



Arkansas Public Employees' Retirement System

Quarterly Board Meeting

Wednesday, December 4, 2024, 9:00 a.m.

124 West Capitol Avenue, Suite 400, Little Rock 72201

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

AGENDA

1. Call to Order
2. Recognition of the Presence of a Quorum
3. Notification of Meeting to News Media Pursuant to Act 93 of 1967 (A.C.A. § 25-19-101) – Freedom of Information Act
4. **Action Item:** Approval of the Minutes for August 21, 2024 **(Page 3)**
5. Election of a Co-Chair
6. **Subcommittee Reports:**
 - a. Member Appeals Subcommittee Report: Judge Barry Moehring **(Page 7)**
 - b. Investments and Finance Subcommittee Report: Secretary Daryl Bassett **(Page 8)**
7. **Investments** – Mr. Carlos Borrromeo, Deputy Director of Investments and Finance
 - a. CIO Report **(Page 18)**
 - b. Class Action Proceeds **(Page 27)**
 - c. Ms. Brianne Weymouth and Mr. John Jackson, Callan - Quarterly Report for the Period Ending September 30, 2024 **(Page 28)**
 - d. Mr. Larry Middleton and Mr. Bo Brister, Stephens, Inc. - Quarterly Report for the Period Ending September 30, 2024 **(Page 62)**
8. **Finance** – Finance: Mr. Mita Drazilov and Ms. Heidi Barry, GRS, and Mr. Jason Willett, Chief Financial Officer
 - a. June 30, 2024 Actuarial Valuation Results **(Page 66)**

Action Item: Confirm the APERS employer contribution rate of 15.32% of payroll

Action Item: Approve the computed employer contributions for District Judges that are to apply beginning July 1, 2026 (July 1, 2024 for District Judges Still Paying Old Plan)

Action Item: Approve the annual reserve transfers

b. Financial Statements for the Quarter Ending September 30, 2024 **(Page 92)**

9. **Legal** – Ms. Laura Gilson, General Counsel

a. Litigation Update **(Page 94)**

b. Securities Litigation Update **(Page 95)**

c. 2025 Legislation Update **(Page 95)**

10. **Benefits** – Ms. Allison Woods, Deputy Director of Benefits

a. Benefits Summary for the Quarter Ending September 30, 2024 **(Page 97)**

11. **Executive Report** – Ms. Amy Fecher, Executive Director

a. Executive Report Review **(Page 101)**

12. Other Business

13. Upcoming Meetings for Calendar Year 2025

March 12, 2025, at 9:00 a.m.

June 11, 2025, at 9:00 a.m.

September 10, 2025, at 9:00 a.m.

December 3, 2025, at 9:00 a.m.

14. Adjournment

Quarterly Meeting

Arkansas Public Employees' Retirement System Board of Trustees August 21, 2024

A regular meeting of the Board of Trustees of the Arkansas Public Employees' Retirement System was held on Wednesday, August 21, 2024, at 9:00 a.m. This hybrid meeting was held via ZOOM remote conferencing as well as in person in the conference room, 124 West Capitol, Little Rock, Arkansas. Mr. Larry Walther presided.

Quorum Present

Mr. Larry Walther recognized the presence of a quorum and called the meeting to order.

Board Members Present:

The Honorable Larry Walther, (Treasurer of State), Chair, Little Rock, AR
Ms. Candace Franks, (State Employee, Retired) Little Rock, AR
Mr. Andy Babbitt – Proxy for Mr. Jim Hudson, (Secretary of the Department of Finance and Administration), Little Rock, AR
The Honorable Barry Moehring (Non-State Employee, County Judge), Bentonville, AR
Mr. Richard Wilson (Retired), Little Rock, AR*
Mr. Gary Carnahan (Non-State Employee), Hot Springs, AR
The Honorable Joe Hurst (Non-State Employee, Mayor), Van Buren, AR*
Mr. Gary Wallace (Retired Law Enforcement), Greenbrier, AR
Mr. Russell White (Retired Law Enforcement), Alma, AR
Mr. Jason Brady, (State Auditor's Office) proxy
Ms. Kaye Donham, (Retired), Benton, AR*
Secretary Daryl Bassett (State Employee), Sherwood, AR

Board Members Absent:

Dale Douthit, (State Employee), Russellville, AR

Visitors:

Ms. Brianne Weymouth, Callan LLC
Mr. John Jackson, Callan LLC
Mr. Larry Middleton, Stephens, Inc
Mr. Bo Brister, Stephens, Inc
Mr. Michael Opre, SSI Investment Management*
Ms. Lauren Albanese, Financial Investment News*
Mr. Chris Villines, Association of Arkansas Counties*
Ms. Brittany Schubert, SSI Investment Management*
Mr. Mita Drazilov, GRS Consulting*
Ms. Heidi Barry, GRS Consulting*
Ms. Samantha Oliver, HarbourVest Partners*
Mr. Alfie Crooks, PEI*
Mr. Jack Critcher, Arkansas Municipal League*

Mr. Dominic Webb, Responsible Investor*
Ms. Kelsi Hogg, Arkansas Legislative Audit
Dr. Keegan Nichols, ATU
Dr. Mary Gunter, ATU
Mr. Darren Millard, With Intelligence*
Mr. Kevin Balaod, With Intelligence*
Mr. Douglas Appell, Pensions & Investments*

APERS Staff:

Ms. Amy Fecher, Executive Director
Ms. Allison Woods, Deputy Director of Benefits
Ms. Ashley Golleher, Deputy Director of Operations
Ms. Laura Gilson, General Counsel
Mr. Richmond Giles, Staff Attorney
Ms. Patty Shipp, Assurance Officer
Mr. Carlos Borromeo, Deputy Director of Investments & Finance
Mr. Jason Willett, Chief Financial Officer
Mr. Phillip Norton, Director of IT
Ms. Jacobia Bates, Director of Public Affairs
Ms. Jennifer Taylor, Director of Benefits Administration*
Ms. Rebecca Walton, Investment Analyst*
Ms. Rhonda Summers, Investment Analyst*
Ms. Linda McGrath, Administrative Specialist*
Ms. Kristi Brown, Retirement Coordinator*
Ms. Cheryl Wilburn, Retirement Manager*
Ms. Stacie Jackson, Administrative Specialist III*
Ms. Meredith Kittler, Administrative Specialist III

*Denotes remote attendees

News Media Notified

An e-mail with notification of the Arkansas Public Employees' Retirement System Board meeting was sent to the Arkansas Democrat-Gazette, the Associated Press, and various news outlets. It was also posted on Arkansas.gov. This notification is pursuant to A.C.A. §25-19-101 (Act 93 of 1967), as amended, *a.k.a.* the Arkansas Freedom of Information Act.

Minutes

Prior to the Board meeting, a copy of the minutes from the May 15, 2024, Board Meeting and the June 6th, June 20th, and July 30th Investment Finance Subcommittee meetings were e-mailed to each APERS Board member for review. The minutes were amended by Mr. Larry Walther. Mr. Jim Hudson made a motion to approve the minutes as amended. Daryl Bassett seconded the motion. With no objection, the motion passed.

Investments

Invest Finance Subcommittee Report

Secretary Daryl Bassett discussed the purchase of new building and the IFS decision to table discussions until the McKinsey ARForward Report on real estate is available. Director advised to pursue a one-year lease on existing facility. Secretary Bassett shared securities litigation discussion

updates and need to review existing sec litigations policy to ensure they are up to date and potentially give staff more flexibility and tools to be successful. He also shared an update on large cap manager search following decision to replace Lazard by Boston Partners.

CIO Report

Mr. Borromeo presented the CIO report. Large cap continues to outperform small and mid-cap. Growth continues to outperform value. IT and the Magnificent 7 drove the S&P for the quarter while communications and IT drove it for the fiscal year. Mr. Borromeo stated that the most surprising impact to the market was the Yen carry trade not being complete.

Callan Report

Ms. Brienne Weymouth and Mr. John Jackson, Callan gave the APERS' Quarterly Report for the period ending June 30, 2024. The portfolio coming in with an increase of 2.8% over 1.4% from first quarter. The Fed has not cut rates to date and expectation are they will in December. The July jobs report was significantly below the reaction from the market and drives the perception that Fed should have already cut rates. Mr. Carnahan asked about real estate. Ms. Weymouth stated that the bright spot is industrial spaces which are a hot portion of real estate market while most of the office space sector is struggling.

Ms. Weymouth discussed the total fund performance. Comparing APERS to other funds and benchmarks. Out of 223 funds, APERS is ranked 27 with 7.3% for the last 20 years. Judge Moehring stated that we are lagging on our benchmark and asked if this was because of private equity. Ms. Weymouth said that it is not all due to private equity. She stated that manager performance and asset class impact return, and that we want to see manager performance making the biggest impact. The board discussed strategy on moving into the top 20 percentile. Callan advised to move toward a higher private equity allocation in the future and continue to be focused on manager selection and performance.

Stephens Inc, Report

Mr. Larry Middleton and Mr. Bo Brister, Stephens, Inc. - Quarterly Report for the period ending June 30, 2024, Larry Middleton shared that no capital was drawn during the second quarter. They shared the progress of existing private equity portfolio. The board applauded Stephens and APERS staff. The board discussed the future of private credit and secondaries.

GRS Report

Mr. Mita Drazilov and Ms. Heidi Barry, GRS, presented information on the annual actuarial valuation progress. Ms. Berry presented the participant data used to produce results of the valuation – active members and retired lives. The average active member payroll did not change much, only 0.1%. Retiree and DROP numbers show \$730,000,000 in annual benefits.

The funding value of assets as of June 30, 2023, was \$11.24B. Mr. Bassett asked if they can ever get pack to 2002 funding conditions. GRS stated that the market dynamics have changed, and the board has acted prudently through its policies.

CFO Report

Mr. Willett presented the Financial Statements for the Quarter Ending June 30, 2024. Fiduciary net position \$11,044,957 billion which is up \$700,000,000 from June 2023. This is due to increases in investment assets.

Internal Audit

Ms. Patty Shipp shared the Audit Report for FY24 and plans for the upcoming FY25 Audit which will continue to have a focus on overpayments.

Legal Report

Ms. Laura Gilson shared a litigation update on member appeals. She shared an update on rules promulgation and APERS finalization of language for BLR to place rules in codified form. Ms. Gilson shared an update on securities litigation cases and APERS finalized rules language with BLR.

Mr. Barry Moehring made a motion to allow signatory authority for Ashley Golleher, APERS Deputy Director of Operations. Andy Babbitt seconded the motion.

Benefits Report

Ms. Allison Woods shared the benefits summary for the quarter ending June 30, 2024. She will be adding new members to this report moving forward, in addition to the existing member transfers. Ms. Woods stated that she would work with the communications team to ensure adequate information is shared on the refund process and ensure we are using plain language. Ms. Woods will review data on how many are vested that request refunds.

Medical Review Board Report

Ms. Woods explained the disability determination process. The simplest route is Social Security approval. If denied, the member may appeal to the Medical Review Board.

Executive Report

Ms. Amy Fecher shared an update on strategic planning and requested board input on how they would like to engage. After discussion, Ms. Fecher indicated that she would share the upcoming plans with the board for them to participate if possible.

The Proxy Vote Report is complete and available on the APERS' website. The team is currently preparing a legislative packet which will be shared with the board. The legislative focus will be on technical corrections, the Lookback Law, and elevating the penalties for pension fraud in Arkansas from misdemeanor to a felony.

Lastly, the board voted on upcoming board meeting dates. The dates will be:

December 4, 2024, at 9:00 a.m. (*change from November 20th)

March 12, 2025, at 9:00 a.m.

June 11, 2025, at 9:00 a.m.

September 10, 2025, at 9:00 a.m.

December 3, 2025, at 9:00 a.m.

Adjournment

There being no further business, the meeting was adjourned.

Mr. Larry Walther, Chair

Ms. Amy Fecher, Executive Director

**Member Appeals Subcommittee
Chair's Report
December 5, 2024**

Background

The Member Appeals Subcommittee of the Arkansas Public Employees' Retirement System (APERS) met on September 5, 2024, at 9:00 A.M.

The APERS Member Appeal Subcommittee convened to hear a member appeal.

Member Judge Bart Virden was represented by himself. Richmond Giles, APERS Staff Attorney, represented APERS. Hearing Officer, Judge Brian Nichols, presided over the member appeal which was recorded. Judge Barry Moehring led the deliberations for the subcommittee.

Decision

The subcommittee voted to uphold the Executive Director's Determination.

**Investments and Finance Subcommittee
Chair's Report
December 4, 2024**

The Investments and Finance Subcommittee met on September 25th, and November 5th to review securities litigation cases, securities litigation updated policy and education for private credit and private infrastructure.

Securities Litigation:

The subcommittee heard securities litigation requests pertaining to Dexcom, Five Below, and Salesforce. The board decided to continue forward with pursuit of lead plaintiff status in the Five Below case in which we would be joint plaintiffs with the Arkansas Teacher Retirement System.

Securities Litigation Policy Discussion

The subcommittee reviewed and adopted the updated Securities Litigation Policy. The updated Securities Litigation policy updated the threshold for board consideration from \$1 million to \$5 million. You can find the full Securities Litigation Policy in your packet.

Private Credit and Private Infrastructure Board Education

Stephens, Inc. presented board education on private credit investments. Callan, Inc. presented board education on private infrastructure investments. The APERS' investment staff will continue to monitor these markets and will strive to invest at the opportune time. These two classes of investments would remain within the current Board approved Asset Allocation. Private credit investments would fall under the Real Asset Allocation and Private Infrastructure under Real Estate Allocation within APERS' portfolio.

Securities Litigation Policy

I. SUMMARY

The Arkansas Public Employees' Retirement System (APERS) Board of Trustees (the Board), in fulfilling its fiduciary duty to manage APERS' assets for the primary purpose of providing benefits to members and their beneficiaries, adopts this policy to monitor losses in its portfolio that may trigger a securities litigation claim filed as either an individual or class action.

The Board recognizes that securities litigation is an optional and occasional tool to recover lost assets, and only appropriate in certain circumstances. The objectives of APERS in engaging in securities litigation include collecting losses in the portfolio, maximizing the net recovery, and effecting meaningful corporate governance reforms.

II. GOALS, PROCEDURES AND GUIDELINES

- Fulfill APERS' fiduciary duty to protect the trust by monitoring its investments and effectively managing securities litigation claims as assets of the trust fund.
- Recover losses of investment value through individual actions, opt-outs, or class actions.
- Increase recoveries in class action claims through lead plaintiff status.
- Reduce fees paid to obtain recoveries by negotiating favorable contingency fee arrangements and utilizing free securities monitoring services.
- Deter and reduce future fraud on the market and promote improvements in corporate governance.

III. SECURITIES CLASS ACTIONS AND MONITORING RECOVERY STRATEGIES

A. APERS may utilize the services of APERS' custodial bank as well as the services of any expert in the area of securities monitoring and asset recovery to evaluate a potential securities claim, file a valid proof of claim, or collect any settlement that results from the claim.

B. APERS may retain a law firm that specializes in securities class actions and asset recovery.

C. If APERS does not serve as lead plaintiff, APERS may 1) Participate as a co-lead plaintiff with other institutional investors; 2) Opt out of a class and file a separate securities

action in state or federal court; 3) File a shareholder derivative claim in state or federal court; 4) Formally intervene in pending litigation; and 5) Participate in actions before the Securities and Exchange Commission (SEC), including SEC rulemaking.

D. APERS will evaluate alternatives to litigation that may be as effective as litigation to rectify the underlying cause of the fraud.

IV. EVALUATION OF POTENTIAL CLAIMS

Considerations in weighing the merit of each claim to determine the level of participation, if any, in the claim, may include, but are not limited to the following:

- The significance of the holding or size of the claim for the investment activity.
- The projected use of APERS' staff time and resources.
- The legal rationale and justification for the claim.
- The increased recovery amounts for APERS and the class by serving as lead plaintiff.
- The availability of other appropriate lead plaintiffs.
- The actual or potential costs (if any) or other burdens associated with different strategies and outcomes.
- Whether the potential benefits justify the allocation of APERS' resources to case management, discovery, or other associated demands of the case.
- The heightened pleading standard of the Private Securities Litigation Reform Act (PLSRA).
- The effects upon APERS' investments, business dealings, or other interests.
- The potential reputational risks to APERS in pursuing an action.
- Whether the action could lead to corporate governance change to address the cause of the wrongful conduct or deter misconduct, foster market integrity, or improve company practices.
- The likelihood of success and successful recovery.

V. DELEGATION OF AUTHORITY

A. The APERS Board of Trustees (Board) created the Investment Finance Subcommittee (subcommittee) in 2023 and delegated the oversight of lead plaintiff status in a securities litigation action to the subcommittee. The subcommittee approves or disapproves lead plaintiff status in a securities litigation action as set forth under this policy.

B. The Executive Director, in consultation and discussion with the Deputy Director of Investments & Finance (Chief Investment Officer) and General Counsel, shall evaluate each

proposed case according to this policy and recommend those cases which meet the objectives of the Board under this policy and report those findings to the subcommittee.

C. Once a decision is made for APERS to pursue lead plaintiff status in a securities litigation action, the Board delegates to the Executive Director the authority to make all administrative, procedural, or strategic decisions utilizing the necessary procedures to effectively meet the goals and objectives of the lead plaintiff status.

D. Where time is of the essence and a case meets the objectives of the subcommittee policy, the Executive Director may seek approval from the chair of the subcommittee, and the case will be placed upon the next regular agenda of the subcommittee for review.

E. All action taken by the subcommittee to pursue lead plaintiff status in a securities litigation action will be reported to the full board of trustees at the next regular board meeting.

VI. LOSS THRESHOLD

A. In order for APERS to seek lead or co-lead plaintiff status in a securities class action lawsuit, a loss threshold is established of at least five million dollars (\$5,000,000).

B. In the event there are important policy reasons for APERS to seek lead plaintiff status in a particular case, then for those reasons the loss threshold may be modified downward to allow APERS to consider the case.

VII. REPORTS

The Executive Director or his or her designee shall regularly report to the subcommittee, and then to the Board any activity in a securities litigation case as a lead plaintiff and update the case status, including the final resolution of the case and any settlements of record.

VIII. SELECTION OF SECURITIES MONITORING & ASSET RECOVERY LAW FIRMS

A. The Board delegates to the Executive Director and APERS staff the authority and responsibility to procure securities litigation and monitoring counsel through a request for qualifications (RFQ) process.

B. APERS may select qualified securities monitoring and litigation counsel to monitor APERS securities, evaluate potential securities litigation claims, file and litigate claims on behalf of APERS as requested, and collect any settlements that result from the claims.

C. Upon conclusion of the RFQ process, the APERS staff shall present their selections to the subcommittee, for final approval by the Board.

D. A firm selected under this RFQ shall provide services to APERS on a contingency fee basis.

IX. SELECTION OF SECURITIES LITIGATION FIRM TO PROSECUTE CASE

The Executive Director shall select and report to the Board subcommittee regarding the securities litigation counsel most appropriate for APERS' interests on a case-by-case basis. If several appropriate counsels are interested in representing APERS for a single case, the considerations for recommending the most appropriate counsel to represent APERS in an action include, but are not limited to:

- First to file or develop the theory for the case
- Expertise best suited to the nature of the claim
- Willingness to negotiate contingency fees and charge only reasonable and necessary costs (i.e., the American Bar Association Model Rules of Professional Conduct, Rule 1.5)
- Transparent billing practices and lodestar and willingness to maintain contemporaneous time records available at APERS' request
- Demonstrated reputation for ethical behavior and adherence to the spirit and letter of the PLSRA
- Willingness to abide by ABA Formal Ethics Opinion 08-451 (regarding outsourced attorney relationships)
- Public policy considerations in prosecuting cases
- Alignment with the interests and goals of APERS
- Strength of the communication and cooperation with APERS
- Resources necessary to successfully prosecute the case
- Joining with other securities litigation counsel if doing so increases the likelihood of success
- Successful prosecution of prior cases for APERS
- Rotation of interested firms

X. REVIEW OF POLICY

The subcommittee may periodically review and make appropriate changes to this policy in keeping with its fiduciary standards and policy goals.

