



Arkansas Public Employees' Retirement System

Quarterly Board Meeting

Wednesday, September 10, 2025, 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 June 11, 2025, Board Meeting (**Page 3**)
5. Committee Reports
 - Action Item:** Approval of the Member Appeals Committee Minutes (**Page 11**)
 - Action Item:** Approval of the Investment and Finance Committee Minutes
6. **Investments** - Mr. Carlos Borrromeo, Deputy Director of Investments and Finance
 - a. CIO Report (**Page 12**)
 - b. Class Action Proceeds Report (**Page 27**)
 - c. Ms. Brianne Weymouth and Mr. John Jackson, Callan - Quarterly Report for the Period Ending June 30, 2025 (**Page 29**)
 - d. Mr. Larry Middleton and Mr. Bo Brister, Stephens, Inc. - Quarterly Report for the Period Ending June 30, 2025 (**Page 65**)
7. **Finance** –Mr. Jason Willett, Chief Financial Officer
 - a. Preliminary Valuation Presentation - Mr. Mita Drazilov and Ms. Heidi Barry, GRS (**Page 69**)
 - b. Financial Statements for the Quarter Ending June 30, 2025 (**Page 83**)
8. **Internal Audit** – Ms. Patty Shipp, Assurance Officer
 - a. Audit Report for FY25 (**Page 85**)
 - b. Audit Plan for FY26 (**Page 99**)
9. **Legal** – Ms. Laura Gilson, General Counsel
 - a. Litigation Update (**Page 107**)

- b. Rules Update
- c. Securities Litigation Update (**Page 108**)

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

- a. Benefits Summary for the Quarter Ending June 30, 2025 (**Page 109**)
- b. Medical Review Board Report (**Page 114**)

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

- a. Executive Report Review (**Page 115**)

12. Other Business

13. Upcoming Meetings for Calendar Year 2025 and 2026

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

Wednesday, March 11, 2026, at 9:00 a.m.

Wednesday, June 10, 2026, at 9:00 a.m.

Wednesday, September 9, 2026, at 9:00 a.m.

Wednesday, December 2, 2026, at 9:00 a.m.

14. Adjournment

Quarterly Meeting
Arkansas Public Employees' Retirement System
Board of Trustees
June 11, 2025

A regular meeting of the Board of Trustees of the Arkansas Public Employees' Retirement System was held on Wednesday, June 11, 2025, 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. Secretary Darryl Bassett presided.

Quorum Present

Secretary Darryl Bassett recognized the presence of a quorum and called the meeting to order.

Board Members Present:

Secretary Daryl Bassett (State Employee), Chair, Sherwood, AR
The Honorable John Thurston (Treasurer of State), Little Rock, AR
Mr. Larry Walther, (State Employee, Retiree), Little Rock, AR
Secretary Jim Hudson, (Department of Finance and Administration), Little Rock, AR
Mr. Gary Carnahan (Non-State Employee), Hot Springs, 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
Mr. Dale Douthit, (State Employee), Russellville, AR
Ms. Kaye Donham, (Retired), Benton, AR*
The Honorable Joe Hurst (Non-State Employee, Mayor), Van Buren, AR*
The Honorable Barry Moehring (Non-State Employee, County Judge), Bentonville, AR*

Visitors:

Ms. Brianne Weymouth, Callan LLC
Mr. John Jackson, Callan LLC
Mr. Larry Middleton, Stephens, Inc
Mr. Bo Brister, Stephens, Inc
Mr. Seth Middleton, Stephens, Inc
Ms. Kelsi Hogg, Arkansas Legislative Audit
Mr. Andy Babbitt, Auditor's Office
Mr. Mike Wickline, Democrat-Gazette
Mr. Eric Munson*
Sami Fuller, FT/MandateWire *
Mr. Jon Gilmore, Gilmore Strategies*
Mr. James Miller, James Miller & Associates*
Mr. Mustafa Elgabry, BlackRock*
Mr. Zack Cziryak, FIN News*
Mr. Michael Opre, SSI Investments*
Mr. Christian Gonzalez, Natural State Consulting*
Ms. Brenda Turner, James Miller & Associates*
Ms. Merrill Bajana, Osmosis*
Mr. Dan Rolett, Bank OZK

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. Brooke Hollowoa, Director of Communications
Ms. Jacobia Bates, Director of Public Affairs
Ms. Usha Doolabh, Investments Accounting Operations Manager
Ms. Linda McGrath, Administrative Specialist*
Ms. Kristi Brown, Retirement Coordinator*
Ms. Cheryl Wilburn, Retirement Section Manager*
Ms. Stacie Jackson, Administrative Specialist III*
Ms. Shelly George, Retirement Section Manager*
Ms. Julianna Alamina, Investment Analyst*
Ms. Rebecca Walton, Investment Analyst*
Ms. Ronda Summers, Investment Analyst*
Ms. Jennifer Taylor, Director of Benefits Administration*
Mr. Bryan Taylor, Retirement Counselor*
Ms. Cheryl Miles, Administrative Specialist III*
Ms. Chin Ku, Accountant II*
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 March 12, 2025 Board Meeting and the May 15th, 2025 Investment Finance Subcommittee meetings were e-mailed to each APERS Board member for review.

The minutes from the March 12, 2025 Board Meeting were adopted as presented. The motion to approve was made by Mr. Larry Walther and seconded by Mr. Dale Douthit. It was unanimously approved.

Investments

CIO Report

Mr. Borromeo presented the CIO report for the quarter ending March 31, 2025. In the fourth quarter of 2024, U.S. equities posted gains while global markets struggled due to renewed trade tensions and persistent inflation. Both the Federal Reserve and European Central Bank implemented two 25 basis point rate cuts during the quarter. However, political instability in Europe, particularly in France and Germany,

along with ongoing geopolitical risks and inconsistent inflation data, contributed to market volatility, especially in the fixed income space.

In the first quarter of 2025, markets shifted sharply as China's DeepSeek AI model disrupted the technology landscape, leading to a selloff in the tech and consumer discretionary sectors. Tesla dropped 35.8%, and Alphabet (Google) declined 18.21%. Large-cap value stocks outperformed, while information technology and consumer discretionary were the weakest performers. The S&P 500 fell by 4%, while the MSCI EAFE Value Index rose over 11%, which is a highly unusual divergence in performance between the United States and international markets. Meanwhile, Eurozone equities rallied, U.S. Treasuries outperformed global bonds, and investor sentiment grew increasingly cautious amid rising recession fears.

Callan Report

Ms. Brianne Weymouth and Mr. John Jackson joined the table and discussed recent market activity, noting a significant rebound since the first quarter. While the total fund was down 0.8% for the quarter, year-to-date the S&P 500 is up 1%, reinforcing the importance of staying the course and not overreacting to short-term volatility. Overall year-to-date performance remains positive. The portfolio's actual allocation shows domestic and international equities slightly overweight, which is expected to normalize as capital calls are made.

In terms of asset class performance, the hedge fund portfolio has benefited from higher interest rates, and fixed income posted a gain of 2.9%, serving as a stabilizing force. Secretary Darryl Bassett inquired about the highest areas of risk and how to mitigate them. Ms. Weymouth emphasized the importance of diversification, already present in the portfolio, and adhering to the investment policy. When asked about stress testing, she confirmed that a stress test was conducted during the asset-liability study, and the board was comfortable with the worst-case scenario outcomes. Secretary Bassett thanked Carlos and his staff for keeping the trust fund moving in the direction the board approved.

Mr. Jason Brady asked Carlos about the current 15% allocation to fixed income, referencing prior discussions where Carlos had advocated for a higher allocation. Carlos responded that the portfolio remains underweight in this area, and expressed concern that in a lower interest rate environment, the portfolio could suffer from limited returns and noted that as the portfolio reduces exposure to international equities, he intends to shift more into credit.

Secretary Darryl Bassett raised a question about the portfolio's exposure to illiquid assets, asking whether it might be over- or under-exposed. Carlos responded that he believes the portfolio has the capacity to take on more illiquid assets.

Stephens Inc, Report

Mr. Bo Brister and Mr. Larry Middleton joined the discussion to provide updates on secondary market investments. They emphasized that markets are inherently dynamic, and through the guidance of the CIO and the Board, APERS has begun investing in secondary markets. Mr. Middleton reminded the group that while initial returns may be strong, they are not always sustainable. He noted that approximately 25% of Yale's portfolio was purchased by HarbourVest and highlighted the favorable structure of a recent deal in which APERS' lead partner only paid for half of the securities up front, with the remaining payment due in a year.

Secretary Jim Hudson expressed appreciation for the clarity and depth of the presentation. Mr. Brister reported that approximately \$165 million has been called on these secondary funds to date, with performance since inception running at a 34% internal rate of return (IRR), and about 50% annualized for

a portion of the investments. Overall, the portfolio is averaging a 32.9% IRR on money deployed to date. The update concluded with final remarks from Stephens.

Invest Finance Committee Report

On May 15, 2025, the Investment Finance Committee met, and key updates were shared regarding investment strategy and asset allocation. Chief Investment Officer Carlos Borromeo confirmed that strategic allocations remain unchanged, with an overweight in international equity and an underweight in credit/fixed income and real assets. He introduced secondary infrastructure as a subset of real assets, emphasizing its rapid growth and appeal due to faster capital deployment and lower risk through asset visibility. The Board approved investments of up to \$100 million each in three secondary infrastructure funds: Partners Group, Ares, and Pantheon.

The meeting also featured a robust discussion on private credit. Representatives from HarbourVest, Neuberger Berman, and Stephens presented on the advantages of private credit and secondary investments, highlighting reduced risk, durable income, and opportunities in a market with more sellers than buyers. Direct lending was promoted as a stable, floating-rate option with high recovery rates. Additionally, Mr. Jason Brady proposed, and the board approved, a \$25–\$50 million investment in Israel Bonds, citing their strong credit rating and stable returns. Finally, a motion passed for APERS to develop a competitive RFP process for investment advisor services, with a formal plan due by the September Board Meeting.

Attorney General Tim Griffin Remarks

Attorney General Tim Griffin addressed the Board, expressing his willingness to work within whatever restrictions, standards, or needs the Board might have regarding space and location. Before taking office in August 2022, he had envisioned a shift in office culture, potentially even exploring rental options. However, he ultimately determined that owning a space would be more beneficial for both the taxpayers and the office. The office now occupies approximately 20,000 square feet less than before, but the space is significantly more efficient and fosters greater collaboration. AG Griffin emphasized the importance of physical space in shaping human interaction and noted that although they will technically be renting from the state, it will function as a simple transfer of funds, with the AG's office responsible for maintenance. He underscored the value of maintaining a presence in downtown Little Rock and encouraged the Board to think beyond just office space, pointing to downtown as an area of growth and leadership where government can set an example by remaining invested.

Mr. Jason Brady then asked Executive Director Amy Fecher about APERS' current lease. Ms. Fecher shared that the Board tasked her with looking for property in November 2023, with just seven months remaining on the lease at the time. Rent for FY24 totaled \$799,000, with FY25 at \$826,000 and FY26 increasing to \$845,000 through June 2026. She noted that APERS previously owned Union Plaza but sold the building. Currently, APERS occupies approximately 43,000 square feet across three floors. Secretary Jim Hudson stated that the agency should be owning property rather than renting and mentioned a working group that is preparing a final report to be released in the coming weeks. He outlined two key considerations: first, identifying a permanent home for APERS operations and staff that has easy access for our members, and second, evaluating the fiduciary implications of investing plan assets in real estate, particularly real assets in the Little Rock area. He noted that Arkansas Teacher Retirement System (ATRS) already holds direct investments in Little Rock. Trustee Walther asked whether the report would address potential competition with the Division of Building Authority (DBA), which owns buildings and rents them back to the state. Secretary Hudson responded that APERS is unique in its available cash resources. Secretary Bassett requested that Secretary Hudson inform the Board when the working group's report is complete, with the hope that it will be ready by the next quarterly meeting.

CFO Report

Mr. Jason Willett presented the Financial Statements for the quarter ending March 31, 2025. He began reviewing the Statement of Fiduciary Net Position as of March 31, 2025. Cash and cash equivalents are just over \$37.6 million and total receivables of just over \$7.2 million. The total investment assets were just under \$11 billion at the end of the quarter. The total assets of just over \$11.8 billion and liabilities of approximately \$673 million brought us to the net position at the end of the quarter totaled \$11,131,435,994.

The Statement of Changes in Fiduciary Net Position through the end of March showed employer and employee contributions of just over \$353 million. There were deductions with benefits expense of approximately \$536 million through the end of March. The ending net position at the end of the quarter of just over \$11.1. Mr. Willett noted that as payroll goes up, so do contributions and both employer and employee contributions have trended upward during this year as would be expected. Secretary Bassett asked Mr. Willett to review the allowance for doubtful accounts that is on the statement of fiduciary net position. Mr. Willett explained that this represents the bad debt reserve primarily on retiree overpayments. Most of those overpayments are on deceased retirees and typically those funds are difficult to collect.

Mr. Willett then reminded the board that at the last board meeting in March of 2025, Mr. Gary Carnahan had asked if total contributions as a percentage of total benefits being paid out were trending upward. He commented that it appeared to him that was happening. Since that last meeting Mr. Willett noted that he had done a review and analysis of the last five years looking at total contributions, which included employer and employee contributions as a percentage of total benefits being paid out. Mr. Willett noted that indeed Mr. Carnahan's observation was correct, and it has been trending upward. He referenced the bar chart he prepared in the board packet and pointed out how 2023 when the largest jump happened was due primarily to really large increases in payrolls due to inflation which resulted in increased contributions. Mr. Willett told the board this is a very positive trend for the retirement system.

Legal Report

Ms. Laura Gilson presented the Legal Report for the period ending March 31, 2025. There were no new member appeals. Ms. Gilson provided an update on ongoing securities litigation. The Five Below case is currently in the motion to dismiss phase, and APERS has responded in support of moving forward with the complaint. In the Trade Desk case, APERS has been appointed co-lead plaintiff alongside Mississippi PERS.

Board members were informed that under Act 505 of 2025; members must be physically present to count toward a quorum unless a remote attendance policy has been adopted. Jason Brady asked for clarification on the effective date of the law, which is August 4th. Mr. Brady then motioned to adopt the policy, which was seconded by Secretary Jim Hudson and unanimously approved by the Board.

Next, Ms. Gilson explained to the board a need for a rule promulgation to comply with Act 370 of 2025, that allows retired judges, including district judges, to serve as special judges immediately upon retirement without violating the separation from service requirements. She explained that the other changes to the rule removed language that was already written in the law. Jason Brady moved to proceed with the rule promulgation process and to approve the markup of the rule. The motion was seconded by Mr. Gary Wallace and unanimously approved. Mr. Brady then asked what the next steps were following Board and Governor's Office review. Ms. Gilson clarified that the rule would then be submitted to and reviewed by the Arkansas Legislative Council (ALC).

Ms. Gilson reported that the number of no-cost securities litigation contracts was reduced from 18 to nine in 2024, and new seven-year contracts were signed with the selected firms. These contracts are exempt from procurement law. Jason Brady expressed support for allowing staff to manage the selection process and bring recommendations to the Board for approval. Secretary Jim Hudson agreed, stating the Board should provide oversight while trusting staff to carry out the work. Mr. Carnahan voiced his support as well. Mr. Jason Brady then moved to authorize the Executive Director and APERS staff to review and process the addition of any new securities litigation firms. The motion was seconded by Gary Wallace and unanimously approved.

Benefits Report

Ms. Allison Woods provided the benefits summary for the quarter ending March 31, 2025. There were no new employers added this period, but Ms. Woods noted several recent inquiries. A public transit authority has expressed interest in joining APERS, and the City of Benton is actively in discussions regarding participation and the potential purchase of service credits.

Ms. Woods also provided updates on membership and benefit trends. Membership numbers typically dip in December but rebound in January, while refunds tend to decrease at the end of the calendar year. In response to a question from Carnahan about refunds, Ms. Woods explained that employees who terminate employment have the option to request a refund of their contributions.

She went on to discuss the gradual increase in employee contributions, which moved from 5% to 6%. Ms. Woods noted that most government entities operate defined benefit plans, and APERS is on track to reach its 7% contribution target within the next 3 to 4 years. Globally, employee contributions in similar systems generally range between 4–8%, with some using variable rates based on actuarial or investment conditions. Approximately 70% of plans also include employer contributions. Jason Brady thanked Ms. Woods for her thorough report and commended Larry Walther for maintaining consistency in the employee contribution rate. Ms. Woods added that she will be providing benefit education to the Board at upcoming meetings to further support their understanding of the system.

Executive Report

Ms. Fecher presented the Executive Director's Report, highlighting several key updates. Multi-Factor Authentication (MFA) has been successfully implemented, and the agency continues its efforts in outreach and membership education. APERS is currently working on an RFP for banking services and is also collaborating with the Office of State Procurement (OSP) on a statewide RFP for actuarial services.

Ms. Fecher noted that approximately 60% of APERS positions will be receiving a Labor Market Rate increase due to the new Pay Plan. She also informed the board that there will be two new Board members at the September meeting: Secretary of Transformation and Shared Services, Leslie Fisken, and Commissioner Susanna Marshall from the Arkansas State Bank Department.

During the discussion, Gary Carnahan asked a question regarding member education, specifically, how APERS informs people about available educational opportunities. Ms. Fecher and Ms. Bates responded that APERS uses a multi-channel approach, including social media, outreach to employers within a 50-mile radius, responding to individual education requests, and providing information through the APERS website.

Adjournment

With no further business, the meeting was adjourned following a motion by Mr. Gary Wallace and a second by Mr. Jason Brady, with a unanimous vote.

Upcoming Board Meetings

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

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

Secretary Darryl Bassett, Chair

Ms. Amy Fecher, Executive Director

Arkansas Public Employees' Retirement System Board of Trustees
Member Appeals Sub-Committee
July 22, 2025

A meeting of the Member Appeals Subcommittee of the Arkansas Public Employees' Retirement System (APERS) was held on Tuesday, July 22, 2025, at 2:00 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. Judge Barry Moehring presided.

Board Members Present

Judge Barry Moehring
Ms. Kaye Donham*
The Honorable John Thurston
Mayor Joe Hurst*
Mr. Richard Wilson*
Mr. Dale Douthit

APERS Staff Present

Ms. Amy Fecher, Executive Director
Ms. Allison Woods, Deputy Director of Benefits
Mr. Carlos Borrromeo, Deputy Director of Investments & Finance
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
Ms. Jennifer Taylor, Director of Benefits Administration
Ms. Cheryl Wilburn, Benefits Operations Manager

Visitors Present

Mr. Joseph Shane Martin
Ms. Audrea Martin
Mr. Ben Ellis, Arkansas Treasury
Ms. Amanda O'Neal, Arkansas Treasury
Ms. Shanna Shepherd, Court Reporter
Honorable Brian Nichols, Administrative Law Judge

*Denotes remote attendees

The APERS Member Appeal Subcommittee convened to hear a member appeal. Member Joseph Shane Martin 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. The subcommittee voted to waive the repayment of \$8,170.15 and that the underpaid member contributions of \$10,294.22 be collected by a vote of four in favor, with Richard Wilson and Judge Moehring opposing.

With no further business, the meeting was adjourned.

Judge Barry Moehring, Sub-Committee Chair

Amy Fecher, APERS Executive Director

**Member Appeals Committee
Chair's Report
September 10, 2025**

Background

The APERS Member Appeal Committee convened to hear a member appeal on July 22, 2025 at 2:00 p.m.

Member Joseph Shane Martin 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 committee.

Decision

The committee voted to waive the repayment of \$8,170.15 and that the underpaid member contributions of \$10,294.22 be collected by a vote of four in favor, with Richard Wilson and Judge Moehring opposing.



Chief Investment Officer Report

For the Fiscal Year Ending June 30, 2025

2nd Quarter 2025 – Fiscal Year 2025

APERS Portfolio **** preliminary ****

COMPOSITE			APERS Portfolio					Fiscal	
Benchmarks			APERS/ASPRS Portfolio					30-Jun-25	
	Qtr	Year		Q3 2024	Q4 2024	Q1 2025	Q2 2025	Year	
U.S. Equity			Domestic Equity	5.23%	2.17%	-5.64%	11.56%	13.17%	\$ 5,189,149,321
S&P 500	10.94%	15.16%	International Equity	8.03%	-7.84%	4.32%	11.23%	15.52%	\$ 2,868,358,431
Russell 1000 Growth	17.84%	17.22%	Private Markets	0.96%	4.30%	1.39%	4.51%	11.58%	\$ 518,324,596
Russell 1000 Value	3.79%	13.70%	Credit Markets	5.52%	-2.51%	2.86%	1.66%	7.55%	\$ 2,133,307,422
Russell 2000 Index	8.50%	7.68%	Real Assets	0.64%	0.07%	0.59%	0.54%	1.85%	\$ 1,530,849,068
Russell 2000 Growth	11.97%	9.73%	APERS Total Portfolio	5.13%	-1.23%	-0.79%	7.85%	11.11%	\$ 12,239,988,838
Russell 2000 Value	4.97%	5.54%							\$ 169,076,808
Russell 3000 Index	10.99%	15.30%							\$ 12,409,065,646
International Equity									Cash
MSCI EAFE	11.78%	17.73%							TOTAL FUND
MSCI ACWI xUS	12.03%	17.72%							
Public Credit									
Bloomberg Agg	1.21%	6.08%							
Bloomberg High Yield	3.53%	10.29%							

- The 2nd percentile for the quarter vs peers >\$10b
- Top 50 (of 309 public fund peers)

2nd Quarter 2025 – Fiscal Year 2025

**** preliminary ****

APERS Portfolio								
APERS/ASPRS Portfolio		Q3 2024	Q4 2024	First 6mo FY2025	Q1 2025	First 9mo FY2025	Q2 2025	Full Fiscal Year
Domestic Equity		5.23%	2.17%	7.51%	-5.64%	1.45%	11.56%	13.17%
International Equity		8.03%	-7.84%	-0.44%	4.32%	3.86%	11.23%	15.52%
Private Markets		0.96%	4.30%	5.30%	1.39%	6.76%	4.51%	11.58%
Credit Markets		5.52%	-2.51%	2.87%	2.86%	5.81%	1.66%	7.55%
Real Assets		0.64%	0.07%	0.71%	0.59%	1.31%	0.54%	1.85%
APERS Total Portfolio		5.13%	-1.23%	3.84%	-0.79%	3.02%	7.85%	11.11%

1st Quarter 2025 - reminder

U.S. Markets

- China’s DeepSeek released an AI model at a fraction of the cost of market leaders, disrupting investor sentiment and pressuring U.S. tech valuations.
- U.S. equities declined, with information technology and consumer discretionary sectors posting steep losses. Other sectors performed better, led by energy and healthcare.
- Public-sector job cuts raised concerns about consumer spending.
- In March, the Federal Reserve cut its U.S. growth forecast for 2025 while raising its inflation outlook, further weighing on sentiment.

