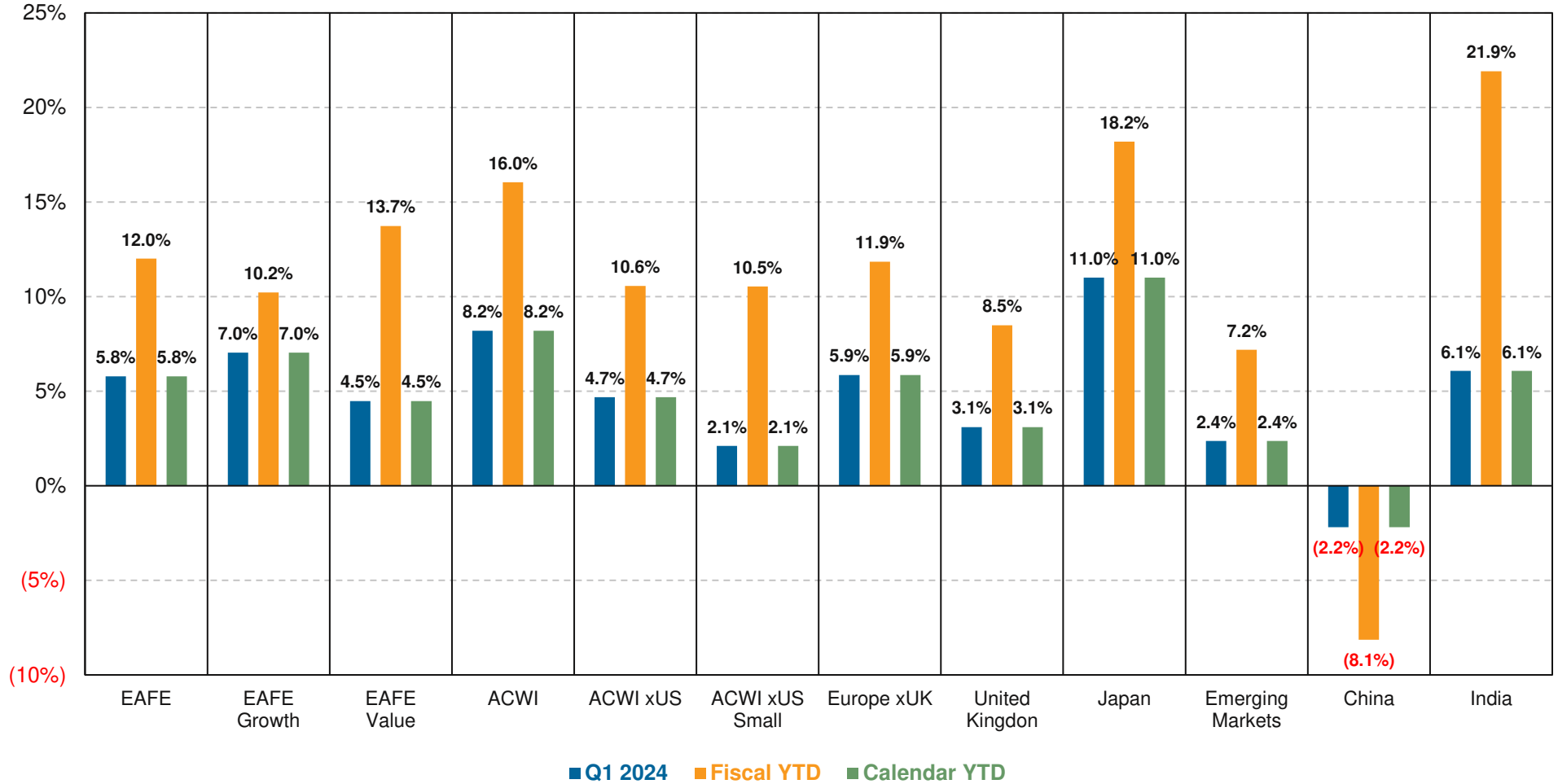


Sources: FTSE Russell, S&P Dow Jones Indices

Global/Global ex-U.S. Equity Market Snapshot: Q1 2024

Non-U.S. equities posted gains but lagged domestic markets

Returns for Periods Ended March 31, 2024

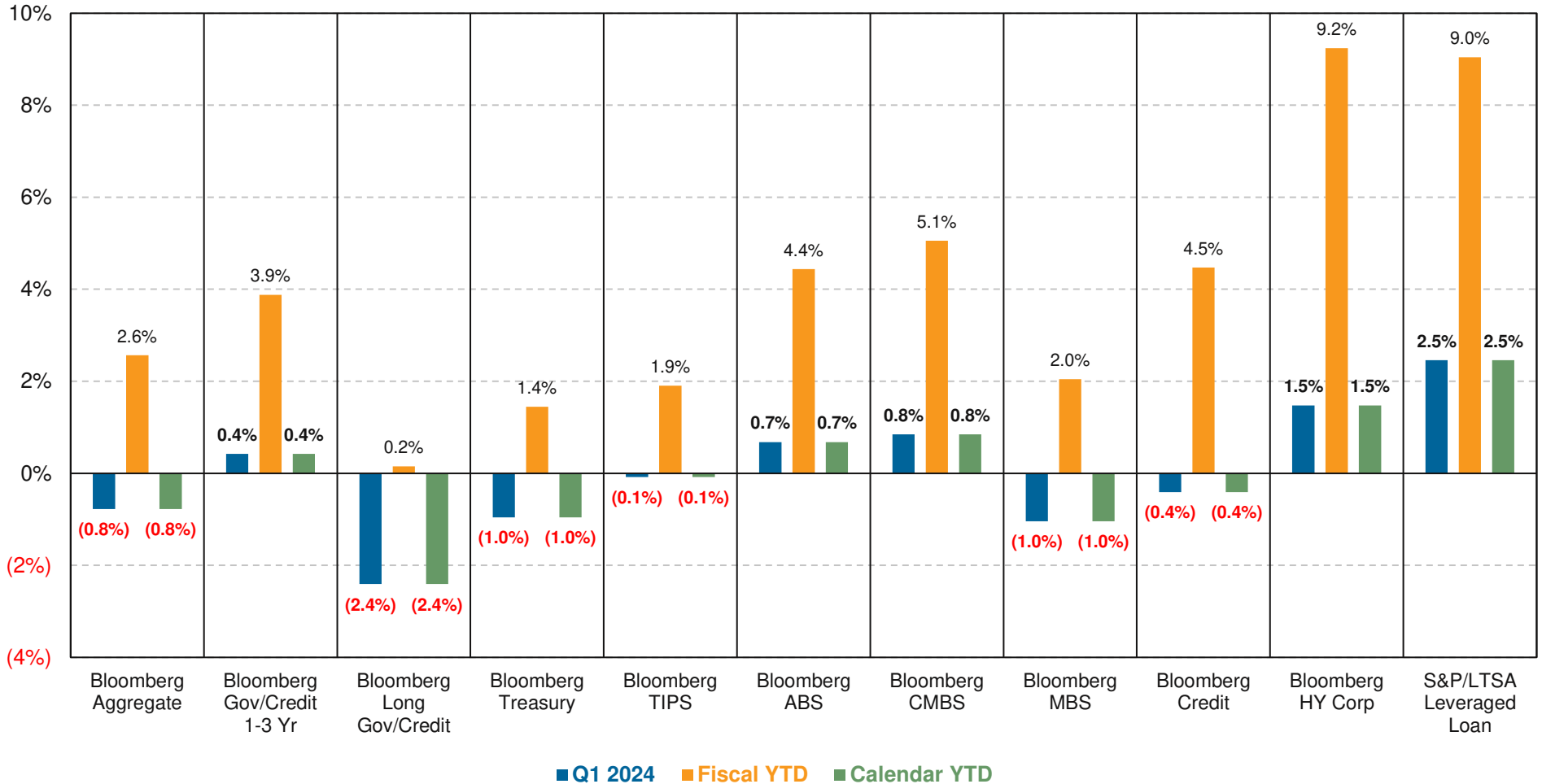


Source: MSCI

U.S. Fixed Income Market Snapshot: Q1 2024

Treasury yields rose while risk appetite drove credit spreads tighter

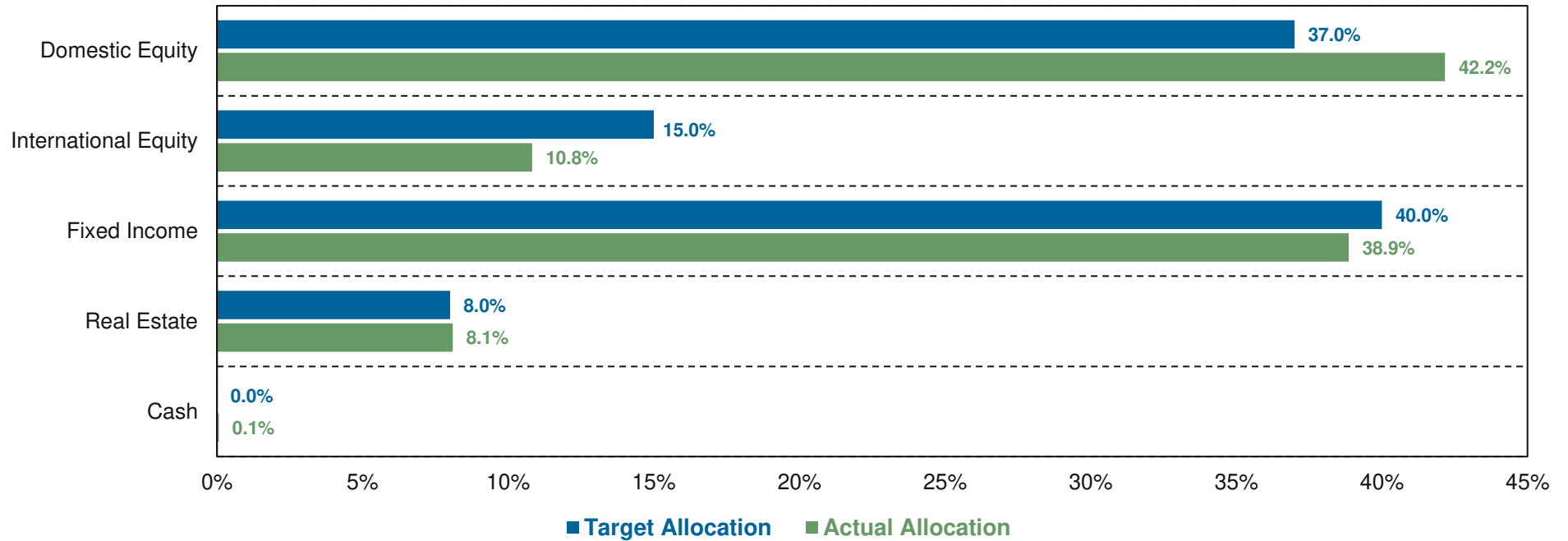
Returns for Periods Ended March 31, 2024