This internal policy is exempt from the requirements of the Administrative Procedure

Act, § 25-15-201 and the promulgation of rules thereunder, and it may be amended by subcommittee action. In the event of an inconsistency with this subcommittee policy and any previous subcommittee policy regarding securities litigation and monitoring, this policy shall control.

HISTORY

Adopted November 2020

Amended September 2024

Arkansas Public Employees' Retirement System Board of Trustees
Investments and Finance Sub-Committee
September 25, 2024

A meeting of the Investment Finance Subcommittee of the Arkansas Public Employees' Retirement System (APERS) was held on Wednesday, September 25, 2024, at 1:30 P.M. This meeting was held via Zoom remote conferencing as well as in person in the Conference Room, 124 West Capitol, Little Rock, Arkansas. Secretary Daryl Bassett presided.

Board Members Present

Secretary Daryl Bassett, Department of Labor and Licensing (State Employee), Chair of Investment Finance Sub-Committee

Mr. Jason Brady, (State Auditor's Office) proxy

Mr. Gary Wallace, (Retired Law Enforcement)

Mr. Andy Babbitt, (Department of Finance and Administration) proxy

Mr. Gary Carnahan, (Non-State Employee), Hot Springs, AR*

APERS Staff Present

Ms. Amy Fecher, Executive Director

Ms. Allison Woods, Deputy Director of Benefits

Mr. Carlos Borromeo, Deputy Director of Investments & Finance

Mr. Phillip Norton, Director of IT

Ms. Jacobia Bates, Director of Public Affairs

Ms. Laura Gilson, General Counsel

Ms. Ashley Golleher, Deputy Director of Operations*

Ms. Patty Shipp, Assurance Officer

Mr. Richmond Giles, Legal Staff

Visitors Present

Mr. Mike Wickline, Arkansas Democrat Gazette

Ms. Anna Danik, Insight Investments*

Mr. Darren Millard, With Intelligence*

Mr. Joe Ebisa, With Intelligence*

Mr. Jack Critcher, Municipal League*

Mr. Rett Hatcher, Capitol Consulting Firm*

The purpose of the meeting was for consideration of securities litigation requests, discussion of shareholder derivative cases, review of updated draft of APERS' Securities Litigation Policy, and update on domestic equity portfolio.

Consideration of Securities Litigation Requests

Ms. Laura Gilson was recognized to share information on all securities litigation requests. Requests pertaining to Dexcom, Five Below, and Salesforce were presented and discussed. Mr. Carlos Borromeo shared that APERS estimated losses for the system. Mr. Jason Brady made a motion to table moving forward on the Dexcom and Salesforce cases. The motion was seconded by Mr. Gary Carnahan and with no objections the motion passed. The board decided to continue forward with Five Below. There was a motion by Mr. Jason Brady, and seconded by Mr. Andy Babbitt to move forward with the Five Below case.

Shareholder Derivative Discussion

Ms. Gilson presented the idea of participating in shareholder derivative cases to request board input on when APERS should consider participating. The board discussed and stated that they think APERS should consider participation when Arkansans are impacted, and left the discretion on these cases to the Executive Director.

Securities Litigation Policy Discussion

Mr. Borromeo and Ms. Gilson presented APERS' updated draft Securities Litigation Policy for the subcommittees' consideration. Mr. Jason Brady moved that the board adopt the updated securities litigation policy, Mr. Andy Babbitt seconded the motion, and without object the motion carried.

Update on Domestic Equity Portfolio

Mr. Borromeo shared an update on the Domestic Equity Portfolio which was up 4% in August. The board requested more information and education on private credit for future discussions.

With no further business, the meeting was adjourned.

Daryl Bassett, Sub-Committee Chair

Amy Fecher, APERS Executive Director

Arkansas Public Employees' Retirement System Board of Trustees
Investments and Finance Sub-Committee
November 5, 2024

A meeting of the Investments and Finance Sub-Committee of the Arkansas Public Employees Retirement System (APERS) was held on Tuesday, November 5, 2024, at 10:00 A.M. This hybrid meeting was held via Zoom remote conferencing as well as in person in the Conference Room, 124 West Capitol, Little Rock, Arkansas. Mr. Daryl Bassett presided.

Board Members Present

Mr. Daryl Bassett, (State Employee), Chair of Investments and Finance Sub-Committee,
Mr. Gary Carnahan, (Non-State Employee)*
Mr. Larry Walther, (Ex-officio), Treasurer of the State
Mr. Gary Wallace, (Retired Law Enforcement)
Mr. Jason Brady, (State Auditor's Office) *proxy*
Ms. Candance Franks, (State Bank Department)*
Mr. Jim Hudson, (Department of Finance and Administration)

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. Phillip Norton, Director of IT
Ms. Laura Gilson, General Counsel
Mr. Richmond Giles, Staff Attorney
Ms. Jacobia Bates, Director of Public Affairs
Ms. Brooke Hollowoa, Director of Communications

Consultants

Mr. Larry Middleton, Stephens
Mr. Bo Brister, Stephens
Mr. Seth Middleton, Stephens
Mr. Avery Robinson, Callan

Visitors

Mr. Eric Munson

Private Credit with Stephens, Inc.

The meeting began with a presentation from Stephens, Inc. on private credit. The team provided an overview of the growth of private credit since 2012, which was largely driven by changes in lending practices following the Dodd-Frank legislation. They highlighted private credit's

performance benefits and risk metrics, noting an estimated yield range of 9-11% with historically low default rates. The presentation covered topics such as the illiquidity premium, low downside capture, and potential challenges, including transparency and competitive factors in the market. During the Q&A, entry points into the market were discussed, as well as the importance of secondary markets and positioning APERS to capitalize on favorable market conditions.

Infrastructure Investments with Callan

The second presentation, delivered by Callan, focused on infrastructure investments. Callan's strategy emphasized regulated and contracted utilities, which APERS considers beneficial for maintaining a low correlation with other asset classes. The discussion centered on infrastructure's maturation, conservative return targets of around 8%, and the potential for energy and utility investments in Arkansas. Mr. Hudson highlighted the generational opportunity in energy transmission, stressing the potential of in-state investments.

Other Business

No new or old business was discussed.

Adjournment

With no further business, the meeting was adjourned with a motion made by Mr. Larry Walther.

Daryl Bassett, Sub-Committee Chair

Amy Fecher, APERS Executive Director



APERS

ARKANSAS PUBLIC EMPLOYEES'
RETIREMENT SYSTEM

DELIVERING SECURE RETIREMENT BENEFITS
AND EXCEPTIONAL SERVICE TO OUR MEMBERS.

Chief Investment Officer Report

For the Quarter Ending September 30, 2024

Third Quarter 2024 - Summary

Since June 30, there have been a few major headlines of note

- There were two separate assassination attempts on former President Trump
- President Biden stepped out of the election; V.P. Harris got the nomination.
- The Middle East conflict escalated.
- The Yen carry trade blew up and sent global markets into a brief tailspin
- Investors switched from questioning the duration of the A.I. enthusiasm to being incredibly bullish on A.I.
- Economic data indicated large negative revisions to the jobs data, but slowing inflation.
- The previous two bullet points provided the Fed enough reason to cut interest rates by 50 basis points, and the markets were overjoyed.

Third Quarter 2024 – APERS Portfolio

Benchmarks		APERS Portfolio			
U.S. Equity	Qtr		Q3 2024	30-Sep-24	Allocation
S&P 500	5.89%	Domestic Equity	5.23%	\$ 4,812,505,908	40.18%
Russell 1000 Growth	3.19%	International Equity	8.03%	\$ 2,829,549,226	23.63%
Russell 1000 Value	9.43%	Private Markets	0.96%	\$ 391,165,794	3.27%
Russell 2000 Index	9.27%	Fixed Income	5.52%	\$ 2,096,028,980	17.50%
Russell 2000 Growth	8.41%	Real Assets	0.64%	\$ 1,591,169,467	13.29%
Russell 2000 Value	10.15%	APERS Total Portfolio	5.13%	\$ 11,720,419,375	
Russell 3000 Index	6.23%			\$ 256,383,461	Cash
International Equity				\$ 11,976,802,836	TOTAL FUND
MSCI EAFE	7.26%				
MSCI ACWI xUS	8.06%				
Fixed Income					
Bloomberg Agg	5.20%				
Bloomberg High Yield	5.28%				

Third Quarter 2024 – Domestic Equities

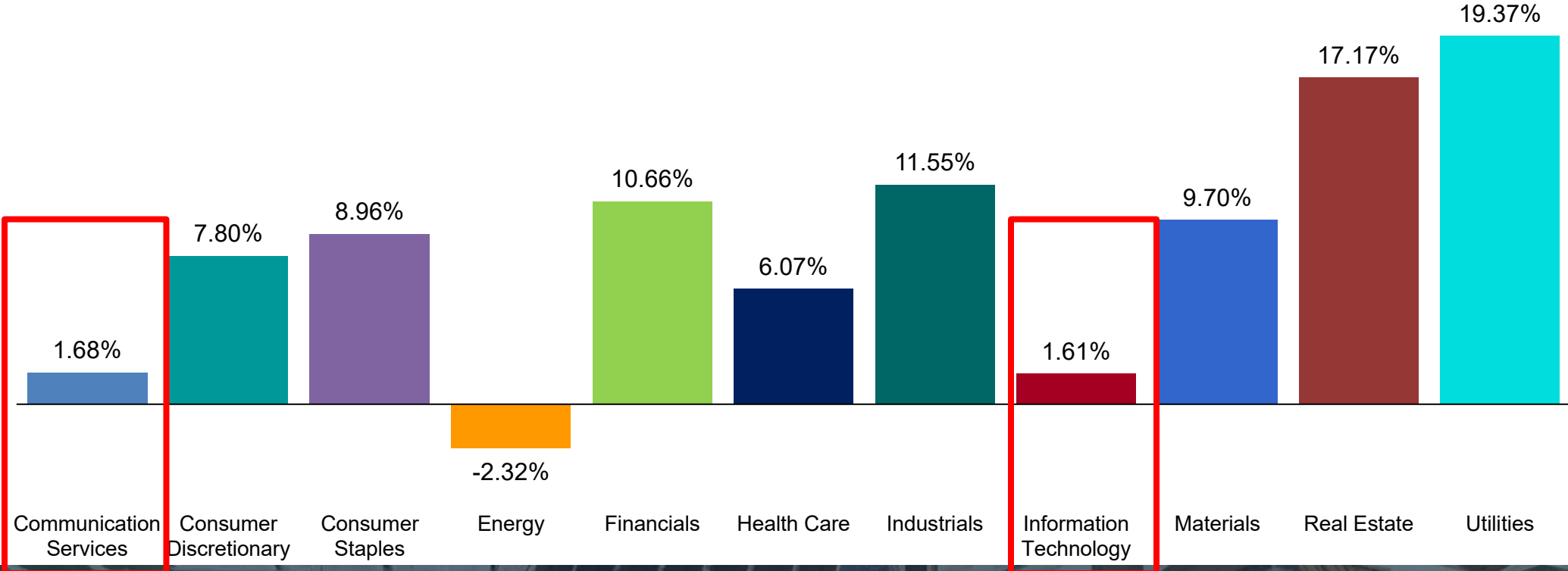
- The markets broadened from the mega cap dominant performance.
- Investor sentiment shifted away from the mega cap names in favor of smaller companies with more attractive valuations. The small cap RU2000 index was up 9.27%
- Value outperformed Growth
- Moderate economic growth as U.S. GDP growth continued to hold in a 2% to 3% range. The consumer remains resilient.
- U.S. industrial production remained weak except for some strength in technology.
- Roughly 50% of the S&P 500 reported earnings, with the results being in-line or better than expected.
- The market risk continued to be the U.S. elections.

	Qtr
S&P 500	5.89%
Russell 1000 Growth	3.19%
Russell 1000 Value	9.43%
Russell 2000 Index	9.27%
Russell 2000 Growth	8.41%
Russell 2000 Value	10.15%
Russell 3000 Index	6.23%
MSCI EAFE	7.26%
MSCI ACWI xUS	8.06%
Bloomberg Agg	5.20%
Bloomberg High Yield	5.28%

Third Quarter 2024 – S&P Quarter Performance

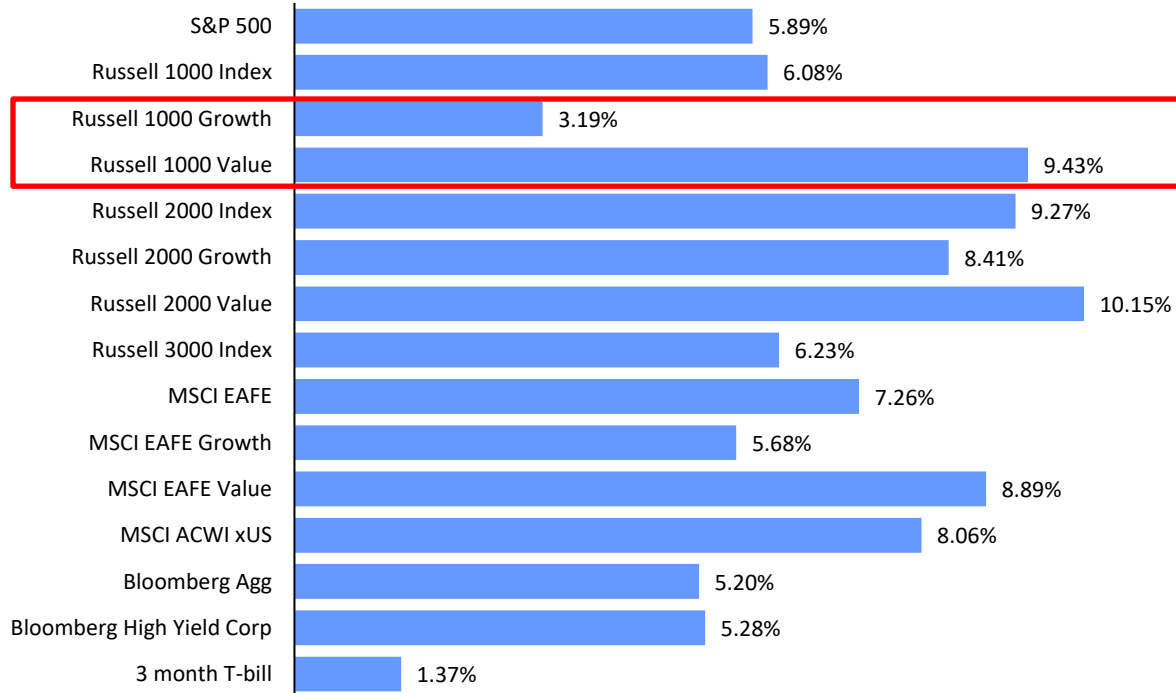
- The S&P 500 returned 5.9%, outperforming the tech heavy RU1000 Growth index which returned 3.2%