Eurozone Markets

- Eurozone equities gained sharply as global investors rotated out of U.S. technology stocks and into European markets following the DeepSeek announcement.

Global Bonds

- Rising uncertainty about U.S. leadership in technology, coupled with macroeconomic concerns, pushed global bond sentiment lower.
- Recession fears increased as investors reassessed risk and growth trajectories.

	Q1 2025	First 9mo FY2025
Domestic Equity	-5.64%	1.45%
International Equity	4.32%	3.86%
Private Markets	1.39%	6.76%
Credit Markets	2.86%	5.81%
Real Assets	0.59%	1.31%
APERS Total Portfolio	-0.79%	3.02%

2nd Quarter 2025 – FY 2025

Market Dynamics

- Uncertainty around U.S. trade policy dominated early Q2.
- While initial trade measures were announced, they were later suspended, which helped equities rebound and eased recession concerns.
- Public credit markets shifted focus from anticipated interest rate cuts to concerns around debt sustainability.

U.S. Markets

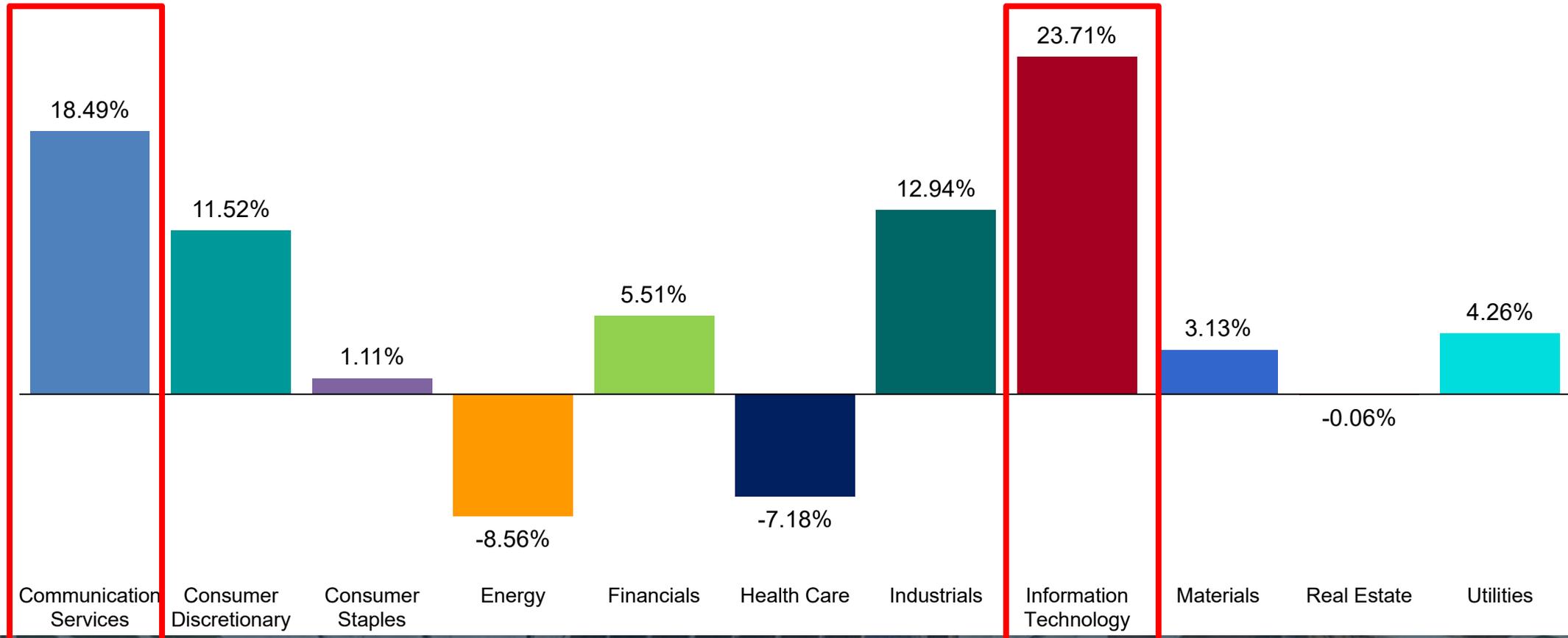
- Equities advanced, led by information technology and communication services.
- Renewed investor appetite for select “Magnificent 7” stocks fueled gains.
- A.I.-exposed companies staged a strong recovery.
- Robust corporate earnings and resilient economic data further supported equity momentum.

	Q2 2025	Fiscal Year
Domestic Equity	11.56%	13.17%
International Equity	11.23%	15.52%
Private Markets	4.51%	11.58%
Credit Markets	1.66%	7.55%
Real Assets	0.54%	1.85%
APERS Total Portfolio	7.85%	11.11%

2nd Quarter 2025 – S&P Quarter Performance

Appetite for some of the Magnificent 7 stocks reignited.

Industry Sector Quarterly Performance (S&P 500) as of 06/30/2025

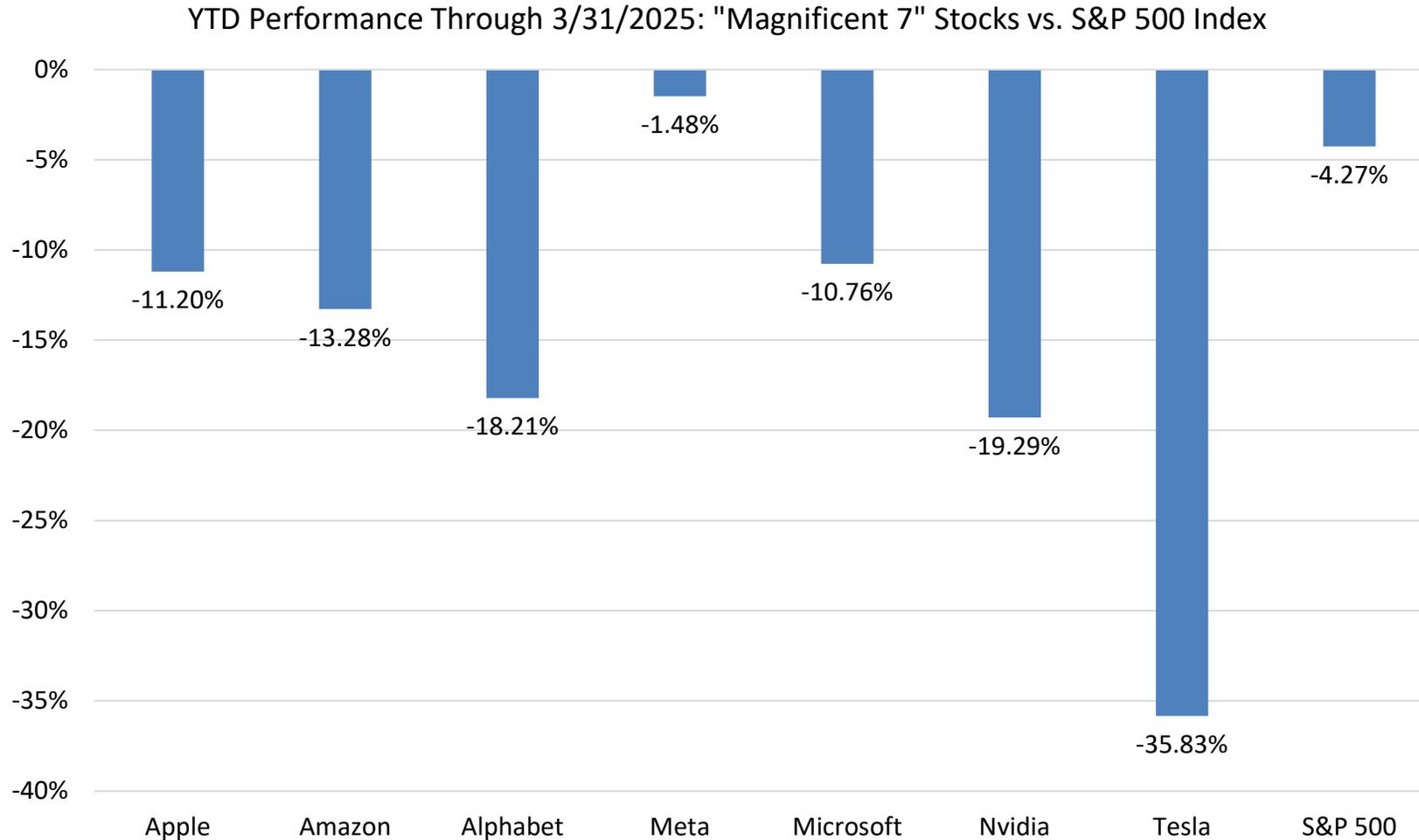


2nd Quarter 2025 - Summary

Stocks with exposure to A.I. staged a strong recovery.

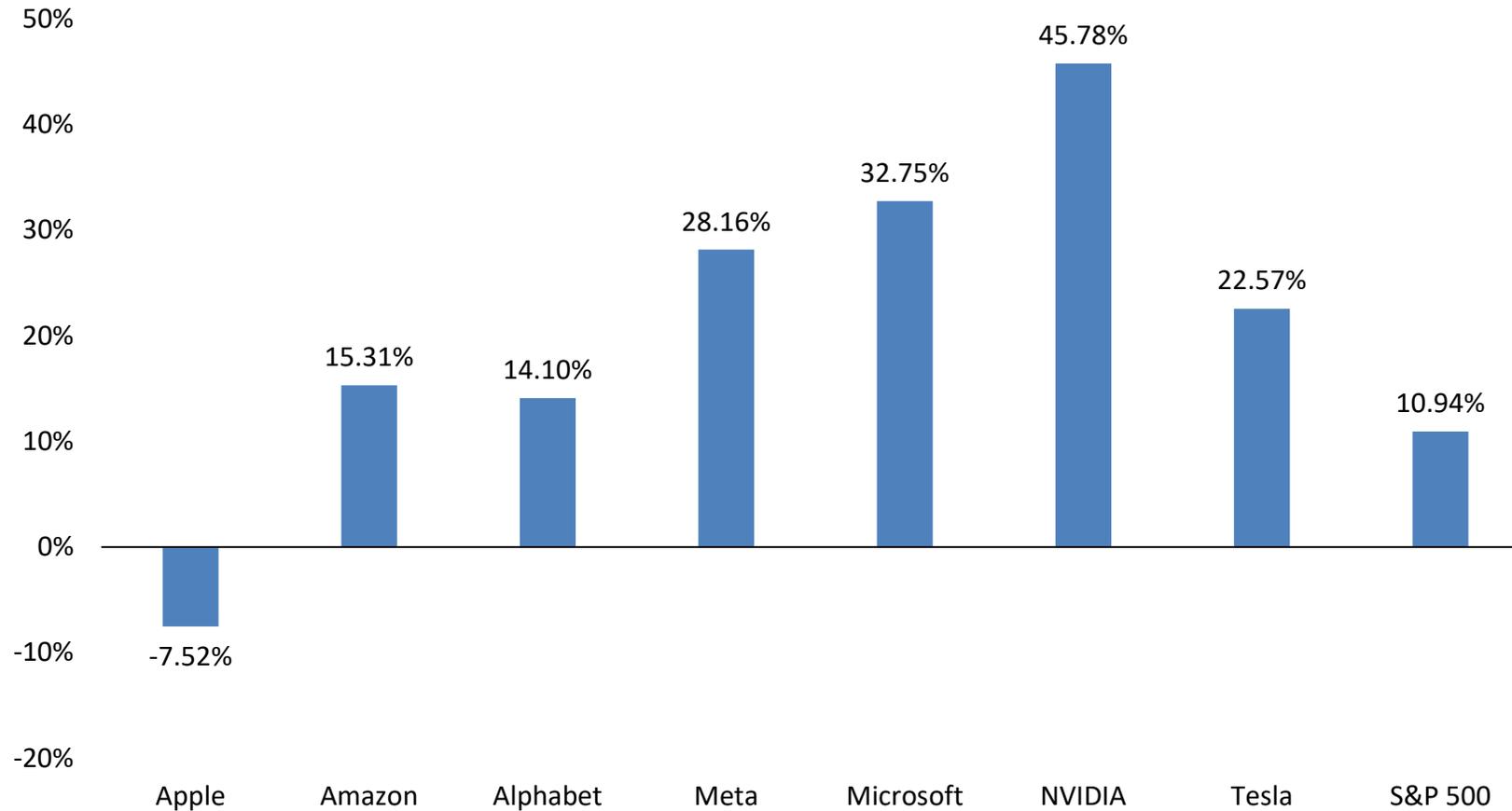
	QTD US Equity Returns as of 06/30/2025				Fiscal YTD US Equity Returns as of 06/30/2025		
	Growth	Core	Value		Growth	Core	Value
Large	17.84%	11.11%	3.79%	Large	17.22%	15.66%	13.70%
Mid	18.20%	8.53%	5.35%	Mid	26.49%	15.21%	11.53%
Small	11.97%	8.50%	4.97%	Small	9.73%	7.68%	5.54%

1st Quarter 2025 – “Magnificent 7” Performance



2nd Quarter 2025 – “Magnificent 7” Performance

1-Quarter Performance Ended 6/30/2025: "Magnificent 7" Stocks vs. S&P 500 Index



2nd Quarter 2025 – FY 2025

UK & Eurozone

- The FTSE All-Share Index moved higher as the U.S. dollar weakened, prompting investors to rotate out of U.S. assets.
- Top-performing sectors included industrials (notably defense stocks), telecommunications, utilities, and real estate.
- The Bank of England cut rates by 25 bps, providing additional support to equities.
- Eurozone equities also posted strong gains. Defense stocks outperformed following the NATO summit agreement for member countries to increase defense spending.

Global Public Credit

- Global bonds benefited from a weaker U.S. dollar and continued supportive monetary policies.
- Rising geopolitical tensions — particularly U.S. trade policy shifts and Middle East developments - weighed on risk sentiment.
- Market focus shifted away from monetary easing toward fiscal policy discipline and debt sustainability.
- Moody’s downgraded U.S. Treasury debt to Aa1, citing fiscal risks and growing debt burdens.

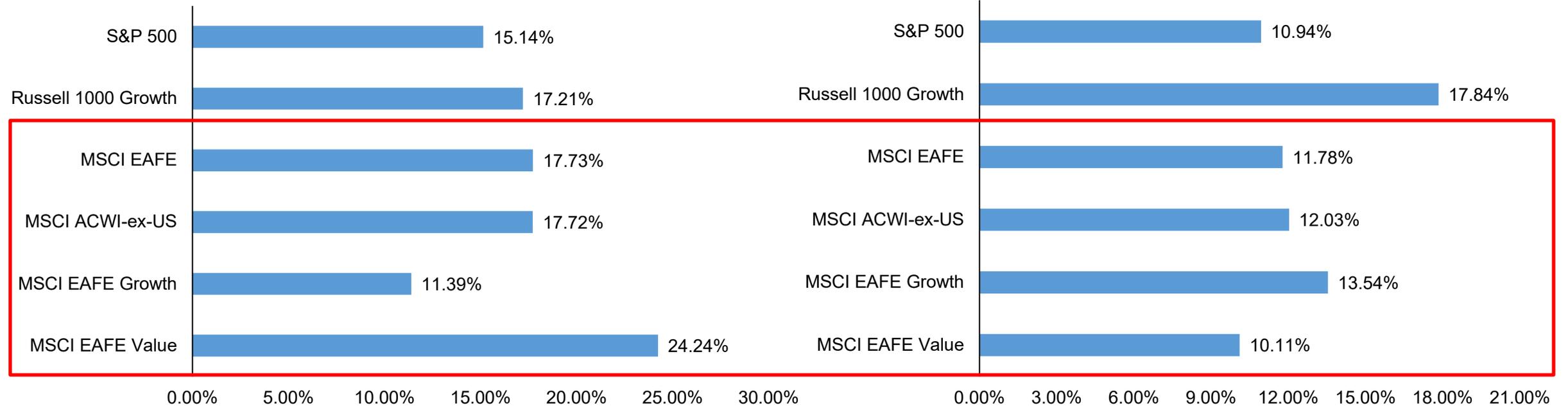
	Q2 2025	Fiscal Year
Domestic Equity	11.56%	13.17%
International Equity	11.23%	15.52%
Private Markets	4.51%	11.58%
Credit Markets	1.66%	7.55%
Real Assets	0.54%	1.85%
APERS Total Portfolio	7.85%	11.11%

2nd Quarter 2025 – International Markets

- The rotation into the other currencies aided the international markets.