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

Actual vs. Target Asset Allocation

March 31, 2024



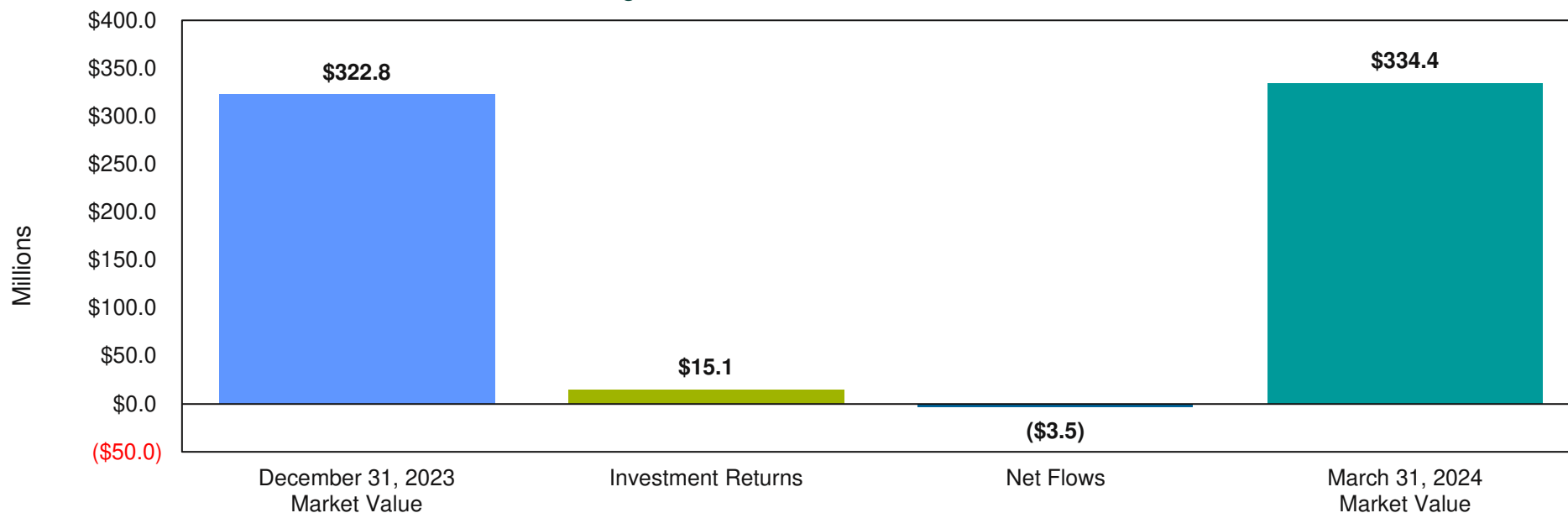
Asset Class	\$000s Actual	Weight Actual	Min. Target	Target	Max. Target
Domestic Equity	141,043	42.2%	32.0%	37.0%	42.0%
International Equity	36,175	10.8%	10.0%	15.0%	20.0%
Fixed Income	129,954	38.9%	35.0%	40.0%	45.0%
Real Estate	27,044	8.1%	3.0%	8.0%	13.0%
Cash	214	0.1%	0.0%	0.0%	5.0%
Total	334,430	100.0%		100.0%	

AJRS' target asset allocation was approved at the February 2024 Board meeting.

Total Fund Asset Summary

March 31, 2024

Changes in Total Fund Assets – Q1 2024



Changes in Total Fund Assets	Q1 2024 (12/31/23 – 3/31/24)	Fiscal YTD (7/1/23 – 3/31/24)	1 Year (3/31/23 – 3/31/24)
Total Fund			
Beginning Market Value	\$322,828,213	\$308,408,935	\$304,923,468
+ Investment Returns	\$15,106,926	\$30,448,994	\$37,325,329
+ Net Flows	(\$3,505,231)	(\$4,428,021)	(\$7,818,887)
= Ending Market Value	\$334,429,908	\$334,429,908	\$334,429,908

Total Fund Performance

March 31, 2024

Returns for Periods Ended March 31, 2024

Group: Callan Public Fd Mid DB

	Q1 2024	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	6.82%	17.91%	6.17%	9.52%	8.30%	7.57%
25th Percentile	6.31%	16.21%	5.56%	8.81%	7.69%	7.31%
Median	5.51%	14.50%	4.60%	8.19%	7.29%	7.12%
75th Percentile	4.88%	12.87%	3.60%	7.33%	6.71%	6.72%
90th Percentile	4.15%	11.57%	2.84%	6.85%	6.20%	6.44%
Total Fund	4.69% (79)	12.40% (82)	2.83% (91)	7.46% (73)	6.86% (68)	6.94% (61)
Benchmark	3.93% (95)	12.05% (84)	3.43% (79)	7.07% (84)	6.65% (80)	6.62% (84)
Peer Universe Constituents	124	124	124	124	121	78

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

Asset Class Performance and Market Values

March 31, 2024

	Market Value \$(Dollars)	Ending Weight	Q1 2024	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity	\$141,043,422	42.2%	10.77%	21.15%	29.67%	10.63%	14.71%	12.10%
<i>Russell 3000 Index</i>			10.02%	19.29%	29.29%	9.78%	14.34%	12.33%
International Equity	\$36,175,195	10.8%	3.81%	3.41%	3.79%	(7.13%)	4.72%	3.82%
<i>MSCI ACWI xUS Gross</i>			4.81%	10.87%	13.83%	2.44%	6.48%	4.58%
Fixed Income	\$129,953,852	38.9%	0.66%	5.72%	5.41%	(1.22%)	1.95%	2.61%
<i>Bloomberg Aggregate Index</i>			(0.78%)	2.56%	1.70%	(2.46%)	0.36%	1.54%
Real Estate	\$27,043,598	8.1%	(3.40%)	(9.32%)	(11.53%)	2.93%	2.81%	6.65%
<i>NCREIF NFI-ODCE Eq Wt Net</i>			(2.38%)	(9.57%)	(12.33%)	2.81%	2.98%	6.15%
Cash	\$213,841	0.1%						
Total Fund	\$334,429,908	100.0%	4.69%	9.90%	12.40%	2.83%	7.46%	6.86%
<i>Total Fund Benchmark</i>			3.93%	8.87%	12.05%	3.43%	7.07%	6.65%

Benchmark definitions included in the Appendix.

Investment Manager Returns and Peer Group Rankings

March 31, 2024

	Q1 2024		Fiscal YTD		Last Year		Last 3 Years		Last 5 Years	
Domestic Equity	10.77%	2	21.15%	2	29.67%	8	10.63%	12	14.71%	14
Russell 3000 Index	10.02%	16	19.29%	22	29.29%	13	9.78%	24	14.34%	22
S&P 500 Index	10.56%	3	19.44%	13	29.88%	4	11.49%	5	15.05%	7
Med Public Fd - Dom Eqty	9.57%		18.33%		27.21%		9.28%		13.86%	
Mellon Russell 1000 Growth Index	11.42%	68	23.28%	60	38.86%	54	12.38%	19	-	
Russell 1000 Growth Index	11.41%	68	23.21%	60	39.00%	54	12.50%	18	18.52%	10
Callan Large Cap Growth	12.52%		24.50%		40.04%		10.44%		16.35%	
Boston Partners	12.33%	10	23.32%	5	29.10%	7	12.15%	12	13.70%	21
Russell 1000 Value Index	8.99%	63	15.56%	79	20.27%	76	8.11%	86	10.32%	87
Callan Large Cap Value	9.78%		18.23%		22.81%		10.14%		12.15%	
Aristotle Capital Boston	4.01%	84	9.22%	95	10.64%	99	2.69%	71	-	
Russell 2000 Index	5.18%	67	13.79%	56	19.71%	49	(0.10%)	96	8.10%	88
Callan Small Cap Core	5.78%		14.77%		19.57%		4.53%		10.46%	
International Equity	3.81%	82	3.41%	98	3.79%	97	(7.13%)	97	4.72%	89
International Equity Benchmark	4.81%	42	10.87%	35	13.83%	41	2.44%	35	6.48%	58
Med Public Fd - Int Eqty	4.67%		9.95%		12.78%		1.49%		6.70%	
Baillie Gifford Intl Choice Fd	3.81%	79	3.41%	97	3.79%	98	(7.13%)	99	4.72%	97
MSCI ACWIxUS Gross	4.81%	67	10.87%	49	13.83%	59	2.44%	71	6.48%	78
Callan NonUS Eq	5.71%		10.79%		14.52%		3.85%		7.90%	

Benchmark definitions included in the Appendix.