Industry Sector Quarterly Performance (S&P 500) as of 9/30/2024

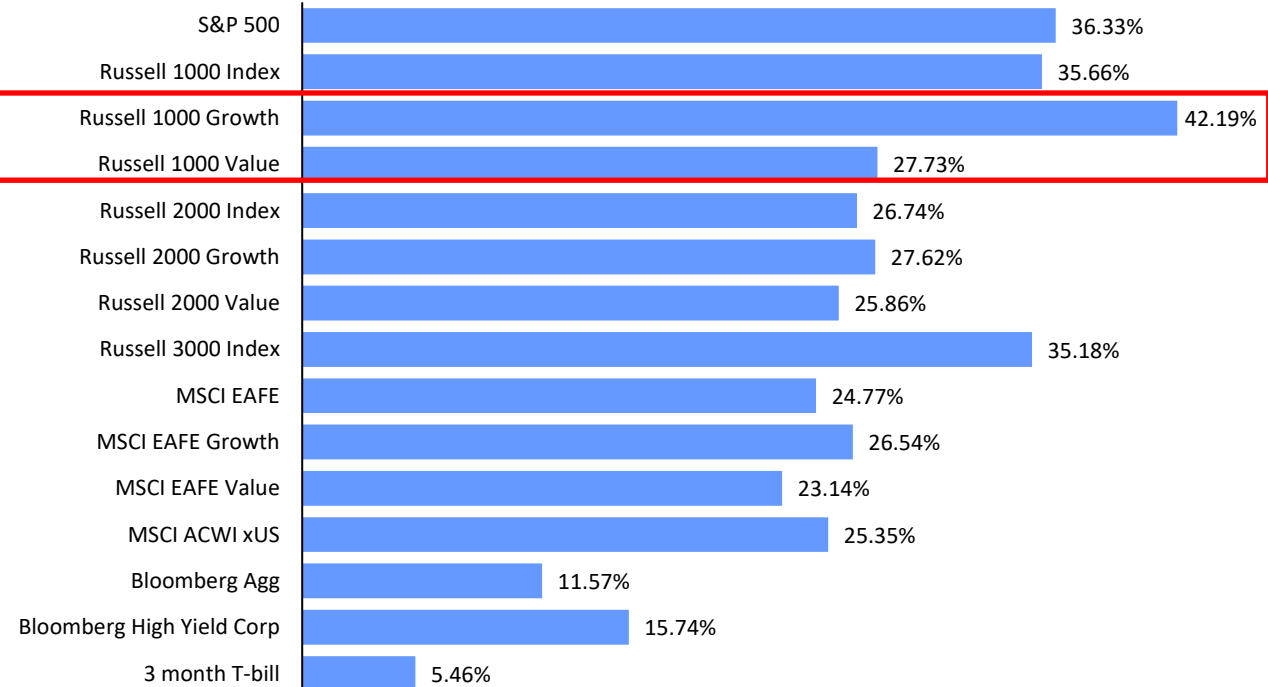


Third Quarter 2024 – Domestic Equity Indices

Performance by Asset Class: Quarter Ended 9/30/24

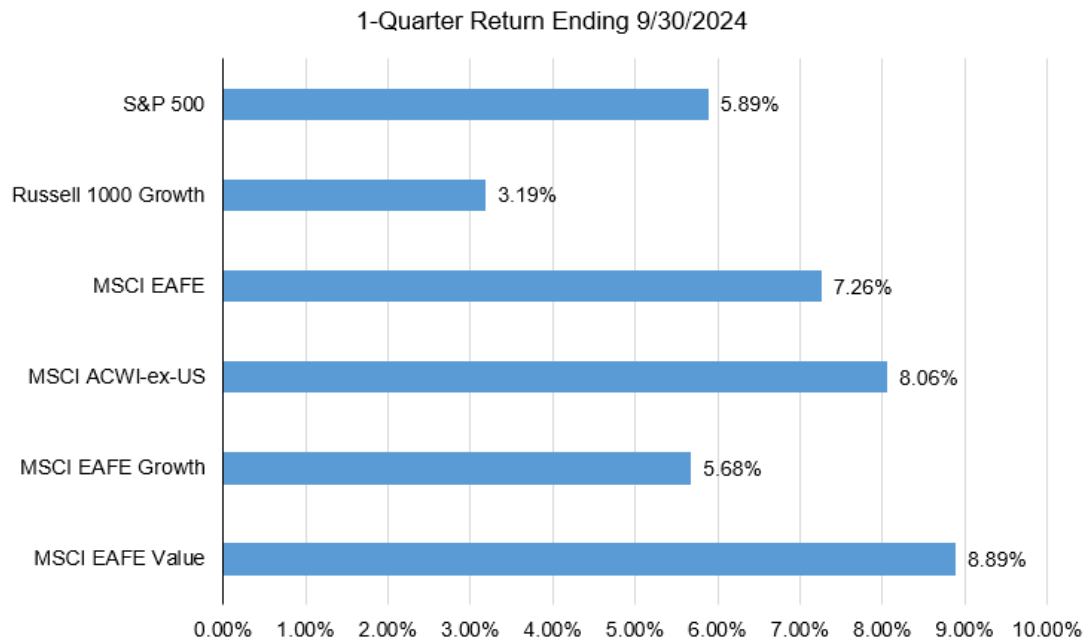


Performance by Asset Class: One Year Ended 9/30/24

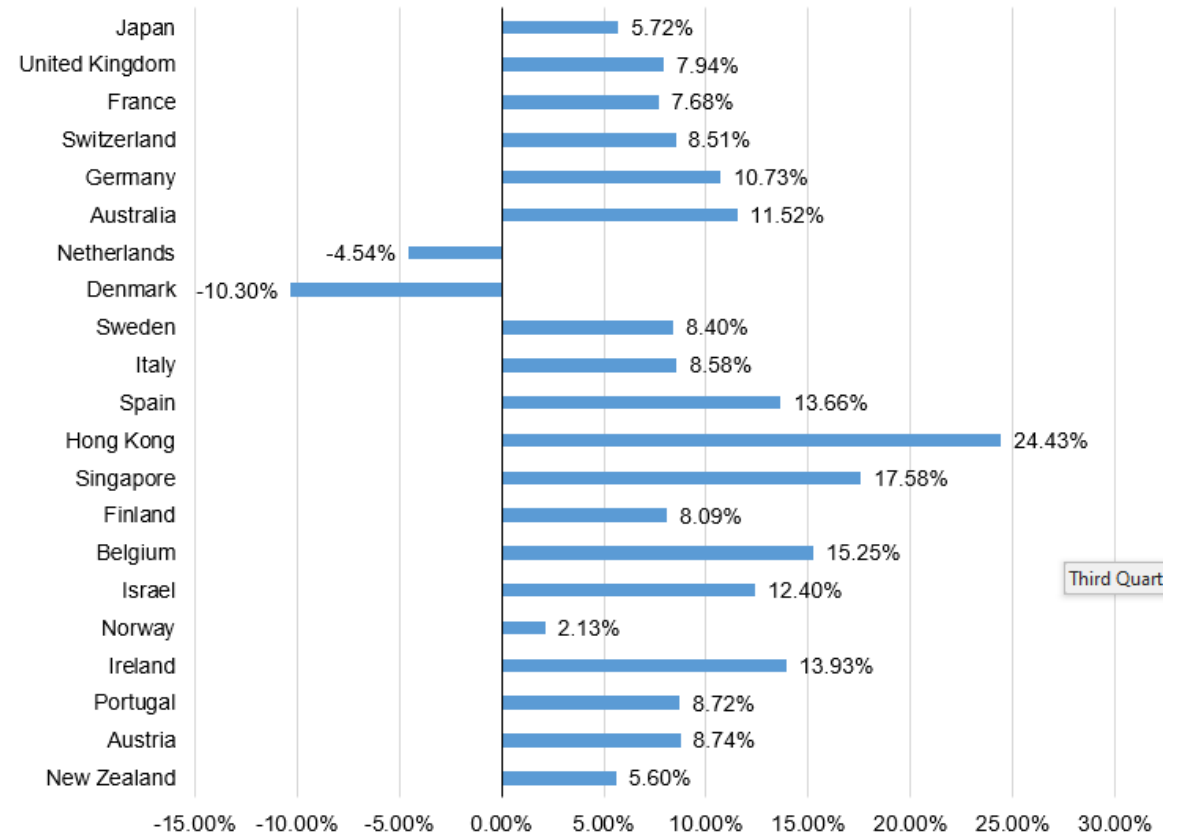


Third Quarter 2024 – Global Equities

- Global short rates moved lower with interest rate cuts from the US Fed, the European Central Bank (ECB), and the Bank of China



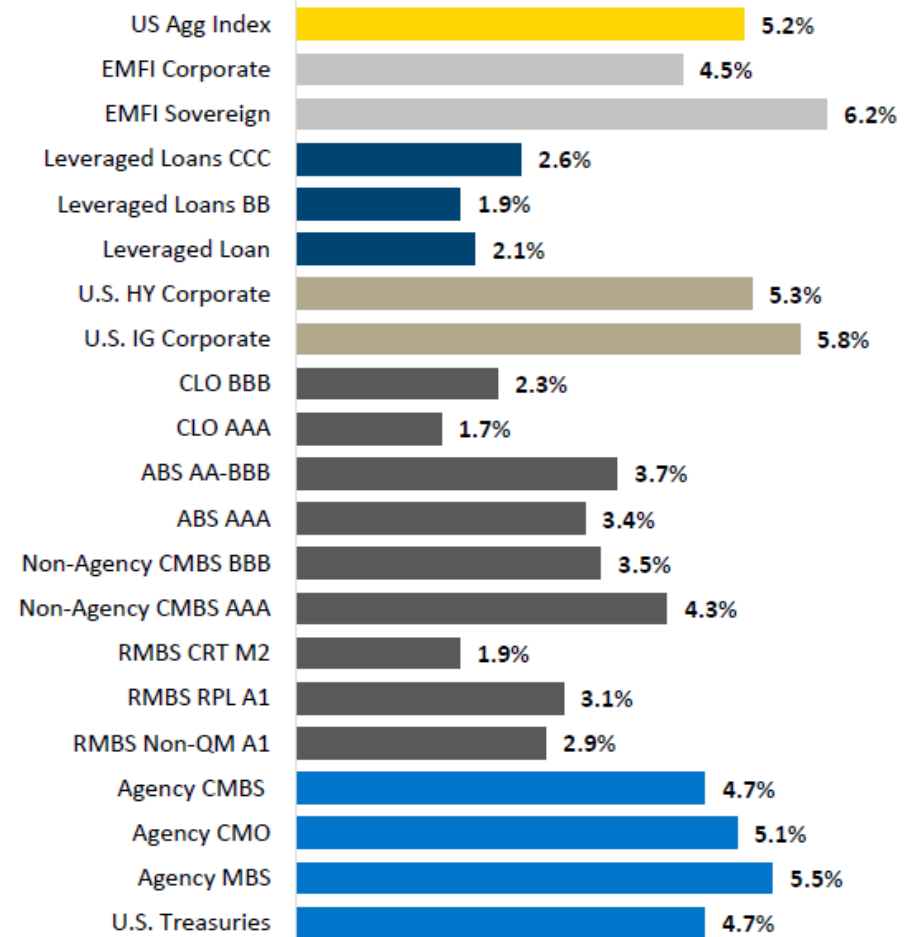
Countries in the MSCI EAFE Index: 1-Quarter Return Ending 9/30/2024



Third Quarter 2024 – Fixed Income

- The Fed cut rates as expected.
- The data continues to suggest a relatively soft landing with GDP growth still healthy and labor markets stabilizing. The risks of a near term recession abated.

3Q2024 Fixed Income Index Performance | As of Sept. 30, 2024



Glossary of Terminology

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

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

Fed = The U.S. Federal Reserve Bank

S&P 500 = Standard and Poor’s 500

Q4 = Fourth Quarter

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

Bloomberg Agg = Bloomberg Aggregate Index

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

Value = Value Stocks

Growth = Growth Stocks

EAFE = Europe Asia Far East

ACWI = All Country World Index

IG = Investment Grade



Class Action Settlement Proceeds

Fiscal Year	Total Proceeds
2009	\$ 2,808,033.51
2010	\$ 2,333,548.87
2011	\$ 1,222,467.30
2012	\$ 734,293.86
2013	\$ 501,060.63
2014	\$ 1,034,993.49
2015	\$ 499,547.35
2016	\$ 1,367,167.89
2017	\$ 354,154.24
2018	\$ 801,714.62
2019	\$ 1,442,809.72
2020	\$ 1,319,992.13
2021	\$ 575,013.13
2022	\$ 553,429.10
2023	\$ 390,107.88
2024	\$ 345,399.83
2025	\$ 9,218.80
	\$ 16,283,733.55

December 4, 2024



Executive Summary Third Quarter 2024

Arkansas Public Employees
Retirement System

Brianne Weymouth, CAIA
Senior Vice President

John Jackson, CFA
Senior Vice President

Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

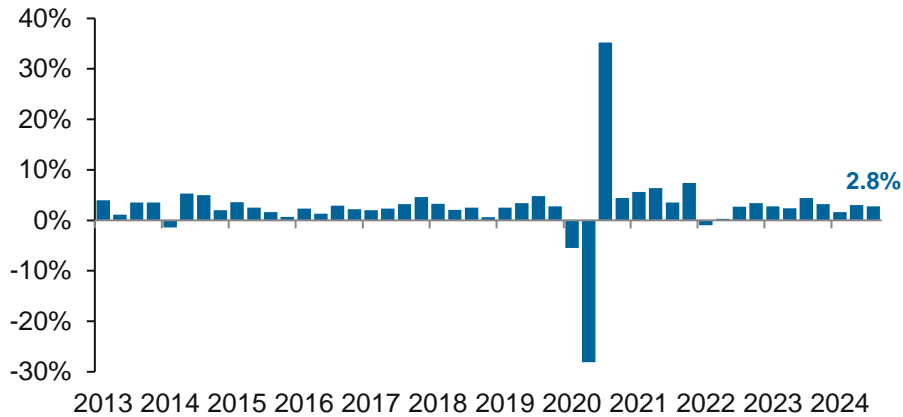


Economic Overview

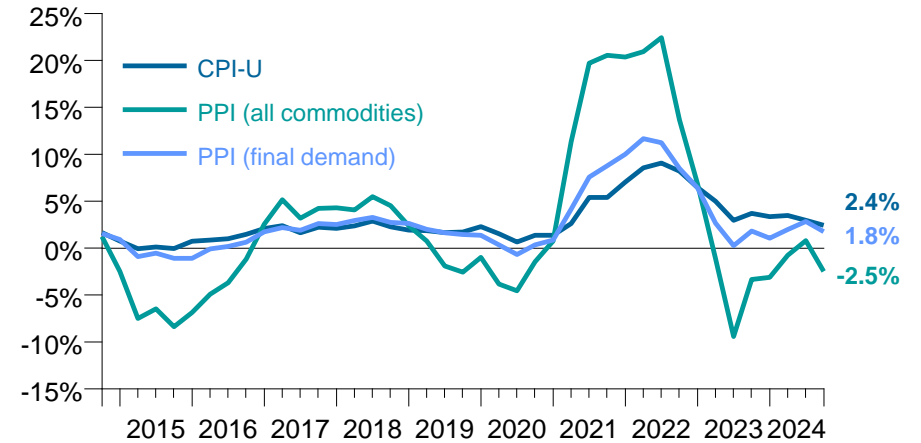
U.S. Economy—Summary

For periods ended 9/30/24

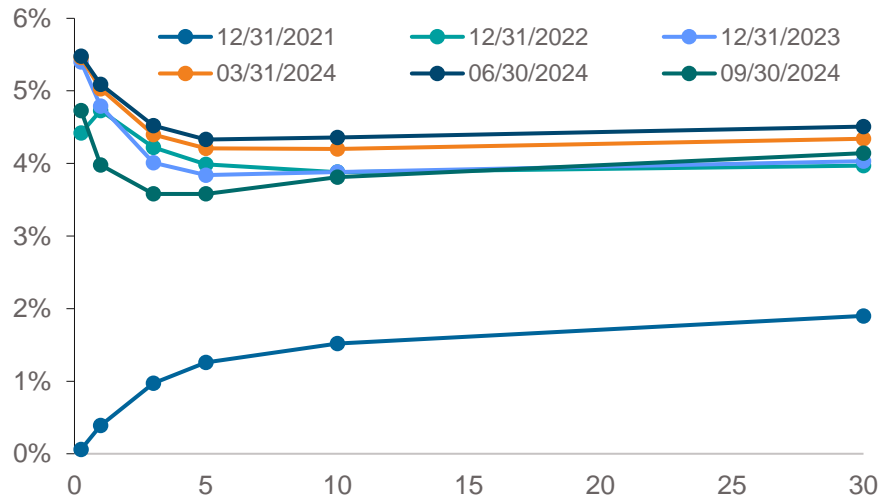
Quarterly Real GDP Growth



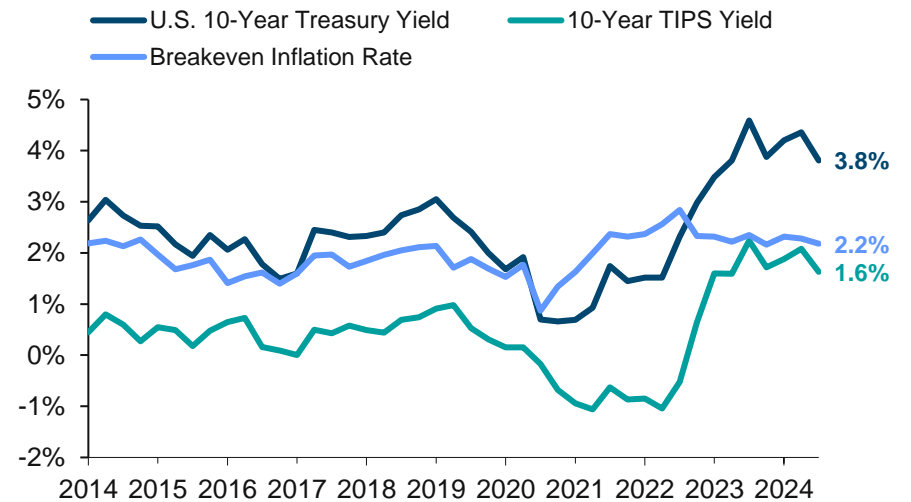
Inflation Year-Over-Year



U.S. Treasury Yield Curves



Historical 10-Year Yields



Sources: Bureau of Labor Statistics, Callan, Federal Reserve



Market Snapshot

Global Markets Snapshot

Returns for Periods ended 9/30/24

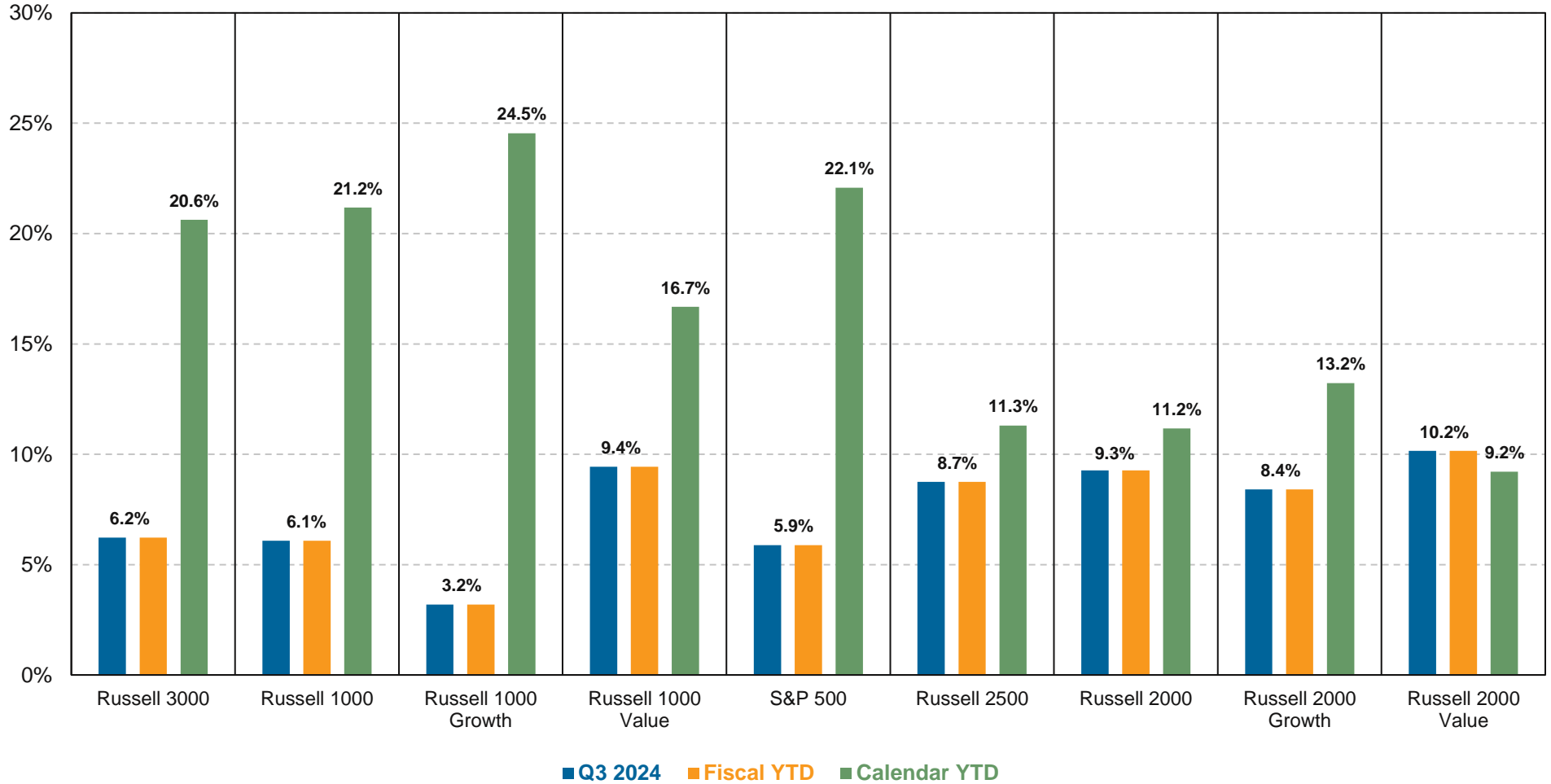
	Q3 2024	FYTD	1 Year	5 Years	10 Years	25 Years
U.S. Equity						
S&P 500	5.89	5.89	36.35	15.98	13.38	8.20
Russell 1000 Growth	3.19	3.19	42.19	19.74	16.52	8.48
Russell 1000 Value	9.43	9.43	27.76	10.69	9.23	7.68
Russell 2000	9.27	9.27	26.76	9.39	8.78	8.27
Russell 2000 Growth	8.41	8.41	27.66	8.82	8.95	6.98
Russell 2000 Value	10.15	10.15	25.88	9.29	8.22	9.10
Russell 3000	6.23	6.23	35.19	15.26	12.83	8.38
Global ex-U.S. Equity						
MSCI World ex USA	7.76	7.76	24.98	8.36	5.68	4.77
MSCI:EAFE	7.26	7.26	24.77	8.20	5.71	4.60
MSCI Emerging Markets	8.72	8.72	26.05	5.75	4.03	--
MSCI ACWI ex USA Small Cap	8.90	8.90	23.25	8.21	6.08	6.79
Fixed Income						
Bloomberg Aggregate	5.20	5.20	11.57	0.33	1.84	4.06
90-day T-Bill	1.37	1.37	5.46	2.32	1.65	1.92
Bloomberg Long Gov/Credit	7.96	7.96	17.24	-1.97	2.32	5.62
Bloomberg Global Agg ex-US	8.52	8.52	12.28	-1.86	-0.50	2.62
Real Estate						
NCREIF Property	-0.26	-0.26	-4.47	3.05	5.77	7.62
NCREIF NFI ODCE Eq Wt Net	-0.06	-0.06	-8.43	2.33	5.46	6.12
FTSE Nareit Equity	16.09	16.09	34.74	5.46	7.83	10.08
Alternatives						
HFRI Fund Weighted	2.84	2.84	12.64	7.41	5.12	6.09
Cambridge Private Equity*	1.00	1.00	4.62	13.84	13.10	12.73
Inflation - CPI-U						
	0.36	0.36	2.44	4.19	2.85	2.55