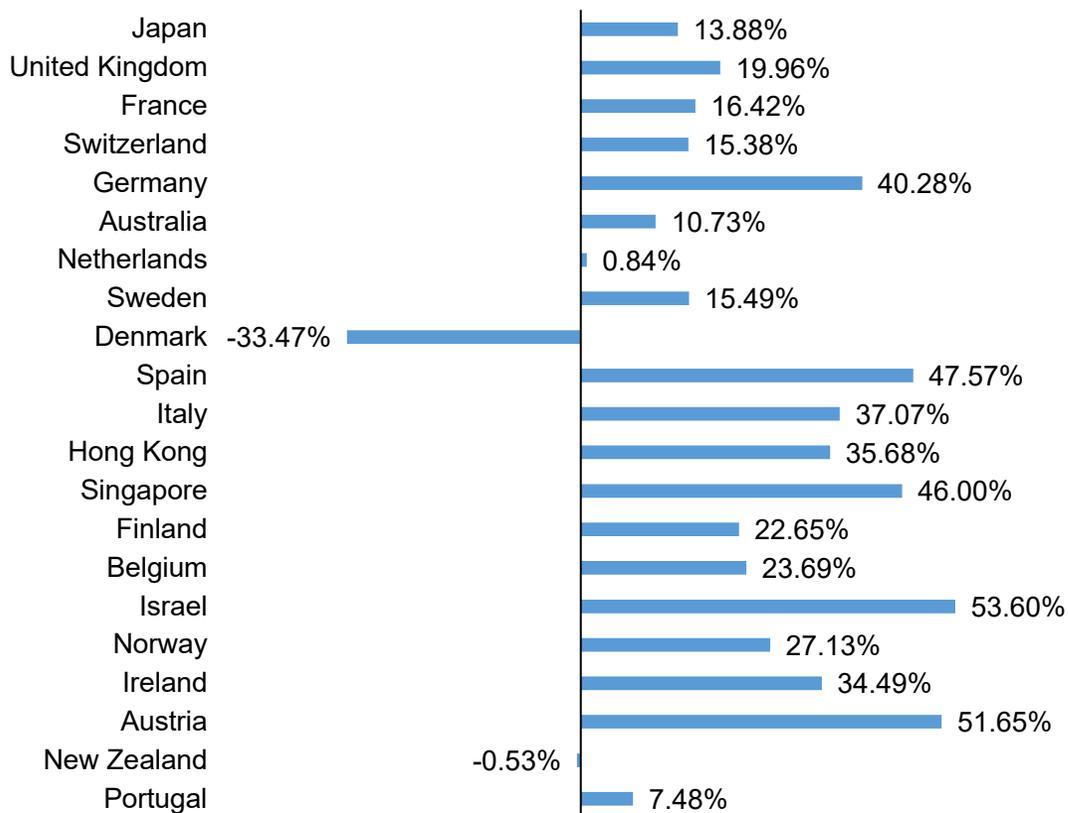
1-Year Return Ending 06/30/2025

1-Quarter Return Ending 06/30/2025

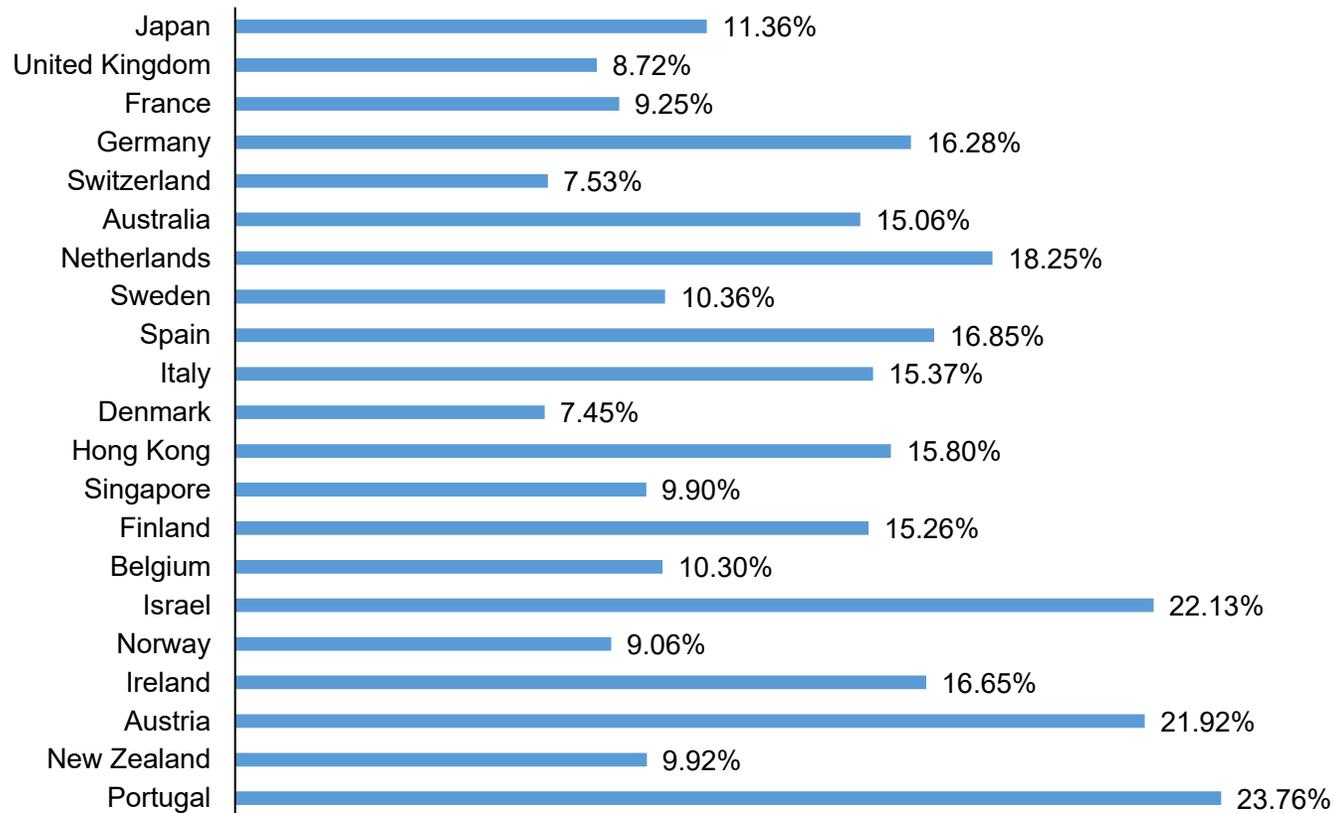


2nd Quarter 2025 – International Markets

Countries in the MSCI EAFE Index: 1-Year Return Ending 06/30/2025

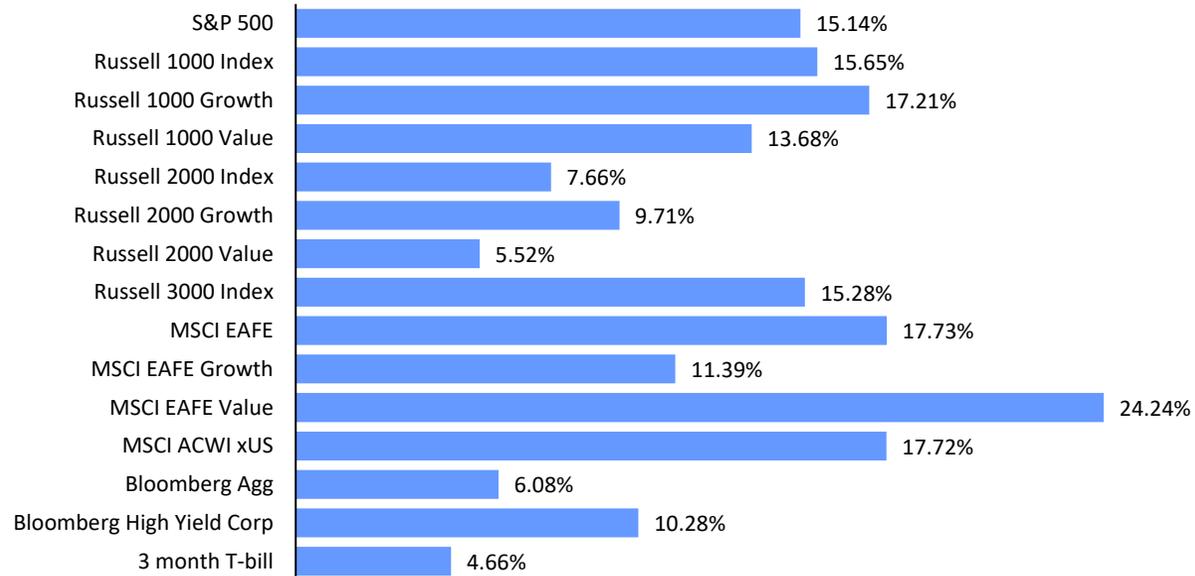


Countries in the MSCI EAFE Index: 1-Quarter Return Ending 06/30/2025

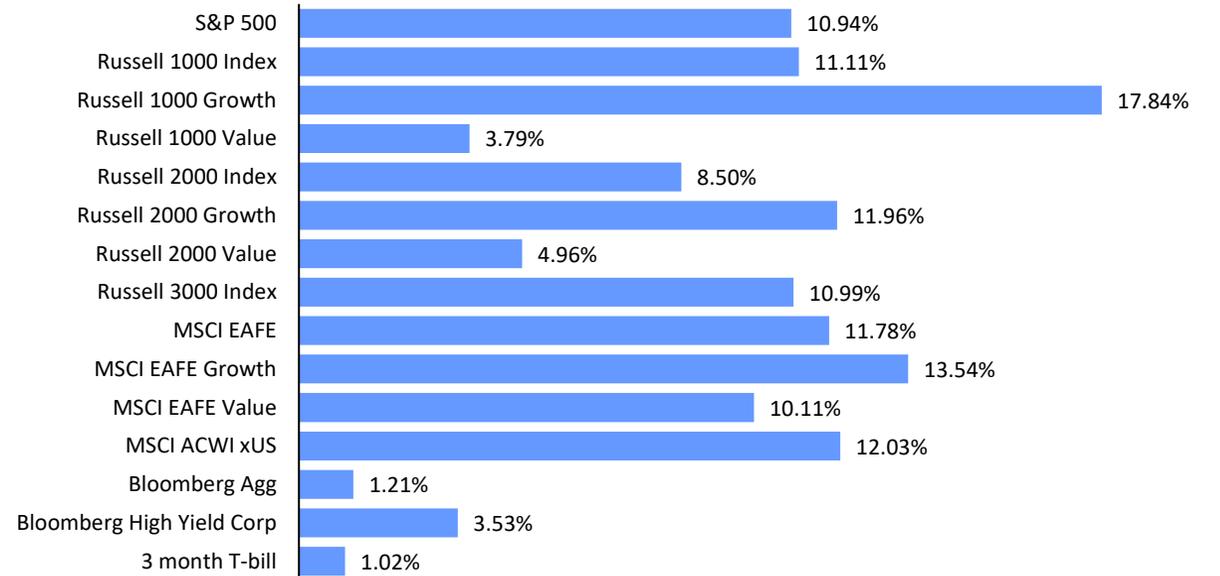


2nd Quarter 2025 – Global Markets

Performance by Asset Class: One Year Ended 06/30/25

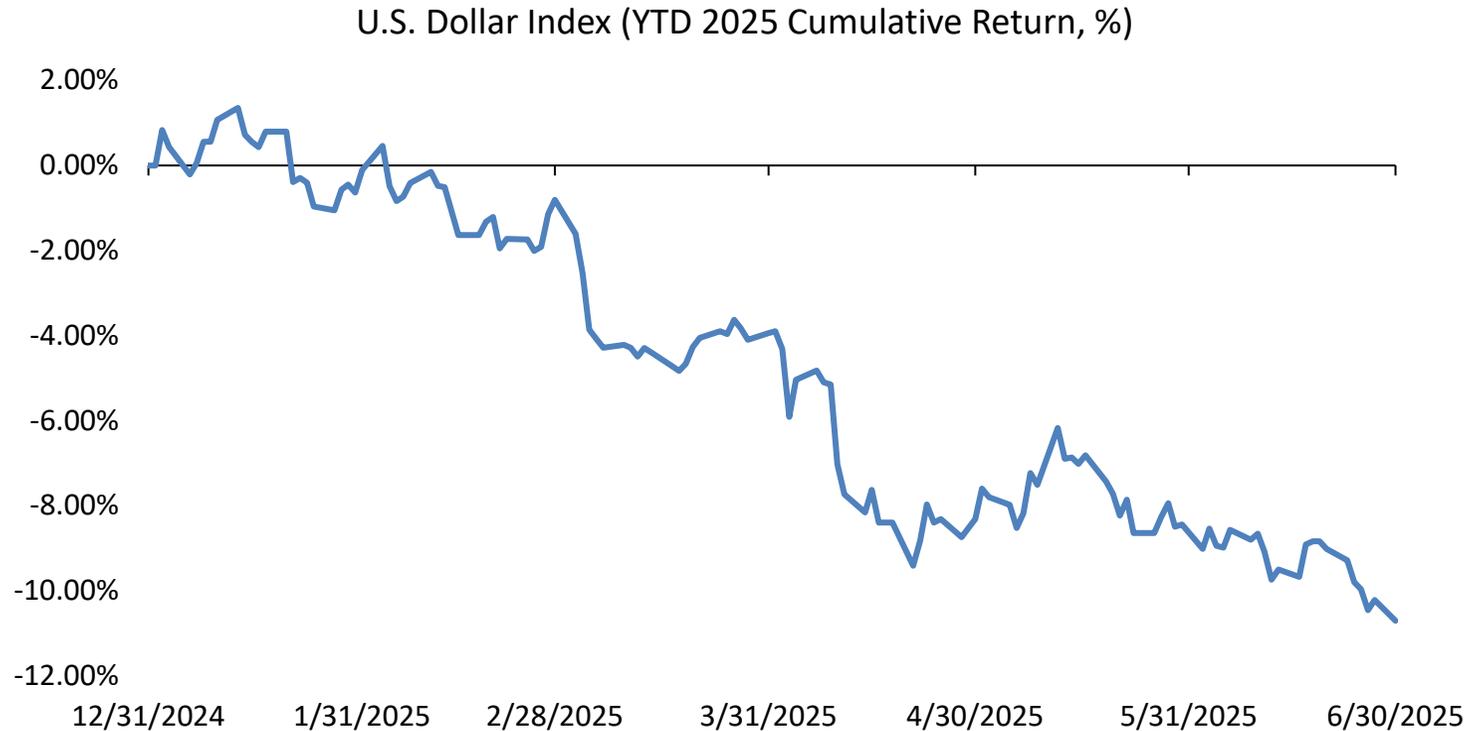


Performance by Asset Class: Quarter Ended 06/30/25



Monitoring the U.S. Dollar

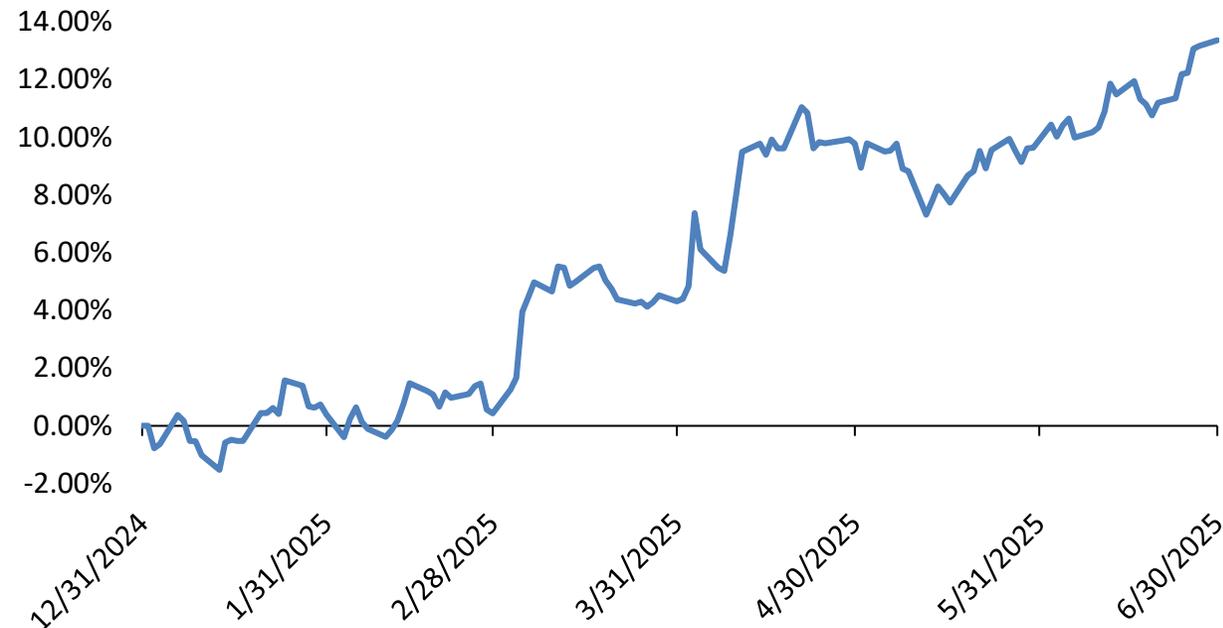
- The U.S. Dollar Index continued its decline in Q2, pressured by expectations of a slower pace of Fed rate adjustments and a weaker U.S. economic outlook.
- Reduced demand for the dollar made non-U.S. investments more attractive to international investors.



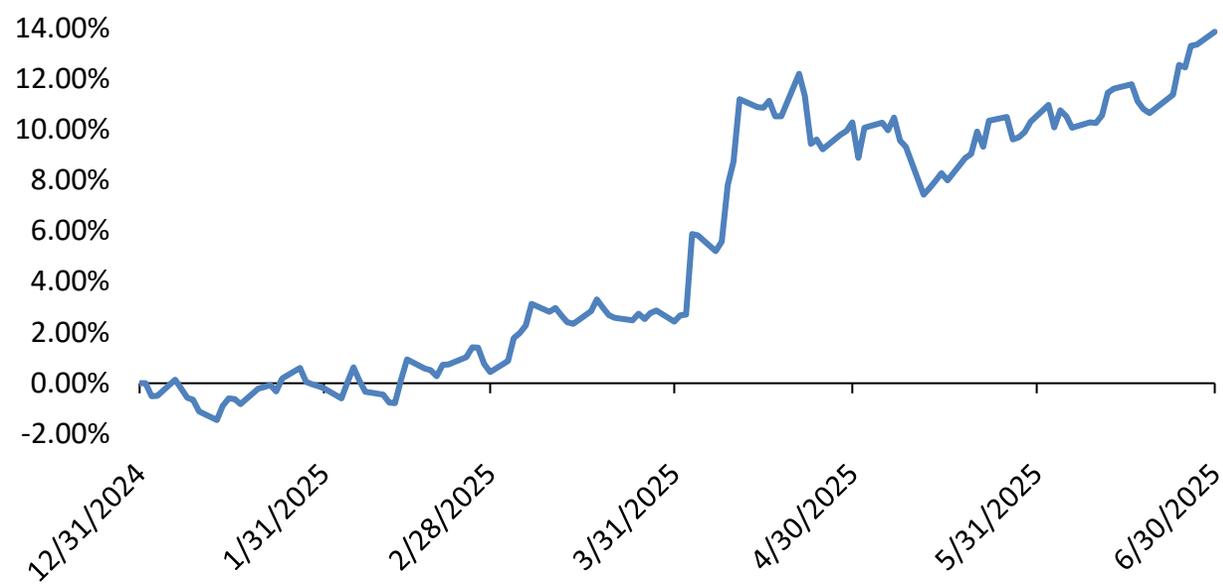
Monitoring the U.S. Dollar

- The transition from the US dollar to other currencies warrants close observation.

U.S. Dollar per Euro (YTD 2025 Cumulative Return, %)



U.S. Dollar per Swiss Franc (YTD 2025 Cumulative Return, %)



Fiscal Year 2025 Class Action Proceeds



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	\$ 116,013.94
	<hr/>
	\$ 16,399,747.49

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 largest public companies in the U.S.

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

FTSE = Financial Times Stock Exchange

MSCI = Morgan Stanley Capital International

EAFE = Europe Asia Far East

ACWI = All Country World Index

IG = Investment Grade

September 10, 2025



Executive Summary Second Quarter 2025

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.

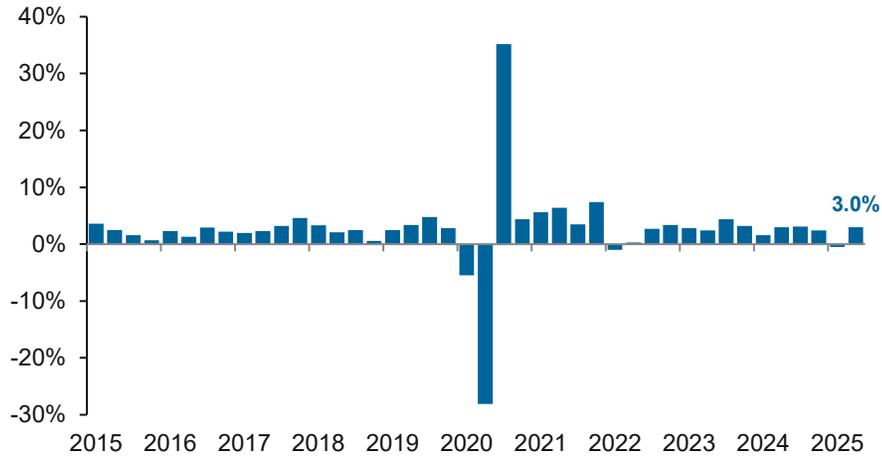


Economic Overview

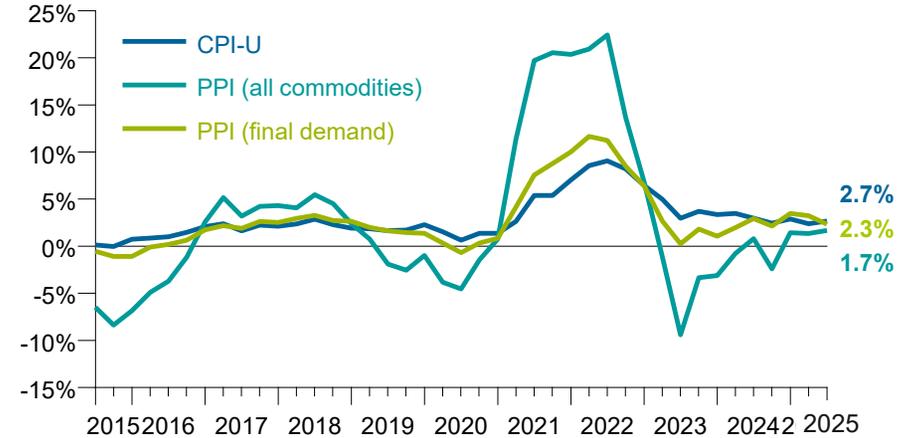
U.S. Economy—Summary

For periods ended 6/30/25

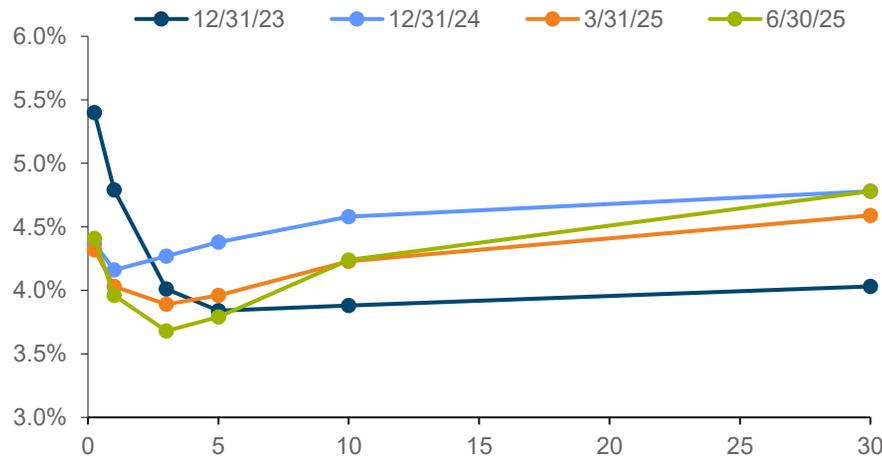
Quarterly Real GDP Growth



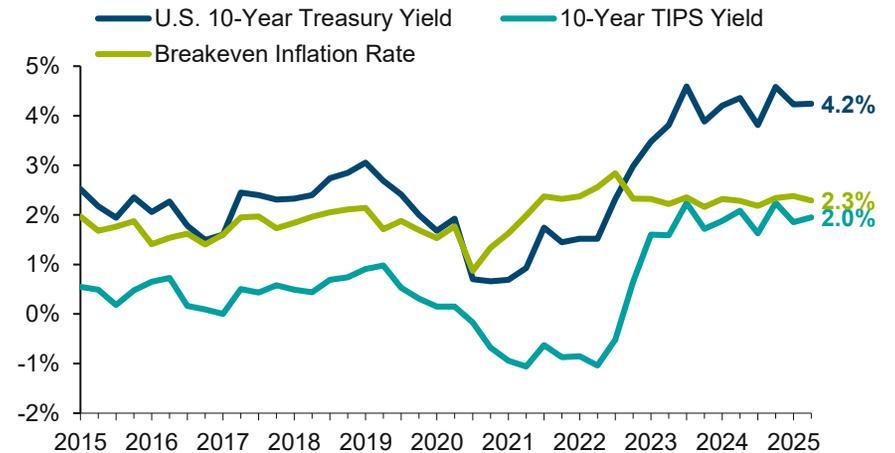
Inflation Year-Over-Year



U.S. Treasury Yield Curves



Historical 10-Year Yields



Sources: Bureau of Labor Statistics, Callan, Federal Reserve



Global Markets Snapshot

Returns for Periods ended 6/30/25

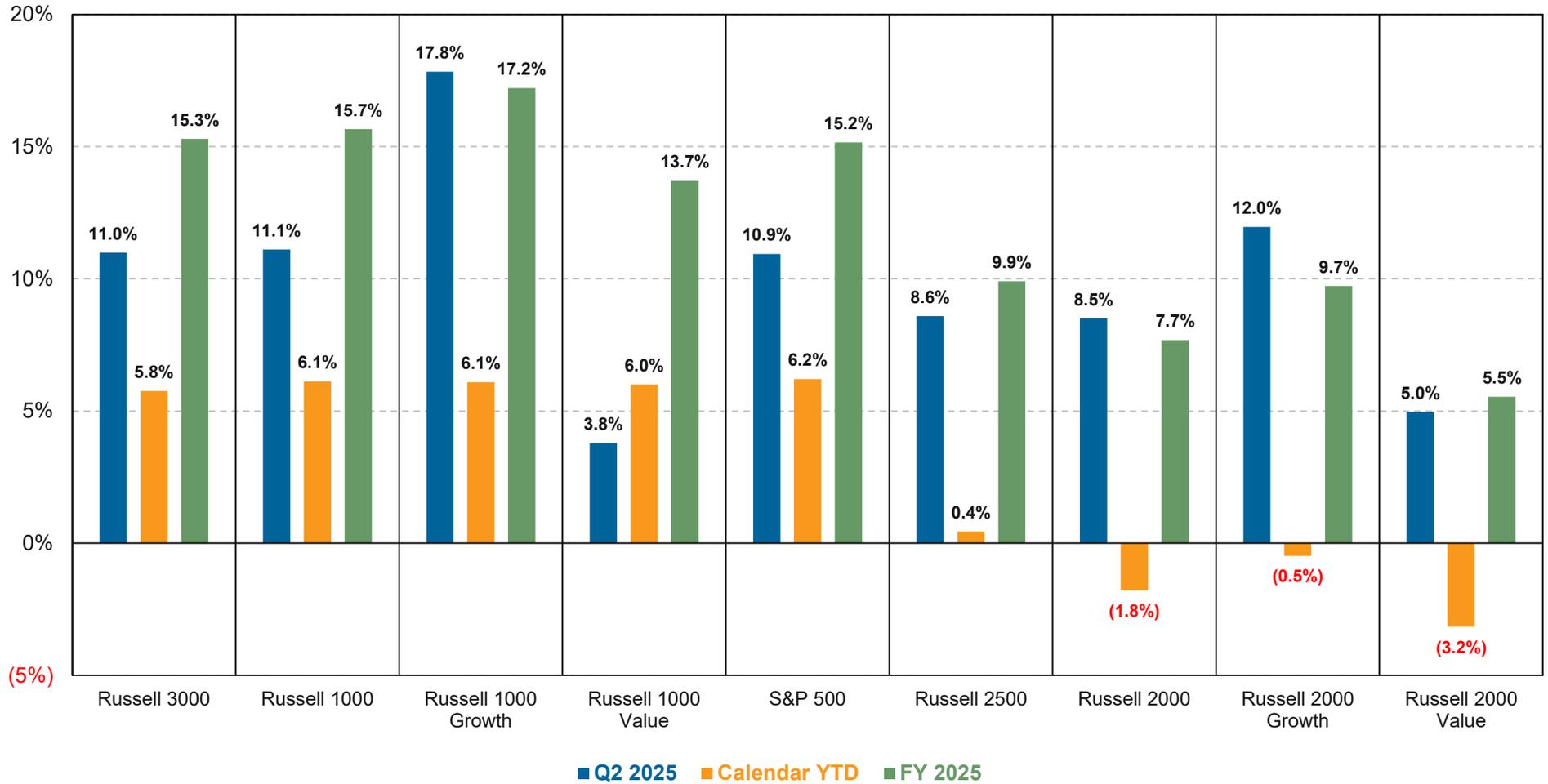
	Q2 2025	FY 2025	1 Year	5 Years	10 Years	25 Years
U.S. Equity						
S&P 500	10.94	15.16	15.16	16.64	13.65	7.98
Russell 1000 Growth	17.84	17.22	17.22	18.15	17.01	7.88
Russell 1000 Value	3.79	13.70	13.70	13.93	9.19	7.80
Russell 2000	8.50	7.68	7.68	10.04	7.12	7.35
Russell 2000 Growth	11.97	9.73	9.73	7.42	7.14	5.76
Russell 2000 Value	4.97	5.54	5.54	12.47	6.72	8.60
Russell 3000	10.99	15.30	15.30	15.96	12.96	8.04
Global ex-U.S. Equity						
MSCI ACWI ex USA	12.03	17.72	17.72	10.13	6.12	--
MSCI EAFE	11.78	17.73	17.73	11.16	6.51	4.51
MSCI Emerging Markets	11.99	15.29	15.29	6.81	4.82	--
MSCI ACWI ex USA Small Cap	16.93	18.34	18.34	10.74	6.54	7.02
Fixed Income						
Bloomberg Aggregate	1.21	6.08	6.08	-0.73	1.76	3.94
90-day T-Bill	1.04	4.68	4.68	2.76	1.98	1.88
Bloomberg Long Gov/Credit	-0.18	3.32	3.32	-4.93	1.79	5.24
Bloomberg Global Agg ex-US	7.29	11.21	11.21	-1.63	0.61	2.94
Real Estate						
NCREIF Property	1.20	4.23	4.23	3.70	5.22	7.46
NCREIF NFI ODCE Eq Wt Net	0.84	2.47	2.47	2.74	4.71	5.88
FTSE Nareit Equity	-1.16	8.60	8.60	8.63	6.32	9.29
Alternatives						
HFRI Fund Weighted	4.32	8.43	8.43	8.56	5.40	5.46
Cambridge Private Equity*	1.67	6.30	6.30	15.66	13.09	10.35
Inflation - CPI-U	0.86	2.67	2.67	4.58	3.06	2.54