Investment Manager Returns and Peer Group Rankings

March 31, 2024

	Q1 2024		Fiscal YTD		Last Year		Last 3 Years		Last 5 Years	
Fixed Income	0.66%	2	5.72%	4	5.41%	4	(1.22%)	40	1.95%	15
Bloomberg Aggregate Index	(0.78%)	91	2.56%	86	1.70%	84	(2.46%)	91	0.36%	96
Med Public Fd - Dom Fixed	(0.33%)		3.54%		2.95%		(1.46%)		1.28%	
Mackay Shields LLC	0.66%	1	5.72%	3	5.41%	4	(1.22%)	20	1.95%	18
Blmbg Aggregate Index	(0.78%)	94	2.56%	96	1.70%	96	(2.46%)	89	0.36%	99
Callan Core Plus FI	(0.11%)		3.87%		3.41%		(1.71%)		1.46%	
Real Estate	(3.40%)	83	(9.32%)	50	(11.53%)	56	2.93%	50	2.81%	50
Med Public Fd - Real Est	(3.02%)		(9.32%)		(11.17%)		2.93%		2.81%	
Invesco Core Real Estate	(3.40%)	98	(9.32%)	67	(11.53%)	66	2.93%	54	2.81%	70
NFI-ODCE Equal Weight Net	(2.38%)	85	(9.57%)	68	(12.33%)	72	2.81%	56	2.98%	67
Callan OE Core Cmngld RE	(1.80%)		(7.94%)		(9.67%)		3.01%		3.38%	
Total Fund	4.69%	79	9.90%	73	12.40%	82	2.83%	91	7.46%	73
Callan Public Fd Mid DB	5.51%		10.93%		14.50%		4.60%		8.19%	
Total Fund ex Cash	4.70%	79	9.90%	73	12.40%	82	2.83%	91	7.51%	70
Target Benchmark*	3.93%	95	8.87%	88	12.05%	84	3.43%	79	7.07%	84
Callan Public Fd Mid DB	5.51%		10.93%		14.50%		4.60%		8.19%	

Benchmark definitions included in the Appendix.

Organizational Developments

1st Quarter 2024

MacKay Shields – Domestic Fixed Income

In March 2024, MacKay Shields announced that CEO Jeff Phlegar had retired and is now serving as a Senior Advisor through June 30, 2024. Phlegar had been with MacKay for 12 years and he has been in the industry for 30; personal reasons were cited for Phlegar's retirement. Naim Abou-Joaude was named interim CEO and a search is being conducted for Phlegar's replacement. Abou-Joaude is also CEO of New York Life Investment Management (NYLIM), a role that he assumed last May after serving as CEO at one of the NYLIM boutiques, Candriam. He will continue to be CEO at NYLIM as well as interim CEO of MacKay and is in the process of relocating from London to New York City. There are no plans to consolidate NYLIM's six investment management boutiques as they all have very different areas of focus but there is collaboration/sharing of legal/compliance/distribution. Investment teams and decisions will not be directly impacted as the CEO has no portfolio management duties and is responsible for business strategy, governance, and other non-investment related areas. John Loffredo remains Vice Chairman of MacKay Shields and will report to Abou-Joaude.



Appendix

Benchmark Definitions

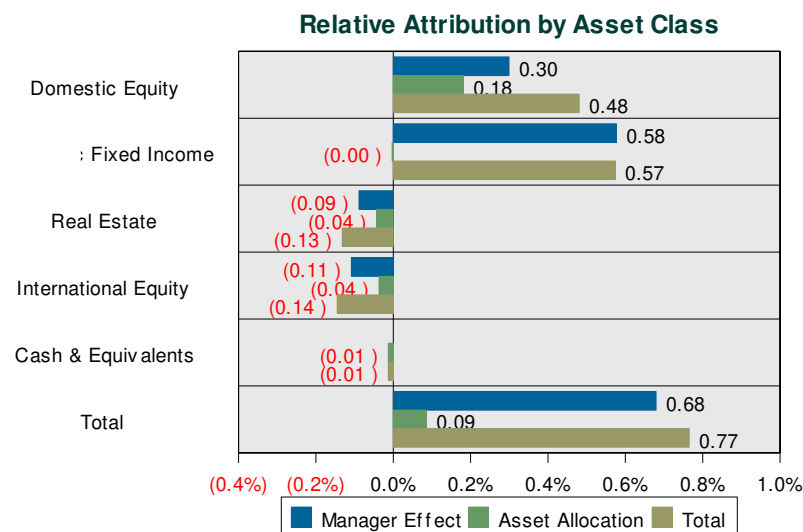
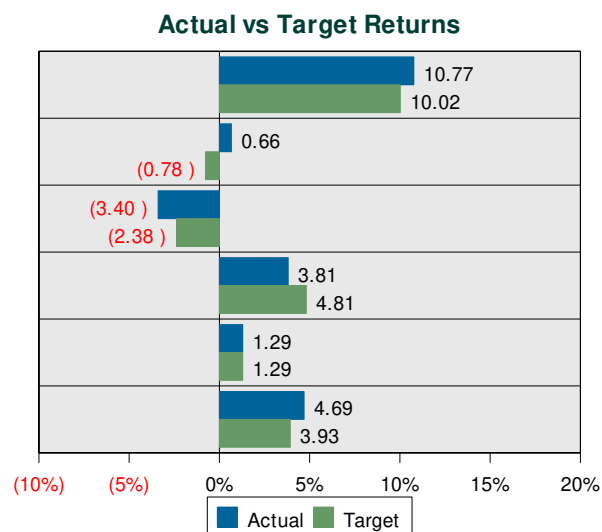
1. **Total Fund Benchmark (Target):** Blend of asset class benchmarks at policy weights.

	<u>Target</u>
Russell 3000	37.0%
MSCI ACWI xUS	15.0
Bloomberg Aggregate	40.0
<u>NCREIF NFI-ODCE Eq Wt Net</u>	<u>8.0</u>
Total Target	100.0%

2. **Domestic Equity Benchmark:** Russell 3000 Index
3. **International Equity Benchmark:** MSCI ACWI xUS Gross
4. **Fixed Income Benchmark:** Bloomberg Aggregate Index
5. **Real Estate:** NCREIF NFI-ODCE Eq Wt Net

Total Fund Relative Attribution – Q1 2024

March 31, 2024



Relative Attribution Effects for Quarter ended March 31, 2024

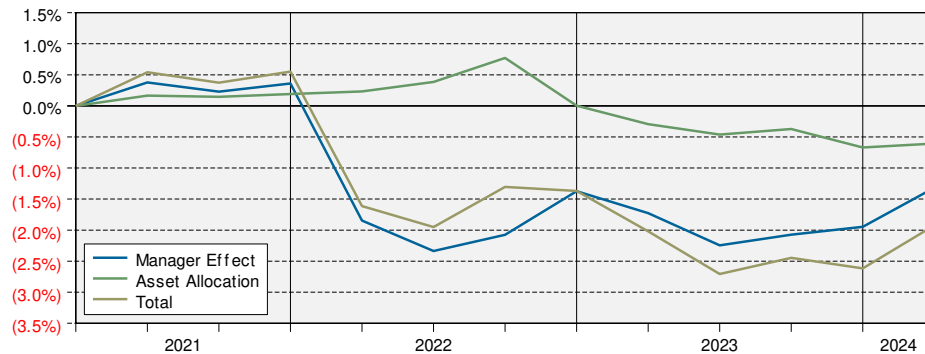
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	40%	37%	10.77%	10.02%	0.30%	0.18%	0.48%
Fixed Income	40%	40%	0.66%	(0.78%)	0.58%	(0.00%)	0.57%
Real Estate	9%	8%	(3.40%)	(2.38%)	(0.09%)	(0.04%)	(0.13%)
International Equity	11%	15%	3.81%	4.81%	(0.11%)	(0.04%)	(0.14%)
Cash & Equivalents	0%	0%	1.29%	1.29%	0.00%	(0.01%)	(0.01%)
Total			4.69%	3.93%	+ 0.68%	+ 0.09%	0.77%

Benchmark definitions included in the Appendix.

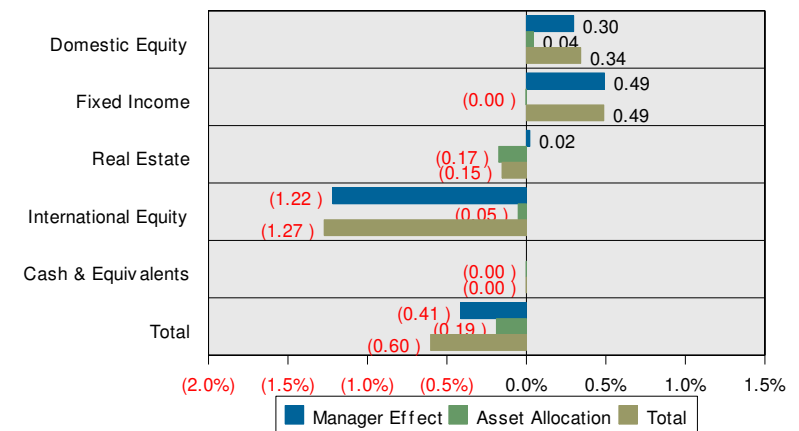
Total Fund Relative Attribution – 3 Years

March 31, 2024

Cumulative Relative Attribution Effects



3-Year Annualized Relative Attribution Effects



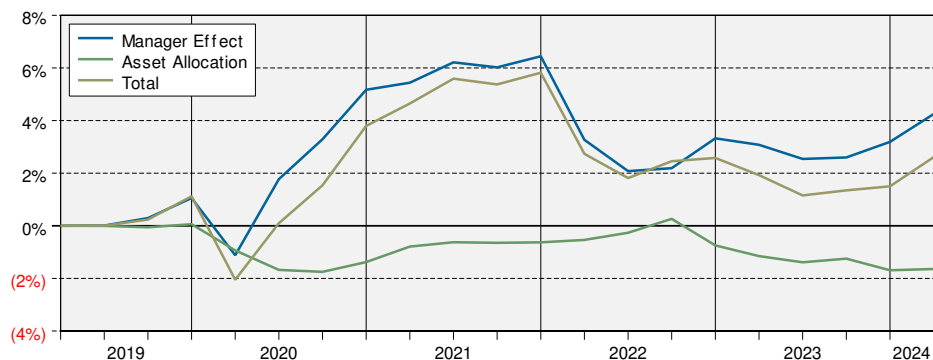
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	37%	10.63%	9.78%	0.30%	0.04%	0.34%
Fixed Income	40%	40%	(1.22%)	(2.46%)	0.49%	(0.00%)	0.49%
Real Estate	9%	8%	2.93%	2.81%	0.02%	(0.17%)	(0.15%)
International Equity	12%	15%	(7.13%)	2.44%	(1.22%)	(0.05%)	(1.27%)
Cash & Equivalents	0%	0%	2.61%	2.61%	0.00%	(0.00%)	(0.00%)
Total			2.83%	3.43%	+ (0.41%)	+ (0.19%)	(0.60%)

Benchmark definitions included in the Appendix.