*Cambridge PE data as of 06/30/24

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

U.S. Equity Market Snapshot: Q3 2024

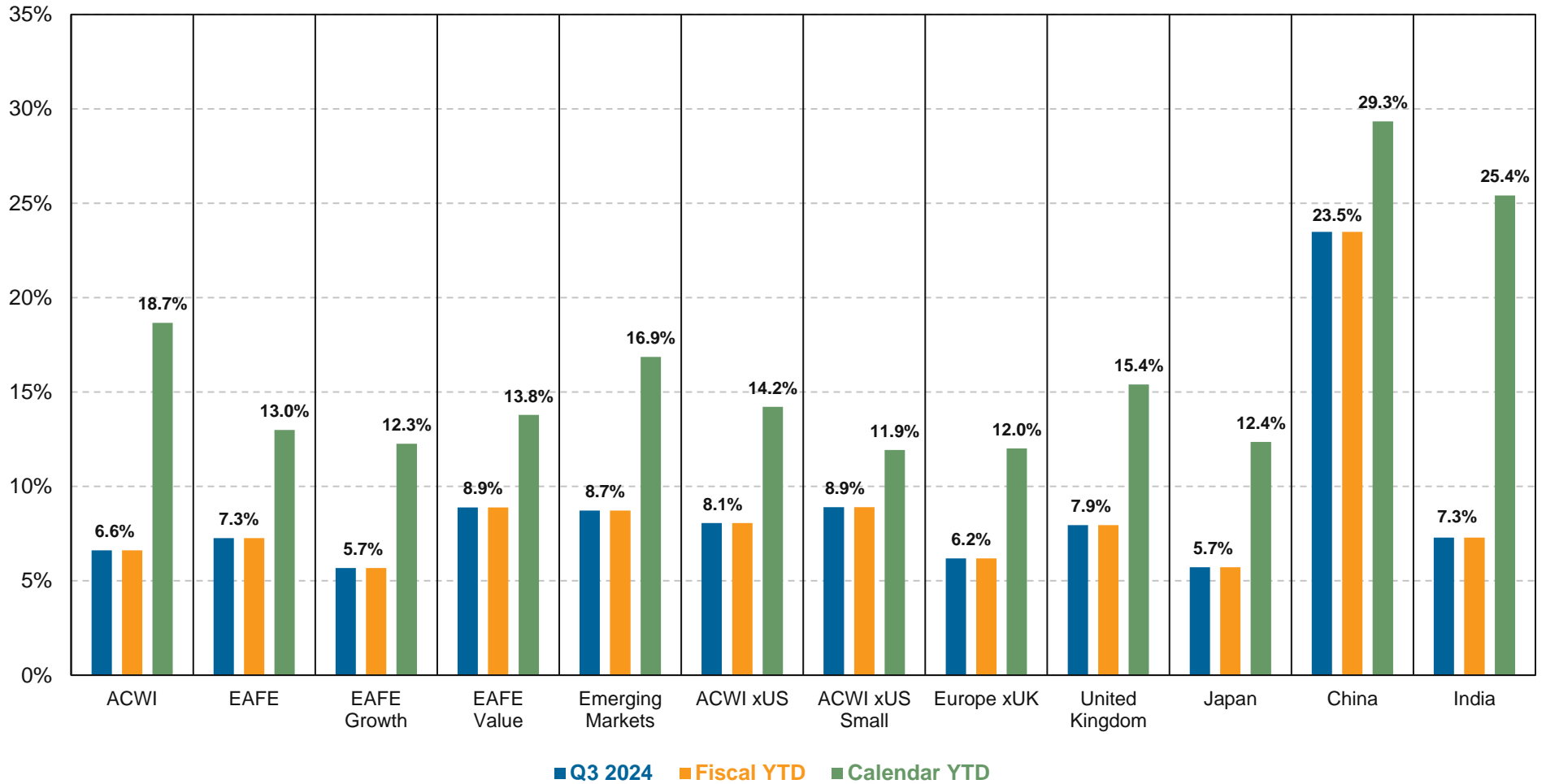
Returns for Periods Ended September 30, 2024



Sources: FTSE Russell, S&P Dow Jones Indices

Global Equity Market Snapshot: Q3 2024

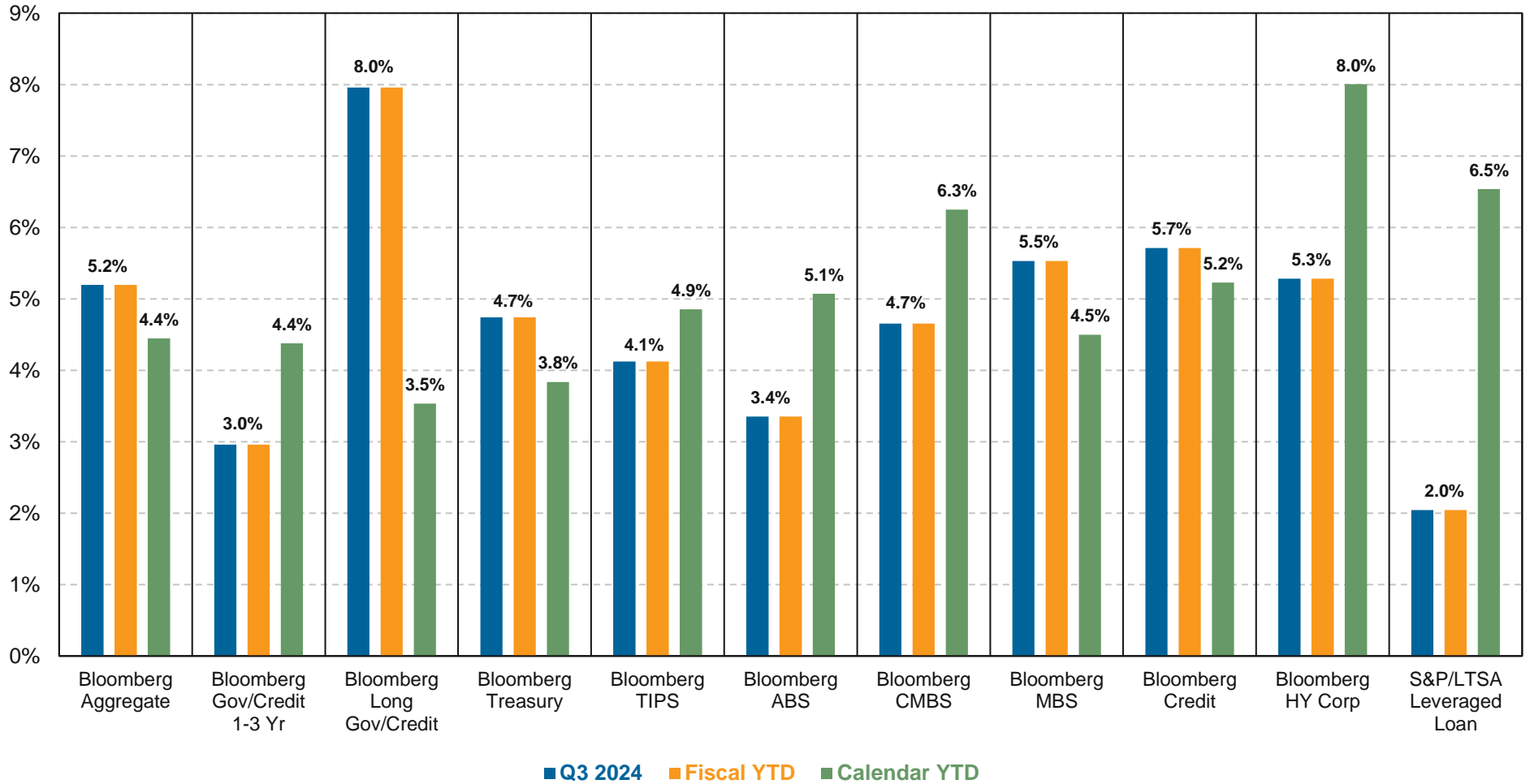
Returns for Periods Ended September 30, 2024



Source: MSCI

U.S. Fixed Income Market Snapshot: Q3 2024

Returns for Periods Ended September 30, 2024



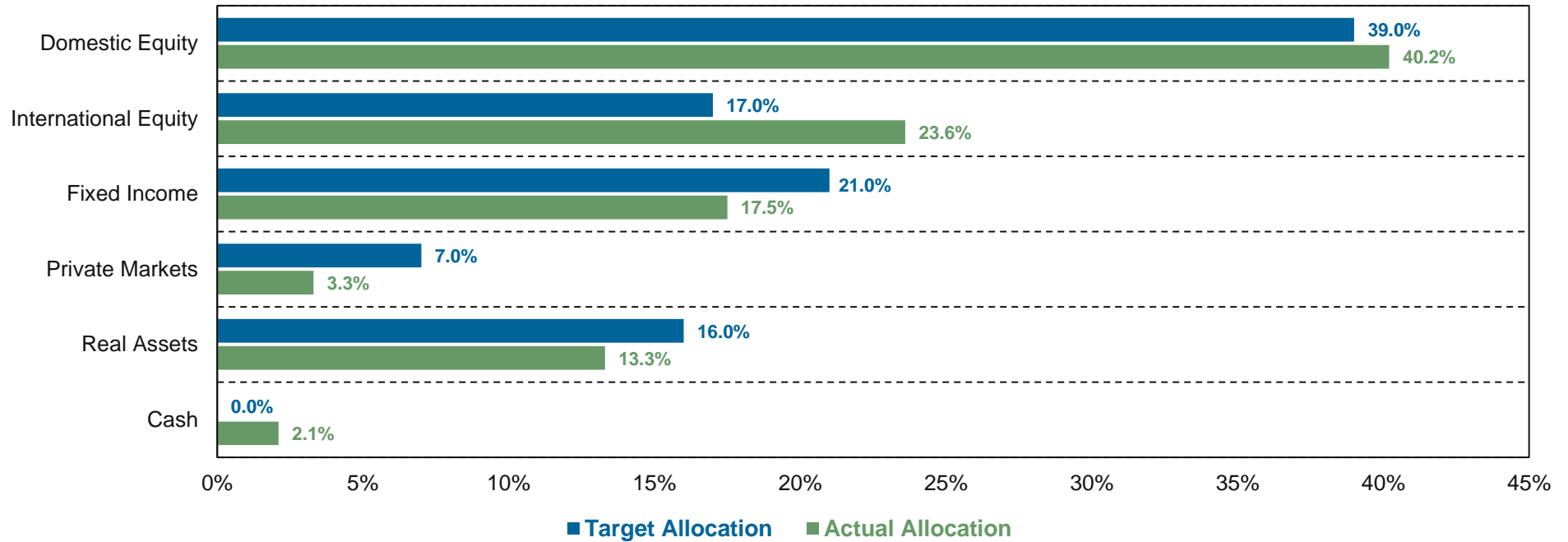
Sources: Bloomberg, Callan, S&P Dow Jones Indices



APERS Portfolio Review

Actual vs. Target Asset Allocation*

September 30, 2024

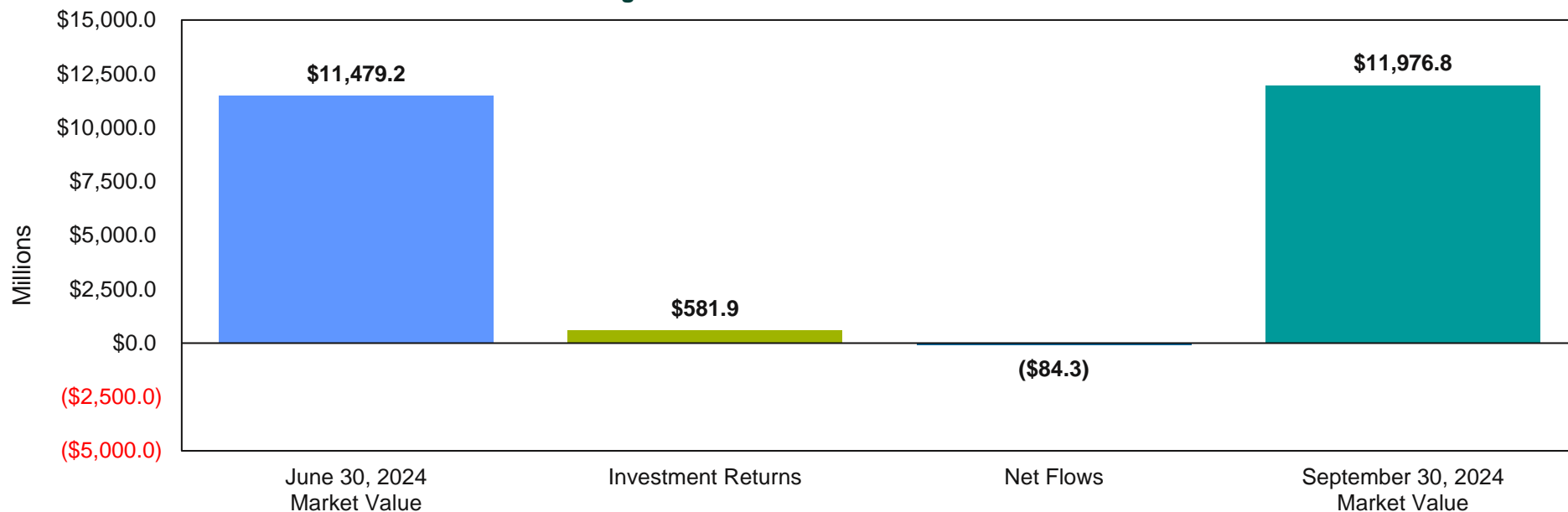


Asset Class	\$Millions Actual	Weight Actual	Min. Target	Target	Max. Target
Domestic Equity	4,813	40.2%	34.0%	39.0%	44.0%
International Equity	2,830	23.6%	12.0%	17.0%	22.0%
Domestic Fixed Income	2,096	17.5%	16.0%	21.0%	26.0%
Private Markets	391	3.3%	2.0%	7.0%	12.0%
Real Assets	1,591	13.3%	11.0%	16.0%	21.0%
Cash	256	2.1%	0.0%	0.0%	5.0%
Total	11,977	100.0%		100.0%	

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

Total Fund Asset Summary

Changes in Total Fund Assets – Q3 2024



	Beginning Market Value	+	Investment Gain/(Loss)	+	Net Flows	=	Ending Market Value
Q3 2024 / Fiscal YTD (6/30/24 - 9/30/24)	11,479,176,077	+	\$581,910,794	+	(\$84,284,034)	=	\$11,976,802,837

Total Fund Performance

September 30, 2024

Returns for Periods Ended September 30, 2024

Group: Callan Public Fund Spr DB

	Q3 2024	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile:	6.03%	23.67%	6.38%	9.66%	8.48%	7.99%
25th Percentile:	5.46%	21.52%	5.52%	9.10%	8.02%	7.71%
Median	4.87%	19.40%	4.65%	8.53%	7.54%	7.37%
75th Percentile:	4.08%	17.27%	3.75%	7.69%	7.05%	6.92%
90th Percentile:	3.75%	15.18%	2.96%	6.90%	6.48%	6.57%
Peer Universe Constituents	333	333	321	320	301	220
Total Fund	5.13% (40)	20.18% (40)	4.22% (63)	8.64% (45)	7.68% (46)	7.65% (29)
Benchmark	5.53% (22)	21.02% (29)	5.59% (23)	9.00% (31)	7.78% (40)	7.66% (28)

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

Total Fund Performance

September 30, 2024

Returns for Periods Ended September 30, 2024

Group: Callan Public Fd V Lg DB (>\$10B)

	Q3 2024	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile:	5.44%	20.18%	6.83%	9.84%	8.65%	8.03%
25th Percentile:	5.14%	18.95%	6.16%	9.54%	8.24%	7.91%
Median	4.59%	17.55%	4.92%	9.03%	7.88%	7.67%
75th Percentile:	4.08%	15.28%	4.22%	8.31%	7.36%	7.38%
90th Percentile:	3.45%	13.41%	3.40%	7.80%	7.21%	6.83%
Peer Universe Constituents	52	52	52	52	50	48
Total Fund	5.13% (27)	20.18% (10)	4.22% (75)	8.64% (67)	7.68% (63)	7.65% (51)
Benchmark	5.53% (8)	21.02% (2)	5.59% (33)	9.00% (53)	7.78% (56)	7.66% (51)

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

Asset Class Performance and Market Values

September 30, 2024

	Market Value \$(Dollars)	Ending Weight	Q3 2024	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity <i>Russell:3000 Index</i>	\$4,812,505,908	40.18%	5.23% 6.23%	5.23% 6.23%	29.88% 35.19%	7.12% 10.29%	13.34% 15.26%	11.58% 12.83%
International Equity <i>Int'l Equity Benchmark</i>	\$2,829,549,226	23.63%	8.03% 8.18%	8.03% 8.18%	25.73% 25.06%	4.06% 3.74%	9.02% 6.81%	6.69% 5.03%
Private Markets	\$391,165,794	3.27%	0.96%	0.96%	23.02%	7.97%	7.60%	6.65%
Private Equity <i>PE Benchmark</i>	\$143,003,729	1.19%	(1.57%) 3.89%	(1.57%) 3.89%	-- 26.21%	-- --	-- --	-- --
Hedge Funds <i>HFRI FOF Index</i>	\$248,162,065	2.07%	2.48% 1.42%	2.48% 1.42%	12.11% 9.14%	7.32% 6.86%	6.79% 5.95%	6.46% 5.46%
Fixed Income <i>Blmbg:Aggregate</i>	\$2,096,028,980	17.50%	5.52% 5.20%	5.52% 5.20%	14.35% 11.57%	(0.24%) (1.39%)	1.60% 0.33%	2.90% 1.84%
Real Assets <i>Real Assets Benchmark</i>	\$1,591,169,467	13.29%	0.64% 0.78%	0.64% 0.78%	(4.34%) (3.47%)	2.50% 4.15%	4.76% 5.43%	5.07% 5.48%
REITS <i>S&P DJ US Select REIT</i>	\$14,377,937	0.12%	15.56% 15.56%	15.56% 15.56%	33.70% 33.71%	4.20% 4.36%	4.14% 4.41%	-- 7.03%
Core/Core Plus RE <i>NFI-ODCE Eq Wt Net</i>	\$1,075,163,012	8.98%	(0.48%) (0.07%)	(0.48%) (0.07%)	(7.41%) (8.44%)	0.67% (1.06%)	2.62% 2.33%	5.68% 5.46%
Non-Core Real Estate <i>NCREIF Total Index</i>	\$302,356,136	2.52%	4.72% 0.78%	4.72% 0.78%	0.62% (3.47%)	7.50% 0.87%	9.85% 3.26%	11.76% 5.88%
Farmland <i>NCREIF Farmland Index</i>	\$99,203,023	0.83%	(1.21%) (0.24%)	(1.21%) (0.24%)	0.62% 2.57%	-- 6.15%	-- 5.56%	-- 6.72%
Timber <i>NCREIF Timberland Index</i>	\$100,069,359	0.84%	0.18% 1.53%	0.18% 1.53%	5.81% 10.02%	14.22% 10.86%	8.32% 7.47%	3.68% 5.90%
Cash	\$256,383,461	2.14%	1.59%	1.59%	5.49%	3.57%	2.37%	1.66%
Total Fund <i>Total Fund Benchmark</i>	\$11,976,802,837	100.00%	5.13% 5.53%	5.13% 5.53%	20.18% 21.02%	4.22% 5.59%	8.64% 9.00%	7.68% 7.78%

Benchmark definitions included in the Appendix.