Cambridge Private Equity data as of 3/31/25. Returns greater than one year are annualized.

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

U.S. Equity Market Snapshot: Q2 2025

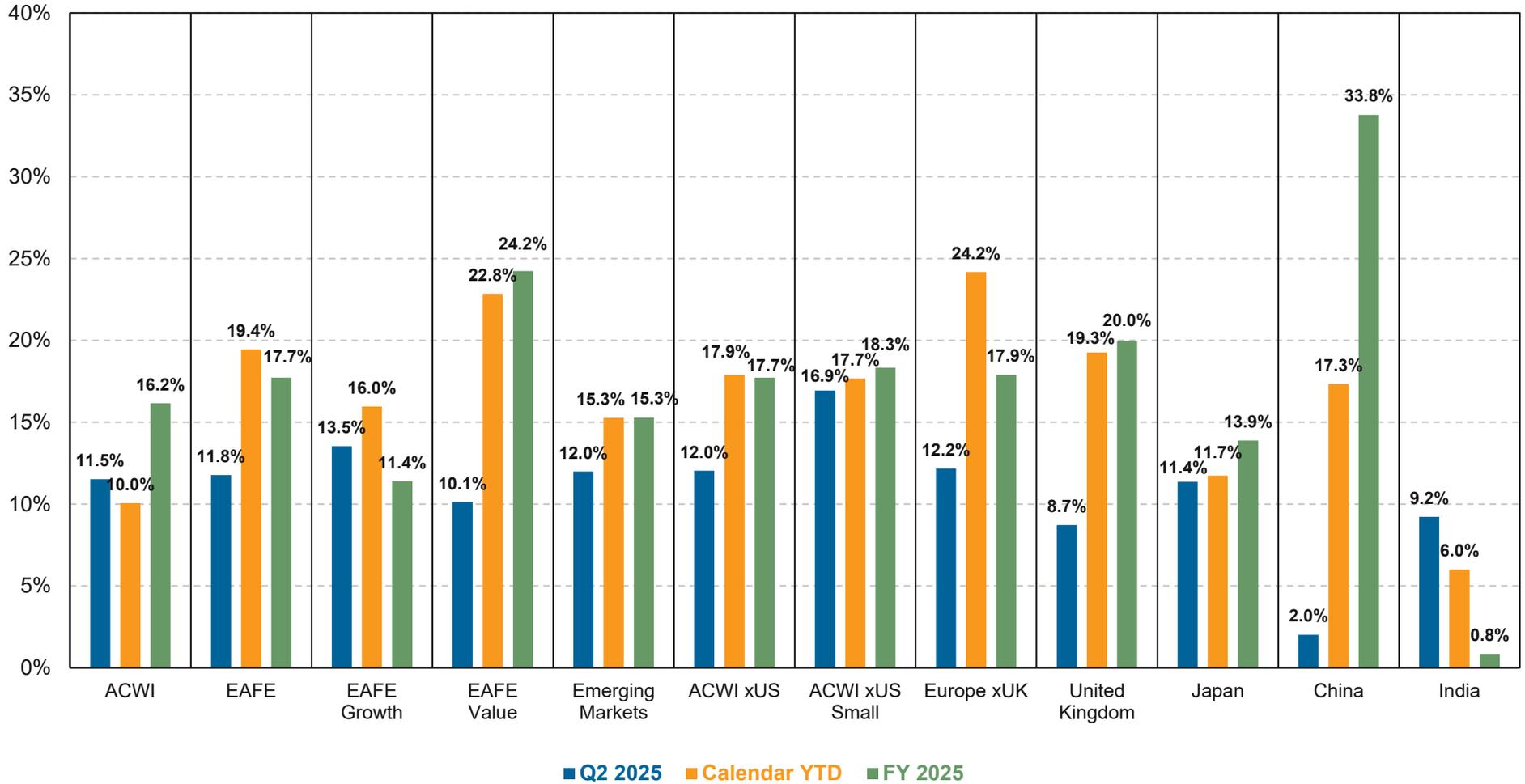
Returns for Periods Ended June 30, 2025



Sources: FTSE Russell, S&P Dow Jones Indices

Global Equity Market Snapshot: Q2 2025

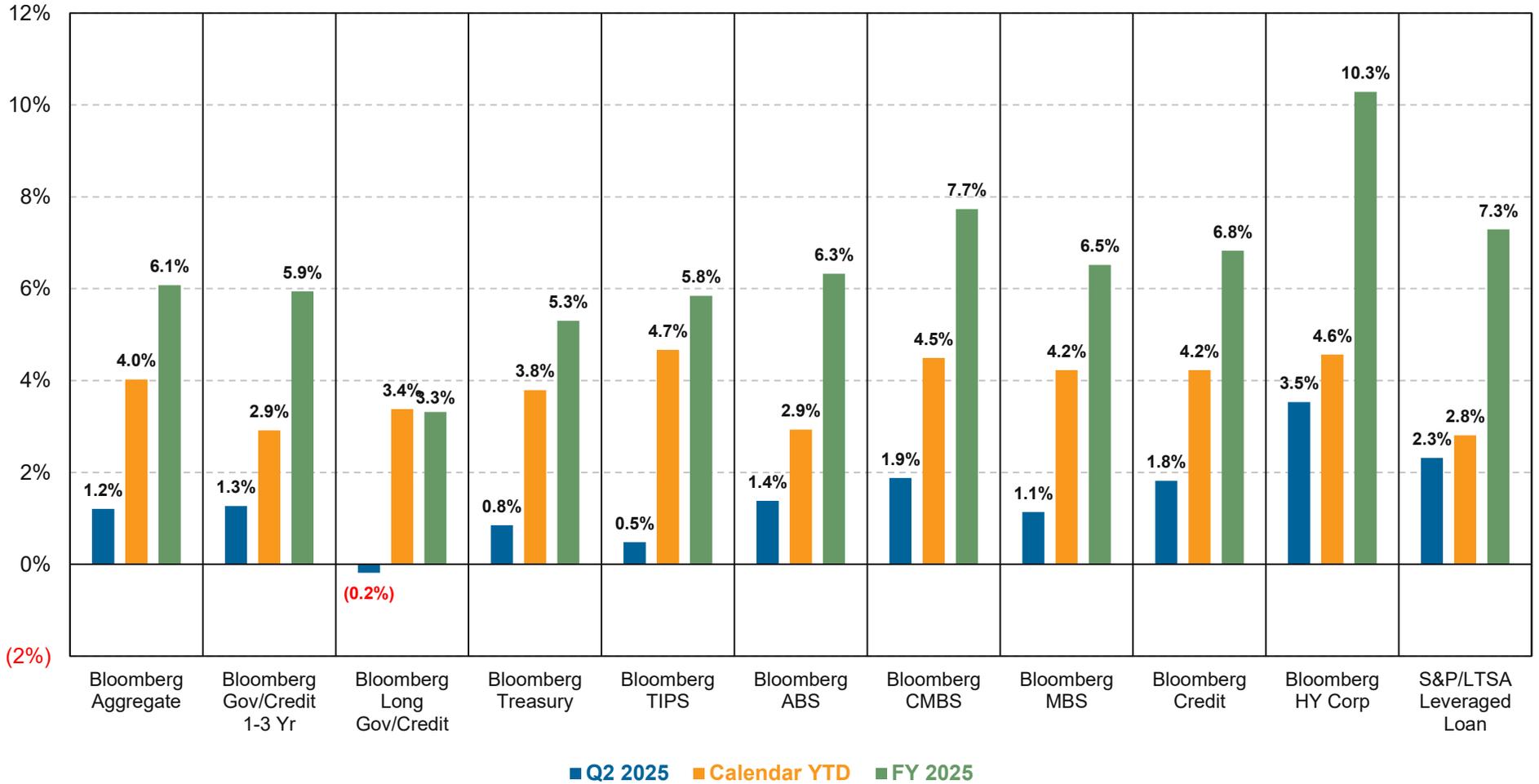
Returns for Periods Ended June 30, 2025



Source: MSCI

U.S. Fixed Income Market Snapshot: Q2 2025

Returns for Periods Ended June 30, 2025



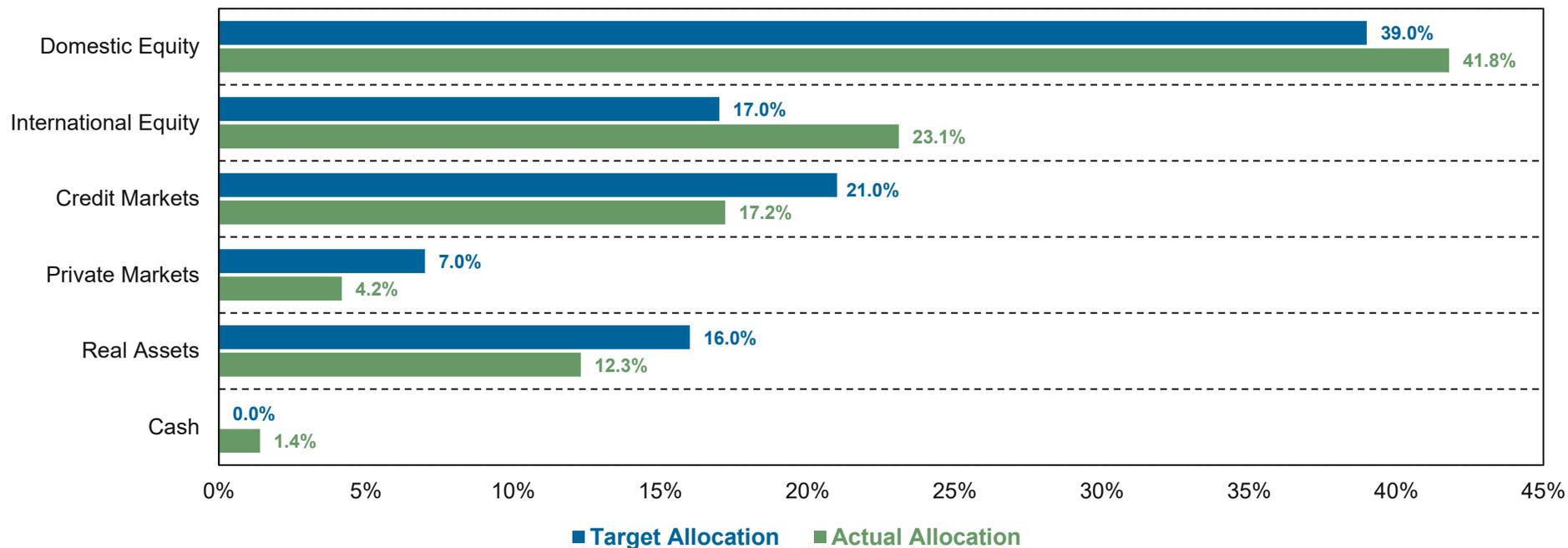
Sources: Bloomberg, Callan, S&P Dow Jones Indices



APERS Portfolio Review

Actual vs. Target Asset Allocation*

June 30, 2025

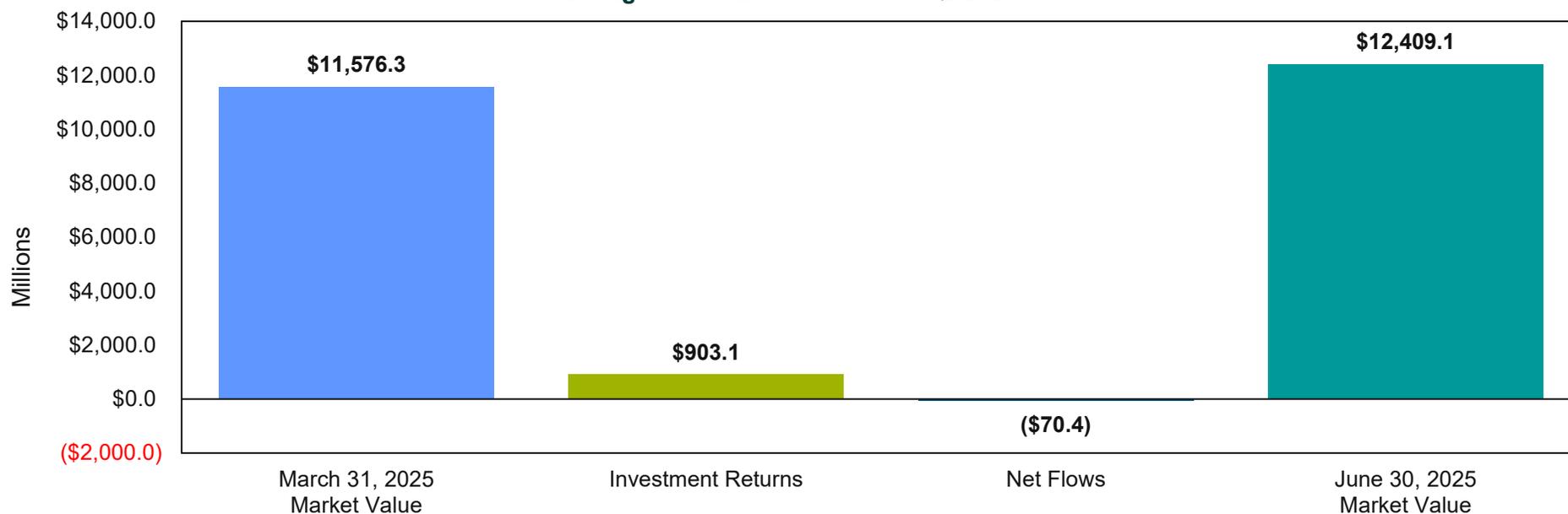


Asset Class	\$Millions Actual	Weight Actual	Min. Target	Target	Max. Target
Domestic Equity	5,189	41.8%	34.0%	39.0%	44.0%
International Equity	2,868	23.1%	12.0%	17.0%	22.0%
Credit Markets	2,133	17.2%	16.0%	21.0%	26.0%
Private Markets	518	4.2%	2.0%	7.0%	12.0%
Real Assets	1,531	12.3%	11.0%	16.0%	21.0%
Cash	169	1.4%	0.0%	0.0%	5.0%
Total	12,409	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 – Q2 2025



	Beginning Market Value	+	Investment Gain/(Loss)	+	Net Flows	=	Ending Market Value
Q2 2025 (3/31/25 – 6/30/25)	\$11,576,304,118	+	\$903,131,846	+	(\$70,370,319)	=	\$12,409,065,645
FY 2025 (6/30/24 – 6/30/25)	\$11,479,176,077	+	\$1,242,589,555	+	(\$312,699,987)	=	\$12,409,065,645

Total Fund Performance

June 30, 2025

Returns for Periods Ended June 30, 2025

Group: Callan Public Fund Spr DB

	Q2 2025	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile:	7.94%	12.89%	12.29%	10.78%	8.65%	7.82%
25th Percentile:	7.45%	12.14%	11.29%	10.00%	8.17%	7.50%
Median	6.85%	11.25%	10.23%	9.28%	7.77%	7.17%
75th Percentile:	5.92%	10.18%	9.23%	8.45%	7.10%	6.78%
90th Percentile:	4.96%	9.04%	7.98%	7.55%	6.55%	6.34%
Peer Universe Constituents	309	307	296	295	284	205
Total Fund	7.85% (14)	11.11% (55)	10.10% (55)	9.43% (43)	7.75% (51)	7.45% (30)
Benchmark	7.82% (16)	12.43% (19)	11.75% (17)	9.51% (39)	8.02% (32)	7.52% (24)

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

Total Fund Performance

June 30, 2025

Returns for Periods Ended June 30, 2025
Group: Callan Public Fd V Lg DB (>\$10B)

	Q2 2025	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile:	7.25%	12.13%	10.91%	11.30%	8.70%	7.91%
25th Percentile:	6.71%	11.59%	10.24%	10.40%	8.39%	7.71%
Median	6.01%	10.91%	9.53%	9.95%	8.03%	7.45%
75th Percentile:	5.39%	9.99%	8.28%	9.19%	7.62%	7.06%
90th Percentile:	4.34%	9.32%	7.10%	8.45%	6.94%	6.42%
Peer Universe Constituents	57	55	54	54	52	49
Total Fund	7.85% (2)	11.11% (43)	10.10% (29)	9.43% (67)	7.75% (68)	7.45% (46)
Benchmark	7.82% (2)	12.43% (6)	11.75% (5)	9.51% (64)	8.02% (50)	7.52% (38)

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

Asset Class Performance and Market Values

June 30, 2025

	Market Value \$(Dollars)	Ending Weight	Q2 2025	FY 2025	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity <i>Russell:3000 Index</i>	\$5,189,149,321	41.82%	11.56% 10.99%	13.17% 15.30%	13.17% 15.30%	15.61% 19.08%	13.75% 15.96%	11.51% 12.96%
International Equity <i>Int'l Equity Benchmark</i>	\$2,868,358,431	23.12%	11.23% 12.71%	15.52% 17.83%	15.52% 17.83%	14.46% 13.92%	10.51% 9.57%	6.95% 5.74%
Private Markets	\$518,324,596	4.18%	4.51%	11.58%	11.58%	13.34%	10.26%	7.44%
Private Equity <i>PE Benchmark</i>	\$248,722,031	2.00%	5.48% (3.87%)	10.15% 10.26%	10.15% 10.26%	-- --	-- --	-- --
Hedge Funds <i>HFRI FOF Index</i>	\$269,602,565	2.18%	3.71% 2.86%	12.19% 7.28%	12.19% 7.28%	10.04% 8.72%	9.12% 6.55%	6.91% 6.41%
Fixed Income <i>Blmbg:Aggregate</i>	\$2,133,307,423	17.19%	1.65% 1.21%	7.55% 6.08%	7.55% 6.08%	4.58% 2.55%	1.12% (0.73%)	2.95% 1.76%
Real Assets <i>Real Assets Benchmark</i>	\$1,530,849,068	12.34%	0.54% 1.20%	1.85% 4.23%	1.85% 4.23%	(4.11%) 1.75%	6.25% 5.43%	5.07% 5.50%
REITS <i>S&P DJ US Select REIT</i>	\$28,611,813	0.23%	(1.70%) (1.71%)	8.08% 8.09%	8.08% 8.09%	4.65% 4.77%	8.53% 8.55%	-- 5.45%
Core/Core Plus RE <i>NFI-ODCE Eq Wt Net</i>	\$969,373,110	7.81%	1.16% 0.84%	1.43% 2.47%	1.43% 2.47%	(5.63%) (6.31%)	3.44% 2.74%	4.87% 4.71%
Non-Core Real Estate <i>NCREIF Total Index</i>	\$333,605,953	2.69%	(0.64%) 1.20%	4.65% 4.23%	4.65% 4.23%	(4.42%) (2.75%)	9.26% 3.70%	10.52% 5.22%
Infrastructure <i>FTSE Dev Core Inf 50/50</i>	\$5,050,342	0.04%	-- 3.82%	-- 18.61%	-- 18.61%	-- 6.35%	-- 8.17%	-- 6.85%
Farmland <i>NCREIF Farmland Index</i>	\$96,776,444	0.78%	1.18% 0.33%	0.41% (1.17%)	0.41% (1.17%)	2.30% 3.12%	-- 4.77%	-- 5.60%
Timber <i>NCREIF Timberland Index</i>	\$97,431,405	0.79%	(1.71%) 1.44%	(0.05%) 5.32%	(0.05%) 5.32%	9.00% 8.74%	8.47% 8.22%	3.46% 5.43%
Cash	\$169,076,808	1.36%	0.99%	4.70%	4.70%	4.50%	2.78%	1.90%
Total Fund <i>Total Fund Benchmark</i>	\$12,409,065,645	100.00%	7.85% 7.82%	11.11% 12.43%	11.11% 12.43%	10.10% 11.75%	9.43% 9.51%	7.75% 8.02%

Benchmark definitions included in the Appendix.