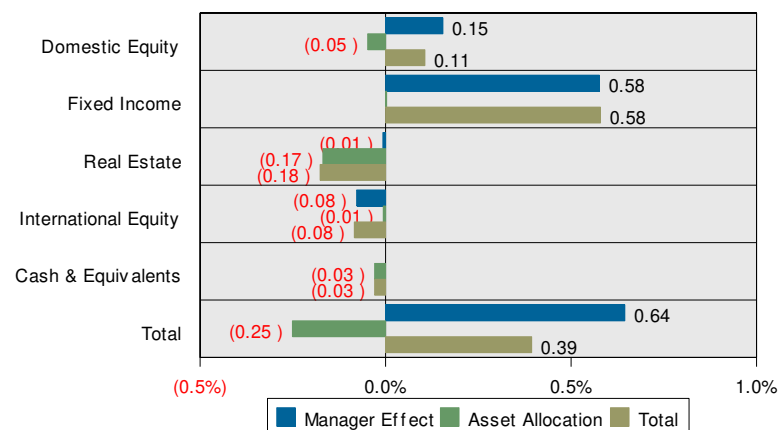
Total Fund Relative Attribution – 5 Years

March 31, 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	38%	37%	14.71%	14.34%	0.15%	(0.05%)	0.11%
Fixed Income	39%	40%	1.95%	0.36%	0.58%	0.00%	0.58%
Real Estate	9%	8%	2.81%	2.98%	(0.01%)	(0.17%)	(0.18%)
International Equity	14%	15%	4.72%	6.48%	(0.08%)	(0.01%)	(0.08%)
Cash & Equivalents	0%	0%	1.99%	1.99%	0.00%	(0.03%)	(0.03%)
Total			7.46%	7.07%	+ 0.64%	+ (0.25%)	0.39%

Benchmark definitions included in the Appendix.

Asset Distribution Across Investment Managers

March 31, 2024

	March 31, 2024			Inv. Return	December 31, 2023	
	Market Value	Weight	Net New Inv.		Market Value	Weight
Total Fund ex Cash	\$334,216,067	99.94%	\$(2,043,391)	\$15,093,017	\$321,166,441	99.49%
Domestic Equity	\$141,043,422	42.17%	\$(1,922,010)	\$13,859,296	\$129,106,135	39.99%
Mellon Russell 1000 Growth Index	53,238,683	15.92%	(704,883)	5,512,723	48,430,843	15.00%
Boston Partners	68,041,712	20.35%	(1,179,080)	7,584,873	61,635,919	19.09%
Aristotle Capital Boston	19,763,027	5.91%	(38,047)	761,700	19,039,373	5.90%
International Equity	\$36,175,195	10.82%	\$0	\$1,328,155	\$34,847,040	10.79%
Baillie Gifford	36,175,195	10.82%	0	1,328,155	34,847,040	10.79%
Fixed Income	\$129,953,852	38.86%	\$(96,296)	\$857,691	\$129,192,457	40.02%
MacKay Shields LLC	129,953,852	38.86%	(96,296)	857,691	129,192,457	40.02%
Real Estate	\$27,043,598	8.09%	\$(25,085)	\$(952,126)	\$28,020,809	8.68%
Invesco Core Real Estate	27,043,598	8.09%	(25,085)	(952,126)	28,020,809	8.68%
Cash & Equivalent	\$213,841	0.06%	\$(1,461,840)	\$13,909	\$1,661,772	0.51%
AJRS Cash Account	213,841	0.06%	(1,461,840)	13,909	1,661,772	0.51%
Total Fund	\$334,429,908	100.0%	\$(3,505,231)	\$15,106,926	\$322,828,213	100.0%

Investment Manager Returns – Net of Fees

March 31, 2024

	Q1 2024	Last Year	Last 3 Years	Last 5 Years	Last 16-3/4 Years
NET OF FEE RETURNS					
Domestic Equity					
Mellon Russell 1000 Growth Index	11.41%	38.80%	12.34%	-	-
Russell 1000 Growth Index	11.41%	39.00%	12.50%	18.52%	12.48%
Boston Partners	12.20%	28.44%	11.56%	13.10%	8.71%
Russell 1000 Value Index	8.99%	20.27%	8.11%	10.32%	7.05%
Aristotle Capital Boston	3.80%	9.76%	1.87%	-	-
Russell 2000 Index	5.18%	19.71%	(0.10%)	8.10%	7.21%
International Equity					
Baillie Gifford Intl Choice Fd	3.67%	3.25%	(7.60%)	4.20%	-
MSCI ACWIxUS Gross	4.81%	13.83%	2.44%	6.48%	3.23%
Domestic Fixed Income					
MacKay Shields LLC	0.59%	5.10%	(1.52%)	1.64%	-
Blmbg Aggregate Index	(0.78%)	1.70%	(2.46%)	0.36%	3.02%
Real Estate					
Invesco Core Real Estate	(3.47%)	(11.78%)	2.64%	2.50%	-
NFI-ODCE Equal Weight Net	(2.38%)	(12.33%)	2.81%	2.98%	4.11%
Total Fund	4.61%	12.01%	2.47%	7.08%	5.91%
Total Fund ex Cash	4.62%	12.00%	2.47%	7.13%	6.09%
Target Benchmark*	3.93%	12.05%	3.43%	7.07%	6.17%

Benchmark definitions included in the Appendix.

Important Disclosures

Information contained in this document may include confidential, trade secret and/or proprietary information of Callan and the client. It is incumbent upon the user to maintain such information in strict confidence. Neither this document nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose.

The content of this document is particular to the client and should not be relied upon by any other individual or entity. There can be no assurance that the performance of any account or investment will be comparable to the performance information presented in this document.

Certain information herein has been compiled by Callan from a variety of sources believed to be reliable but for which Callan has not necessarily verified for accuracy or completeness. Information contained herein may not be current. Callan has no obligation to bring current the information contained herein.

Callan's performance, market value, and, if applicable, liability calculations are inherently estimates based on data available at the time each calculation is performed and may later be determined to be incorrect or require subsequent material adjustment due to many variables including, but not limited to, reliance on third party data, differences in calculation methodology, presence of illiquid assets, the timing and magnitude of unrecognized cash flows, and other data/assumptions needed to prepare such estimated calculations. In no event should the performance measurement and reporting services provided by Callan be used in the calculation, deliberation, policy determination, or any other action of the client as it pertains to determining amounts, timing or activity of contribution levels or funding amounts, rebalancing activity, benefit payments, distribution amounts, and/or performance-based fee amounts, unless the client understands and accepts the inherent limitations of Callan's estimated performance, market value, and liability calculations.

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Callan's performance measurement service may report on illiquid asset classes, including, but not limited to, private real estate, private equity, private credit, hedge funds and infrastructure. The final valuation reports, which Callan receives from third parties, for of these types of asset classes may not be available at the time a Callan performance report is issued. As a result, the estimated returns and market values reported for these illiquid asset classes, as well as for any composites including these illiquid asset classes, including any total fund composite prepared, may not reflect final data, and therefore may be subject to revision in future quarters.

The content of this document may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact. The opinions expressed herein may change based upon changes in economic, market, financial and political conditions and other factors. Callan has no obligation to bring current the opinions expressed herein.

The information contained herein may include forward-looking statements regarding future results. The forward-looking statements herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties. Actual results may vary, perhaps materially, from the future results projected in this document. Undue reliance should not be placed on forward-looking statements.

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Important Disclosures (continued)

The issues considered and risks highlighted herein are not comprehensive and other risks may exist that the user of this document may deem material regarding the enclosed information. Please see any applicable full performance report or annual communication for other important disclosures.

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.



Summary of Investment Policy Statements

When reviewing the proposed IPS, Judge Abramson was correct, it did state “APERS” when it should have stated “AJRS.” I have color coded the changes/updates. **Green** indicates that it has been correctly changed to read “AJRS”, and anything in **Yellow** indicates a change, either grammatically or a correction.

Please find attached the two different Investment Policy Statements (“IPS) for the Arkansas Judicial Retirement System. The current IPS was last approved in May 2012. The original spirit and intent of the current IPS was taken into consideration when drafting the proposed IPS.

There are some notable differences between the two statements. The proposed IPS more detailed. The proposed IPS does take into account the current IPS and expounds on the statement.

APERS and AJRS systems are audited yearly by Legislative Audit. During a recent audit staff felt that more transparency and detail within the IPS would be appropriate for both APERS and AJRS. The current statements for both systems were silent on a few topics. In the proposed IPS there is a “Section IV. Delegated Authority” which provides clarity as to the duties staff may perform on behalf of the board.

Current IPS, Section I. Preamble. The current statement immediately addressed having a written statement, as well as to who it applies to, etc. The proposed statement separates the current Preamble three distinct sections of the IPS: The Preamble, the Statement of Purpose, and the Statutory Governing Authority.

Current IPS, Section II. Duties of Board of Trustees. The current statement has an investments and investment policy section, an objective section, an asset allocation section, and an investment process section. Most of which has been included in the proposed statement.

Current IPS, Section II, B, Objective of Investment Policy, it specifically states that the “objective shall be to achieve a rate of return Of at least two and one-half percent about the rate of inflation and a total return of the actuarially assumed rate of seven percent.” In the proposed statement, the objective is not specifically stated. It reduces the need to rewrite the IPS and approve the IPS whenever there is a change. Example: During a period of high inflation, which we have recently encountered, the objective as written would have been to achieve a rate of return greater than 10-11%, which was possible, but not probable. Also, since the current IPS, the AJRS Board has lowered the actuarial assumed rate to 5.50%. The proposed IPS is intended to be a living document. The asset allocation and the actuarial data will be included in an Appendix. Should the AJRS Board change the allocation, or the assumed rate of return, the data in the Appendix will be updated.



Summary of Investment Policy Statements

Current IPS, Section II, C, Asset Allocation, the current IPS specifically states the allocation. The proposed IPS expands on the current IPS in greater depth and detail. The reason for the depth and detail is for audit purposes.