Investment Manager Returns and Peer Group Rankings

September 30, 2024

	Q3 2024	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity	5.23%	5.23%	29.88%	7.12%	13.34%	11.58%
Russell 3000 Index	6.23%	6.23%	35.19%	10.29%	15.26%	12.83%
Lazard Asset Mgmt.	10.45% (4)	10.45% (4)	26.24% (81)	5.50% (86)	9.64% (96)	10.20% (76)
Russell 3000 Index	6.23% (59)	6.23% (59)	35.19% (29)	10.29% (48)	15.26% (39)	12.83% (34)
Callan All Cap Broad	7.12%	7.12%	31.89%	10.18%	14.30%	11.70%
CastleArk	(0.28%) (99)	(0.28%) (99)	39.24% (23)	11.14% (32)	18.96% (12)	15.29% (7)
Russell 3000 Growth Idx	3.42% (87)	3.42% (87)	41.47% (18)	11.31% (31)	19.09% (11)	16.04% (3)
Callan All Cap Broad	7.12%	7.12%	31.89%	10.18%	14.30%	11.70%
Mellon S&P 500 Index Fd	5.88% (28)	5.88% (28)	36.33% (54)	11.91% (55)	15.65% (54)	13.22% (50)
S&P 500 Index	5.89% (28)	5.89% (28)	36.35% (54)	11.91% (55)	15.98% (51)	13.38% (47)
Callan Large Cap Core	5.09%	5.09%	36.59%	12.16%	16.01%	13.20%
Horrell Capital - Passive	5.84% (67)	5.84% (67)	24.39% (84)	10.54% (45)	12.94% (62)	11.06% (64)
Blmbg Arkansas Index	(1.13%) (100)	(1.13%) (100)	5.55% (99)	10.98% (40)	15.73% (36)	10.16% (77)
S&P 500 Index	5.89% (66)	5.89% (66)	36.35% (26)	11.91% (28)	15.98% (32)	13.38% (28)
Callan All Cap Broad	7.12%	7.12%	31.89%	10.18%	14.30%	11.70%
Mellon Large Cap Growth	3.19% (42)	3.19% (42)	42.24% (43)	--	--	--
Russell 1000 Growth Idx	3.19% (42)	3.19% (42)	42.19% (43)	12.02% (17)	19.74% (9)	16.52% (14)
Callan Large Cap Growth	2.90%	2.90%	40.79%	9.35%	17.29%	15.37%
Wellington Management	7.79% (50)	7.79% (50)	28.32% (49)	10.59% (51)	11.84% (63)	9.89% (58)
Russell 1000 Value Idx	9.43% (16)	9.43% (16)	27.76% (54)	9.03% (74)	10.69% (86)	9.23% (84)
Callan Large Cap Value	7.79%	7.79%	28.20%	10.61%	12.41%	10.08%
William Blair LCG	1.38% (86)	1.38% (86)	--	--	--	--
Russell 1000 Growth Idx	3.19% (42)	3.19% (42)	42.19% (43)	12.02% (17)	19.74% (9)	16.52% (14)
Callan Large Cap Growth	2.90%	2.90%	40.79%	9.35%	17.29%	15.37%
Stephens Mid Cap Growth	4.46% (65)	4.46% (65)	--	--	--	--
Russell Mid Cap Growth Index	6.54% (31)	6.54% (31)	29.33% (16)	2.32% (18)	11.48% (38)	11.30% (38)
Callan Mid Cap Growth	5.62%	5.62%	24.35%	0.06%	10.60%	10.91%
LSV Asset Management	7.87% (69)	7.87% (69)	23.36% (71)	9.74% (17)	12.58% (30)	--
Russell 2000 Value Idx	10.15% (24)	10.15% (24)	25.88% (41)	3.77% (89)	9.29% (79)	8.22% (94)
Callan Small Cap Value	8.37%	8.37%	24.70%	7.04%	11.07%	9.53%
Stephens Investment Mgmt.	6.46% (67)	6.46% (67)	28.99% (36)	1.06% (40)	11.16% (50)	10.88% (64)
Russell 2000 Growth Index	8.41% (28)	8.41% (28)	27.66% (50)	(0.35%) (53)	8.82% (81)	8.95% (98)
Callan Small Cap Growth	7.04%	7.04%	27.85%	0.20%	11.16%	11.32%
Froley Revy Investment	5.20% (57)	5.20% (57)	18.08% (16)	(1.59%) (92)	9.78% (33)	8.47% (29)
ML All Conv. Index	5.27% (55)	5.27% (55)	14.68% (57)	(0.47%) (84)	10.49% (19)	8.89% (21)
Callan Convert Bonds DB	5.44%	5.44%	15.46%	0.67%	8.40%	7.41%

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

Investment Manager Returns and Peer Group Rankings

September 30, 2024

	Q3 2024	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
International Equity	8.03%	8.03%	25.73%	4.06%	9.02%	6.69%
Intl Equity Benchmark*	8.18%	8.18%	25.06%	3.74%	6.81%	5.03%
Artisan Partners	8.08% (37)	8.08% (37)	27.50% (23)	12.51% (1)	13.89% (1)	9.70% (2)
MSCI EAFE Index	7.26% (51)	7.26% (51)	24.77% (62)	5.48% (42)	8.20% (71)	5.71% (81)
Callan NonUS Eq	7.32%	7.32%	25.64%	4.95%	8.93%	6.60%
Mellon ACWI ex US Fund	8.02% (38)	8.02% (38)	25.47% (54)	4.37% (60)	7.87% (76)	--
MSCI ACWI xUS Index	8.17% (36)	8.17% (36)	25.96% (47)	4.67% (55)	8.10% (72)	5.72% (80)
Callan NonUS Eq	7.32%	7.32%	25.64%	4.95%	8.93%	6.60%
Baillie Gifford Overseas	9.31 (20)	9.31 (20)	26.09 (44)	(4.63) (98)	6.11 (96)	6.10 (66)
MSCI ACWI xUS Index	8.17 (36)	8.17 (36)	25.96 (47)	4.67 (55)	8.10 (72)	5.72 (80)
Callan NonUS Eq	7.32%	7.32%	25.64%	4.95%	8.93%	6.60%
Lazard Asset Mgmt.	6.93% (57)	6.93% (57)	23.71% (77)	4.18% (61)	7.75% (78)	6.33% (59)
MSCI ACWI xUS Index	8.17% (36)	8.17% (36)	25.96% (47)	4.67% (55)	8.10% (72)	5.72% (80)
Callan NonUS Eq	7.32%	7.32%	25.64%	4.95%	8.93%	6.60%
Acadian ACW ex US SmallCap	8.16 (68)	8.16 (68)	29.80 (11)	6.80 (14)	--	--
MSCI ACWI xUS Small	8.90% (58)	8.90% (58)	23.25% (64)	1.39% (46)	8.21% (48)	6.08% (77)
Callan Intl Small Cap	9.02%	9.02%	24.75%	0.19%	8.12%	7.21%
Franklin Templeton Intl SmallCap	8.33% (63)	8.33% (63)	20.48% (74)	(0.09%) (58)	--	--
MSCI ACWI xUS Small	8.90% (58)	8.90% (58)	23.25% (64)	1.39% (46)	8.21% (48)	6.08% (77)
Callan Intl Small Cap	9.02%	9.02%	24.75%	0.19%	8.12%	7.21%

* Benchmark definitions included in the Appendix.
Peer Group ranking in parentheses.

Investment Manager Returns and Peer Group Rankings

September 30, 2024

	Q3 2024	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Fixed Income	5.52%	5.52%	14.35%	(0.24%)	1.60%	2.90%
Blmbg Aggregate Index	5.20%	5.20%	11.57%	(1.39%)	0.33%	1.84%
DoubleLine Capital	5.67% (16)	5.67% (16)	13.57% (28)	(0.10%) (16)	1.20% (66)	--
Mackay Shields	5.64% (20)	5.64% (20)	15.54% (1)	(0.17%) (20)	2.16% (15)	3.10% (22)
PGIM Fixed Inc	5.25% (71)	5.25% (71)	13.88% (20)	(0.43%) (32)	1.41% (57)	3.25% (16)
Blmbg Aggregate Index	5.20% (76)	5.20% (76)	11.57% (95)	(1.39%) (90)	0.33% (98)	1.84% (100)
Callan Core Plus FI	5.38%	5.38%	13.17%	(0.68%)	1.50%	2.78%
Private Markets	0.96%	0.96%	23.02%	7.97%	7.60%	6.65%
Private Equity	(1.57%)	(1.57%)	--	--	--	--
Pvt. Equity Benchmark	3.89%	3.89%	26.21%	--	--	--
HarbourVest Dover XI	(2.79%)	(2.79%)	--	--	--	--
Neuberger Berman Fund of One	1.27%	1.27%	--	--	--	--
Pvt. Equity Benchmark	3.89%	3.89%	26.21%	--	--	--
Hedge Funds	2.48%	2.48%	12.11%	7.32%	6.79%	6.46%
HFRI FOF Diversified Index*	1.42%	1.42%	9.14%	2.05%	6.43%	6.12%
APERS - Blackstone	2.48% (20)	2.48% (20)	12.11% (14)	7.32% (12)	6.79% (32)	6.46% (5)
HFRI FOF Diversified Index**	1.42% (74)	1.42% (74)	9.14% (72)	6.86% (13)	5.95% (64)	5.46% (17)
Callan Core Diversif FoF	1.66%	1.66%	10.34%	4.41%	6.32%	4.13%

* Benchmark definitions included in the Appendix.

** 3-month Treasury Bill +4% through 6/30/2023; HFRI FOF Diversified Index thereafter.

Peer Group ranking in parentheses.

Investment Manager Returns and Peer Group Rankings

September 30, 2024

	Q3 2024	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Real Assets	0.64%	0.64%	(4.34%)	2.50%	4.76%	5.07%
NCREIF Total Index*	0.78%	0.78%	(3.47%)	4.15%	5.43%	5.48%
REITS	15.56%	15.56%	33.70%	4.20%	4.14%	--
S&P DJ U.S. Select REIT	15.56%	15.56%	33.71%	4.36%	4.41%	7.03%
MCM EB DV Non-SL REIT Fd	15.56% (65)	15.56% (65)	33.70% (51)	4.20% (63)	4.14% (92)	--
S&P DJ U.S. Select REIT	15.56% (65)	15.56% (65)	33.71% (50)	4.36% (48)	4.41% (87)	7.03% (84)
Callan Real Estate REIT	15.87%	15.87%	33.71%	4.34%	6.37%	8.38%
Core Real Estate	(0.48%)	(0.48%)	(7.41%)	0.67%	2.62%	5.68%
NCREIF NFI-ODCE Eq Wt Net	(0.07%)	(0.07%)	(8.44%)	(1.06%)	2.33%	5.46%
Carlyle Property Investors	0.00% (73)	0.00% (73)	--	--	--	--
Clarion Lion Industrial Trust	0.00% (73)	0.00% (73)	(3.98%) (29)	--	--	--
Invesco Real Estate	(0.94%) (95)	(0.94%) (95)	(9.93%) (83)	(1.83%) (72)	1.73% (75)	5.72% (52)
Heitman Real Estate Trust LP	0.40% (45)	0.40% (45)	(5.03%) (37)	4.23% (10)	3.69% (42)	--
NCREIF NFI-ODCE Eq Wt Net	(0.07%) (81)	(0.07%) (81)	(8.44%) (69)	(1.06%) (67)	2.33% (60)	5.46% (61)
Callan OE Core Cmngld RE	0.34%	0.34%	(6.32%)	0.20%	2.96%	5.75%
Value Add Real Estate	4.72%	4.72%	0.62%	7.50%	9.85%	11.76%
NCREIF Total Index	0.78%	0.78%	(3.47%)	0.87%	3.26%	5.88%
Harrison Street Fund VIII	(0.24%)	(0.24%)	(0.30%)	7.01%	--	--
Harrison Street Fund IX	0.00%	0.00%	--	--	--	--
Heitman Value Partners IV	4.61%	4.61%	13.75%	14.49%	13.27%	--
LaSalle Inc & Growth VI LP	(27.11%)	(27.11%)	(33.01%)	(24.74%)	(17.03%)	(3.56%)
LaSalle Inc & Growth VII LP	(6.80%)	(6.80%)	(32.57%)	(19.29%)	(10.99%)	--
Starwood SOF XII	2.84%	2.84%	10.11%	--	--	--
TA Realty XII	(0.66%)	(0.66%)	(6.59%)	10.56%	--	--
TA Realty XIII	41.12%	41.12%	--	--	--	--
NCREIF Total Index	0.78%	0.78%	(3.47%)	0.87%	3.26%	5.88%
Farmland	(1.21%)	(1.21%)	0.62%	--	--	--
IFC Core Farmland Fund	1.74%	1.74%	6.71%	--	--	--
PGIM Agriculture	(4.41%)	(4.41%)	(6.17%)	--	--	--
NCREIF Farmland Index	(0.24%)	(0.24%)	2.57%	6.15%	5.56%	6.72%
Timber	0.18%	0.18%	5.81%	14.22%	8.32%	3.68%
Pinnacle	0.18%	0.18%	5.81%	14.22%	8.32%	3.68%
NCREIF Timberland Index	1.53%	1.53%	10.02%	10.86%	7.47%	5.90%
Cash	1.59%	1.59%	5.49%	3.57%	2.37%	1.66%
Total Fund	5.13% (40)	5.13% (40)	20.18% (40)	4.22% (63)	8.64% (45)	7.68% (46)
Total Fund Benchmark	5.53% (22)	5.53% (22)	21.02% (29)	5.59% (23)	9.00% (31)	7.78% (40)
Callan Public Fund Spr DB	4.87%	4.87%	19.40%	4.65%	8.53%	7.54%

*Benchmark definitions included in the Appendix. Peer Group ranking in parentheses.

Organizational Developments

3rd Quarter 2024

Baillie Gifford – International Equity

August 2024 – Baillie Gifford announced that CEO Andrew Telfer will retire on March 31, 2025, after nearly 33 years with the firm. Tim Campbell, who currently chairs the Management and Group Risk Committees, was appointed by the firm’s partnership as Telfer’s successor. He will become CEO effective April 1, 2025.

No action required.

LSV Asset Management – Domestic Equity

October 2024 – LSV notified Callan of a civil complaint filed against the organization by four former employees and one former employee’s relative, a joint shareholder of LSV stock. Callan will monitor the case and review any further evidence as it becomes available.

No action required.

PGIM Private Alternative – Agriculture

September 2024 – Eric Adler, CEO of PGIM Private Alternatives, departed the firm on September 27, 2024, to take a senior leadership role at another investment firm. Adler had served in this role since September 2023 and oversaw the integration of PGIM’s Real Estate, Private Capital, and Montana Capital Partners businesses. PGIM CEO David Hunt will temporarily oversee PGIM Private Alternatives while the firm searches for Adler’s replacement.

No action required.

Acadian Asset Management – International Equity

On October 1, 2024, Acadian announced that CEO Kelly Young would assume the role of President and CEO of BrightSphere Investment Group (BSIG), effective January 1, 2025, as BSIG rebrands to Acadian Asset Management, Inc. BSIG, formerly a holding company for multiple investment firms, is now solely focused on Acadian after divesting its other assets. Young, who became Acadian CEO in December 2023, will join the BrightSphere Board, replacing Suren Rana as CEO.

No action required.

Work Plan Update

Annual Work Plan

Agenda Item	Frequency	Last Completed	Scheduled Review
Performance Measurement Reports	Quarterly	12/2024	02/2025
Quarterly Board Meetings	Quarterly	12/2024	02/2025
Customized Board Education Sessions	As Needed	05/2023	As Needed
Investment Policy Statement Review	Annual	11/2023	02/2025

Multi-Year Work Plan

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



Appendix

Benchmark Definitions

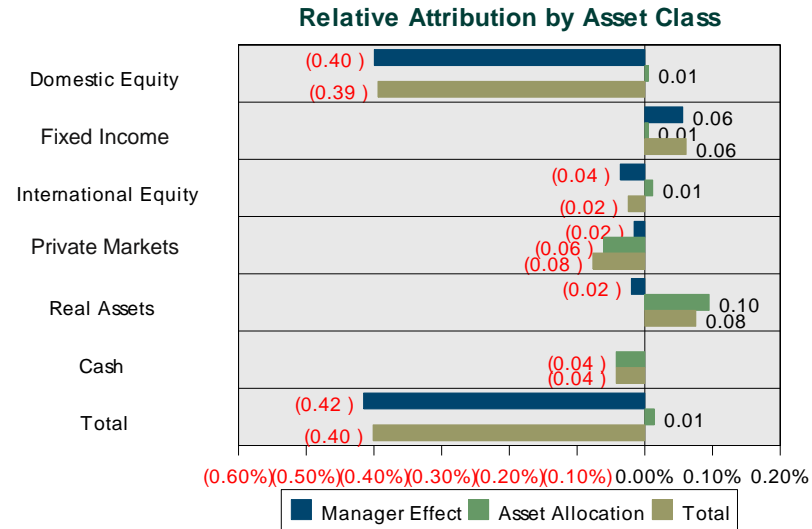
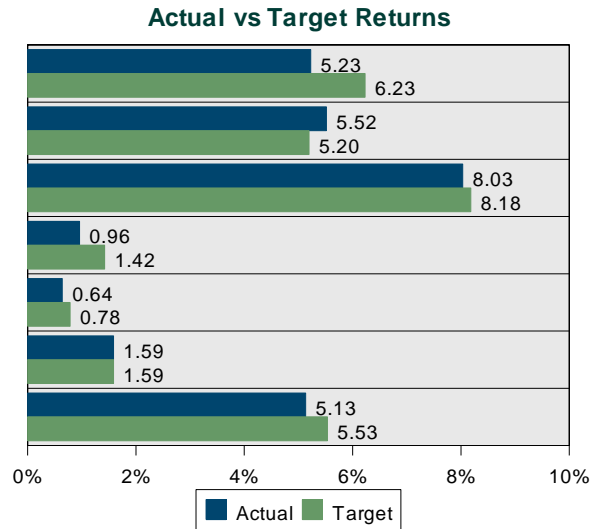
- Total Fund Benchmark (Target):** Blend of asset class benchmarks at policy weights. The Long-Term Target was established in February 2023; however, the benchmark will be modified in accordance with the actual implementation. This process reflects the practical implementation of the strategic long-term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

	Long-Term Target	3Q 2024 Target
Domestic Equity	39.0%	39.0%
International Equity	17.0	24.0
Fixed Income	21.0	19.0
Real Assets	16.0	16.0
Private Markets	7.0	2.0
- Private Equity	5.0	0.0
- Hedge Funds	2.0	2.0
Total Target	100.0%	100.0%

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

Total Fund Relative Attribution – Q3 2024

September 30, 2024



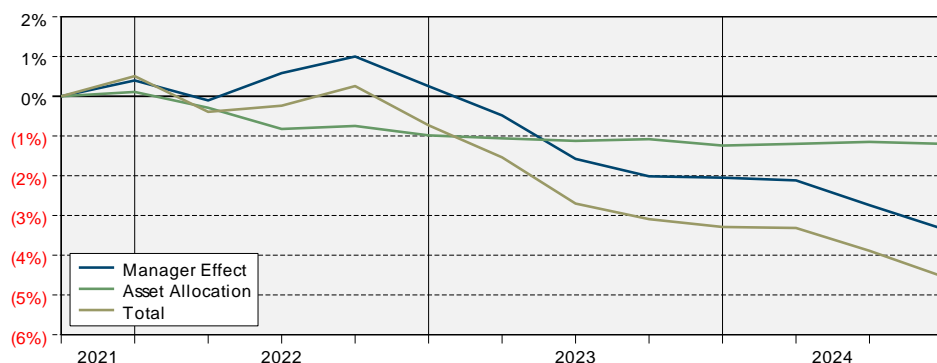
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	40%	39%	5.23%	6.23%	(0.40%)	0.01%	(0.39%)
Fixed Income	17%	19%	5.52%	5.20%	0.06%	0.01%	0.06%
International Equity	24%	24%	8.03%	8.18%	(0.04%)	0.01%	(0.02%)
Private Markets	3%	2%	0.96%	1.42%	(0.02%)	(0.06%)	(0.08%)
Real Assets	14%	16%	0.64%	0.78%	(0.02%)	0.10%	0.08%
Cash	1%	0%	1.59%	1.59%	0.00%	(0.04%)	(0.04%)
Total			5.13%	5.53%	(0.42%)	0.01%	(0.40%)

Benchmark definitions included in the Appendix.