Investment Manager Returns and Peer Group Rankings

June 30, 2025

	Q2 2025	FY 2025	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity	11.56%	13.17%	13.17%	15.61%	13.75%	11.51%
Russell 3000 Index	10.99%	15.30%	15.30%	19.08%	15.96%	12.96%
CastleArk	16.83% (17)	6.10% (91)	6.10% (91)	20.24% (24)	16.35% (43)	14.54% (19)
Russell 3000 Growth Idx	17.55% (14)	16.89% (28)	16.89% (28)	25.07% (10)	17.55% (30)	16.38% (1)
Callan All Cap Broad	8.47%	14.58%	14.58%	17.69%	15.87%	12.06%
CastleArk LCG	17.67% (45)	--	--	--	--	--
Russell:1000 Growth	17.84% (42)	17.22% (33)	17.22% (33)	25.76% (35)	18.15% (10)	17.01% (10)
Callan Large Cap Growth	17.17%	15.95%	15.95%	24.78%	15.87%	15.60%
Mellon S&P 500 Index Fd	10.94% (58)	15.17% (26)	15.17% (26)	19.71% (40)	16.64% (46)	13.49% (44)
S&P 500 Index	10.94% (58)	15.16% (26)	15.16% (26)	19.71% (40)	16.64% (46)	13.65% (42)
Callan Large Cap Core	11.17%	13.18%	13.18%	19.39%	16.44%	13.37%
Horrell Capital - Passive	2.21% (86)	8.22% (85)	8.22% (85)	12.18% (82)	13.96% (72)	10.37% (69)
Blmbg Arkansas Index	0.53% (93)	(7.80%) (99)	(7.80%) (99)	5.95% (95)	16.94% (36)	8.71% (93)
S&P 500 Index	10.94% (31)	15.16% (43)	15.16% (43)	19.71% (25)	16.64% (40)	13.65% (22)
Callan All Cap Broad	8.47%	14.58%	14.58%	17.69%	15.87%	12.06%
Mellon Large Cap Growth	17.98% (39)	17.31% (31)	17.31% (31)	--	--	--
Russell 1000 Growth Idx	17.84% (42)	17.22% (33)	17.22% (33)	25.76% (35)	18.15% (10)	17.01% (10)
Callan Large Cap Growth	17.17%	15.95%	15.95%	24.78%	15.87%	15.60%
William Blair LCG	17.87% (40)	11.21% (82)	11.21% (82)	--	--	--
Russell 1000 Growth Idx	17.84% (42)	17.22% (33)	17.22% (33)	25.76% (35)	18.15% (10)	17.01% (10)
Callan Large Cap Growth	17.17%	15.95%	15.95%	24.78%	15.87%	15.60%
Mellon Large Cap Value	3.80% (63)	--	--	--	--	--
Russell:1000 Value	3.79% (63)	13.70% (40)	13.70% (40)	12.76% (65)	13.93% (79)	9.19% (83)
Callan Large Cap Value	4.32%	13.15%	13.15%	13.89%	15.84%	10.08%
Wellington Management	3.21% (71)	10.39% (85)	10.39% (85)	13.16% (62)	14.67% (74)	9.29% (79)
Russell 1000 Value Idx	3.79% (63)	13.70% (40)	13.70% (40)	12.76% (65)	13.93% (79)	9.19% (83)
Callan Large Cap Value	4.32%	13.15%	13.15%	13.89%	15.84%	10.08%
Boston Partners LCV	6.65% (13)	--	--	--	--	--
Russell:1000 Value	3.79% (63)	13.70% (40)	13.70% (40)	12.76% (65)	13.93% (79)	9.19% (83)
Callan Large Cap Value	4.32%	13.15%	13.15%	13.89%	15.84%	10.08%

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

Investment Manager Returns and Peer Group Rankings

June 30, 2025

	Q2 2025	FY 2025	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Stephens Mid Cap Growth	17.22% (59)	19.26% (37)	19.26% (37)	--	--	--
Russell Mid Cap Growth Idx	18.20% (44)	26.49% (6)	26.49% (6)	21.46% (2)	12.65% (15)	12.13% (18)
Callan Mid Cap Growth	18.16%	17.17%	17.17%	15.28%	9.70%	10.87%
LSV Asset Management	3.11% (79)	5.19% (54)	5.19% (54)	11.17% (29)	17.32% (22)	--
Russell 2000 Value Idx	4.97% (39)	5.54% (52)	5.54% (52)	7.45% (77)	12.47% (81)	6.72% (90)
Callan Small Cap Value	4.26%	5.86%	5.86%	9.70%	15.37%	8.04%
Stephens Investment Mgmt.	12.82% (34)	13.20% (20)	13.20% (20)	14.31% (24)	9.51% (37)	10.41% (30)
Russell 2000 Growth Idx	11.97% (43)	9.73% (36)	9.73% (36)	12.38% (41)	7.42% (61)	7.14% (97)
Callan Small Cap Growth	11.57%	7.27%	7.27%	11.66%	8.63%	9.58%
Froley Revy Investment	10.80% (23)	15.69% (50)	15.69% (50)	9.73% (51)	8.70% (27)	8.89% (42)
ML All Conv. Index	8.88% (51)	15.95% (47)	15.95% (47)	10.84% (23)	9.52% (9)	9.38% (26)
Morningstar Convertibles	9.01%	15.71%	15.71%	9.77%	7.90%	8.16%

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

Investment Manager Returns and Peer Group Rankings

June 30, 2025

	Q2 2025	FY 2025	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
International Equity	11.23%	15.52%	15.52%	14.46%	10.51%	6.95%
Intl Equity Benchmark*	12.71%	17.83%	17.83%	13.92%	9.57%	5.74%
Artisan Intl Value CIT	6.27% (99)	--	--	--	--	--
MSCI EAFE Index	11.78% (57)	17.73% (63)	17.73% (63)	15.97% (53)	11.16% (57)	6.51% (82)
Callan NonUS Eq	12.06%	19.59%	19.59%	16.08%	11.57%	7.29%
Mellon ACWI ex US Fund	12.16% (46)	18.26% (60)	18.26% (60)	14.36% (75)	10.47% (66)	--
MSCI ACWI xUS (Net)	12.03% (52)	17.72% (63)	17.72% (63)	13.99% (78)	10.13% (72)	6.12% (88)
Callan NonUS Eq	12.06%	19.59%	19.59%	16.08%	11.57%	7.29%
Baillie Gifford Overseas	11.09% (67)	13.27% (87)	13.27% (87)	10.93% (96)	3.88% (97)	5.85% (91)
MSCI ACWI xUS (Gross)	12.30% (45)	18.37% (60)	18.37% (60)	14.59% (72)	10.68% (62)	6.64% (77)
Callan NonUS Eq	12.06%	19.59%	19.59%	16.08%	11.57%	7.29%
Lazard Asset Mgmt.	14.59% (12)	16.65% (70)	16.65% (70)	14.56% (73)	10.55% (65)	6.66% (76)
MSCI ACWI xUS (Gross)	12.30% (45)	18.37% (60)	18.37% (60)	14.59% (72)	10.68% (62)	6.64% (77)
Callan NonUS Eq	12.06%	19.59%	19.59%	16.08%	11.57%	7.29%
Acadian ACWI xUS Small Cap	16.54% (81)	22.98% (60)	22.98% (60)	17.56% (36)	--	--
MSCI ACWI xUS Small (Net)	16.93% (75)	18.34% (81)	18.34% (81)	13.46% (65)	10.74% (50)	6.54% (74)
Callan Intl Small Cap	17.78%	23.85%	23.85%	15.00%	10.67%	7.82%
Franklin Templeton Intl Small Cap	12.36% (97)	10.23% (96)	10.23% (96)	9.67% (90)	--	--
MSCI ACWI xUS Small (Net)	16.93% (75)	18.34% (81)	18.34% (81)	13.46% (65)	10.74% (50)	6.54% (74)
Callan Intl Small Cap	17.78%	23.85%	23.85%	15.00%	10.67%	7.82%

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

Investment Manager Returns and Peer Group Rankings

June 30, 2025

	Q2 2025	FY 2025	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Credit Markets	1.65%	7.55%	7.55%	4.58%	1.12%	2.95%
Blmbg Aggregate Index	1.21%	6.08%	6.08%	2.55%	(0.73%)	1.76%
DoubleLine Capital	1.68% (28)	7.59% (16)	7.59% (16)	4.14% (32)	1.07% (21)	--
Blmbg Aggregate Index	1.21% (98)	6.08% (97)	6.08% (97)	2.55% (97)	(0.73%) (98)	1.76% (100)
Callan Core Plus FI	1.57%	6.96%	6.96%	3.89%	0.65%	2.74%
MacKay Shields	1.80% (17)	8.01% (5)	8.01% (5)	5.07% (5)	1.53% (13)	3.21% (15)
Blmbg Aggregate Index	1.21% (98)	6.08% (97)	6.08% (97)	2.55% (97)	(0.73%) (98)	1.76% (100)
Callan Core Plus FI	1.57%	6.96%	6.96%	3.89%	0.65%	2.74%
PGIM Fixed Inc	1.47% (71)	7.06% (40)	7.06% (40)	4.49% (17)	0.74% (39)	3.21% (15)
Blmbg Aggregate Index	1.21% (98)	6.08% (97)	6.08% (97)	2.55% (97)	(0.73%) (98)	1.76% (100)
Callan Core Plus FI	1.57%	6.96%	6.96%	3.89%	0.65%	2.74%
Private Equity	5.48%	10.15%	10.15%	--	--	--
Private Equity Benchmark	(3.87%)	10.26%	10.26%			
HarbourVest Dover XI	8.35%	12.20%	12.20%	--	--	--
Neuberger Berman Fund of One	(0.87%)	5.46%	5.46%	--	--	--
Hedge Funds	3.71%	12.19%	12.19%	10.04%	9.12%	6.91%
APERS - Blackstone	3.71% (37)	12.19% (9)	12.19% (9)	10.04% (9)	9.12% (9)	6.91% (4)
HFRI FOF Diversified Index**	2.86% (67)	7.28% (85)	7.28% (85)	8.72% (38)	6.55% (78)	6.41% (8)
Callan Core Div. FoF	3.07%	9.91%	9.91%	8.29%	7.63%	4.97%

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

June 30, 2025

	Q2 2025	FY 2025	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Real Assets	0.54%	1.85%	1.85%	(4.11%)	6.25%	5.07%
NCREIF Total Index*	1.20%	4.23%	4.23%	1.75%	5.43%	5.50%
REITS	(1.70%)	8.08%	8.08%	4.65%	8.53%	--
S&P DJ U.S. Select REIT	(1.71%)	8.09%	8.09%	4.77%	8.55%	5.45%
MCM EB DV Non-SL REIT Fd	(1.70%) (85)	8.08% (80)	8.08% (80)	4.65% (73)	8.53% (47)	--
S&P DJ U.S. Select REIT	(1.71%) (85)	8.09% (80)	8.09% (80)	4.77% (67)	8.55% (46)	5.45% (89)
Callan Real Estate REIT	(0.65%)	9.71%	9.71%	5.16%	8.49%	7.21%
Core Real Estate	1.16%	1.43%	1.43%	(5.63%)	3.44%	4.87%
NCREIF NFI-ODCE Eq Wt. Net	0.84%	2.47%	2.47%	(6.31%)	2.74%	4.71%
Carlyle Property Investors	0.99% (68)	1.73% (79)	1.73% (79)	--	--	--
NCREIF NFI-ODCE Eq Wt. Net	0.84% (80)	2.47% (73)	2.47% (73)	(6.31%) (64)	2.74% (58)	4.71% (60)
Callan OE Core Cmngld RE	1.23%	3.11%	3.11%	(5.36%)	3.05%	4.99%
Clarion Lion Industrial Trust	3.20% (1)	3.27% (46)	3.27% (46)	--	--	--
NCREIF NFI-ODCE Eq Wt. Net	0.84% (80)	2.47% (73)	2.47% (73)	(6.31%) (64)	2.74% (58)	4.71% (60)
Callan OE Core Cmngld RE	1.23%	3.11%	3.11%	(5.36%)	3.05%	4.99%
Invesco Real Estate	0.46% (93)	(1.05%) (96)	(1.05%) (96)	(7.19%) (67)	1.85% (76)	4.48% (63)
NCREIF NFI-ODCE Eq Wt. Net	0.84% (80)	2.47% (73)	2.47% (73)	(6.31%) (64)	2.74% (58)	4.71% (60)
Callan OE Core Cmngld RE	1.23%	3.11%	3.11%	(5.36%)	3.05%	4.99%
Heitman Real Estate Trust LP	1.52% (26)	3.67% (41)	3.67% (41)	(4.29%) (44)	5.24% (27)	--
NCREIF NFI-ODCE Eq Wt. Net	0.84% (80)	2.47% (73)	2.47% (73)	(6.31%) (64)	2.74% (58)	4.71% (60)
Callan OE Core Cmngld RE	1.23%	3.11%	3.11%	(5.36%)	3.05%	4.99%
Principal Enhanced Prpty Fd	1.70% (17)	5.21% (9)	5.21% (9)	--	--	--
NCREIF NFI-ODCE Eq Wt. Net	0.84% (80)	2.47% (73)	2.47% (73)	(6.31%) (64)	2.74% (58)	4.71% (60)
Callan OE Core Cmngld RE	1.23%	3.11%	3.11%	(5.36%)	3.05%	4.99%

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

Investment Manager Returns and Peer Group Rankings

June 30, 2025

	Q2 2025	FY 2025	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Value Add Real Estate	(0.64%)	4.65%	4.65%	(4.42%)	9.26%	10.52%
Harrison Street Fund VIII	(0.67%)	(4.99%)	(4.99%)	3.29%	--	--
NCREIF:Total Index	1.20%	4.23%	4.23%	(2.75%)	3.70%	5.22%
Harrison Street Fund IX	(0.89%)	8.70%	8.70%	--	--	--
NCREIF:Total Index	1.20%	4.23%	4.23%	(2.75%)	3.70%	5.22%
Heitman Value Partners IV	4.21%	7.45%	7.45%	4.87%	14.09%	--
NCREIF:Total Index	1.20%	4.23%	4.23%	(2.75%)	3.70%	5.22%
LaSalle Inc & Growth VI LP	2.11%	(27.03%)	(27.03%)	(25.50%)	(17.08%)	(4.84%)
NCREIF:Total Index	1.20%	4.23%	4.23%	(2.75%)	3.70%	5.22%
LaSalle Inc & Growth VII LP	(14.03%)	(23.54%)	(23.54%)	(32.26%)	(15.03%)	--
NCREIF:Total Index	1.20%	4.23%	4.23%	(2.75%)	3.70%	5.22%
NB RE Secondary Opps III	0.00%	--	--	--	--	--
NCREIF:Total Index	1.20%	4.23%	4.23%	(2.75%)	3.70%	5.22%
Starwood SOF XII	1.17%	9.33%	9.33%	8.59%	--	--
NCREIF:Total Index	1.20%	4.23%	4.23%	(2.75%)	3.70%	5.22%
TA Realty XII	(3.28%)	(4.57%)	(4.57%)	(5.86%)	13.40%	--
NCREIF:Total Index	1.20%	4.23%	4.23%	(2.75%)	3.70%	5.22%
TA Realty XIII	0.65%	41.54%	41.54%	--	--	--
NCREIF Total Index	1.20%	4.23%	4.23%	(2.75%)	3.70%	5.22%
Farmland	1.18%	0.41%	0.41%	2.30%	--	--
IFC Core Farmland Fund	2.04%	6.61%	6.61%	--	--	--
NCREIF:Farm Idx	0.33%	(1.17%)	(1.17%)	3.12%	4.77%	5.60%
PGIM Agriculture	0.20%	(6.22%)	(6.22%)	(2.98%)	--	--
NCREIF Farmland Index	0.33%	(1.17%)	(1.17%)	3.12%	4.77%	5.60%
Timber	(1.71%)	(0.05%)	(0.05%)	9.00%	8.47%	3.46%
Pinnacle	(1.71%)	(0.05%)	(0.05%)	9.00%	8.47%	3.46%
NCREIF Timberland Index	1.44%	5.32%	5.32%	8.74%	8.22%	5.43%
Cash	0.99%	4.70%	4.70%	4.50%	2.78%	1.90%
Total Fund	7.85% (14)	11.11% (55)	11.11% (55)	10.10% (55)	9.43% (43)	7.75% (51)
Total Fund Benchmark	7.82% (16)	12.43% (19)	12.43% (19)	11.75% (17)	9.51% (39)	8.02% (32)
Callan Public Fund Spr DB	6.85%	11.25%	11.25%	10.23%	9.28%	7.77%

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

Organizational Developments

2nd Quarter 2025

PGIM Fixed Income – Core Plus Fixed Income

June 2025 – PGIM, the asset management arm of Prudential Financial, has initiated a strategic consolidation of its public fixed income and private credit platforms into a single business unit. John Vibert, currently CEO of PGIM Fixed Income, will become head of the group and lead the integrated platform. Matt Douglass, CEO and Head of PGIM Private Capital, will report to Vibert. Although the integration is expected to take 12 months, several details, particularly around compliance and governance, are still being finalized.

No action required.

Boston Partners – Domestic Equity

July 2025 – Mark Donovan, firm co-founder and PM since strategy inception, will retire from his portfolio management responsibilities on the Boston Partners Large Cap Value strategy, effective April 30, 2026. He will remain on the Boston Partners Board but will not be in a day-to-day role. Current co-PM's, Josh White and David Cohen, will continue in their roles. White and Cohen have served as the day-to-day PMs since 2018 and 2021, respectively, as the firm transitioned out of the founding generation. Additionally, White was named co-CIO in early 2025.

No action required.

Invesco Real Estate – Core Real Estate

August 2025 – Kim Hourihan joined Invesco Real Estate (IRE) as Head of Global Strategy and will assume portfolio management responsibilities for Invesco Core Real Estate (ICRE). In her previous role, which she held until the end of 2024, Ms. Hourihan served as the Global Chief Investment Officer of CBRE Investment Management. Ms. Hourihan brings more than three decades of experience in real estate investment management to the IRE team, including the successful launch and management of CBRE US Core Partners Fund from 2013 to 2021. With the arrival of Ms. Hourihan, current ICRE portfolio managers Michelle Foss and Chad Provost have been transitioned out of their roles.

No action required.

Work Plan Update

Annual Work Plan

Agenda Item	Frequency	Last Completed	Scheduled Review
Performance Measurement Reports	Quarterly	09/2025	12/2025
Quarterly Board Meetings	Quarterly	09/2025	12/2025
Customized Board Education Sessions	As Needed	05/2023	As Needed
Investment Policy Statement Review	Annual	11/2023	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

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

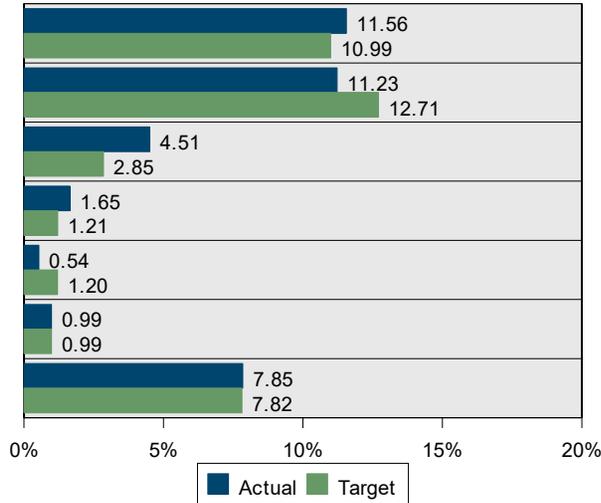
	Long-Term Target	2Q 2025 Target
Domestic Equity	39.0%	39.0%
International Equity	17.0	24.0
Fixed Income	21.0	19.0
Real Assets	16.0	16.0
Private Markets	7.0	2.0
- Private Equity	5.0	0.0
- Hedge Funds	2.0	2.0
Total Target	100.0%	100.0%

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

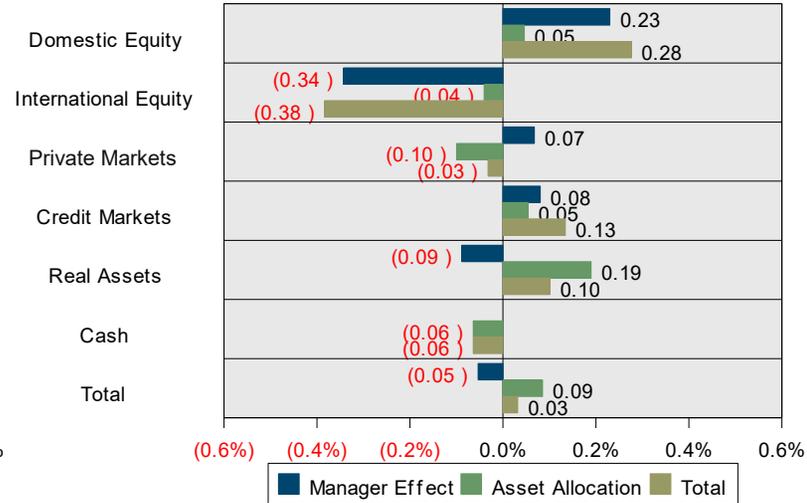
Total Fund Relative Attribution – Q2 2025

June 30, 2025

Actual vs Target Returns



Relative Attribution by Asset Class



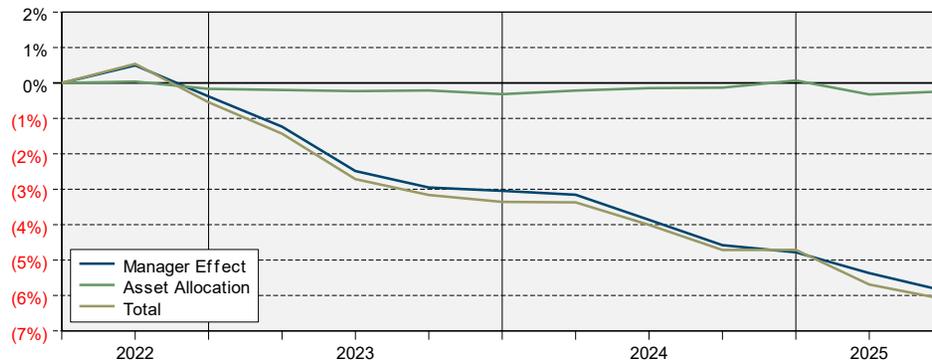
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	40%	39%	11.56%	10.99%	0.23%	0.05%	0.28%
International Equity	23%	24%	11.23%	12.71%	(0.34%)	(0.04%)	(0.38%)
Private Markets	4%	2%	4.51%	2.85%	0.07%	(0.10%)	(0.03%)
Credit Markets	18%	19%	1.65%	1.21%	0.08%	0.05%	0.13%
Real Assets	13%	16%	0.54%	1.20%	(0.09%)	0.19%	0.10%
Cash	1%	0%	0.99%	0.99%	0.00%	(0.06%)	(0.06%)
Total			7.85%	7.82%	(0.05%)	0.09%	0.03%

Benchmark definitions included in the Appendix.