Current IPS, Section II, D, Review of Investment Process, is represented in the proposed IPS.

Current IPS, Section III, Duties of the Custodian Bank, it is represented in the proposed IPS

Current IPS, Section IV, Duties of Investment Managers, is more appropriate as an “Investment Guideline” agreement with each individual manager. Portions of Section IV are contained in the proposed statement, specifically performance expectations, and proxy voting (which is Arkansas law).

Current IPS, Section V, Duties of the Investment Consultant, is incorporated in the proposed IPS.

Current IPS, Section VI, Duties of the Actuary, is represented in the proposed IPS.

Current IPS, Section VII, Duties of the Staff, is represented in the proposed IPS and addressed in greater detail as the Executive Director and administrative staff of APERS shall also be the Executive Director and administrative staff of AJRS.

Adopted 2/5/98
Amended 02/01/2007
Amended 05/03/2012

ARKANSAS JUDICIAL RETIREMENT SYSTEM

Statement Of Investment Policy

I. Preamble

The Board of Trustees of the Arkansas Judicial Retirement System is required by law to adopt a written statement of investment policy that sets forth the investment objectives and the rules and regulations to be followed in achieving those objectives. See Ark. Code Ann. (1987) § 24-2-613 . This statement of investment policy applies to the Board of Trustees, Investment Manager, Investment Consultant, Custodial Bank, Actuary, and the System's staff. It is adopted in compliance with the above cited statute.

II.

Duties of Board of Trustees

A. Investments and Investment Policy

The basic policy of the Board shall be to provide all the benefits specified by law to the members of the Arkansas Judicial Retirement System and their beneficiaries. The Board shall manage the System's funds as provided by Ark. Code Ann. (1987) § 24-2-601 through 24-2-619 , and shall manage the funds of the System in accordance with the prudent investor rule, by giving consideration to both the funded and unfunded actuarial accrued liabilities and the period of time necessary to amortize all unfunded actuarial accrued liabilities, the anticipated long term return from both equity and fixed income securities, the need for short term liquidity for disbursements to

beneficiaries, the general economic conditions, the effects of inflation or deflation, and any other material actuarial, fiscal, or economic factors. The Board shall at all times act solely in the best interest of the beneficiaries of the System. See Ark. Code Ann.(1987) § 24-2-614.

B. Objective of Investment Policy

The Board's investment objective shall be to achieve a rate of return on the System's assets of at least two and one-half percent above the rate of inflation and a total return of the actuarially assumed rate of seven percent. In pursuing this objective the Board shall attempt to maximize the total return in both income and capital appreciation, but with the greater emphasis being on the appreciation of capital. However, the effort to obtain maximum returns must be consistent with prudent risk-taking, and short term fluctuations in market value shall be considered secondary to long term results. The Board shall review individual investment decisions in context of the entire trust fund and as a part of an overall investment strategy and with risk and return objectives being reasonably suited to the entire fund. Ark. Code Ann.(1987) § 24- 2-611 (b).

C. Asset Allocation

The Board, with advice by investment consultants and investment managers, shall cause the System's funds to be invested primarily in equities and fixed income securities. The System frequently has cash from dividends, interest, sale of securities, and contributions, and it is invested in very short term, or overnight, investments. The Board is authorized to delegate its investment functions. Ark. Code Ann.(1987) § 24-2-618 . Accordingly, the Board has employed investment managers that invests in both equities and fixed income securities and has employed a custodian bank that makes overnight investments with cash.

The Board, after consultation with the System's investment consultant periodically will determine the allocation to be made with the System's assets. The Board currently has allocated 37% of the funds to domestic equity investments, 15% to International Equity investments, and 40% to domestic fixed income securities, and 8% to Real Estate with ranges of plus or minus 5 % to be tolerated as transitory occurrences. Thus, the current asset allocation is to be as follows:

Domestic Equities	32%to42%
International Equities	10%to 20%
Fixed Income	35%to45%
Real Estate	3%to 13%

The Board of Trustees shall review its asset allocation as least annually to determine if the asset allocation is consistent with the level of risk and volatility acceptable to the Fund.

Should actual asset class percentages fall outside the target ranges, the Fund will rebalance to the target percentages. The rebalancing will necessitate the movement of funds from style to style. This rebalancing will occur at least annually unless circumstances dictate that it be done more frequently. Within the broader asset classes, the Trustees shall establish commitment levels to various investment styles, as the dynamics of the Plan's financial needs dictate.

D. REVIEW OF INVESTMENT PROCESS

On a timely basis, but not less that twice a year, the Board will review actual investment results achieved by each manager (with a perspective toward a three to five-year time horizon or a peak-to-peak or trough-to-trough market cycle) to determine whether;

1. The investment managers performed in adherence to the investment philosophy and policy

guidelines set forth herein,

2. The investment managers, performed satisfactorily when compared with:

- The objectives set.
- Other similarly managed funds.

III.

Duties of Custodian Bank

The custodian bank shall, by nominee agreement, hold any and all securities for the beneficial interest of the System's fund. Custodial activities will include, but are not limited to, the purchase, registration, and sale of stocks, bonds, notes, and other securities, as well as the collection of income. Dividends, interest, proceeds from sales, new contributions, and all other cash, are to be invested promptly: No cash shall be allowed to remain idle. Maintain records of class action lawsuits, or any other lawsuits that involve the Fund, and report to the Board what action was taken.

IV.

Duties of Investment Managers

The Board is authorized to directly manage the System's funds or to delegate its investment function. See Ark. Code Ann (1987). § 24-2-618 . Currently the Board has delegated its investment function to multiple investment managers, and has delegated investment discretion to the Managers by separate contract. The duties and responsibilities of each of the investment managers retained by the board shall include the following:

- A. Manage the assets the Manager holds in accordance with the policy guidelines and objectives expressed in this statement as well as in the guidelines specific to the investment mandate. If some deviation from this statement is deemed prudent and desirable by both the Board and the

Investment Consultant , they may accordingly modify in writing this policy statement.

- B. Exercise investment discretion within the strictures of this policy statement, the guidelines, and the separate employment contract entered between the Board and Investment Manager. This discretion shall include decisions to buy, hold, or sell securities in amounts and proportions reflective of the manager's investment strategy and compatible with the investment objectives. Securities shall not be purchased on margin, nor shall they be sold short.
- C. Manage the assets to maximize their total return through appreciation and yield, consistent with the level of risk taken. In determining the appropriate risk, the Manager shall consider the overall risk characteristics of the System's funds, and the extent to which the equity component of the fund is diversified. Current income is a secondary factor in the selection of equities. Market timing is a part of the overall portfolio strategy, but primary emphasis shall be placed on the selection of stocks.
- D. Vote proxies in the best interest of the System, and maintain a record of those votes. A written report of proxy votes, specifically including explanations for votes against management, shall be provided to the Board within 30 days of the end of each quarter. In general, each investment manager is expected to vote for improvements in corporate governance, and for the alignment interest of corporate management with shareholder interest.
- E. Maintain records of brokers employed by the Manager and the commissions paid to those brokers, and provide the Board with a copy of that report within 30 days of the end of each quarter.
- F. Demonstrate satisfactory performance in investing the System's funds. In evaluating a Manager's performance the Board will give consideration to the investment conditions during the evaluation period, the Manager's style of investment, and these investment guidelines. The Board will determine the length of a reasonable demonstration period, but each Manager's

performance will be reviewed at least annually. The Manager's performance will be compared against a neutral benchmark of 37% Russell 3000 Index, 15% MSCI EAFE Index, and 40% Lehman Bros. Aggregate Index, 8% NCREIF Index as well as against a universe of similarly managed funds in the Investment Consultant's database. The Board may also consider how proxies are voted, the stock brokers employed by the Investment Manager and the commissions paid to them.

G. Promptly informing the Board of significant changes in the Manager's corporate structure or strategies, including but not limited to the following:

1. Substantive changes in investment strategy, portfolio structure and market value of managed assets,
2. The Manager's progress in meeting the investment objectives set forth in this statement, and
3. Significant changes in the ownership, affiliations, organizational structure, financial condition, professional personnel staffing, or clientele of the Manager.

H. Comply with all of the duties and responsibilities the Manager has as a fiduciary. In addition, the Fund's assets are to be invested with the care, skill, prudence, and diligence that a prudent professional investment manager would use in similar circumstances.

I. Submit to the Board and its investment consultant, at least 10 days before Board meetings, all of the exhibits and written material that the Manager will present at the Board meeting.

J. Acknowledge in writing to the Board the Manager's intention to comply with this policy statement.

V.

Duties of the Investment Consultant

The Investment Consultant shall provide the Board with an analysis of the Investment Manager's

investment performance on both a quarterly and annual basis. The analysis shall include a background analysis of the economic conditions and market environs prevailing during the period, and shall include comparisons with a neutral benchmark, and with other similarly managed funds and other comparable peer groupings. The investment consultant's performance shall be reviewed annually by the Board.

VI.

Duties of the Actuary

The Board shall employ an actuary who shall report to the Board on the System's actuarial and fiscal performance. The report shall be made on an annual basis, and more often when deemed necessary by the Board. The fundamental duty of the actuary shall be to advise the Board on whether the System is actuarially sound. A secondary duty will be to answer questions by the Board about the amortized cost of various proposals for changes benefits which might be provided to members of the System. The actuary will enter a separate contract of employment with the Board, and that contract will contain details of the actuary's duties.

VII.

Duties of the Staff

The Staff shall administer the System in accordance with these policy guidelines and the objectives expressed in this statement. The Staff shall act with the utmost care, skill, prudence, and diligence possible, and shall at all times recognize that each member of the Staff acts in a fiduciary capacity.

**ARKANSAS JUDICIAL RETIREMENT SYSTEM
BOARD OF TRUSTEES**

INVESTMENT POLICY STATEMENT



Adopted by the Board of Trustees
February 22, 2024

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 - ADOPTED FEBRUARY 05, 1998
 - AMENDED FEBRUARY 01, 2007
 - AMENDED MAY 03, 2012
 - **NEW VERSION INTRODUCED** FEBRUARY 2024

ARKANSAS JUDICIAL RETIREMENT SYSTEM

INVESTMENT POLICY STATEMENT

I. PREAMBLE

The Arkansas Judicial Retirement System ("AJRS" or "System") was established by the Arkansas General Assembly by Act 365 of 1953, as a defined benefit retirement plan. Arkansas Code § 24-8-207 (a) requires that all chancery judges, circuit judges, judges of the Court of Appeals and justices of the Supreme Court, whether elected or appointed to office, shall participate in the Arkansas Judicial Retirement System.