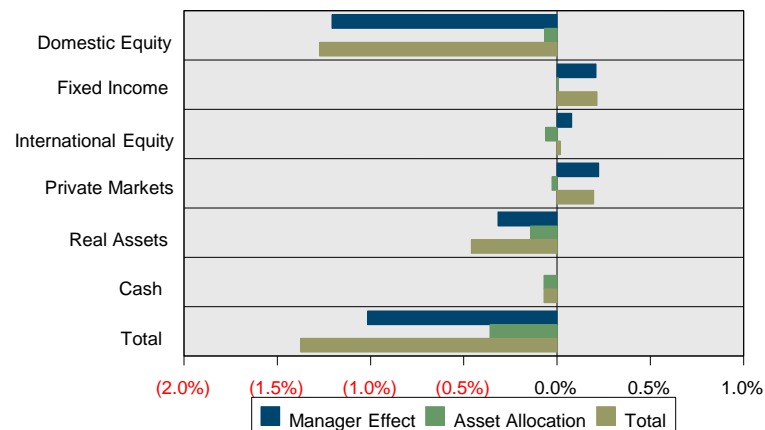
Total Fund Relative Attribution – 3 Years

September 30, 2024

Cumulative Relative Attribution Effects



3-Year Annualized Relative Attribution Effects



Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	38%	7.12%	10.29%	(1.21%)	(0.07%)	(1.27%)
Fixed Income	18%	18%	(0.24%)	(1.39%)	0.21%	0.01%	0.21%
International Equity	25%	24%	4.06%	3.74%	0.08%	(0.06%)	0.02%
Private Markets	4%	4%	7.97%	2.06%	0.22%	(0.03%)	0.20%
Real Assets	14%	16%	2.50%	4.15%	(0.32%)	(0.14%)	(0.46%)
Cash	1%	0%	3.57%	3.57%	0.00%	(0.07%)	(0.07%)
Total			4.22%	5.59%	(1.01%)	(0.36%)	(1.37%)

Benchmark definitions included in the Appendix.

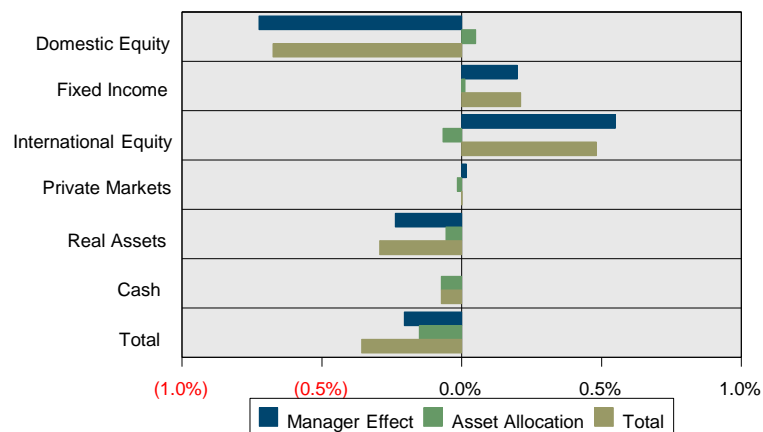
Total Fund Relative Attribution – 5 Years

September 30, 2024

Cumulative Relative Attribution Effects



5-Year Annualized Relative Attribution Effects



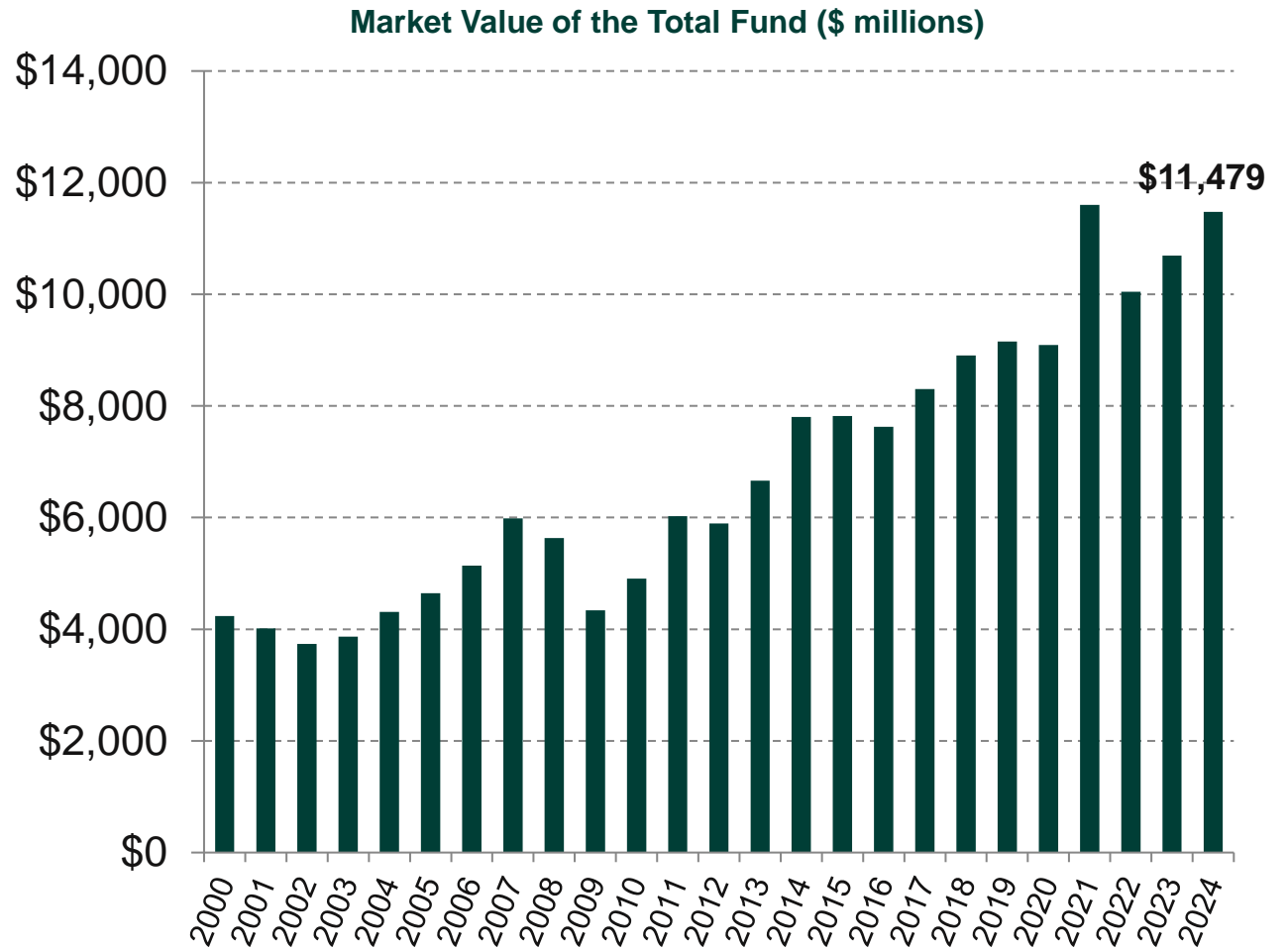
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	37%	13.34%	15.26%	(0.72%)	0.05%	(0.68%)
Fixed Income	17%	18%	1.60%	0.33%	0.20%	0.01%	0.21%
International Equity	25%	24%	9.02%	6.81%	0.55%	(0.07%)	0.48%
Private Markets	4%	4%	7.60%	6.43%	0.02%	(0.02%)	0.00%
Real Assets	14%	16%	4.76%	5.42%	(0.24%)	(0.06%)	(0.29%)
Cash	1%	0%	2.37%	2.37%	0.00%	(0.07%)	(0.07%)
Total			8.64%	9.00%	(0.21%)	(0.15%)	(0.36%)

Benchmark definitions included in the Appendix.

Historical Market Values of the Total Fund

Fiscal Year-End Market Values

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



Asset Distribution Across Investment Managers

September 30, 2024

	September 30, 2024			June 30, 2024		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equity	\$4,812,505,908	40.18%	\$36,556,147	\$234,679,447	\$4,541,270,314	39.56%
Lazard Asset Mgmt.	268,849,248	2.24%	(290,384,472)	46,545,657	512,688,063	4.47%
CastleArk Mgmt. LLC	730,073,632	6.10%	59,472,162	(253,302)	670,854,772	5.84%
Mellon S&P 500 Index Fd	707,383,785	5.91%	(100,021,886)	40,509,763	766,895,908	6.68%
Horrell Capital - Passive	221,214,949	1.85%	(25,093,540)	13,312,330	232,996,159	2.03%
Mellon Large Cap Value	304,860,824	2.55%	300,000,000	4,860,824	-	-
Mellon Large Cap Growth	286,708,975	2.39%	234,997,844	8,351,139	43,359,992	0.38%
Wellington Management	486,933,908	4.07%	(50,374,673)	37,927,829	499,380,752	4.35%
William Blair LCG	489,975,749	4.09%	(330,423)	6,666,623	483,639,549	4.21%
Stephens Mid Cap Growth	429,050,462	3.58%	74,351,660	18,113,647	336,585,156	2.93%
LSV Asset Management	296,937,263	2.48%	(110,538,883)	26,468,916	381,007,229	3.32%
Stephens Investment Mgmt.	180,785,022	1.51%	(30,108,131)	11,788,103	199,105,050	1.73%
Froley Revy Investment	409,732,091	3.42%	(25,413,510)	20,387,917	414,757,684	3.61%
International Equity	\$2,829,549,226	23.63%	\$(222,525,653)	\$224,228,799	\$2,827,846,080	24.63%
Artisan Partners	785,702,522	6.56%	(953,694)	58,742,624	727,913,592	6.34%
Mellon ACWI ex US Fund	623,268,707	5.20%	(60,071,882)	53,000,963	630,339,627	5.49%
Baillie Gifford Overseas	391,402,736	3.27%	(160,504,230)	41,119,629	510,787,337	4.45%
Lazard Asset Mgmt.	618,689,924	5.17%	(421,717)	40,123,399	578,988,242	5.04%
Acadian ACW ex US SmallCap	232,579,367	1.94%	(306,203)	17,555,394	215,330,175	1.88%
Franklin Templeton Intl SmallCap	177,905,971	1.49%	(267,928)	13,686,791	164,487,107	1.43%
Fixed Income	\$2,096,028,980	17.50%	\$(967,112)	\$109,613,018	\$1,987,383,073	17.31%
DoubleLine Capital	659,913,111	5.51%	(293,850)	35,422,106	624,784,855	5.44%
Mackay Shields	717,913,535	5.99%	(337,764)	38,353,431	679,897,868	5.92%
PGIM	718,202,334	6.00%	(335,497)	35,837,481	682,700,350	5.95%
Private Markets						
Private Equity	\$143,003,729	1.19%	\$(355,899)	\$(2,281,066)	\$145,640,694	1.27%
HarbourVest Dover XI	98,674,522	0.82%	(6,855,899)	(2,835,906)	108,366,327	0.94%
Neuberger Berman Fund of One	44,329,207	0.37%	6,500,000	554,840	37,274,367	0.32%
Hedge Funds	\$248,162,065	2.07%	\$(622,167)	\$6,025,117	\$242,759,116	2.11%
Blackstone Alt. Asset Mgmt	248,162,065	2.07%	(622,167)	6,025,117	242,759,116	2.11%

Asset Distribution Across Investment Managers

September 30, 2024

	September 30, 2024			June 30, 2024		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Real Assets	\$1,591,169,467	13.29%	\$(35,333,728)	\$7,907,572	\$1,618,595,624	14.10%
REITS	\$14,377,937	0.12%	\$(1,547)	\$1,935,667	\$12,443,817	0.11%
MCM EB DV Non-SL REIT Fd	14,377,937	0.12%	(1,547)	1,935,667	12,443,817	0.11%
Core/Core-Plus Real Estate	\$1,075,163,012	8.98%	\$(4,650,490)	\$(5,221,723)	\$1,085,035,225	9.45%
Carlyle Property Investors	81,486,019	0.68%	0	0	81,486,019	0.71%
Clarion Lion Industrial Trust	78,011,272	0.65%	0	0	78,011,272	0.68%
Invesco Real Estate	510,834,537	4.27%	(545,180)	(4,870,303)	516,250,020	4.50%
Heitman Real Estate Tr LP	321,526,756	2.68%	(3,252,464)	1,300,036	323,479,184	2.82%
Principal Enh. Property Fd	83,304,428	0.70%	(852,846)	(1,651,456)	85,808,730	0.75%
Non-Core Real Estate	\$302,356,136	2.52%	\$(28,854,399)	\$12,222,515	\$318,988,019	2.78%
Harrison Street Fund VIII	48,511,181	0.41%	(153,771)	(115,077)	48,780,029	0.42%
Harrison Street Fund IX	30,622,864	0.26%	(866,910)	0	31,489,774	0.27%
Heitman Value Partners IV	43,236,388	0.36%	(5,071,081)	2,085,572	46,221,898	0.40%
LaSalle Inc & Growth VI LP	3,353,895	0.03%	0	(1,247,261)	4,601,156	0.04%
LaSalle Inc & Growth VII LP	14,229,715	0.12%	(62,893)	(1,039,027)	15,331,636	0.13%
Starwood SOF XII	42,277,941	0.35%	(233,492)	1,169,481	41,341,952	0.36%
TA Realty XI	152,444	0.00%	(189,060)	(22,475)	363,979	0.00%
TA Realty XII	79,005,538	0.66%	(14,945,338)	(545,469)	94,496,345	0.82%
TA Realty XIII	40,966,170	0.34%	(7,331,853)	11,936,772	36,361,251	0.32%
Farmland	\$99,203,023	0.83%	\$(600,347)	\$(1,213,164)	\$101,016,534	0.88%
IFC Core Farmland Fund	53,160,003	0.44%	(469,983)	910,969	52,719,017	0.46%
PGIM Agriculture	46,043,020	0.38%	(130,364)	(2,124,133)	48,297,517	0.42%
Timber	\$100,069,359	0.84%	\$(1,226,946)	\$184,277	\$101,112,028	0.88%
Pinnacle	100,069,359	0.84%	(1,226,946)	184,277	101,112,028	0.88%
Cash	\$256,383,461	2.14%	\$138,964,377	\$1,737,908	\$115,681,176	1.01%
Composite Fund	\$11,976,802,837	100.00%	\$(84,284,034)	\$581,910,794	\$11,479,176,077	100.00%

Investment Manager Returns – Net of Fees

September 30, 2024

	Q3 2024	Last Year	Last 3 Years	Last 5 Years			
NET OF FEE RETURNS							
Domestic Equity	5.15%	29.47%	6.78%	12.97%			
Russell 3000 Index	6.23%	35.19%	10.29%	15.26%			
Pub Pln- Dom Equity	6.59%	33.63%	9.74%	14.46%			
Lazard Asset Mgmt.	10.37%	25.85%	5.18%	9.31%			
Russell 3000 Index	6.23%	35.19%	10.29%	15.26%			
Callan All Cap Broad	7.12%	31.89%	10.18%	14.30%			
CastleArk	(0.36%)	38.67%	10.75%	18.56%			
Russell 3000 Growth Index	3.42%	41.47%	11.31%	19.09%			
Callan All Cap Broad	7.12%	31.89%	10.18%	14.30%			
Mellon S&P 500 Index Fd	5.88%	36.31%	11.90%	15.63%			
S&P 500 Index	5.89%	36.35%	11.91%	15.98%			
Callan Large Cap Core	5.09%	36.59%	12.16%	16.01%			
Horrell Capital - Passive	5.80%	24.19%	10.36%	12.76%			
Bloomberg Arkansas Index	(1.13%)	5.55%	10.98%	15.73%			
S&P 500 Index	5.89%	36.35%	11.91%	15.98%			
Callan All Cap Broad	7.12%	31.89%	10.18%	14.30%			
Mellon Large Cap Growth	3.18%	42.16%	-	-			
Russell 1000 Growth Index	3.19%	42.19%	12.02%	19.74%			
Callan Large Cap Growth	2.90%	40.79%	9.35%	17.29%			
Wellington Management	7.71%	27.93%	10.26%	11.51%			
Russell 1000 Value Index	9.43%	27.76%	9.03%	10.69%			
Callan Large Cap Value	7.79%	28.20%	10.61%	12.41%			
William Blair LCG	1.31%	-	-	-			
Russell 1000 Growth Index	3.19%	42.19%	12.02%	19.74%			
Callan Large Cap Growth	2.90%	40.79%	9.35%	17.29%			
Stephens Mid Cap Growth	4.36%	-	-	-			
Russell MidCap Growth Idx	6.54%	29.33%	2.32%	11.48%			
Callan Mid Cap Growth	5.62%	24.35%	0.06%	10.60%			
LSV Asset Management	7.72%	22.64%	9.12%	11.94%			
Russell 2000 Value Index	10.15%	25.88%	3.77%	9.29%			
Callan Small Cap Value	8.37%	24.70%	7.04%	11.07%			
Stephens Investment Mgmt.	6.24%	27.95%	0.36%	10.42%			
Russell 2000 Growth Index	8.41%	27.66%	(0.35%)	8.82%			
Callan Small Cap Growth	7.04%	27.85%	0.20%	11.16%			
Froley Revy Investment	5.09%	66	17.60%	19	(1.98%)	95	9.35%
ML All Conv	5.27%	55	14.68%	57	(0.47%)	84	10.49%
Callan Convert Bonds DB	5.44%		15.46%		0.67%		8.40%

Benchmark definitions included in the Appendix.