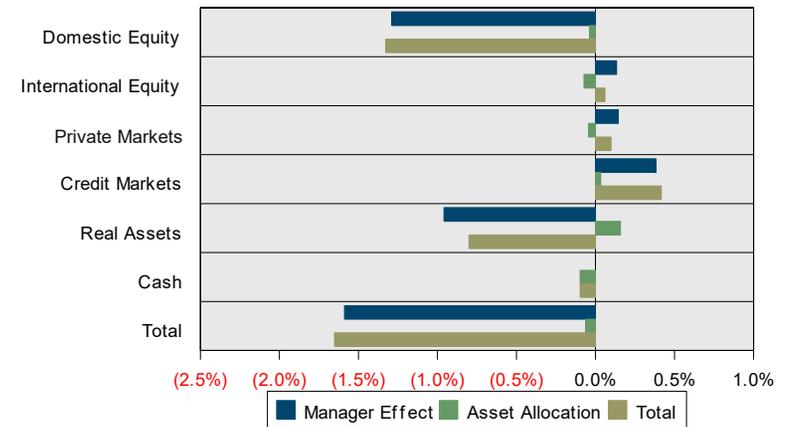
Total Fund Relative Attribution – 3 Years

June 30, 2025

Cumulative Relative Attribution Effects



3-Year Annualized Relative Attribution Effects



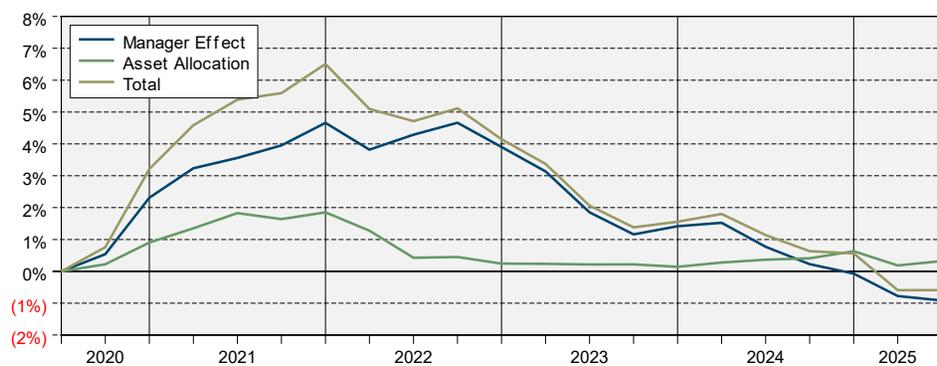
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	15.61%	19.08%	(1.29%)	(0.04%)	(1.33%)
International Equity	24%	24%	14.46%	13.92%	0.13%	(0.07%)	0.06%
Private Markets	3%	3%	13.34%	8.72%	0.14%	(0.05%)	0.10%
Credit Markets	18%	19%	4.58%	2.55%	0.38%	0.03%	0.42%
Real Assets	14%	16%	(4.11%)	1.74%	(0.96%)	0.16%	(0.80%)
Cash	1%	0%	4.50%	4.50%	0.00%	(0.10%)	(0.10%)
Total					10.10% = 11.75% + (1.59%) + (0.06%)		(1.65%)

Benchmark definitions included in the Appendix.

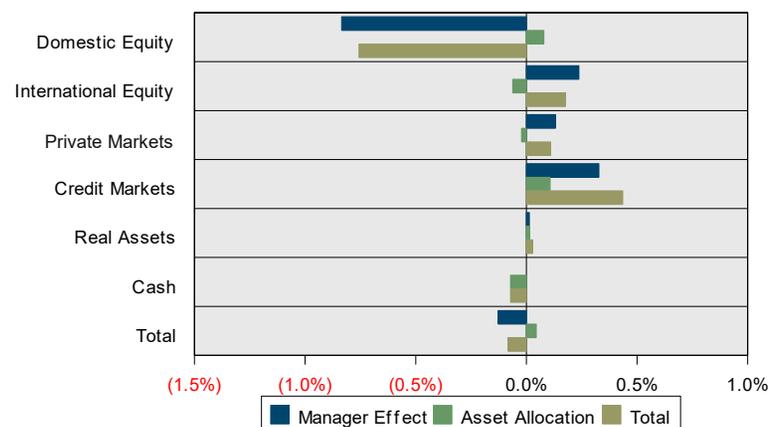
Total Fund Relative Attribution – 5 Years

June 30, 2025

Cumulative Relative Attribution Effects



5-Year Annualized Relative Attribution Effects



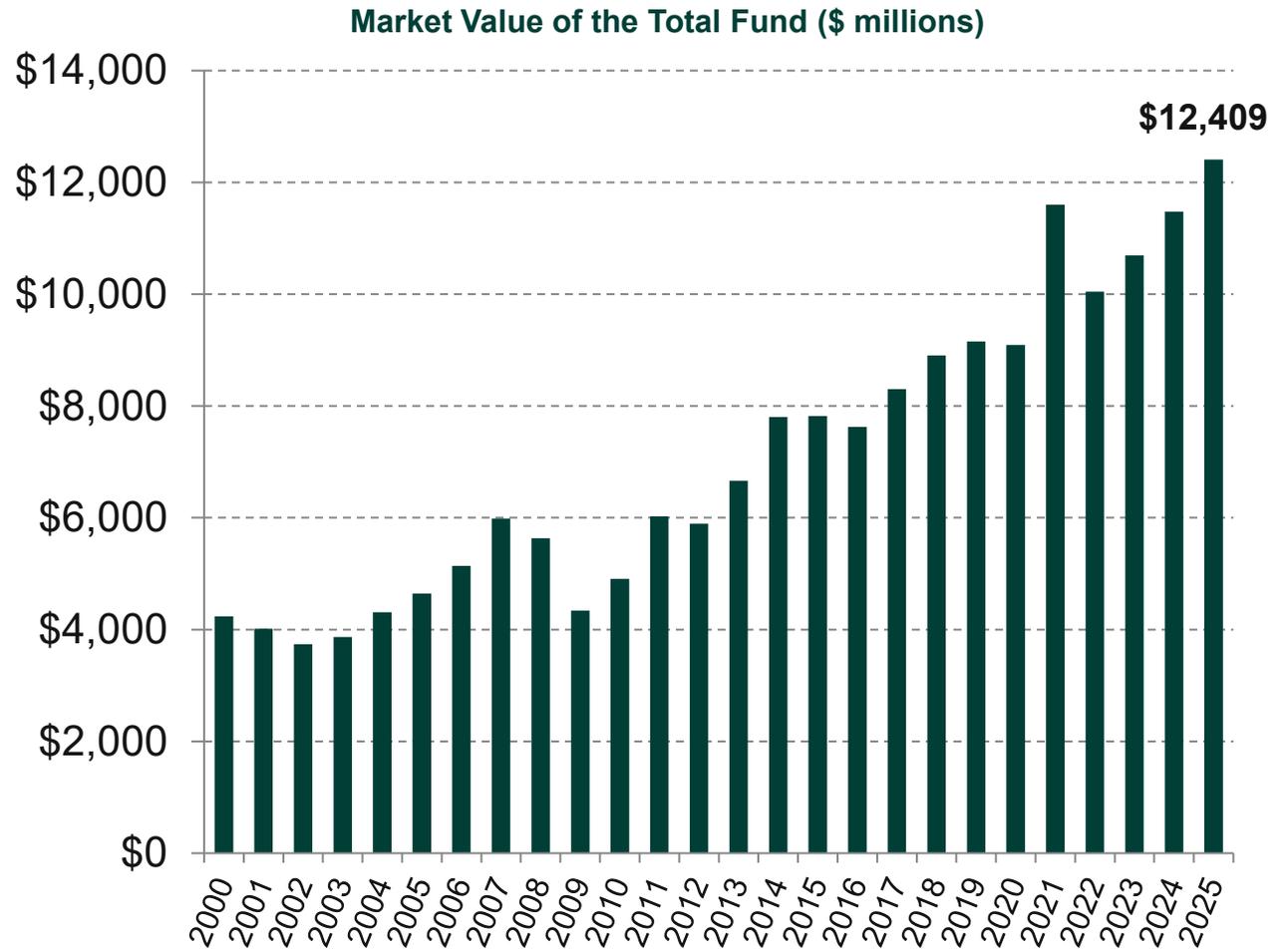
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	40%	38%	13.75%	15.96%	(0.83%)	0.08%	(0.76%)
International Equity	25%	24%	10.51%	9.57%	0.24%	(0.06%)	0.18%
Private Markets	4%	4%	10.26%	6.55%	0.13%	(0.02%)	0.11%
Credit Markets	17%	18%	1.12%	(0.73%)	0.33%	0.11%	0.44%
Real Assets	13%	16%	6.25%	5.43%	0.01%	0.01%	0.03%
Cash	1%	0%	2.78%	2.78%	0.00%	(0.07%)	(0.07%)
Total			9.43%	9.51%	(0.13%)	0.05%	(0.08%)

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
2025	\$12,409,065,645



Asset Distribution Across Investment Managers

June 30, 2025

	June 30, 2025			March 31, 2025		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equity	\$5,189,149,321	41.82%	\$(18,490,202)	\$538,685,578	\$4,668,953,945	40.33%
CastleArk Mgmt. LLC	773,952,521	6.24%	(812,117)	111,518,903	663,245,735	5.73%
Mellon S&P 500 Index Fd	716,509,422	5.77%	(18,391)	70,672,194	645,855,619	5.58%
Horrell Capital - Passive	225,903,502	1.82%	(89,122)	4,892,653	221,099,972	1.91%
Mellon Large Cap Value	179,583,716	1.45%	(6,732)	6,572,586	173,017,863	1.49%
Boston Partners LCV	418,054,869	3.37%	(272,986)	26,060,650	392,267,206	3.39%
Mellon Large Cap Growth	441,188,540	3.56%	(11,687)	67,224,348	373,975,878	3.23%
CastleArk LCG	78,783,043	0.63%	(82,097)	11,831,407	67,033,733	0.58%
Wellington Management	417,161,039	3.36%	(303,097)	12,974,223	404,489,913	3.49%
William Blair LCG	536,409,053	4.32%	(310,274)	81,343,020	455,376,307	3.93%
Stephens Mid Cap Growth	488,222,770	3.93%	(479,020)	71,724,472	416,977,318	3.60%
LSV Asset Management	272,895,915	2.20%	(15,397,410)	8,331,542	279,961,782	2.42%
Stephens Investment Mgmt.	191,214,783	1.54%	(302,756)	21,728,139	169,789,400	1.47%
Froley Revy Investment	449,270,148	3.62%	(404,512)	43,811,442	405,863,218	3.51%
International Equity	\$2,868,358,431	23.12%	\$(121,091,639)	\$299,666,808	\$2,689,783,262	23.24%
Artisan Intl Value CIT	810,910,962	6.53%	(1,496,686)	47,853,109	764,554,538	6.60%
Artisan Partners	2,917,877	0.02%	(119,692)	266,350	2,771,219	0.02%
Mellon ACWI ex US Fund	622,530,286	5.02%	(30,069,120)	69,338,978	583,260,429	5.04%
Baillie Gifford Overseas	353,721,491	2.85%	(50,393,644)	39,862,551	364,252,584	3.15%
Lazard Asset Mgmt.	634,883,409	5.12%	(38,414,643)	85,162,539	588,135,513	5.08%
Acadian ACW ex US SmallCap	263,269,832	2.12%	(332,158)	37,378,438	226,223,552	1.95%
Franklin Templeton Intl SmallCap	180,124,573	1.45%	(265,695)	19,804,842	160,585,427	1.39%
Credit Markets	\$2,133,307,422	17.19%	\$(1,018,917)	\$34,585,424	\$2,099,740,916	18.14%
DoubleLine Capital	670,946,034	5.41%	(311,279)	11,074,354	660,182,959	5.70%
MacKay Shields	732,905,409	5.91%	(358,113)	12,950,551	720,312,971	6.22%
PGIM	729,455,979	5.88%	(349,525)	10,560,519	719,244,986	6.21%
Private Markets	\$518,324,596	4.18%	\$36,642,418	\$21,118,483	\$460,563,695	3.98%
Private Equity	\$248,722,031	2.00%	\$37,318,448	\$11,467,056	\$199,936,527	1.73%
Blue Owl Digital Infrs III	19,617,069	0.16%	19,617,069	0	-	-
HarbourVest Dover XI	173,550,701	1.40%	17,701,379	11,953,446	143,895,876	1.24%
Neuberger Berman Fund of One	55,554,261	0.45%	0	(486,390)	56,040,651	0.48%
Hedge Funds	\$269,602,565	2.17%	\$(676,030)	\$9,651,427	\$260,627,168	2.25%
Blackstone Alt. Asset Mgmt	269,602,565	2.17%	(676,030)	9,651,427	260,627,168	2.25%

Asset Distribution Across Investment Managers

June 30, 2025

	June 30, 2025			March 31, 2025		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Real Assets	\$1,530,849,068	12.34%	\$(23,629,274)	\$8,078,101	\$1,546,400,241	13.36%
REITS	\$28,611,813	0.23%	\$(3,589)	\$(495,636)	\$29,111,039	0.25%
MCM EB DV Non-SL REIT Fd	28,611,813	0.23%	(3,589)	(495,636)	29,111,039	0.25%
Core/Core-Plus Real Estate	\$969,373,110	7.81%	\$(45,620,718)	\$11,195,689	\$1,003,798,139	8.67%
Carlyle Property Investors	80,894,333	0.65%	(657,862)	797,804	80,754,390	0.70%
Clarion Lion Industrial Trust	79,591,904	0.64%	(479,752)	2,474,214	77,597,442	0.67%
Invesco Real Estate	426,468,978	3.44%	(28,027,410)	2,005,401	452,490,988	3.91%
Heitman Real Estate Tr LP	296,851,758	2.39%	(15,374,724)	4,471,792	307,754,690	2.66%
Principal Enh. Property Fd	85,566,137	0.69%	(1,080,970)	1,446,478	85,200,629	0.74%
Non-Core Real Estate	\$333,605,953	2.69%	\$19,137,805	\$(2,040,554)	\$316,508,702	2.73%
Harrison Street Fund VIII	44,932,768	0.36%	146,760	(300,320)	45,086,328	0.39%
Harrison Street Fund IX	35,982,956	0.29%	2,655,029	(299,746)	33,627,673	0.29%
Heitman Value Partners IV	25,231,431	0.20%	(68,350)	1,020,010	24,279,772	0.21%
LaSalle Inc & Growth VI LP	3,357,597	0.03%	0	69,323	3,288,274	0.03%
LaSalle Inc & Growth VII LP	10,748,113	0.09%	(40,083)	(1,754,709)	12,542,905	0.11%
NB Real Estate Secondary Opps II	20,008,495	0.16%	0	0	20,008,495	0.17%
Starwood SOF XII	57,391,925	0.46%	(3,006,678)	694,128	59,704,475	0.52%
Stepstone Real Estate Partners V	17,251,501	0.14%	17,251,501	0	-	-
TA Realty XI	57,989	0.00%	(580)	2,807	55,762	0.00%
TA Realty XII	52,655,103	0.42%	(4,498,198)	(1,862,901)	59,016,202	0.51%
TA Realty XIII	65,988,075	0.53%	6,698,404	390,854	58,898,817	0.51%
Farmland	\$96,776,444	0.78%	\$(466,591)	\$1,130,978	\$96,112,057	0.83%
IFC Core Farmland Fund	52,005,147	0.42%	(340,598)	1,041,901	51,303,844	0.44%
PGIM Agriculture	44,771,297	0.36%	(125,993)	89,077	44,808,213	0.39%
Timber	\$97,431,405	0.79%	\$(1,726,523)	\$(1,712,375)	\$100,870,304	0.87%
Pinnacle	97,431,405	0.79%	(1,726,523)	(1,712,375)	100,870,304	0.87%
Cash	\$169,076,808	1.36%	\$57,217,295	\$997,454	\$110,862,059	0.96%
Composite Fund	\$12,409,065,645	100.00%	\$(70,370,319)	\$903,131,846	\$11,576,304,118	100.00%

Investment Manager Returns – Net of Fees

June 30, 2025

	Q2 2025	Fiscal Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
Domestic Equity	11.48%	12.84%	15.26%	13.38%
Russell 3000 Index	10.99%	15.30%	19.08%	15.96%
Pub Pln- Dom Equity	10.18%	13.98%	17.61%	15.34%
CastleArk	16.69%	5.63%	19.77%	15.93%
Russell 3000 Growth Index	17.55%	16.89%	25.07%	17.55%
Callan All Cap Broad	8.47%	14.58%	17.69%	15.87%
Mellon S&P 500 Index Fd	10.94%	15.16%	19.70%	16.63%
S&P 500 Index	10.94%	15.16%	19.71%	16.64%
Callan Large Cap Core	11.17%	13.18%	19.39%	16.44%
Horrell Capital - Passive	2.17%	8.04%	12.00%	13.78%
Bloomberg Arkansas Index	0.53%	(7.80%)	5.95%	16.94%
S&P 500 Index	10.94%	15.16%	19.71%	16.64%
Callan All Cap Broad	8.47%	14.58%	17.69%	15.87%
Boston Partners LCV	6.57%	-	-	-
Russell 1000 Value Index	3.79%	13.70%	12.76%	13.93%
Callan Large Cap Value	4.32%	13.15%	13.89%	15.84%
Mellon Large Cap Value	3.79%	-	-	-
Russell 1000 Value Index	3.79%	13.70%	12.76%	13.93%
Callan Large Cap Value	4.32%	13.15%	13.89%	15.84%
CastleArk LCG	17.53%	-	-	-
Russell 1000 Growth Index	17.84%	17.22%	25.76%	18.15%
Callan Large Cap Growth	17.17%	15.95%	24.78%	15.87%
Mellon Large Cap Growth	17.97%	17.30%	-	-
Russell 1000 Growth Index	17.84%	17.22%	25.76%	18.15%
Callan Large Cap Growth	17.17%	15.95%	24.78%	15.87%
Wellington Management	3.13%	10.05%	12.82%	14.32%
Russell 1000 Value Index	3.79%	13.70%	12.76%	13.93%
Callan Large Cap Value	4.32%	13.15%	13.89%	15.84%
William Blair LCG	17.79%	10.91%	-	-
Russell 1000 Growth Index	17.84%	17.22%	25.76%	18.15%
Callan Large Cap Growth	17.17%	15.95%	24.78%	15.87%
Stephens Mid Cap Growth	17.09%	18.76%	-	-
Russell MidCap Growth Idx	18.20%	26.49%	21.46%	12.65%
Callan Mid Cap Growth	18.16%	17.17%	15.28%	9.70%
LSV Asset Management	2.96%	4.57%	10.54%	16.65%
Russell 2000 Value Index	4.97%	5.54%	7.45%	12.47%
Callan Small Cap Value	4.26%	5.86%	9.70%	15.37%
Stephens Investment Mgmt.	12.62%	12.37%	13.52%	8.77%
Russell 2000 Growth Index	11.97%	9.73%	12.38%	7.42%
Callan Small Cap Growth	11.57%	7.27%	11.66%	8.63%
Froley Rev y Investment	10.69%	15.23%	9.29%	8.27%
ML All Conv	8.88%	15.95%	10.84%	9.52%
Morningstar Convertibles	9.01%	15.71%	9.77%	7.90%

Benchmark definitions included in the Appendix.

Investment Manager Returns – Net of Fees

June 30, 2025

	Q2 2025	Fiscal Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
International Equity	11.10%	15.11%	14.05%	10.12%
Benchmark*	12.71%	17.83%	13.92%	9.57%
Pub Pln- Intl Equity	12.12%	17.98%	14.54%	10.59%
Artisan Intl Value CIT	6.06%	-	-	-
MSCI EAFE	11.78%	17.73%	15.97%	11.16%
Callan NonUS Eq	12.06%	19.59%	16.08%	11.57%
Mellon ACWI ex US Fund	12.15%	18.20%	14.30%	10.40%
MSCI ACWI ex US	12.03%	17.72%	13.99%	10.13%
Callan NonUS Eq	12.06%	19.59%	16.08%	11.57%
Baillie Gifford Overseas	10.97%	12.77%	10.48%	3.46%
MSCI ACWIxUS Gross	12.30%	18.37%	14.59%	10.68%
Callan NonUS Eq	12.06%	19.59%	16.08%	11.57%
Lazard Asset Mgmt.	14.51%	16.32%	14.23%	10.22%
MSCI ACWIxUS Gross	12.30%	18.37%	14.59%	10.68%
Callan NonUS Eq	12.06%	19.59%	16.08%	11.57%
Acadian ACW ex US SmallCap	16.38%	22.26%	16.85%	-
MSCI ACWI ex US Small Cap	16.93%	18.34%	13.46%	10.74%
Callan Intl Small Cap	17.78%	23.85%	15.00%	10.67%
Franklin Templeton Intl SmallCap	12.17%	9.51%	8.94%	-
MSCI ACWI ex US Small Cap	16.93%	18.34%	13.46%	10.74%
Callan Intl Small Cap	17.78%	23.85%	15.00%	10.67%

Benchmark definitions included in the Appendix.