The administration and control of the system is vested in a five-member Board of Trustees ("board" or "trustees") appointed by the Arkansas Judicial Council. AJRS is governed by the laws of the State of Arkansas and its rules and regulations. Arkansas Code §§ 24-8-101 et seq. (that includes Tier one Judicial Service Benefit Plan) and §§ 24-8-701 et seq. (that includes the Tier Two Judicial Service Benefit Plan) govern the Arkansas Judicial Retirement System. The board has authority to invest and reinvest the funds of the System, acting as fiduciaries of the trust fund. Arkansas Code §§ 24-8-203 and 205, 24-2-201 et seq., 24-2-601 et. Seq., 24-2-701 et seq., and 24-2-801 et seq. provide the statutory authority for the investment activities of AJRS.

Arkansas Code §24-8-204 states that the Executive Director and administrative staff of APERS shall be the Executive Director and administrative staff of AJRS.

II. STATEMENT OF PURPOSE

The board shall develop an investment policy. Arkansas Code § 24-2-613(b) and 24-8-205(c). This policy shall be a written statement of goals for the fund and rules to be followed to achieve those goals.

The Investment Policy Statement ("IPS" or "Statement") incorporates the laws, documents, principles, and standards that guide the management of the System's investments. This IPS governs the investment assets of AJRS and is established to provide a framework for the management of those assets. The Executive Director and Chief Investment Officer shall administer this Statement pursuant to the laws of the State of Arkansas, and the investment policies adopted by the board. This IPS is intended to be binding upon all persons with authority over the System's assets, including external investment managers/advisors, custodians, consultants, and staff.

The Board intends for this IPS to be a dynamic document subject to review and refinement. Policies may be modified to reflect changes in assets and investment strategy, benefit changes, and economic conditions.

The purpose of this Statement is to:

- A. Set forth the investment policies, objectives, and guidelines the board determines to be appropriate, prudent, and in consideration of the System's needs, to comply with all current state laws and to direct the System's investment activities.
- B. Establish criteria to evaluate the System's investment performance. (Section VIII)
- C. Communicate investment policies, objectives, guidelines, and performance criteria to staff, external investment managers/advisors, consultants, custodians, and any/all other interested parties.
- D. Serve as a review document to guide ongoing oversight of the System's investments for compliance with **Arkansas law** and applicable federal laws.
- E. Demonstrate the board's fulfillment of its **fiduciary** responsibilities to manage the investments of the System solely in the interest of members and their beneficiaries.
- F. Document the board's fulfillment of its overall fiduciary responsibilities with respect to the investment of System assets

III. STATUTORY GOVERNING AUTHORITY

Arkansas Code § 24-2-602 states that the boards of trustees of the **Arkansas Judicial Retirement System**...shall have full power to invest and reinvest the moneys **of the system** and to hold, purchase, sell, assign, transfer, or dispose of any investments so made as well as the proceeds of the investments and moneys.

Board of Trustees

The board is responsible for establishing the policy for the system and overseeing the investment of the portfolio and the expenditures required to meet system obligations. Specifically regarding investments, the board takes action based upon information presented at scheduled Board meetings and upon recommendations made by staff. Arkansas Code § 24-2-611 states "Trustees shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. The trustees shall exercise reasonable care, skill, and caution. Investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust."

Executive Director (ED)

Arkansas Code Ann. §24-8-204(a)(1) The executive director and administrative staff of the Arkansas Public Employees' Retirement System shall be the executive director and administrative staff of the Arkansas Judicial Retirement System. The **AJRS** Board provides administrative direction to the executive director and staff.

Chief Investment Officer (CIO)

The CIO is part of the investment staff, reports to the ED, works with the Board on policy-related issues and directs the investment program consistent with this IPS and within applicable state and federal laws. The CIO and ED implement this policy and board decisions made in connection with this policy. The CIO and the investment staff manage daily cash-flow and liquidate assets as necessary to pay benefits. The board delegates duties to the CIO to perform that are consistent with this investment policy statement.

Investment Staff

The investment staff, under the direction of the CIO, are responsible for the daily operation and implementation of the investment program. Investment staff are also responsible for supporting the investment program at the strategic, compliance and operational levels through the establishment of appropriate procedures as well as implementation of tools and processes to implement, measure and monitor the investment program as further described in this IPS and the internal investment department policy and procedure document.

Custodian Bank

Arkansas Code Ann. § 24-2-606, Securities may be held by the State Treasurer or, **AJRS** may establish an arrangement with a financial institution for the custodianship of its securities subject to the approval of the Board.

The Custodian Bank serves as the master custodian of the System's assets and is responsible for maintaining the official book of record under the supervision of the CIO and the investment staff, calculating investment performance, and serving as an additional layer of risk control in the safekeeping of System's assets.

IV. DELEGATED AUTHORITY

The Board maintains the ultimate oversight of the system's assets. The Board requires all trustees, the executive director, the chief investment officer, and the investment staff to make all investment decisions in the best interest of the system.

The Executive Director and the CIO are authorized to invest in or otherwise sell or dispose of any system asset, without regard to amount. All investments will be reported at a scheduled board meeting. The ED and CIO are authorized to invest the funds of the system in accordance with the directions, and Investment Policy Statement established by the board. The ED and CIO are responsible to exercise the delegated investment decisions adopted by the board, and applicable laws of Arkansas, and the policies contained in the policy.

To improve the efficient use of its resources, the board delegates the day-to-day investment operations and implementation through the ED, CIO, and investment staff. The ED and CIO are responsible for performing these delegated duties consistent with the IPS and as otherwise directed by the Board.

The ED and CIO are authorized to: manage the assets so as to assure sufficient cash is available at all times to pay the system's benefits as they come due; assure that the system's asset allocation as approved by the board is achieved and maintained; and that sufficient funds are available for the funding of investments which have been authorized by the board, the ED and CIO, and to take actions necessary or required to achieve the board's objectives.

The ED and CIO have investment discretion to invest the system's cash in short-term fixed income securities, and/or money market funds for the purpose to provide liquidity, enhance income, and provide for temporary investment of system funds.

The ED and CIO are authorized by the board to retain and terminate investment managers within each asset class, as necessary to achieve the investment objectives of the system. The size of an investment made is subject to specific limitations provided for the asset class applicable to the investment. No existing investment manager shall be terminated without Board approval, except for exigent circumstances that include, without limitation, departure of key persons, regulatory events, bankruptcy or insolvency, fraud or other bad acts, in each case, as determined by the ED and CIO exercising reasonable judgement.

V. INVESTMENT OBJECTIVES

The **AJRS** Board of Trustees has a fiduciary responsibility to the members and beneficiaries of the system. All investment transactions undertaken on behalf of the System will be for the sole benefit of the members and their beneficiaries, for the exclusive purpose of providing benefits to them and defraying administrative expenses.

Arkansas Code Ann. § 24-1-101 All assets and income of any state-supported retirement system administered by an agency of the State of Arkansas shall be held, invested, or disbursed for the exclusive purpose of providing for benefits, investment management, and administrative expenses... and shall not be encumbered for or diverted to any other purposes.

The System's long-term objective is to earn an average rate of return greater than the rate of return of representative indices for individual asset classes but no less than the actuarial assumption rate. The indices are identified in the Asset Allocation Policy. Volatility of returns, or risk, for the System, as measured by standard deviation of investment returns, should be commensurate with the level of returns expected to be achieved over a long period of time.

Assets will be invested with a total return posture given appropriate consideration for portfolio volatility (risk) and liquidity.

The actuarial consultant recommends the actuarial return assumption for the investment program after consulting **with staff** regarding the expectations surrounding the long-term investment returns available from a well-diversified investment portfolio. The Board is responsible for approving an Actuarial Return Assumption and accepting that the commensurate risk posture of that portfolio is in line with the Board's Risk Tolerance. Arkansas Code § 24-8-206 states that an actuarial valuation shall be made annually to determine how well the Arkansas Judicial Retirement System is meeting the financial objectives applicable to all state-supported retirement systems.

The specific investment return objective is to maximize the probability of achieving the Actuarial Return Assumption without exceeding the Risk Tolerance of the Board. The Actuarial Return Assumption is adopted by the Board and will be evaluated annually by the Board.

VI. ASSET ALLOCATION POLICY

Asset allocation determines the different asset classes in the investment portfolio and the distribution of funds among those asset classes. As fiduciaries, the board of trustees have a duty to diversify the investments of the fund to minimize and manage risk, while maximizing the investment return. Arkansas Code Ann. § 24-2-612. Trustees shall diversify the investments of the trust unless the trustees reasonably determine that, because of special circumstances, the purposes of the trust are better served without diversifying.

The Board recognizes that the most important determinant of long-term return and risk is the asset allocation decision. Approximately 80% to 90% of the variability in returns of a fund across time is expected to be attributable to the asset allocation decision. The remaining ten percent 10% to 20% is expected to be attributable to either selection of individual assets, investment managers, or market timing.

Strategic Asset Allocation is constructed based on long-term asset class forecasts with targets to maintain a set combination of asset classes. The Board's Strategic Target Allocation is intended to reflect, and be consistent with, the return objective and risk tolerance expressed in this IPS. It is designed to provide the highest probability of meeting or exceeding the Board's objectives at a controlled level of risk and liquidity that is acceptable to the Board. In establishing the asset allocation, the Board considers **AJRS'** ability to withstand not only the long-term risk of underperforming its return objective but also short and intermediate-term volatility in investment performance and fluctuations in the financial condition of the fund.

Strategic Target Allocation should deliver:

1. A representation of the board's long-term return objective with its implied risk tolerance;
2. Sufficient confidence for the board to "stay the course" given extreme market moves;
3. A benchmark against which to measure performance.