Investment Manager Returns – Net of Fees

September 30, 2024

	Q3 2024	Last Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
International Equity	7.94%	25.27%	3.68%	8.66%
Benchmark*	8.18%	25.06%	3.74%	6.81%
Pub Pln- Intl Equity	7.62%	25.11%	4.14%	8.42%
Artisan Partners	7.94%	26.82%	11.92%	13.29%
MSCI EAFE	7.26%	24.77%	5.48%	8.20%
Callan NonUS Eq	7.32%	25.64%	4.95%	8.93%
Mellon ACWI ex US Fund	8.00%	25.41%	4.31%	7.81%
MSCI ACWI ex US	8.06%	25.35%	4.14%	7.59%
Callan NonUS Eq	7.32%	25.64%	4.95%	8.93%
Baillie Gifford Overseas	9.20%	25.57%	(5.01%)	5.70%
MSCI ACWixUS Gross	8.17%	25.96%	4.67%	8.10%
Callan NonUS Eq	7.32%	25.64%	4.95%	8.93%
Lazard Asset Mgmt.	6.86%	23.33%	3.86%	7.41%
MSCI ACWixUS Gross	8.17%	25.96%	4.67%	8.10%
Callan NonUS Eq	7.32%	25.64%	4.95%	8.93%
Acadian ACW ex US SmallCap	8.01%	29.02%	6.14%	-
MSCI ACWI ex US Small Cap	8.90%	23.25%	1.39%	8.21%
Callan Intl Small Cap	9.02%	24.75%	0.19%	8.12%
Franklin Templeton Intl SmallCap	8.16%	19.68%	(0.76%)	-
MSCI ACWI ex US Small Cap	8.90%	23.25%	1.39%	8.21%
Callan Intl Small Cap	9.02%	24.75%	0.19%	8.12%

Benchmark definitions included in the Appendix.

Investment Manager Returns – Net of Fees

September 30, 2024

	Q3 2024	Last Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
Fixed Income	5.47%	14.12%	(0.43%)	1.41%
Blmbg Aggregate Index	5.20%	11.57%	(1.39%)	0.33%
Pub Pln- Dom Fixed	4.84%	12.04%	(0.32%)	1.49%
DoubleLine Capital	5.62%	13.35%	(0.28%)	1.02%
MacKay Shields	5.59%	15.31%	(0.37%)	1.96%
PGIM	5.20%	13.65%	(0.63%)	1.21%
Blmbg Aggregate Index	5.20%	11.57%	(1.39%)	0.33%
Callan Core Plus FI	5.38%	13.17%	(0.68%)	1.50%
Private Markets	-----	-----	-----	-----
Private Equity	(2.04%)	-	-	-
Benchmark**	3.89%	26.21%	-	-
HarbourVest Dover XI	(3.46%)	-	-	-
Neuberger Berman Fund of One	1.27%	-	-	-
Benchmark**	3.89%	26.21%	-	-
Hedge Funds of Funds	2.23%	10.98%	6.25%	5.72%
HFRI FOF: Diversified Index***	1.42%	9.14%	2.05%	6.43%
Blackstone Alt. Asset Mgmt.	2.23%	10.98%	6.25%	5.72%
HFRI FOF: Diversified Index****	1.42%	9.14%	6.86%	5.95%
Callan Core Diversif FoF	1.66%	10.34%	4.41%	6.32%

Benchmark definitions included in the Appendix.

Investment Manager Returns – Net of Fees

September 30, 2024

	Q3 2024	Last Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
Real Assets	0.41%	(5.02%)	1.62%	3.87%
NCREIF Total Index*****	0.78%	(3.47%)	4.15%	5.42%
REITS	15.54%	33.63%	4.14%	4.08%
S&P DJ US Select REIT	15.56%	33.71%	4.36%	4.41%
MCM EB DV Non-SL REIT Fd	15.56%	33.70%	4.20%	4.14%
S&P DJ US Select REIT	15.56%	33.71%	4.36%	4.41%
Callan Real Estate REIT	15.87%	33.71%	4.34%	6.37%
Core/Core-Plus Real Estate	(0.58%)	(7.94%)	0.16%	2.11%
NCREIF NFI-ODCE Eq Wt Net	(0.07%)	(8.44%)	(1.06%)	2.33%
Invesco Real Estate	(1.05%)	(10.30%)	(2.19%)	1.37%
Heitman Real Estate Trust LP	0.23%	(5.70%)	3.50%	2.96%
NFI-ODCE Equal Weight Net	(0.07%)	(8.44%)	(1.06%)	2.33%
Callan OE Core Cmngld RE	0.34%	(6.32%)	0.20%	2.96%
Non-Core Real Estate	4.12%	0.03%	5.47%	7.35%
NCREIF Total Index	0.78%	(3.47%)	0.87%	3.26%
Carlyle Property Investors	0.00%	-	-	-
Clarion Lion Industrial Trust	0.00%	(5.13%)	-	-
Harrison Street Fund VIII	(0.55%)	1.27%	3.60%	-
Heitman Value Partners IV	4.41%	12.89%	13.57%	12.31%
LaSalle Inc & Growth VI LP	(27.11%)	(33.01%)	(24.92%)	(17.43%)
LaSalle Inc & Growth VII LP	(7.19%)	(33.66%)	(20.26%)	(11.99%)
Starwood SOF XII	2.26%	7.52%	-	-
TA Realty XII	(0.64%)	(5.43%)	8.50%	-
TA Realty XIII	37.26%	-	-	-
NCREIF Total Index	0.78%	(3.47%)	0.87%	3.26%
Farmland	(1.80%)	(1.88%)	-	-
IFC Core Farmland Fund	0.84%	2.78%	-	-
PGIM Agriculture	(4.67%)	(7.16%)	-	-
NCREIF Farmland Index	(0.24%)	2.57%	6.15%	5.56%
Timber	(0.04%)	4.87%	13.20%	7.35%
Pinnacle	(0.04%)	4.87%	13.20%	7.35%
NCREIF Timberland Index	1.53%	10.02%	10.86%	7.47%
Cash	1.59%	5.49%	3.57%	2.37%
Total Fund	5.02%	19.67%	3.78%	8.20%
Callan Public Fund Spr DB	4.87%	19.40%	4.65%	8.53%
Total Fund ex Cash	5.07%	19.83%	3.82%	8.24%
Benchmark*	5.53%	21.02%	5.59%	9.00%
Callan Public Fund Spr DB	4.87%	19.40%	4.65%	8.53%

Benchmark definitions included in the Appendix.

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A PRESENTATION FROM STEPHENS CAPITAL MANAGEMENT

Arkansas PERS Private Equity Program

THIRD Quarter 2024 Update

APERS Private Equity Program Third Quarter Activity

Commitments Totaling \$725mm In Two Underlying Funds

- \$400mm HarbourVest Partners Dover Street XI, LP (Secondary Private Equity Fund)
 - No Capital Was Drawn During 3Q
 - As of 9/30/2024 \$76mm of Cumulative Capital Has Been Called
 - A Distribution of \$6,155,421 was Received on August 29, 2024
- \$335mm NB Arkansas PERS FOO, LP (Custom Private Equity Fund)
 - A Capital Call of \$6.5mm Was Contributed August 12, 2024
 - As of 9/30/2024 \$35.75MM of Cumulative Capital Has Been Called

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

Commitment Funding Status as of 9/30/24

	Investment	Adjusted Commitment	Paid-In Capital	Distributions	Net Capital Contributed	Valuation*	Unfunded	% Funded
<i>APERS PE Program</i>								
1	NB AR PERS FOO, LP	\$335,000,000	\$35,750,000	\$ -	\$ 35,750,000.00	\$ 44,329,207.00	\$ 299,250,000.00	11%
2	HV Dover Street XI	\$400,000,000	\$76,000,000	\$ -	\$ 76,000,000.00	\$ 104,829,000.00	\$ 324,000,000.00	19%
TOTAL		\$735,000,000	\$111,750,000	\$ -	\$ 111,750,000.00	\$ 149,158,207.00	\$ 623,250,000.00	30%

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

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

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Arkansas Public Employees Retirement System

June 30, 2024 Annual Actuarial Valuation Results

December 4, 2024

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Results of the June 30, 2024 Actuarial Valuation

1

- APERS
- District Judges



Projections District Judges

2



APERS

June 30, 2024 Valuation Results



Overview

- The purpose of the June 30, 2024 actuarial valuation is twofold:
 - Determine the employer contribution rate for the 12-month period beginning July 1, 2026 (July 1, 2024 for District Judges Still Paying Old Plan)
 - Determine the financial position of APERS (i.e., funded ratio) as of June 30, 2024
- Board actions today:
 - Confirm the employer contribution rate for APERS of 15.32% of payroll preliminarily adopted at the August 2024 meeting
 - Approve the computed employer contributions for District Judges that are to apply beginning July 1, 2026 (July 1, 2024 for District Judges Still Paying Old Plan)
 - Approve the reserve transfers from the Employer Accumulation Account to the Retirement Reserve Account and the Deferred Annuity Account

Participant Data

Valuation Date	Active Members				Retired Lives (Including DROP Members)			
	No.	Valuation Payroll			No.	Active per Retired	Annual Benefits	
		\$ Millions	Average	% Incr.			\$ Millions	As a % of Pay
6/30/15	45,722	\$ 1,645.0	\$ 35,979	0.7%	33,106	1.4	\$ 483.9	29.4%
6/30/16	45,676	1,686.5	36,923	2.6%	34,214	1.3	509.7	30.2%
6/30/17	46,094	1,668.8	36,204	(1.9)%	36,260	1.3	540.1	32.4%
6/30/18	46,207	1,723.6	37,302	3.0%	37,398	1.2	575.1	33.4%
6/30/19	45,965	1,802.4	39,212	5.1%	38,543	1.2	609.1	33.8%
6/30/20	44,373	1,795.7	40,469	3.2%	39,805	1.1	637.1	35.5%
6/30/21	42,669	1,781.8	41,759	3.2%	40,762	1.0	658.8	37.0%
6/30/22	42,771	1,925.5	45,020	7.8%	41,390	1.0	671.2	34.9%
6/30/23	43,352	2,112.3	48,724	8.2%	42,276	1.0	703.5	33.3%
6/30/24	43,394	2,117.4	48,794	0.1%	42,797	1.0	730.0	34.5%



Participant Data (Concluded)

- There are 38,826 members who participate in the New Contributory Plan
 - This total includes members who have made an election to participate in the New Contributory Plan
 - Member contribution rate for the 12-month period beginning July 1, 2026 will be 6.25% of payroll
- There are 4,568 members who participate in the Non-Contributory Plan
- There are an additional 1,479 members with a \$102 million payroll who participate in the DROP plan (not included in active counts above)
 - Employers will make contributions on the pay of these DROP participants

Development of Funding Value of Assets

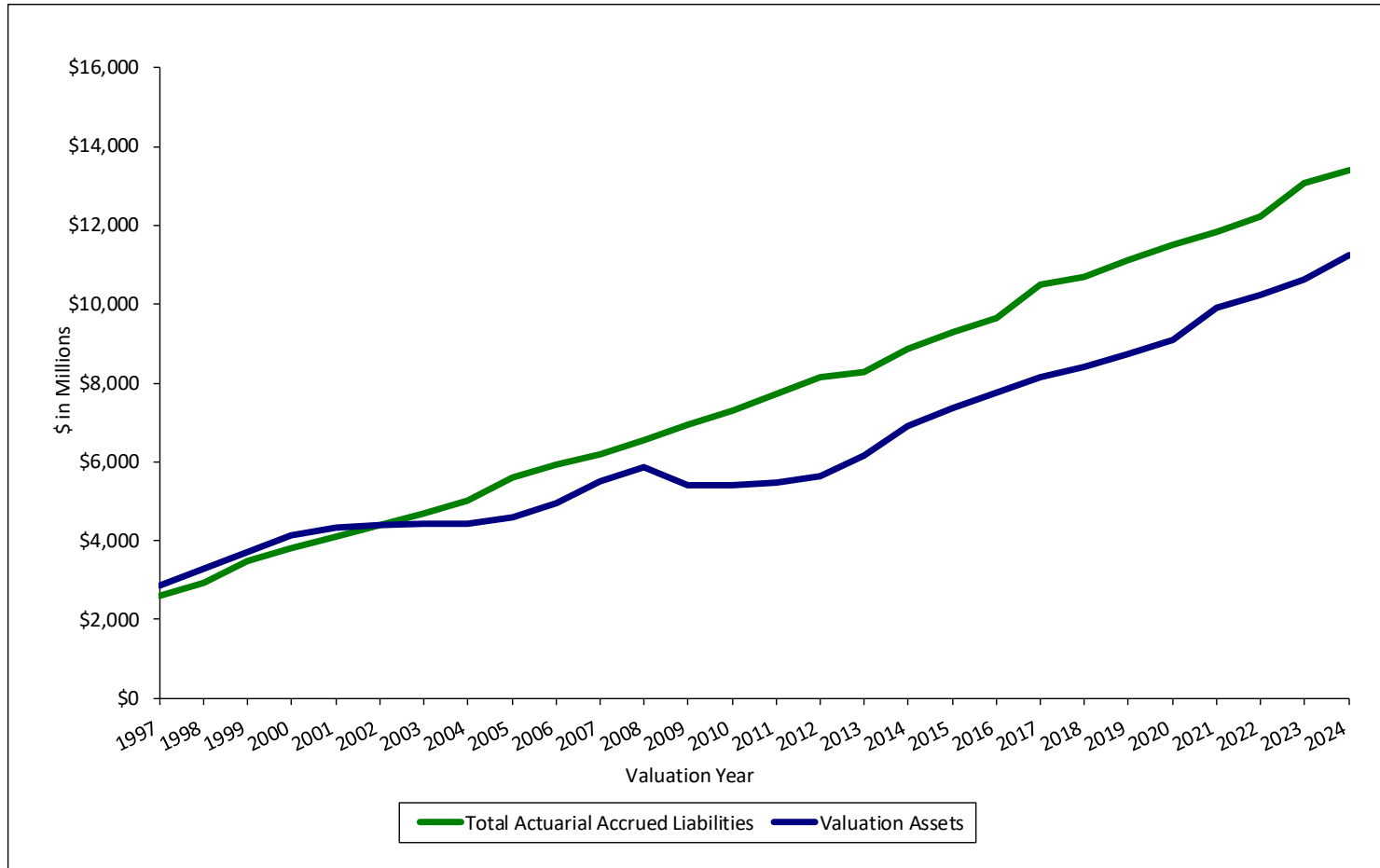
Valuation Date June 30:		2024	
A.	Funding Value Beginning of Year	\$ 10,638,398,858	<ul style="list-style-type: none"> Funding Value of Assets (FVA) as of June 30, 2023 was \$10,638.4M (row A) Non-Investment net cash flow (i.e., dollars in less dollars out) for the System during the calendar year was -\$258.3M (row D) The System earned \$1.0B (row E1) in investment income during the year versus \$735.7M (row E3) expected This additional investment income of \$271.5M (row E4) is then recognized in the FVA over the next 4 years 25% of the current year's investment income above expectations and 25% of the prior 3 years' unrecognized investment income (totaling \$121.7M; row F5) are then recognized in the June 30, 2024 FVA The sum of the above (rows A+D+E3+F5) equals the Preliminary FVA (row G). The 25% corridor is then applied, if necessary, resulting in the final June 30, 2024 FVA equal to \$11,237.6M (row I) As of June 30, 2024, the FVA is 2% higher than the Market Value of Assets (MVA) (row M)
B.	Market Value End of Year	11,012,029,201	
C.	Market Value Beginning of Year	10,263,062,809	
D.	Non-Investment Net Cash Flow	(258,281,831)	
E.	Investment Income		
E1.	Market Total: B - C - D	1,007,248,223	
E2.	Assumed Rate	7.00%	
E3.	Amount for Immediate Recognition	\$ 735,749,986	
E4.	Amount for Phased-In Recognition	271,498,237	
F.	Phased-In Recognition of Investment Income		
F1.	Current Year: 0.25 x E4	67,874,559	
F2.	First Prior Year	21,259,355	
F3.	Second Prior Year	(471,723,828)	
F4.	Third Prior Year	504,333,542	
F5.	Total Phase-Ins	121,743,628	
G.	Preliminary Funding Value End of Year: A + D + E3 + F5	\$ 11,237,610,641	
H.	Adjustment to Minimum of 75% of B, Maximum 125% of B	-	
I.	Funding Value End of Year	\$ 11,237,610,641	
J.	Difference Between Market & Funding Value	(225,581,440)	
K.	Recognized Rate of Return	8.2%	
L.	Market Rate of Return	9.9%	
M.	Ratio of Funding Value to Market Value	102%	



APERS Funded Ratio

- Funding value of assets total \$11.24B
- Actuarial accrued liabilities total \$13.39B
- Unfunded actuarial accrued liabilities total \$2.15B
- The APERS funded ratio on a funding value of assets basis is 84%
 - On a market value of assets basis, the funded ratio is 82%
- The funded ratios were 81% and 79%, respectively, in the previous valuation

APERS Funded Ratio (Concluded)



Employer Contribution Rate

Contribution for	Contributions Expressed as %'s of Active Payroll for Fiscal Year Beginning July 1, 2026			
	Non-Contributory	Contributory	DROP	Total
Normal Cost:				
Age and service annuities (including DROP and reduced retirement)				8.66%
Separation benefits				2.70%
Disability benefits				0.56%
Death-in-service annuities				0.18%
Administrative expenses				0.40%
Total	9.93%	13.03%	9.76%	12.50%
Member contributions	0.00%	6.25%	0.00%	5.16%
Employer Normal Cost	9.93%	6.78%	9.76%	7.34%
Unfunded Actuarial Accrued Liabilities				6.99% *
Preliminary Computed Employer Contribution Rate				14.33%
Board Adopted Minimum Employer Contribution Rate				15.32%

- The computed employer contribution rate presented on this slide (i.e., 14.33% of payroll) is before the application of any Board adopted minimum or maximum employer contribution rate
- The normal cost portion of the computed employer contribution rate (i.e., 7.34% of payroll) is the employer cost of the active membership accruing an additional year of service credit
- The amortization payment portion of the computed employer contribution to finance the unfunded actuarial accrued liabilities (i.e., 6.99% of payroll) is based upon the “layered” amortization method in conjunction with the Board’s adopted funding policy
- The Board adopted a minimum employer contribution rate of 15.32% at the August Board meeting

* The unfunded actuarial accrued liability and total payroll is projected to the end of Fiscal Year 2026 when determining the unfunded amortization rate. Unfunded actuarial accrued liabilities were amortized over multiple amortization periods as shown on the next page. The weighted average amortization period was calculated to be 15.7 years. To maintain the minimum employer contribution rate, the weighted average amortization period would be 13.1 years.

Layered Amortization

Source of Unfunded Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability		6/30/2026 UAAL Amount	Remaining Period Beginning 7/1/2026	Amortization Factor	FY 2027 Contribution as a % of Payroll
	Initial Amount	Financing Period				
Initial Unfunded Actuarial Accrued Liability.						
	\$ 2,237,467,492	N/A	\$ 2,146,204,007	16 yrs.	11.999553	7.21%
Changes from experience deviations.						
6/30/2024	\$ (260,752,119)	20	\$ (303,267,605)	20	14.072825	(0.87)%
Changes from actuarial assumptions and actuarial cost method revisions.						
6/30/2023	\$ 192,713,806	20	\$ 219,855,653	19	13.581905	0.65%
Totals			<u>\$ 2,062,792,055</u>			<u>6.99%</u>

Summary of Risk Measures

Valuation Date June 30,	Funded Ratio		UAAL Amortization Period [^]	Total UAAL / Total Payroll	Total Actuarial Value of Assets / Total Payroll	Total AAL / Total Payroll	Standard Deviation of Investment Return / Total Payroll
	Based on AVA	Based on MVA					
2005 @#	82 %	83 %	22	0.9	3.8	4.6	**
2006	83	87	19	0.8	3.9	4.7	**
2007 @	89	97	18	0.5	4.2	4.7	**
2008 #	90	86	14	0.5	4.3	4.7	**
2009 @	78	62	30	1.1	3.8	4.8	**
2010	74	65	30	1.2	3.6	4.8	**
2011 #	71	75	30	1.5	3.4	4.8	**
2012	69	70	30	1.5	3.3	4.8	**
2013 #	74	77	25	1.3	3.6	4.9	**
2014 #	78	85	23	1.1	4.0	5.1	59 %
2015 #	79	81	25	1.1	4.2	5.3	58 %
2016	80	76	21	1.1	4.3	5.4	56 %
2017 #	78	76	25	1.3	4.6	5.9	56 %
2018	79	80	26	1.2	4.6	5.8	63 %
2019	79	79	24	1.2	4.5	5.8	62 %
2020	79	76	23	1.3	4.7	6.0	62 %
2021 @	84	94	16	1.0	5.2	6.2	76 %
2022	84	79	14	1.0	5.0	6.0	70 %
2023 #	81	79	17-20	1.1	4.7	5.8	60 %
2024	84	82	16-20	0.9	5.0	5.9	63 %

@ After legislated changes in benefit provisions.