Investment Manager Returns – Net of Fees

June 30, 2025

	Q2 2025	Fiscal Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
Private Markets	3.49%	9.28%	11.33%	8.75%
Private Equity	3.52%	6.31%	-	-
Private Equity Benchmark*	(3.87%)	10.26%	-	-
HarbourVest Dover XI	5.45%	7.19%	-	-
Neuberger Berman Fund of One Benchmark*	(0.87%) (3.87%)	4.15% 10.26%	-	-
Hedge Funds of Funds	3.44%	11.06%	8.93%	8.02%
HFRI FOF: Diversified Index**	2.86%	7.28%	8.72%	6.55%
Blackstone Alt. Asset Mgmt. HFRI FOF: Diversified Index***	3.44% 2.86%	11.06% 7.28%	8.93% 6.41%	8.02% 3.86%
Callan Core Diversif FoF	3.07%	9.91%	8.29%	7.63%
Credit Markets	1.60%	7.34%	4.37%	0.92%
Blmbg Aggregate Index	1.21%	6.08%	2.55%	(0.73%)
Pub Pln- Dom Fixed	1.41%	6.48%	3.67%	0.57%
DoubleLine Capital	1.63%	7.39%	3.95%	0.88%
MacKay Shields	1.75%	7.80%	4.86%	1.33%
PGIM	1.42%	6.85%	4.29%	0.55%
Blmbg Aggregate Index	1.21%	6.08%	2.55%	(0.73%)
Callan Core Plus FI	1.57%	6.96%	3.89%	0.65%

Benchmark definitions included in the Appendix.

Investment Manager Returns – Net of Fees

June 30, 2025

	Q2 2025	Fiscal Year	Last 3 Years	Last 5 Years
NET OF FEE RETURNS				
Real Assets	0.36%	0.96%	(4.70%)	5.33%
Real Assets Benchmark**	1.20%	4.23%	1.74%	5.43%
REITS	(1.71%)	8.03%	4.59%	8.46%
S&P DJ US Select REIT	(1.71%)	8.09%	4.77%	8.55%
MCM EB DV Non-SL REIT Fd	(1.71%)	8.03%	4.59%	8.46%
S&P DJ US Select REIT	(1.71%)	8.09%	4.77%	8.55%
Callan Real Estate REIT	(0.65%)	9.71%	5.16%	8.49%
Core/Core-Plus Real Estate	0.96%	0.76%	(6.18%)	2.90%
NCREIF NFI-ODCE Eq Wt Net	0.84%	2.47%	(6.31%)	2.74%
Callan OE Core Cmngld RE	1.23%	3.11%	(5.36%)	3.05%
Invesco Real Estate	0.37%	(1.44%)	(7.56%)	1.48%
Heitman Real Estate Trust LP	1.34%	2.94%	(4.96%)	4.53%
Carlyle Property Investors	0.74%	0.97%	-	-
Clarion Lion Industrial Trust	2.57%	2.03%	-	-
Principal Enhanced Property Fd	1.42%	3.77%	-	-
NFI-ODCE Equal Weight Net	0.84%	2.47%	(6.31%)	2.74%
Callan OE Core Cmngld RE	1.23%	3.11%	(5.36%)	3.05%
Non-Core Real Estate	(0.66%)	3.42%	(4.62%)	7.03%
NCREIF Total Index	1.20%	4.23%	(2.75%)	3.70%
Harrison Street Fund VIII	(1.00%)	(6.21%)	1.65%	-
Harrison Street Fund IX	(0.21%)	7.29%	-	-
Heitman Value Partners IV	3.92%	6.47%	4.00%	13.14%
LaSalle Inc & Growth VI LP	2.11%	(27.03%)	(25.57%)	(17.38%)
LaSalle Inc & Growth VII LP	(14.31%)	(24.77%)	(33.18%)	(16.06%)
NB Real Estate Secondary Opps II	0.00%	-	-	-
Starwood SOF XII	0.78%	7.42%	4.85%	-
TA Realty XII	(2.92%)	(4.36%)	(4.87%)	10.45%
TA Realty XIII	0.63%	37.46%	-	-
NCREIF Total Index	1.20%	4.23%	(2.75%)	3.70%
Farmland	0.69%	(1.92%)	0.31%	-
IFC Core Farmland Fund	1.37%	3.04%	-	-
PGIM Agriculture	(0.08%)	(7.30%)	(3.83%)	-
NCREIF Farmland Index	0.33%	(1.17%)	3.12%	4.77%
Timber	(1.93%)	(0.94%)	8.03%	7.50%
Pinnacle	(1.93%)	(0.94%)	8.03%	7.50%
NCREIF Timberland Index	1.44%	5.32%	8.74%	8.22%
Cash	0.99%	4.70%	4.50%	2.78%
Total Fund	7.71%	10.63%	9.67%	8.98%
Callan Public Fund Spr DB	6.85%	11.25%	10.23%	9.28%
Total Fund ex Cash	7.78%	10.69%	9.72%	9.02%
Benchmark*	7.82%	12.43%	11.75%	9.51%
Callan Public Fund Spr DB	6.85%	11.25%	10.23%	9.28%

Benchmark definitions included in the Appendix.

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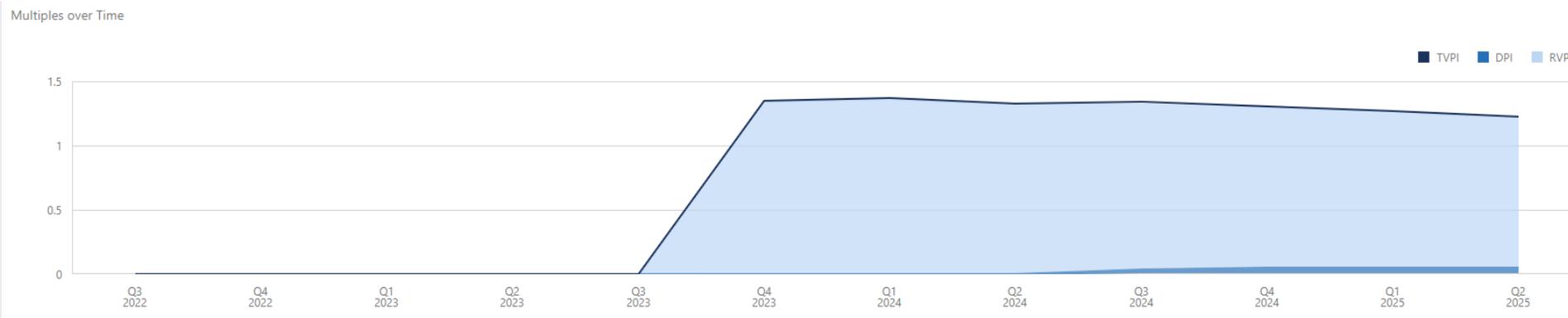


A PRESENTATION FROM STEPHENS CAPITAL MANAGEMENT

Arkansas PERS Private Equity Program

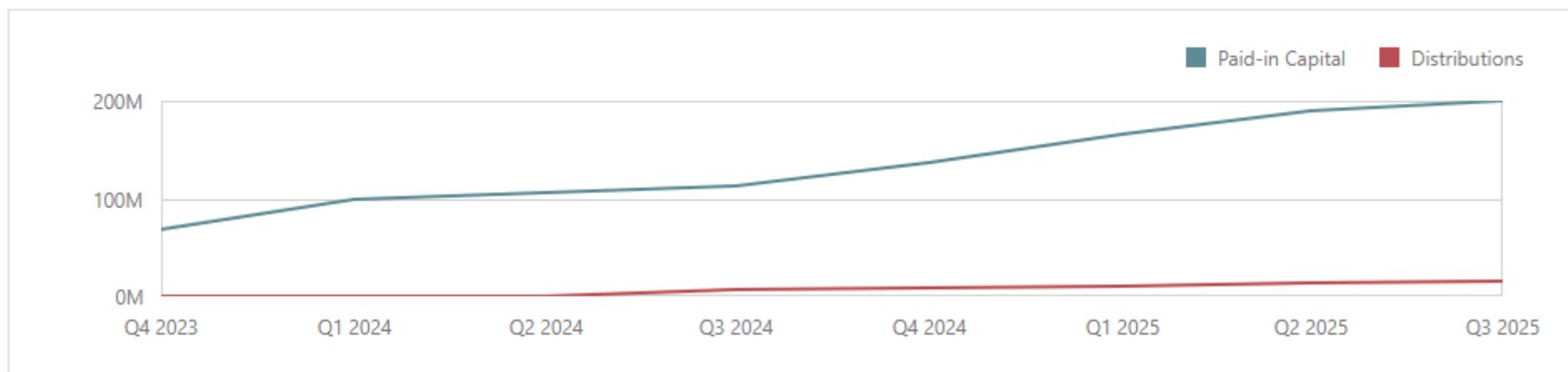
Second Quarter 2025 Update

Since Inception Multiples Over Time



Cash Flows Over Time

Cumulative Cash Flows Since Inception



⁴ Investment is Liquidated as of the Report End Date

🔄 indicates that the valuation has been rolled forward.

Missing performance values indicate insufficient cash flows or incalculable results.

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

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

Private Equity Snapshot as of 6/30/25

IRR and Performance Multiples

(Inception to Date | Roll Forward | Base)

Stephens

End Date: 6/30/2025

Selected Investments

Base Currency: USD

Investment			Transactions		Valuation	Performance			
Investment	Closing Date	Commitment	Paid-In Capital	Distributions	Valuation	IRR	TVPI	DPI	RVPI
APERS NB FOO									
1 NB Arkansas PERS FOO LP	10/17/2023	450,000,000	45,800,000	0	55,567,081	19.73	1.21	0.00	1.21
Total: APERS NB FOO		450,000,000	45,800,000	0	55,567,081	19.73	1.21	0.00	1.21
APERS Private Investment Program									
2 Dover Street XI L.P.	9/30/2022	400,000,000	144,620,383	12,894,545	173,550,701 	29.92	1.29	0.09	1.20
Total: APERS Private Investment Program		400,000,000	144,620,383	12,894,545	173,550,701	29.92	1.29	0.09	1.20
Total Investments:	2	850,000,000	190,420,383	12,894,545	229,117,782	27.31	1.27	0.07	1.20

⁴ Investment is Liquidated as of the Report End Date

 indicates that the valuation has been rolled forward.

Missing performance values indicate insufficient cash flows or incalculable results.

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

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

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Pie Chart slices labeled as "OTHER" may include securities classified as other by the provider of asset classification data, as well as securities that did not fit in the other slices displayed.

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APERS

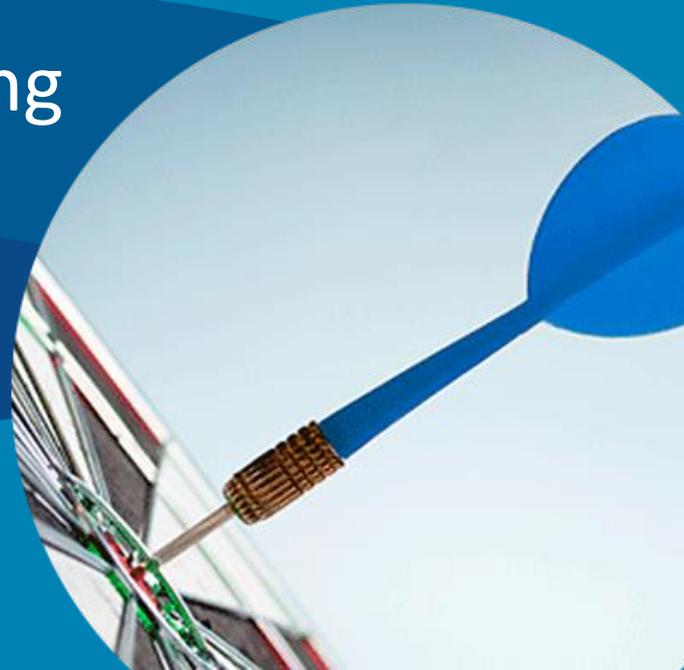
Preliminary Valuation Results

June 30, 2025

September 10, 2025 Board Meeting

Presented by: Heidi G. Barry, ASA, FCA, MAAA

Mita D. Drazilov, ASA, FCA, MAAA



Agenda

- Preliminary results for the June 30, 2025 actuarial valuation
 - Overview
 - Participant Data
 - Funding Value of Assets
 - APERS Funded Ratio
 - Preliminary Employer Contribution Rate
 - Summary
 - Appendix

Overview

- The purpose of the June 30, 2025 actuarial valuation is twofold:
 - Determine the employer contribution rate for the 12-month period beginning July 1, 2027
 - Determine the financial position of APERS (i.e., funded ratio) as of June 30, 2025
- The purpose of presenting the June 30, 2025 preliminary valuation results is twofold:
 - Presents the preliminary computed employer contribution rate based upon the “layered” amortization method for amortizing the Unfunded Actuarial Accrued Liability (UAAL)
 - Allows the Board to consider modifying the minimum employer contribution rate (i.e., 15.32% of payroll) and/or adopt a maximum employer contribution rate in accordance with the Board’s Funding Policy

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
6/30/16	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%
6/30/25	43,490	2,207.6	50,761	4.0%	43,148	1.0	755.9	34.2%



Participant Data (Concluded)

- There are 39,494 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, 2027 will be 6.50% of payroll
 - There are 27,417 members hired prior to July 1, 2022 and 12,077 members hired on or after July 1, 2022
 - Members hired on or after July 1, 2022 have different benefit provisions for FAC and COLAs
- There are 3,996 members who participate in the Non-Contributory Plan
- There are an additional 1,439 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

Funding Value of Assets

Valuation Date June 30:	2025
A. Funding Value Beginning of Year	\$ 11,237,610,641
B. Market Value End of Year	11,892,700,868
C. Market Value Beginning of Year	11,012,029,201
D. Non-Investment Net Cash Flow	(261,610,734)
E. Investment Income	
E1. Market Total: B - C - D	1,142,282,401
E2. Assumed Rate	7.00%
E3. Amount for Immediate Recognition	\$ 777,579,613
E4. Amount for Phased-In Recognition	364,702,788
F. Phased-In Recognition of Investment Income	
F1. Current Year: 0.25 x E4	91,175,697
F2. First Prior Year	67,874,559
F3. Second Prior Year	21,259,355
F4. Third Prior Year	(471,723,827)
F5. Total Phase-Ins	(291,414,216)
G. Preliminary Funding Value End of Year: A + D + E3 + F5	\$ 11,462,165,304
H. Adjustment to Minimum of 75% of B, Maximum 125% of B	-
I. Funding Value End of Year	\$ 11,462,165,304
J. Difference Between Market & Funding Value	430,535,564
K. Recognized Rate of Return	4.4%
L. Market Rate of Return	10.5%
M. Ratio of Funding Value to Market Value	96%

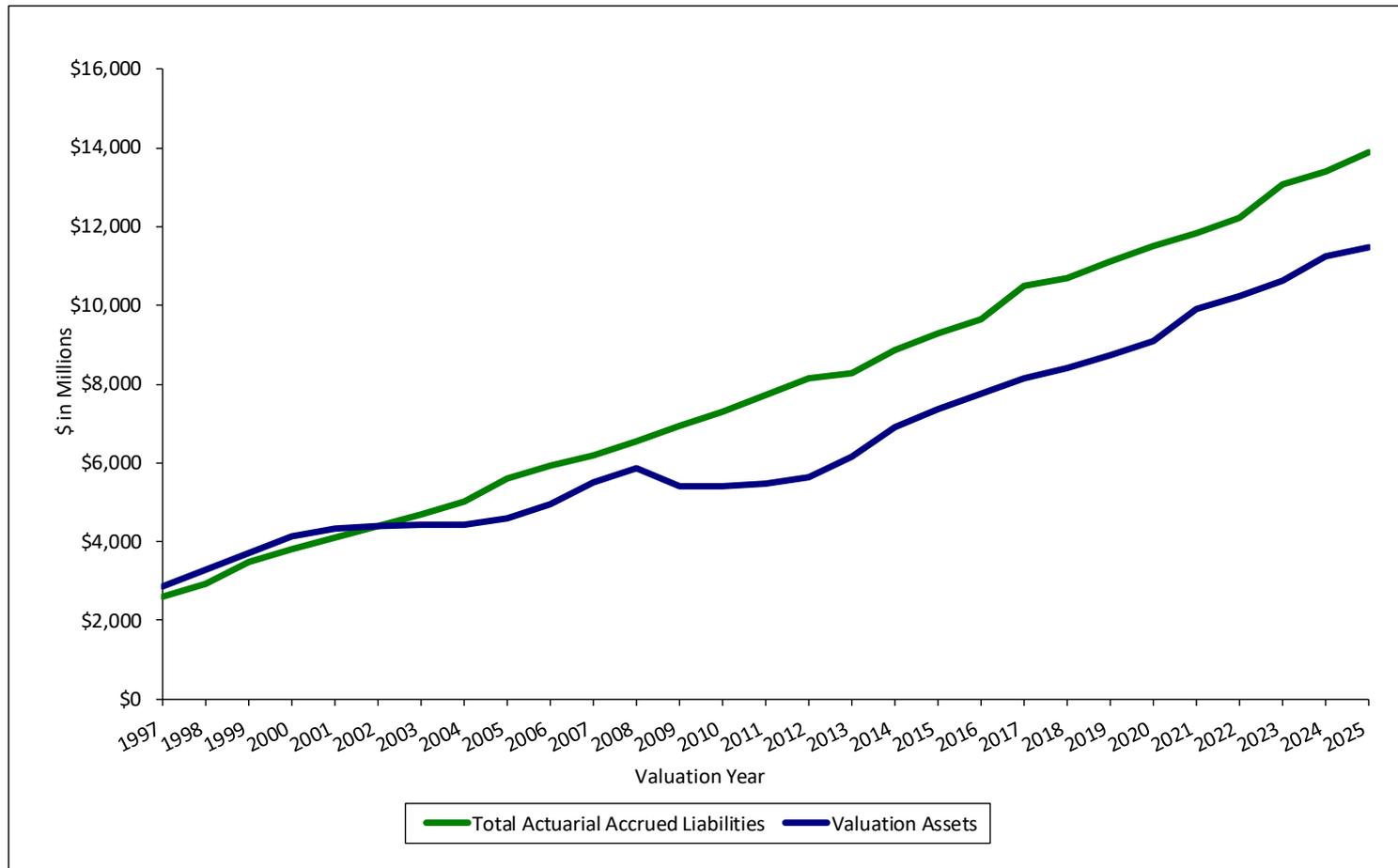
- Funding Value of Assets (FVA) as of June 30, 2024 was \$11,237.6M (row A)
- Non-Investment net cash flow (i.e., dollars in less dollars out) for the System during the calendar year was -\$261.6M (row D)
- The System earned \$1,142.3M (row E1) in investment income during the year versus \$777.6M (row E3) expected
- This additional investment income of \$364.7M (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 -291.4M; row F5) are then recognized in the June 30, 2025 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, 2025 FVA equal to \$11,462.2M (row I)
- As of June 30, 2025 the FVA Value of Assets is 4% lower than the Market Value of Assets (MVA) (row M)



APERS Funded Ratio

- Funding value of assets total \$11.46B
- Actuarial accrued liabilities total \$13.89B
- Unfunded actuarial accrued liabilities total \$2.42B
- The APERS funded ratio on a funding value of assets basis is 83%
 - On a market value of assets basis, the funded ratio is 86%
- The funded ratios were 84% and 82%, respectively, in the previous valuation

APERS Funded Ratio (Concluded)



Preliminary Employer Contribution Rate

Contribution for	Contributions Expressed as %'s of Active Payroll for Fiscal Year Beginning July 1, 2027				
	Non-Contributory	Contributory Hired before July 1, 2022	Contributory Hired on or after July 1, 2022	DROP	Total
Normal Cost:					
Age and service annuities (including DROP and reduced retirement)					8.67%
Separation benefits					2.72%
Disability benefits					0.56%
Death-in-service annuities					0.18%
Administrative expenses					0.40%
Total	9.97%	13.32%	12.00%	9.81%	12.53%
Member contributions	0.00%	6.50%	6.50%	0.00%	5.47%
Employer Normal Cost	9.97%	6.82%	5.50%	9.81%	7.06%
Unfunded Actuarial Accrued Liabilities					7.93% *
Preliminary Computed Employer Contribution Rate					14.99%
Board Adopted Minimum Employer Contribution Rate					15.32%

- The preliminary computed employer contribution rate presented on this slide (i.e., 14.99% of payroll) is before the application of the Board adopted minimum employer contribution rate (15.32%).
- The normal cost portion of the computed employer contribution rate (i.e., 7.06% 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., 7.93% of payroll) is based upon the “layered” amortization method in conjunction with the Board’s adopted funding policy.

* The unfunded actuarial accrued liability and total payroll is projected to the beginning of Fiscal Year 2027 when determining the unfunded amortization rate. Unfunded actuarial accrued liabilities were amortized over multiple amortization periods as shown on the following slide.



Layered Amortization

Source of Unfunded Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability		6/30/2027 UAAL Amount	Remaining Period Beginning 7/1/2027	Amortization Factor	FY 2028 Contribution as a % of Payroll
	Initial Amount	Financing Period				
Initial Unfunded Actuarial Accrued Liability.						
	\$ 2,237,467,492	N/A	\$ 2,111,391,880	15 yrs.	11.433333	7.15%
Changes from experience deviations.						
6/30/2024	\$ (260,752,119)	20	\$ (302,200,723)	19	13.581905	(0.86)%
6/30/2025	\$ 309,843,668	20	\$ 354,740,016	20	14.072825	0.98%
Changes from actuarial assumptions and actuarial cost method revisions.						
6/30/2023	\$ 192,713,806	20	\$ 218,497,984	18	13.073156	0.65%
Changes from amendments to benefit provisions.						
6/30/2025	\$ 712,609	5	\$ 815,866	5	4.507400	0.01%
Totals			<u>\$ 2,383,245,023</u>			<u>7.93%</u>



Summary

- The preliminary computed employer contribution rate for the 12-month period beginning July 1, 2027 is 14.99% of payroll
- In conjunction with the Board's adopted funding policy, the Board may wish to modify the minimum employer contribution rate (i.e., 15.32% of payroll)
 - The Board may or may not do this at this meeting
- The final employer contribution rate for the 12-month period beginning July 1, 2027 will be adopted by the Board at the December Board meeting

THANK YOU



Appendix

Board Adopted Funding Policy (Highlights)

- The Board adopted changes to the Funding Policy at the February 2023 Board meeting
- Amortization Method
 - Beginning with the 2023 annual actuarial valuation, once APERS reaches a 20-year amortization period, the amortization period will remain closed and the remaining UAAL will be amortized over that period
 - Each year, changes in the UAAL due to actuarial gains or losses or from changes to the actuarial assumptions will be amortized over a closed 20-year period
 - Changes in the UAAL due to changes in benefit provisions that would result in an increase in the employer contribution rate shall be amortized over a closed 15-year period for active members and a closed 5-year period for non-active members (i.e., retired members and deferred members)
 - Changes in the UAAL due to changes in benefit provisions that would result in a decrease in the employer contribution rate shall be amortized over a closed 30-year period for active members and a closed 15-year period for non-active members
 - The maximum amortization period to finance the total UAAL shall not exceed 30 years
- Funding Target and Computed Employer Contributions
 - The target funded ratio is 100%
 - The Board has the discretion to establish, change or remove an employer minimum contribution rate and an employer maximum contribution rate

Disclaimers

- This presentation is intended to be used in conjunction with the June 30, 2025 actuarial valuation report. 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 Changes in Fiduciary Net Position for the Period Ending (June 30, 2025)

ADDITIONS	
Contributions	
Employer	\$ 367,602,599
Employee	114,383,954
Total Contributions	<u>481,986,553</u>
Investment Income	
Investment Income	1,231,560,627
Less: Investment Expense	<u>(86,538,463)</u>
Net Investment Income	1,145,022,164
Other Additions	
Transfers from Teachers and Highway	2,771,075
Miscellaneous Additions	771,589
Miscellaneous Administrative Transfers	<u>285,772</u>
Total Other Additions	<u>3,828,436</u>
TOTAL ADDITIONS	1,630,837,153
DEDUCTIONS	
Benefits	713,837,982
Refund of Contributions	20,712,396
Administrative Expense	<u>13,486,135</u>
TOTAL DEDUCTIONS	<u>748,036,514</u>
NET INCREASE/(DECREASE)	882,800,639
ADJUSTMENTS	
Actuarial Adjustment to DJ Unfunded Liability	<u>(59,077)</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of Year	<u>11,044,957,481</u>
End of 4th Quarter	<u>\$ 11,927,699,043</u>



SFY2025

ASSURANCE OFFICER

REPORT

September 10, 2025

**APERS SFY2025
Assurance Officer Report**

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- Audit Area – Internal and External Training
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- Special Projects – Culture and Working Environment Follow-Up

**APERS SFY2025
Assurance Officer Report**

Dear Board of Trustees,

I am pleased to present the Arkansas Public Employees Retirement System (APERS) Assurance Officer Report for State Fiscal Year (SFY) 2025. This report provides an Agency Description, Agency Function, and Audit Report Summary, which includes the List of Audits, Audit Results, and Audit Recommendations.