The ED and CIO should ensure the risk representations in the capital markets models and assumptions used by the Board in setting the Strategic Target Allocation and Risk Tolerance are consistent internally, consistent with industry best practice, and consistent with the Board's investment risk philosophy and with the risk analytics used for monitoring portfolio risk.

The Executive Director and Chief Investment Officer consistently review the asset allocation as well as the asset class benchmarks and will recommend any changes/updates as deemed necessary.

The Strategic Target Allocation, asset classes, targets, and acceptable ranges as determined and approved by the Board to facilitate the achievement of long-term investment objectives within acceptable risk parameters are in the table to follow. Target allocations may not be attained at any specific point in time as actual asset allocation is often dictated by current and anticipated financial market conditions, as well as any actions and/or decisions by the board. Asset classes will not be "out of alignment" during any transition period, e.g., due to changes in asset allocation policy.

The Board approves and adopts the expected returns and risk assumptions, as well as the asset allocation mix. The most recent Expected Returns and Risk Assumptions, as well as the Asset Allocation are shown in **Appendix Exhibits 1 and 2**. The staff will continually update these exhibits to reflect any action of the board.

Strategic Asset Allocation: Targets and Ranges (See Exhibits 1 and 2)

Note: All ranges for the asset class targets shall be +/- 5%

Asset Class Policy Benchmarks

Asset Class	Policy Benchmark
Domestic Equity	Russell 3000 Index
International Equity	MSCI ACWI ex US
Real Estate	NFI-ODCE Eq Weight Net
Cash + Fixed Income	Bloomberg Aggregate

Annual Review. The Executive Director and Chief Investment Officer will work with the investment consultant and prepare an Asset Allocation Review for the board to review. The strategic asset allocation will be reviewed annually to determine if the asset allocation remains acceptable to the Board. This annual review will include recent and historical investment experience and consider new developments. This includes a review and revision, where appropriate, of the long-term capital market assumptions regarding expected investment returns, standard deviations, and correlations, and the Board's long-term goals and objectives. A formal asset allocation will be conducted every three to five years, or as needed, or as directed by the board, to verify or amend the targets.

Asset Liability. An Asset-Liability study will be conducted and presented to the board. The study will integrate the actuarial liability projections with the asset allocation model. It is an exercise that examines the financial condition of the fund for consistency with the investment planning horizon. This study should be conducted every three to five years, or when a significant change to the fund's assets or liabilities has occurred, or, as directed by the board.

Rebalancing Policy. The Executive Director and Chief Investment Officer are responsible for a periodic and orderly rebalancing of the portfolio so that asset classes remain within the strategic asset allocation range, and for establishing an orderly rebalancing should one or more of the asset classes fall outside the established range. The goal of the rebalancing policy is to maintain the Board-approved strategic allocation and its risk and return profile. The Board has chosen a rebalancing policy that is governed by allocation ranges rather than time periods. The ranges are a function of the volatility of each asset class and the proportion of the total fund allocated to the asset class.

Investment staff will ensure that the integrity of the board's strategic target allocation is preserved through a disciplined process that allows the flexibility to rebalance the

portfolio between investment managers within an asset class and between asset classes, within the board-approved ranges, to adjust for market movements and consider current market conditions, or valuations, in portfolio allocations.

Investment staff is responsible for implementing all portfolio re-balancing activities, subject to approval by the CIO, that are appropriate for existing circumstances. Investment staff will consider cash flows, opportunity costs, transaction costs and portfolio disruptions in any rebalancing implementation.

The CIO will report the results of any rebalancing activity to the board upon completion of the rebalance at the next regularly scheduled Board meeting.

Risk Management. **AJRS** will have a risk management program/system, similar to **APERS**, to help ensure that investment risk is managed to be consistent with the risk appetite established in this IPS. The CIO establishes and oversees risk management and compliance.

VII. INVESTMENT GUIDELINES

The following guidelines are applicable to the total fund.

- A. Securities may not be purchased on a margin.
- B. Securities may not be sold short.
- C. No single investment may comprise more than 5% of an investment strategy. An exception is for passively managed index products where there is no limitation.
- D. Each investment manager is expected to invest **AJRS'** funds according to the mandate **AJRS** retained them to fulfill and according to state and federal laws.
- E. A transition manager may be retained to assist in the transfer of assets from one investment manager to another and serves as a liaison between the CIO and the investment staff, the Custodian, the investment manager distributing assets, and the investment manager receiving assets. This transition may occur either within an asset class or between asset classes. The transition manager will facilitate clear communication between all parties, work to minimize market impact, trading costs and opportunity cost and may include interim investment management services of account assets for a limited period of time.

The transition manager is required to be a registered investment adviser under the Investment Adviser's Act of 1940 as amended (unless properly exempted from registration by the SEC) or otherwise regulated by an appropriate governmental regulatory oversight organization (unless exempt from such registration requirement), act as a fiduciary to **AJRS**, not delegate such fiduciary responsibility, and provide agency-only execution services. The Transition Manager will provide a detailed post-trade analysis for investment staff.

- F. A risk analytics system, or firm/advisor, may be retained to assist with the CIO with oversight, monitoring, and management of risk in the investment portfolio, as well as to assist to ensure risk representations are consistent.
- G. Under Arkansas Code Ann. § 24-2-608(b), the Board believes in investing in Arkansas related investments if the investment does not impair the board's fiduciary responsibility or violates § 24-2-610, the prudent investor rule.
- H. All investment transactions, which does include the investment manager selection process, will be for the sole benefit of the system. The Board believes that all investment managers should be given equitable consideration in their selection process.

VIII. PERFORMANCE MONITORING

Performance measurement will be based on total rate of return and will be monitored over a sufficient time period to reflect the investment expertise of the investment manager(s) over three to five years. Performance results and evaluation relative to objectives will be reported to the Board on a quarterly basis.

A. Return Expectations

1. Total Portfolio specific performance objectives include, but may not be limited to, the following:
 - a) Achieve a total rate of return over rolling five-year periods meeting or exceeding the Actuarial Return Assumption.
 - b) Exceed an appropriate benchmark reflective of asset class participation over rolling five-year periods (i.e., actual allocation index during the implementation period and Policy Index once fully implemented).

2. Individual Investment Managers

The CIO and the investment consultant(s) will determine performance expectations for each manager. Specific performance objectives for actively managed strategies include, but may not be limited to, the following:

- a) Exceed an appropriate index or benchmark over rolling five-year periods.
- b) Rank above median in an appropriate universe of managers possessing a similar style over rolling five-year periods.
- c) The CIO and investment consultant will evaluate performance relative to expectations and appropriate peer groups for each private market investment manager.

There may be short-term variations from these objectives. The board believes that over the long-term (market cycle to market cycle), these goals should be attainable.

B. Consequences of Underperformance

If an investment manager's performance falls below expectations, and if the performance fails to improve relative to the standards detailed above and/or qualitative factor changes remain unresolved, the manager may be terminated or the investment redeemed.

IX. PROXY VOTING

Arkansas Code § 24-2-805, Voting ownership interests. The Board has directed that the individual investment managers will be responsible for voting proxies solely in the pecuniary interest of the pension plan. Each investment manager is responsible for maintaining records of how each proxy is voted. A written report shall be provided to the investment staff within 45 days from the end of each quarter. For each vote the report shall contain a vote caption, the plan's vote, the recommendation of company management and, if applicable, the proxy advisor's recommendation. The report(s) shall be posted on the **AJRS'** website.

X. INVESTMENT POLICY STATEMENT

- ADOPTED FEBRUARY 05, 1998
- AMENDED FEBRUARY 01, 2007
- AMENDED MAY 03, 2012
- **NEW VERSION INTRODUCED FEBRUARY 2024**

Appendix

Exhibit 1 (approved Feb. 2024)

Asset Class	Expected Return	Standard Deviation (Risk)
Broad U.S. Equity	7.65%	17.40%
Non-U.S. Equity	7.65%	21.40%
Domestic Fixed Income	5.25%	4.25%
Core Real Estate	6.00%	14.00%
Cash	3.00%	0.90%
<i>Inflation (CPI-U)</i>	2.50%	

Exhibit 2 (approved Feb. 2024)

Asset Class	AJRS Target
U.S. Equity	37%
Non-U.S. Equity	15%
Domestic Fixed Income	40%
Core Real Estate	8%
Cash & Equivalents	0%
Total Portfolio	100%

2024 Statistics	
Projected 10-Year Geometric Return	7.1%
Projected Standard Deviation (Risk)	9.9%

GRS Actuarial Valuation	
Actuarial Assumed Rate of Return	5.5%
Funded Ratio	92.1%

Projected Return Above 5.5%	
Projected 10-Year Return	+1.6%



Quarterly Board Meeting

Statement of Fiduciary Net Position as of (March 31, 2024)

ASSETS	
Cash and Cash Equivalents	\$ 228,864
Receivables	
Contributions Receivable	\$ -
Overpayment Receivable	28,011
Allowance for Doubtful Accounts	<u>(17,748)</u>
Total Receivables	10,263
Investment Assets	<u>334,217,946</u>
TOTAL ASSETS	<u>334,457,072</u>
LIABILITIES	
Accrued Expenses and Other Liabilities	<u>58,396</u>
TOTAL LIABILITIES	<u>58,396</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 334,398,676</u></u>



Quarterly Board Meeting

Statement of Changes in Fiduciary Net Position for the Period Ending (March 31, 2024)

ADDITIONS

Contributions		
Employer	\$	8,953,957
Employee		942,298
Court Fees		<u>203,129</u>
Total Contributions		10,099,384
Investment Income		30,570,448
Less: Investment Expense		<u>(616,207)</u>
Net Investment Income		29,954,241
Other Additions		
Miscellaneous Additions		<u>219</u>
TOTAL ADDITIONS		<u>40,053,843</u>

DEDUCTIONS

Benefits		13,601,685
Refunds of Contributions		-
Administrative Expenses		<u>148,288</u>
TOTAL DEDUCTIONS		<u>13,749,973</u>

NET CHANGE IN NET POSITION 26,303,870

NET POSITION RESTRICTED FOR PENSION BENEFITS

Beginning of Fiscal Year		<u>308,094,805</u>
End of 3rd Quarter	\$	<u><u>334,398,676</u></u>



Quarterly Board Meeting

Legal Report

ADMINISTRATIVE MEMBER APPEALS

None

APPEAL FROM ADMINISTRATIVE MEMBER APPEAL - LITIGATION

Wendell Griffen vs. Arkansas Judicial Retirement System, 60CV-23-8282

On October 30, 2023, Wendell Griffen filed in Pulaski County Court a petition for judicial review of the board's September 28, 2023, decision to uphold the Executive Director's Determination. The board held that Griffen's monthly benefit should be capped at eighty percent (80%) for the combination of his Tier One and Tier Two service, consistent with the limitations under the AJRS plan. AJRS timely filed its Answer to the Petition along with the Administrative Record. The Office of the Attorney General entered an appearance as counsel for AJRS. The case has previously been assigned to Judge Welch, Judge Honorable, and Judge Fox. The case is currently assigned to Judge Mackie Pierce after Judge Fox entered his recusal order on April 16, 2024.