After changes in actuarial assumptions.

[^] UAAL is amortized over multiple amortization periods according to the Board's Funding Policy beginning with the June 30, 2023 valuation.

** Unavailable.



Reserve Transfers

- Each year reserve transfers are recommended so that there will be a balance between assets and actuarial accrued liabilities in the Retirement Reserve Account and the Deferred Annuity Account
 - The Retirement Reserve Account is responsible for future annuity payments to present retired lives
 - The Deferred Annuity Account is responsible for future annuity payments to present inactive members
- This year’s recommended transfer amounts are as follows:

Employer Accum. Account before Transfers	Transfers as of July 1, 2024 (from) to:		Employer Accum. Account after Transfers
	Retirement Reserve Account	Deferred Annuity Account	
\$2,665,583,287	\$387,812,858	\$27,419,056	\$2,250,351,373



District Judges



District Judges Division

- District Judges Retirement System (DJRS) was incorporated into APERS in 2007
- DJRS became a separately experience-rated division within APERS beginning with the June 30, 2007 actuarial valuation
- District Judges division consists of two plans
 - Old Plan
 - Benefits for service prior to January 1, 2005
 - New Plan (closed to new hires)
 - Benefits for service on or after January 1, 2005

District Judges Division

- Old Plan
 - Each participating employer separately experience rated until UAAL is paid off
 - 28 employers still paying off Old Plan UAAL
 - When UAAL is paid off, becomes cost sharing
 - The amortization period is 11 years beginning July 1, 2024
- New Plan
 - Cost sharing arrangement
 - Once the District Judges New Plan and Paid-Off Old Plan achieve a funded ratio of 100% or greater, the UAAL contribution for this portion of District Judges will become part of the APERS overall contribution rate
 - The amortization period is 2.6 years beginning July 1, 2026
- Purpose of the June 30, 2024 actuarial valuation
 - Determine July 1, 2024 employer contribution for 28 still paying Old Plan employers (expressed in \$)
 - Determine July 1, 2026 employer contribution for New Plan and Paid-Off Old Plan (expressed as a % of pay)

District Judges Division – Participants

- 11 remaining active members with payroll of \$1.7 million in New Plan
- 189 benefit records in all plans with annual benefits of \$2.7 million
 - A retiree’s monthly benefit may be allocated to more than one employer or more than one plan
 - The actual number of retired members was reported to be 132
- 69 inactive records with future annual benefits of \$0.4 million
 - An inactive member’s monthly benefit may be allocated to more than one employer or more than one plan
 - The actual number of deferred members was reported to be 60

District Judges Division – Liabilities and Assets

- New Plan and Paid-Off Old Plans
 - Actuarial accrued liabilities of \$30.2 million
 - Funding value of assets of \$27.4 million
 - Funded ratio of 91%
- Old Plans
 - Actuarial accrued liabilities of \$6.6 million
 - Funding value of assets of \$2.6 million
 - Funded ratio of 39%
- Combined funded ratio is 82%

District Judges Division – Computed Employer Contributions

Contribution for	Computed Employer Contributions	
	New Plan and Paid-Off Old Plan (% of Active Payroll) For Fiscal Year Beginning July 1, 2026	Still Paying Old Plan (Annual \$) For Fiscal Year Beginning July 1, 2024
Normal Cost:		
Age and service annuities (including reduced retirement)	18.49%	
Separation benefits	1.85%	
Disability benefits	1.74%	
Death-in-service annuities	0.72%	
Total	22.80%	
Member contributions	5.00%	
Employer Normal Cost	17.80%	
Unfunded Actuarial Accrued Liabilities	61.76% *	\$519,600 **
Total Employer Contribution	79.56%	\$519,600

* Unfunded actuarial accrued liabilities were amortized over a 2.6-year period.

** Unfunded actuarial accrued liabilities were amortized over an 11-year period.



$$FV = PV(1 + r)^n - P \left[\frac{(1 + r)^n - 1}{r} \right]$$

$$PV = \frac{C_1}{(1 + r)^n}$$

$$S = P(r)(t)$$

$$\text{Payment} = \text{Loan}$$

$$P = \frac{r(PV)}{1 - (1 + r)^{-n}}$$
$$C(1 + r)^n$$
$$(1 + r)^{-1^n}$$

$$FV = (1 + r)^n$$

Projections

**DO NOT WORRY ABOUT YOUR DIFFICULTIES IN MATHEMATICS.
I CAN ASSURE YOU MINE ARE STILL GREATER.**

-ALBERT EINSTEIN



About Projections

The projections that follow are based upon many assumptions about the future.

Actual future valuation results will take all known future information into account and will differ from the projections -- perhaps materially.

Note that payroll growth at lower than assumed rates will generally result in employer contribution rates that are higher than shown on the following page.

Return Scenarios

A

The market returns are 7.00% in the next 4 years

B

The market returns are 10.0% in the next year and 7.00% in the 2nd, 3rd and 4th years

C

The market returns are 5.0% in the next year and 7.00% in the 2nd, 3rd and 4th years

D

The market returns are 2.0% in the next year and 7.00% in the 2nd, 3rd and 4th years

E

The market returns are 0.0% in the next year and 7.00% in the 2nd, 3rd and 4th years

F

The market returns are (5.0)% in the next year and 7.00% in the 2nd, 3rd and 4th years



The Future

The projection results shown in this presentation assume that the unfunded actuarial accrued liabilities will be amortized over multiple closed layers which will reduce by one year each year.

These projections are intended to show the near term effect on employer contributions of the phase-in of unrecognized investment gains and losses.

The projections do not consider non-investment gains and losses which can have a material effect on future valuation results.

The projected June 30, 2025 employer contribution rates do not reflect the Board minimum or maximum rate.

Arkansas Public Employees Retirement System Projected Valuation Results (Concluded)

(Amounts in \$ Millions)

	MV Return FY 2025	Expected Results as of June 30, 2028					Expected Results as of June 30, 2025	
		Valuation					Employer Rate* Applicable for Plan Year Beginning July 1, 2027	Amortization Period (Yrs.)#
		AAL	Assets (FV)	UAAL	MV-FV	Funded Ratio		
Scenario A	7.00%	\$ 15,147	\$ 12,964	\$ 2,183	\$ 5	86%	15.26%	15.6
Scenario B	10.00%	15,147	13,340	1,807	21	88%	14.99%	14.8
Scenario C	5.00%	15,147	12,713	2,434	(5)	84%	15.44%	16.1
Scenario D	2.00%	15,147	12,337	2,810	(21)	81%	15.71%	16.9
Scenario E	0.00%	15,147	12,086	3,061	(32)	80%	15.88%	17.5
Scenario F	-5.00%	15,147	11,459	3,688	(58)	76%	16.33%	18.9

Notes:

* Employer rate that results from decreasing amortization period layers by one year every year.

Does not reflect a Board maximum or minimum contribution rate.

Single equivalent amortization period if the employer contribution rate developed in the June 30, 2025 valuation rate is set at 15.32%.

Totals may not add due to rounding.





THANK YOU

QUESTIONS

Disclaimers

- This presentation is intended to be used in conjunction with the June 30, 2024 actuarial valuation report dated October 31, 2024. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation should not be relied on for any purpose other than the purpose described in the presentation.
- Mita D. Drazilov and Heidi G. Barry are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Readers are cautioned to examine original source materials and to consult with subject matter experts before making decisions related to the subject matter of this presentation.
- This presentation expresses the views of the authors and does not necessarily express the views of Gabriel, Roeder, Smith & Company.



Quarterly Board Meeting

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

ASSETS	
Cash and Cash Equivalents	\$ 36,386,817
Receivables	
Dec 2004 Actuarial Liability Receivable	4,090,215
Contributions Receivable	3,459,797
Overpayment Receivable	680,777
Allowance for Doubtful Accounts	<u>(714,329)</u>
Total Receivables	7,516,460
Investments at Fair Value	
Investment Assets	11,486,062,844
Securities Lending Collateral	<u>650,973,847</u>
Total Investments	12,137,036,690
Fixed Assets (Net)	9,130,626
Prepays and Other Assets	366,758
TOTAL ASSETS	<u><u>12,190,437,350</u></u>
LIABILITIES	
Securities Lending Liability	651,069,077
Accrued Expense and Other Liabilities	16,094,745
Other Post Employment Benefits	<u>4,404,909</u>
TOTAL LIABILITIES	<u><u>671,568,731</u></u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 11,518,868,619</u></u>



Quarterly Board Meeting

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

ADDITIONS	
Contributions	
Employer	\$ 85,774,598
Employee	26,534,860
Total Contributions	<u>112,309,458</u>
Investment Income	
Investment Income	560,668,197
Less: Investment Expense	<u>(13,327,750)</u>
Net Investment Income	547,340,447
Other Additions	
Transfers from Teachers and Highway	737,629
Miscellaneous Additions	45,610
Miscellaneous Administrative Transfers	<u>285,553</u>
Total Other Additions	<u>1,068,792</u>
TOTAL ADDITIONS	660,718,697
DEDUCTIONS	
Benefits	179,013,939
Refund of Contributions	5,451,691
Administrative Expense	<u>2,341,928</u>
TOTAL DEDUCTIONS	<u>186,807,559</u>
NET INCREASE/(DECREASE)	473,911,138
ADJUSTMENTS	
Actuarial Adjustment to DJ Unfunded Liability	<u>-</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of Year	<u>11,044,957,481</u>
End of 1st Quarter	<u>\$ 11,518,868,619</u>



Quarterly Board Meeting
December 4, 2024
Legal Report

ADMINISTRATIVE MEMBER APPEALS

None

APPEAL FROM ADMINISTRATIVE MEMBER APPEAL - LITIGATION

Hon. Raymond R. Abramson v. APERS et al, 48CV-23-98

On December 6, 2023, Raymond Abramson filed a petition for judicial review (appeal) from the Member Appeals Subcommittee's decision, adopted by the full board, that upheld the Executive Director's determination to deny the retired member's request to add non APERS-covered employment to their APERS record. APERS is represented by the Office of the Attorney General. APERS' Answer to the Petition and the Administrative Record were filed on January 12, 2024, and January 16, 2024, respectively. A motion to remove APERS board members' and the Executive Director in their individual capacity was filed March 28, 2024. April 1, 2024, Judge Danny Glover recused, followed by the recusal of successive Judges Christopher Morledge, Chalk Mitchell, and E. Dion Wilson. Each judge on the Monroe County Circuit Court recused from this case. **On September 24, 2024, the Chief Justice of the Supreme Court assigned the case to Judge Daniel Brock of the 17th Judicial Circuit.**

Bart Virden v. APERS, 60CV-24-8251

On October 2, 2024, Bart Virden filed a petition for judicial review (appeal) in Pulaski County Circuit Court and the case is assigned to Judge Tim Fox. Judge Virden appealed the Member Appeals Subcommittee's decision that upheld the Executive Director's determination to deny his request to reset his retirement date so that he could rescind his reciprocity at an earlier date. APERS is represented by the Office of the Attorney General. **APERS' Filed a motion to dismiss and a brief in support on November 7, 2024. Judge Virden filed his response and a brief in support on November 13, 2024.**

RULES PROMULGATION

APERS is not in the process of rule promulgation. The Bureau of Legislative Research has finalized the language for codification of APERS rules and APERS staff worked closely with them to ensure accuracy during the conversion process.



Quarterly Board Meeting
December 4, 2024
Legal Report

SECURITIES LITIGATION CASES

Company name	Case Caption	Date Case Filed	Lead Plaintiff Status	Firm	Update
Seagate	In re Seagate Technology Holdings plc	10/19/2023	Granted 3/26/2024 -Hearing on Motion to Dismiss 8/8/24 Case Dismissed 9/12/24 Appealed 3/4/2025 Hearing scheduled	BLBG	BLBG timely filed an appeal and the parties are briefing the court. Hearing on the appeal scheduled.
Five Below			Granted 10/28/2024 joint lead plaintiff status ATRS and APERS	Berger Montague	Next action is the response to the Motion to Dismiss

PROPOSED LEGISLATION (2025 SESSION)

APERS Technical Corrections/Cleanup Bill – Summary

- Amends APERS plan to recognize that lump sum payments and bonus payments are “compensation” consistent with Act 172 of 2024 and used to compute final average salary; and
- Relocates language regarding termination requirements into one section of the law to improve administration of benefits.

APERS Look-back, Lost Payees, and Overpayments Bill – Summary

- Amends APERS plan regarding a procedure for maintaining current contact information of members and provides that after multiple notification by APERS and the expiration of



Quarterly Board Meeting
December 4, 2024
Legal Report

five years without response by the member, the member forfeits an unclaimed benefit;
and

- Amends APERS plan regarding the correction of errors and the collection of overpayments to include a statute of limitations.

Fraud Criminal Statute Bill – Summary

- Amends language for all APERS-administered retirement plans to increase from a Class A misdemeanor to a Class D felony any attempt to defraud the systems. This includes Arkansas Judicial Retirement System, Arkansas State Police Retirement System, and the Arkansas Public Employees' Retirement System; and
- Amends a section of the penal code to designate fraud of a state supported retirement system as a Class D felony consistent with amendments to the plan language regarding same.



Quarterly Board Meeting
Benefits Summary

I. Membership

- **Mandatory participating public employers:** All employees of the State of Arkansas, except those who are members of another state retirement system, and all county employees must become members of the system as a condition of employment.
- **Optional participating public employers:** All employees of the following political subdivisions must become members of the system as a condition of employment after the date the employer elects to become a participating public employer.
 - Municipality
 - Regional Solid Waste Management Board
 - Rural Waterworks Facilities Board
 - Joint County and Municipal Sanitation Authority
 - Regional Airport Authority
 - Suburban Improvement District
 - Border Municipal Airport Authority
 - Public Water Authority
 - Public Facilities Board
 - Regional Water Distribution Board

Participating Employers – New This Quarter

Employer Name	Employer Type	Effective Date	No. of Employees
None			

Members – New This Quarter

	Jul 2024	Aug 2024	Sep 2024
Number ¹	870	702	609
Total Active Members	43,469	43,416	43,466

Members - Historical

	1 year	5 years	10 years	20 years
Number	43,394	45,965	45,841	42,826
Average Annual Pay	\$48,794	\$39,212	\$35,735	\$27,455

¹ Represents persons who are first-time members of the system



Quarterly Board Meeting
Benefits Summary

II. Eligibility for Benefits

- **Normal retirement:** Members may voluntarily retire once they attain normal retirement age, which is the youngest of the following ages:
 - Age 65 with at least five (5) years of actual service
 - Any age with 28 years of actual service
 - Age 55 with 35 years of credited service
- **Early retirement:** Members who have not attained normal retirement age may retire with an early annuity, which is reduced by the difference between their age and normal retirement age. Early retirement can begin at the youngest of the following ages:
 - Age 55 with at least five (5) years of actual service
 - Any age with 25 years of actual service
 - Up to 10 years before normal retirement age
- **Disability retirement:** Members with at least five (5) years of actual service who become totally and permanently disabled for any suitable job or position may receive a disability annuity.
- **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.

Inactive Members – New This Quarter

	Jul 2024	Aug 2024	Sep 2024
Number	131	160	125
Total Inactive Members	15,594	15,621	15,618

Inactive Members - Historical

	1 year	5 years	10 years	20 years
Number	15,301	14,862	13,514	9,617
Total Annual Benefits	\$96.4m	\$79.2m	\$65.7m	\$39.8m



Quarterly Board Meeting
Benefits Summary

III. Benefits

- **Refund of contributions:** When members terminate covered service, they can request a refund of their accumulated contributions and interest, which is credited at the rate of two percent (2%).
- **Straight life annuity:** Members who retire receive a straight life annuity equal to a percentage of their final average compensation (FAC) multiplied by the number of years of credited service.
- **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 based on the date that the retiree was first hired.
- **Benefit calculation example:** Final Average Compensation X Multiplier X Credited Service

$$\$48,794 \times 2.00\% \times 17.1 \text{ yrs.} = \$16,687 \text{ annually/ } \$1,391 \text{ monthly}$$

Refunds – New This Quarter

	Jul 2024	Aug 2024	Sep 2024
Number	257	294	278
Total Benefits	\$1.9m	\$1.7m	\$1.7m

Refunds – Historical

	1 year	5 years	10 years	20 years
Number	3,005	3,272	2,665	20
Total Annual Benefits	\$18.6m	\$15.9m	\$9.2m	\$400k

Retirees – New This Quarter

	Jul 2024	Aug 2024	Sep 2024
Number	251	138	158
Total Retirees	39,387	39,402	39,454

Retirees - Historical

	1 year	5 years	10 years	20 years
Number	42,797	38,543	31,914	19,872
Total Annual Benefits	\$730.0m	\$609.1m	\$457.1m	\$203.4m



Quarterly Board Meeting
Benefits Summary

IV. Benefit Formula Components

Multiplier	Group	Before July 1, 2007	On or after July 1, 2007
	Non-contributory	1.75%	1.72%
	Contributory	2.03%	2.00%
Final Average Compensation	Group	Before July 1, 2022	On or after July 1, 2022
	All Members	3-year average	5-year average
Credited Service	Group	Service Credit Rate	
	Regular Members	One (1) month for each month of service	
	Local Elected Officials	Two (2) months for each month of service	

Legend – Historical Timelines

Time	Fiscal Year Ending
1 year	June 30, 2024
5 years	June 30, 2019
10 years	June 30, 2014
20 years	June 30, 2004



Quarterly Board Meeting

Executive Report

Strategic Plan

The Strategic Plan for APERS, AJRS, and ASPRS has been finalized. This collaborative effort involved the entire staff and members of all three boards, commencing in May 2024. The plan delineates our goals and objectives for the next three years. A copy of the plan is available for your review.

Education and Outreach

The APERS team continues to collaborate with participating employers to provide retirement education through both in-person and virtual engagements. Over the past quarter, the APERS staff offered education and counseling at various events, including participating in the AR Game and Fish Employee Appreciation Day; Arkansas Crime Information Center CJIS Symposium, Juvenile Judges Conference in Heber Springs, and the newly elected District Judges orientation.

Additionally, the APERS communication team has begun utilizing social media as a supplementary method to engage our membership, and the Bi-Annual APERSpective Newsletter was distributed via email and mail to retirees and members in October.

Website Update

Historically, the APERS, AJRS, and ASPRS websites functioned as a collective entity. To enhance user experience and improve search capabilities, each system now boasts its own unique URL and website:

- www.apers.org
- www.arjrs.org
- www.asprs.org

Legislative Session Preparation

APERS has completed the Legislative Budget meetings this fall in preparation for the upcoming Legislative Session that will begin in January 2025 and prepared our proposed legislative packet which is available for review.

Staff Professional Development

Over the last quarter, APERS staff members have participated in various professional development opportunities. Supervisors attended the UALR APAC Leadership program in September.

To keep abreast with best practices nationally, staff members have also participated in meetings of these groups:

- National Association of State Retirement Administrators in August
- National Conference of State Social Security Administrators in September
- National Pension Education Association meetings in October
- Public Pension Financial Forum in October