RULES PROMULGATION

The Arkansas Legislature 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 AJRS' rules could be posted live on the legislative website by early 2025.

SECURITIES LITIGATION CASES

None



Quarterly Board Meeting
Benefits Summary

I. Membership

Whether elected or appointed to office, all circuit judges, judges of the Court of Appeals, and justices of the Supreme Court must participate in the Arkansas Judicial Retirement System.

- **Tier One:** A person who became a member of the system before July 30, 1999, participates in the benefit plan referred to as Tier One.
- **Tier Two:** A person who becomes a member of the system on or after July 30, 1999, must participate in the Tier Two Actual Judicial Service Benefit Plan.

Members - Historical

	1 year	5 years	10 years	20 years
Number	142	139	140	134
Average Age	58.1	60.0	58.7	54.9
Average Service	15.1	16.9	15.9	10.0
Average Pay	\$193,869	\$168,595	\$139,898	\$118,915



Quarterly Board Meeting
Benefits Summary

II. Eligibility for Benefits

- **Normal retirement:** Any member may retire and be eligible for benefits after attaining:
 - A minimum of 20 years of actual service, regardless of age, or
 - At least eight (8) years of service, upon reaching age 65.
 - Generally, judges or justices must retire by their seventieth birthday or lose their retirement benefits.
- **Early retirement:** Any member may elect to retire and receive benefits after attaining:
 - Eight (8) years or more of actual service, after reaching age 62 and before reaching 65.
 - Retirement benefits are reduced six percent (6%) for each full year that the judge or justice retires before reaching age 65.
- **Disability retirement:** Members who have served a minimum of three (3) consecutive years will receive retirement benefits if the Board determines an incapacitating disability occurs.
- **Survivor retirement:** Survivors of members who have served at least three (3) years may receive survivor benefits. Eligible survivors include a spouse and minor children.

Retirees – New This Quarter

	Jan 2024	Feb 2024	Mar 2024
Number	1	2	1
Avg. Monthly Benefit	\$12,057	\$4,062	\$6,454
Total Retirees	177	179	180
Total Monthly Benefits	\$1.49m	\$1.49	\$1.50



Quarterly Board Meeting
Benefits Summary

III. Retirement Benefits

- **Retirement Benefits:** The retirement benefits paid to an eligible and qualified member is 3.2% of the annual salary payable to the last judicial office held multiplied by the number of years of actual service, not to exceed 80% of salary. These benefits are payable for the recipient’s life.
- **Benefit calculation example:** Annual Salary X 3.2% X Actual Service
 $\$192,918 \times 3.2\% \times 21.67 \text{ yrs.} = \$133,777 \text{ annually/ } \$11,148 \text{ monthly}$
- **Survivors’ Benefits:** Survivors’ benefits are 67% of the amount of a member’s retirement benefits.
- **Cost-of-living adjustments:** Each July 1, the system redetermines the amount of each monthly benefit 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 - Historical

	1 year	5 years	10 years	20 years
Number	178	147	125	98
Total Annual Benefits	\$18.1m	\$13.0m	\$10.0m	\$6.4m
Average Age*	70.6	67.0	65.7	N/A
Average Service*	25.3	9.4	18.5	N/A
Avg. Annual Benefit*	\$149,373	\$111,188	\$95,268	N/A

* New retirees



Board Report

New Retiree List for Month of 01/2024

APERS ID	Full Name	Annuity Type	Annuity Option	Age	Employer Name	Gross Amount	Service Credit	Plan
7440410	Keaton, Edwin A	Normal Retirement	Straight Life	71	Circuit Courts, Arkansas	\$12,057.41	36 Y(s) 6.00 M(s)	C



Board Report

New Retirees Summary for Month of 01/2024

	No. of Retirees Contributory	No. of Retirees Non - Contributory	Total No. of Retirees	Monthly Benefit Contributory	Monthly Benefit Non - Contributory	Total Benefit	Average Benefit Contributory	Average Benefit Non - Contributory
Judicial	1	0	1	\$12,057.41	\$0.00	\$12,057.41	\$12,057.41	\$0.00
TOTAL	1	0	1	\$12,057.41	\$0.00	\$12,057.41	\$12,057.41	\$0.00



Board Report

All Retirees Summary for Month of 01/2024

	No. of Retirees Contributory	No. of Retirees Non - Contributory	Total No. of Retirees	Monthly Benefit Contributory	Monthly Benefit Non - Contributory	Total Benefit	Average Benefit Contributory	Average Benefit Non - Contributory
Judicial	117	60	177	\$903,761.73	\$586,807.44	\$1,490,569.17	\$7,724.46	\$9,780.12
TOTAL	117	60	177	\$903,761.73	\$586,807.44	\$1,490,569.17	\$7,724.46	\$9,780.12



Board Report

New Retiree List for Month of 02/2024

APERS ID	Full Name	Annuity Type	Annuity Option	Age	Employer Name	Gross Amount	Service Credit	Plan
1617063	Wilkinson, Mary L	Beneficiary Benefit	Automatic Survivor	88	Circuit Courts, Arkansas	\$6,462.77	0 Y(s) 0.00 M(s)	N
3790820	Arey, Dewell F	Normal Retirement	Straight Life	61	Circuit Courts, Arkansas	\$1,662.31	2 Y(s) 8.00 M(s)	C



Board Report

New Retirees Summary for Month of 02/2024

	No. of Retirees Contributory	No. of Retirees Non - Contributory	Total No. of Retirees	Monthly Benefit Contributory	Monthly Benefit Non - Contributory	Total Benefit	Average Benefit Contributory	Average Benefit Non - Contributory
Judicial	1	1	2	\$1,662.31	\$6,462.77	\$8,125.08	\$1,662.31	\$6,462.77
TOTAL	1	1	2	\$1,662.31	\$6,462.77	\$8,125.08	\$1,662.31	\$6,462.77



Board Report

All Retirees Summary for Month of 02/2024

	No. of Retirees Contributory	No. of Retirees Non - Contributory	Total No. of Retirees	Monthly Benefit Contributory	Monthly Benefit Non - Contributory	Total Benefit	Average Benefit Contributory	Average Benefit Non - Contributory
Judicial	118	61	179	\$905,424.04	\$593,270.21	\$1,498,694.25	\$7,673.09	\$9,725.74
TOTAL	118	61	179	\$905,424.04	\$593,270.21	\$1,498,694.25	\$7,673.09	\$9,725.74



Board Report

New Retiree List for Month of 03/2024

APERS ID	Full Name	Annuity Type	Annuity Option	Age	Employer Name	Gross Amount	Service Credit	Plan
4506758	Van Ausdall, Patricia Carlena	Beneficiary Benefit	Automatic Survivor	89	Circuit Courts, Arkansas	\$6,454.79	0 Y(s) 0.00 M(s)	N



Board Report

New Retirees Summary for Month of 03/2024

	No. of Retirees Contributory	No. of Retirees Non - Contributory	Total No. of Retirees	Monthly Benefit Contributory	Monthly Benefit Non - Contributory	Total Benefit	Average Benefit Contributory	Average Benefit Non - Contributory
Judicial	0	1	1	\$0.00	\$6,454.79	\$6,454.79	\$0.00	\$6,454.79
TOTAL	0	1	1	\$0.00	\$6,454.79	\$6,454.79	\$0.00	\$6,454.79



Board Report

All Retirees Summary for Month of 03/2024

	No. of Retirees Contributory	No. of Retirees Non - Contributory	Total No. of Retirees	Monthly Benefit Contributory	Monthly Benefit Non - Contributory	Total Benefit	Average Benefit Contributory	Average Benefit Non - Contributory
Judicial	118	62	180	\$905,424.04	\$599,725.00	\$1,505,149.04	\$7,673.09	\$9,672.98
TOTAL	118	62	180	\$905,424.04	\$599,725.00	\$1,505,149.04	\$7,673.09	\$9,672.98



Quarterly Board Meeting

Executive Report

Website

The updated website will go live on Monday, May 20, 2024. You may view the AJRS test website [here](#).

Member Handbooks

Updated Member handbooks will be available on the website. We are pleased to offer this additional resource to our members.

Fiscal Session

APERS appropriation for FY25 has been signed into law as Act 79 of 2024.

Operational Improvements

APERS has partnered with DIS to update our interactive voice response (IVR) phone system. This will allow our members to be directed to the appropriate section for their specific needs, thus improving our efficiency, member satisfaction, and the quality of service provided. Included in this update is an option to request forms and other information. The updated IVR system is set to go-live on Friday May 17, 2024.

Retirement Education and Outreach

In addition to regularly scheduled retirement education webinars and seminars, the APERS team provided retirement education and counseling at the following locations over the last quarter: Arkansas Court of Appeals, University of Arkansas at Pine Bluff, National Park College in Hot Springs, City of Wynn, City of Pottsville, City of Mountain Home, City of Heber Springs, The Department of Energy and Environment, Logan County, Little Rock Health Department, Benton County, and The Department of Corrections in Pine Bluff. APERS Staff presented to the State's Annual Financial CPE Conference, sponsored by the Arkansas Department of Finance and Administration. This conference provides Continuing Professional Education (CPE) for our state accounting employees.

APERS Strategic Plan

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