Detailed information for each completed audit is provided in this report's Supplemental Information section.

The assurance officer executes all audits to ensure that:

- Compliance with applicable laws and regulations
- Reliability and integrity of financial and operational information
- Safeguarding of assets
- Effectiveness and efficiency of operations

Furthermore, the assurance officer conducts all activities to achieve the overall goal of internal assurance: adding value and improving agency operations.



Assurance Officer/Internal Auditor, APERS

**APERS SFY2025
Assurance Officer Report**

AGENCY FUNCTION

The Arkansas Public Employees Retirement System provides present and future retirement benefits for its members, members' survivors, and members' beneficiaries.

AGENCY DESCRIPTION

Agency Origins

The Arkansas Public Employees Retirement System (APERS), formerly the Arkansas State Employees Retirement System, was established by the General Assembly in 1957 as a multi-employer defined benefit retirement plan for State of Arkansas employees (via Act 77 of 1957). From 1957 through 1965, county employers (via Act 42 of 1959), municipal employers (via Act 64 of 1961), college and university employers (via Act 149 of 1963), non-teaching public school employers (via Act 63 of 1965), and Arkansas District Judges (via Act 177 of 2007), all joined the system.

APERS is governed by the Board of Trustees of the Arkansas Public Employees Retirement System (The Board), which comprises nine members.

APERS' assurance officer administratively reports to the executive director of APERS and functionally reports to the Board.

Agency Function

The agency's function is to administer a retirement system for the State of Arkansas employees and participating public employers.

Budget and Personnel Information

APERS' operations are appropriated and funded by the agency's trust funds, and the agency receives no direct appropriation of general or special revenues from the state. On an annual basis, the Legislature enacts line-item appropriations for personnel, operational expenses, equipment, travel, supplies, and professional consulting services.

APERS has 85 authorized positions and routinely has between 62 and 72 filled at any time.

APERS has four divisions and 13 functional units. A member of the Executive Team heads each division.

Agency Divisions

APERS' divisions of responsibilities are as follows:

- **Executive Division** – comprises the Executive Team, Social Security, Legal, and Internal Assurance.
 - **Executive Team**
Includes the APERS Executive Director, Deputy Director of Benefits Administration, Deputy Director of Investments and Finance, and Deputy Director of Operations.
 - **Social Security**
Responsible for dealing with issues regarding social security for state agencies.

**APERS SFY2025
Assurance Officer Report**

- **Legal**
Responsible for handling all legal matters within APERS

- **Internal Assurance**
Responsible for conducting internal audits and consulting engagements within APERS.

- **Operations Division** - comprises the Public Affairs, Human Resources, Digital Services, and Information Technology Services units.
 - **Public Affairs**
Responsible for the agency website, social media presence, retirement support center, training, and outreach.

 - **Human Resources**
Responsible for personnel management, payroll, recruitment, office policy management, employee orientation, and employee benefit programs.

 - **Digital Services**
Responsible for digitizing all agency documents and staffing the agency reception desk.

 - **Information Technology Services**
Responsible for the agency's data processing, information technology, and information security.

- **Benefits Administration Division** - comprises Member Services, Retiree Services, and Employer Services.
 - **Member Services**
The Member Services Section serves members and former members on all pre-retirement requests, including service verifications, reciprocal service, service credit purchases, benefit estimates, and benefit applications.

 - **Retiree Services**
The Retiree section serves retirees and survivors on all post-retirement requests, including benefit verifications, demographic changes, annuity option changes, deduction changes, and direct deposit authorizations.

 - **Employer Services**
The Employer Services Section assists participating public employers in fulfilling their requirements for member enrollment, compensation and service reporting, contribution remittance, and employer enrollment.

Investment and Finance Division – comprises Investments and Finance.

- **Investments**

**APERS SFY2025
Assurance Officer Report**

Responsible for monitoring external consultants such as investment managers and the trust fund's custodian bank. The investment managers provide daily, monthly, and annual reports on APERS' investments in domestic equities, international equities, fixed income, and alternative investments.

- **Finance**

Responsible for general accounting, budgeting, and agency purchasing activities.

Administration of Additional Plans

The staff of APERS is responsible by law for administering multiple retirement systems in addition to the APERS plan. Each plan is separately funded and has a separate and distinct benefit established by law. Those plans are listed below:

- **Arkansas Judicial Retirement System (AJRS)**—A separate Board of Trustees governs this system, which benefits retired members of state Circuit Courts, the Court of Appeals, and the Supreme Court.
- **Arkansas State Police Retirement System (ASPRS)** – A separate Board of Trustees governs this system and provides benefits for retired officers of the Arkansas State Police.
- **Arkansas District Judges Retirement System (ADJRS)** – This closed plan was abolished, and its powers, duties, and plan liabilities were transferred to APERS.
- **Closed Local Plans** – APERS administers the benefits to retirees of several closed local retirement funds for municipal judges and court clerks.

**APERS SFY2025
Assurance Officer Report**

AUDIT REPORT SUMMARY

The Assurance Officer undertook

- List of Audits:
1. Benefit Calculations – completed January 2025
 2. LOPFI Reciprocal Service – completed May 2025
 3. Option/QDRO Change in June Affecting COLAs – completed June 2025
 4. Internal and External Training – completed July 2025
- Consulting Engagements:
1. Overpayment Consulting Engagement – completed November 2024
- Special Projects:
1. Culture and Working Environment Follow-up – completed June 2025

SUPPLEMENTAL INFORMATION SECTION

AUDIT AREA: Benefit Calculations

Scope:	Benefit calculations during FY24 (July 2023 through June 2024)
Audit Objective(s):	<ul style="list-style-type: none">• Determine if APERS Benefit Counselors correctly calculate benefits for new retirees, including normal retirement, disability, and DROP entry.• Determine that members are only allowed to begin receiving benefits under circumstances allowed in APERS rules.
Methodology:	Procedures for reviewing Benefit Calculations included testing 132 of the 2,629 unique records queried. All 132 records were thoroughly tested by manually calculating years of service and benefits.
Overall Evaluation:	Of the 132 records tested, 6% contained some level of error. Three of the issues were system failures. One had already been corrected without a request, and the others are actively being researched for corrective action. One issue did not have a definitive cause. Confidence in the calculation of benefits is essential for our agency. I recommend that this audit be repeated annually to ensure processes operate as expected and counselors know situations requiring more attention.
Observations:	<p>The Approve/Deny—APERS Medical Board (UID 330) letter included multiple paragraphs indicating that the member had chosen two options (which is not possible): Option B and Straight Life. <i>Action Taken:</i> Jennifer Taylor confirmed the error and submitted a ticket to correct this issue. A resolution was achieved in November 2024.</p> <p>A member was able to enter DROP with only 27 years and 11 months of service. <i>Action Taken to Date:</i> Jennifer Taylor requested a query to identify any other such instances. Two additional instances were identified, and those instances are being corrected. Ms. Taylor conducted extensive testing to determine if the issue could be replicated. The system did not allow the issue to be reproduced, concluding that the problem had been corrected even though we had not requested a fix.</p>

**APERS SFY2025
Assurance Officer Report**

An issue was identified with service credit not appearing for some accounts when a reconciliation is performed. Service credit reported after the member's stop date occurs in the report generated in COMPASS Participant Account, which lists each year of APERS service and all information relevant for computing a benefit, but it does not populate the Pension tab, where calculations are performed. Three instances of this issue were identified.

Action Taken to Date: The team is researching this issue to determine its cause.

Opportunities for improvement were identified related to reconciliation letters.

The full audit report is available upon request.

**APERS SFY2025
Assurance Officer Report**

AUDIT AREA: LOPFI Reciprocal Service

Scope: Unplanned audit – resulting from the discovery of a significant overpayment.

Audit Objective(s):

- Test all records in the defined population for errors.

Methodology: Procedures for reviewing 505 records between 2010 and 2024 included a complete record review and manual calculations of reciprocal service.

Overall Evaluation: From the population of five hundred and five records, achieving a 95% confidence level would require twenty-two or fewer errors. While the error total was twenty-four, only thirteen records were identified needing recalculation to determine if the benefit being paid was incorrect. Cheryl Wilburn performed the recalculation for all thirteen member records. The population tested was from 2010 to the present. Of the thirteen errors, seven were before 2020, and six occurred from 2020 to the present. There were 304 records in the timeframe from January 2020 to the present. The 95% confidence threshold for 304 records is 17. With only six errors affecting benefits in that period, the confidence level of calculations for benefits with LOPFI reciprocal service is high.

Observations: Twenty-four records were noted with issues. Of those, thirteen were identified as having issues that could impact the members' benefits. Ultimately, only five records resulted in overpayments, three exceeding \$5,000.

The full audit report is available upon request.

**APERS SFY2025
Assurance Officer Report**

AUDIT AREA: Option or ODRO Change in June affecting COLAs

- Scope:** Unplanned audit - requested due to the discovery of a COLA issue
- Audit Objective(s):**
- Determine if additional COLA issues exist in the defined population.
- Methodology:** Procedures for reviewing the defined population included a record review and manual calculation of COLAs.
- Overall Evaluation:** This audit did not reveal widespread errors. Of 61 records reviewed, only one was discovered to have a missed COLA.
- Observations:** The issue seems confined to members with service in the MARRS (our former pension system). Several of these issues were discovered and corrected in an earlier audit. The Assurance Officer suggests auditing the COLA calculations every two years.

The full audit report is available upon request.

**APERS SFY2025
Assurance Officer Report**

AUDIT AREA: Training - Internal and External

Scope: Internal and External Training activities provided by APERS

- Audit Objective(s):**
- Determine if APERS' internal training is adequate and provides a foundation to enable new counselors to be successful.
 - Determine if APERS member training provides the necessary information and is delivered clearly and easily.
 - Determine if the promotion of member training is adequate.

Methodology: Participate in training activities. Review the available survey and participation data.

Overall Evaluation: The Public Affairs staff have made significant improvements in internal staff training. Thorough training encourages new staff to be patient with themselves as they strive to consume the vast amount of information needed to do their jobs. Adding digital training material that can be updated quickly will enhance the training effort.

External training is received well by state employees who participate in it. Staff who provide the training are consistently rated highly for knowledge and presentation. In the coming year, finding ways to increase participation in those seminars should be a focus.

Observations: Recommendations for digital training materials, improvements in the training environment, and additional efforts to engage new state employees in training opportunities.

The full audit report is available upon request.

**APERS SFY2025
Assurance Officer Report**

CONSULTING AREA: Overpayment

- Scope:** All issues contributing to the overpayment of benefits.
- Audit Objective(s):**
- Determine if the current occurrences of overpayments are reasonable.
 - Evaluate additional procedures that may be implemented to reduce the number of overpayments made.
 - Evaluate the current recovery process for overpayments to determine if APERS pursues those appropriately.
- Methodology:** Research into what actions result in overpayments. Meetings with APERS stakeholders on the issue.
- Overall Evaluation:** The numerous APERS staff members who dedicated their time to considering the issues investigated in this engagement are to be commended. The primary recommendation from this consulting engagement is to phase in the change to payment benefits in arrears. It was agreed that APERS should work with Vitech to build in the ability to separate our populations within the upcoming V3locity version so that we can begin paying new payees in arrears when the new system goes live. Payees already receiving a benefit will not be transitioned to payment in arrears. The group also agreed that an effort should be undertaken to change the requirement for dependent children over 18 to be enrolled in college to continue receiving a benefit. That was accomplished in the recent legislative session. The group also suggested reviewing the policy terminating spousal benefits in remarriage and looking at what changes in policy or legislation would be needed to cease the collection of inadvertent overpayments to members.

The full consulting report is available upon request.

SPECIAL PROJECT: CULTURE AND WORKING ENVIRONMENT FOLLOW-UP

A follow-up to the Culture and Working Environment engagement completed in FY23 was conducted. The objectives of the follow-up engagement were to conduct a follow-up survey using many of the same questions asked in the original survey to measure change in staff attitudes and to assess the implementation of suggestions made in the original engagement. Survey analysis found improvements in all quantifiable areas. The executive team received an in-depth analysis of the results and formulated actionable steps for appropriate areas. It is gratifying to see APERS leadership's commitment to this area.

INTERNAL ASSURANCE PLAN

FISCAL YEAR 2026



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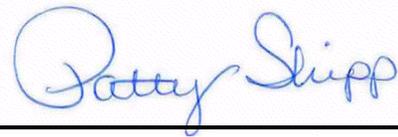
EXECUTIVE SUMMARY

Dear Board of Trustees,

I am pleased to present the Arkansas Public Employees Retirement System (APERS) Internal Assurance Plan for State Fiscal Year 2026 (SFY2026). In addition to planned audits, special projects, and follow-up activities, the Assurance Officer will continue working to implement an AI Agent/Chatbot on the agency's website and have oversight for fraud monitoring activities begun in SFY2025. The activities mentioned above include activities in the following areas:

- Benefit Calculations for Applications
- Cross-Functional Areas
- Culture and Working Environment
- Member Experience
- Fraud Monitoring

This planning document outlines the scope, objectives, goals, and audit methodologies that will be utilized. It also includes the Audit Work Schedule and the Audit Plan Hours. An Annual Risk Assessment Matrix and Audit Plan Questionnaire is used to identify areas within the agency that may need review.



Assurance Officer, APERS

Scope

The period under review/audit will be from July 1, 2025, to June 30, 2026. Special projects or consulting engagements may include portions of the current fiscal year.

Objective

The continuing objective of internal assurance is to assist the Board of Trustees and all levels of management in effectively discharging their responsibilities by furnishing analysis, appraisals, and recommendations concerning the agency's activities. This objective is accomplished by ensuring the following:

- Compliance with applicable laws and regulations
- Compliance with business processes, procedures, and policies
- Reliability and integrity of financial and operational information
- Safeguarding assets
- Effectiveness and efficiency of operations
- Safeguarding and monitoring the performance of internal controls

Goal

All work activities conducted by the Assurance Officer are executed to further the overall goal of Internal Assurance: to add value and improve the agency's operations.

Audit Methodology

An annual risk assessment is prepared to determine the areas critical to the agency's selection of audits for the yearly audit work schedule.

Risk assessment is a “systematic process for assessing and integrating professional judgments about probable adverse conditions and events.” It organizes and integrates professional judgments to develop the annual audit work schedule.

Risk is the probability of an event or action that may adversely affect the organization and the activity being audited. Risk is a measure of uncertainty. “Control risk” is the risk that established internal controls lose effectiveness over time. “Custodial risk” is associated with owning and safeguarding assets. “Operation risk” is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, systems, or external events. “Business risk” is the risk associated with the probable material effects of an uncertain environment on achieving established objectives. “Residual risk” is the amount of risk that management is willing to assume or the amount of risk that applicable controls will not address.

The risk assessment process begins with the identification of auditable areas. Next, each area is assigned points under six risk factors: internal control, written procedures, operational complexity, operational changes, management priority, and the date of the last audit. After each area is assigned a point in each risk factor, the points are totaled, and the audit areas are given a low, medium, or high-risk level based on the total points. Audits with a high or medium risk level are evaluated for the annual audit work schedule.

In addition to the risk assessment matrix, an audit plan questionnaire is submitted to all the section managers so they can assist in identifying critical areas of risk. The Executive Director, in consultation with the Executive Team, may request a review of areas within APERS that warrant attention. The Assurance Officer will design engagements to accommodate those requests.

SFY2026 Areas of Focus

I. Planned Work by Area of Focus

Activity Area

Applications
Cross-functional/Member Experience
Culture and Work Environment
Fraud Monitoring

Assurance Activity

Review Benefit Calculations
AI Agent/Chatbot Implementation
Follow-up
Supervisory

SY2026 Assurance Office Hours

I. Planned and Unplanned Audits

Audit of FY2025 Benefit Calculations	200
Unplanned Audits – carried out as needs are identified	400

Total Planned Audit Hours	500
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II. Follow-up and Additional Activities

Culture and Working Conditions	40
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Total Follow-up and Additional Activities Hours	40
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III. Fraud Monitoring Activities

Supervising Ongoing Fraud Monitoring Activities	260
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Total Fraud Monitoring Hours	260
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IV. Training for the State Social Security Analyst Role

Shadowing Madison Davis, current State Social Security Administrator	100
Attend the National Conference of State Social Security Administrators	40

Total Training for State Social Security Analyst Role	140
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V. Special Project

Implementation and monitoring of AI Agent/Chatbot	300
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Total Special Project Hours	300
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V. Administrative

General Administration*	360
Training**	100
Annual Leave (Estimate 18 days)	144
Sick Leave (Estimate 6 days a year; 8 hrs. x 6 days)	48
Holidays (11 days x 8 hrs.)	88

Total Administrative Audit Hours	740
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Total Planned Audit Hours***	2,080
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*General administration includes extending planned audits, following up on prior audit findings, assisting external auditors if requested, and undertaking collateral duties such as providing recommendations for grievance hearings, updating the internal audit manual, managing the Continuity of Operations plan, collaborating with strategic plan alignment activities, and utilizing Power BI to create dashboards for monitoring KPIs.

**Training includes conferences and seminars from the Association of Public Pension Fund Auditors and the Institute of Internal Auditors, as well as other continuing education opportunities. This entry does not include specific training for the duties of the State Social Security Analyst.

***Total planned hours (52 weeks x 40 hours a week)



Quarterly Board Meeting
September 10, 2025
Legal Report

ADMINISTRATIVE MEMBER APPEALS

In re Joseph Martin

Mr. Martin appealed the Executive Director's determination that APERS staff credited ineligible reciprocal service to Mr. Martin's record and erroneously allowed him to retire in 2017 and that overpaid retirement benefits and underpaid member contributions must be recovered by APERS. A member appeal was held on July 22, 2025. **The board ordered the member to be correctly enrolled as an active member and collect unpaid member contributions from the date of employment, and waived collection of the erroneous retirement benefits.** The member has not appealed, and the case is closed.

APPEAL TO CIRCUIT COURT 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 board's decision that upheld the Executive Director's determination to deny adding non APERS-covered employment to the member's APERS record. APERS is represented by the Office of the Attorney General. Judge Daniel Brock of the 17th Judicial Circuit is assigned to the case. **The board and the executive director were removed as defendants from the case in their individual capacity by order of the judge dated July 31, 2025.**

Hon. 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. A court order upholding the decision of the board was entered May 12, 2025. **The member did not appeal the decision of the Circuit Court, and the case is closed.**

RULES PROMULGATION

APERS Board Rule 24 CAR § 1-218, regarding termination of covered employment as a requirement for retirement, is being promulgated to comply with Act 370 of 2025 regarding separation requirements for retired judges appointed as special judges. Act 370 clarified that a retired judge appointed as a special judge is not subject to the separation requirements necessary to meet termination from employment. Additional amendments to the rule repeal repetitive language, obsolete language, and language already stated in law. **No public comments were received.** The rule amendments will be presented to the Joint Retirement



Quarterly Board Meeting
September 10, 2025
Legal Report

Committee (date TBD) and the ALC Administrative Rules Subcommittee Meeting scheduled for September 25, 2025.

SECURITIES LITIGATION CASES

Company name	Case Caption	Important Dates	Lead Plaintiff Status	Firm	Update
Seagate	<i>In re Seagate Technology Holdings plc Securities Litigation</i> , No. 3:23-cv-03431 (N.D. Cal.)	10/19/2023 5/12/2025	Granted Order for case to proceed	BLBG	Discovery phase
Five Below	<i>In re Five Below, Inc. Securities Litigation</i> , No. 2:24-cv-03638 (E.D. Pa.)	09/16/2024 10/28/2024 01/13/2025 5/13/2025 8/25/2025	Granted Joint lead plaintiff status ATRS (Labaton) Amended Complaint Response to Motion to Dismiss filed Motion to Dismiss granted in part	Berger Montague	Motion to Dismiss granted in part; discovery commenced
The Trade Desk, Inc.	<i>In re The Trade Desk, Securities Litigation</i> , No. 2:25-cv-01396-CAS-DFM (C.D. Cal.)	04/21//2025	Granted Joint lead plaintiff status with MissPERS (BLBG)	Cohen Milstein	Final complaint filed 8/15/2025



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
 - Joint County and Municipal Sanitation Authority
 - Rural Waterworks Facilities Board
 - Suburban Improvement District
 - Regional Airport Authority
 - Public Water Authority
 - Border Municipal Airport Authority
 - Regional Water Distribution Board
 - Public Facilities Board
 - Metropolitan Port Authority
 - Regional Solid Waste Management Board
 - Public Transit Authority

Participating Employers – New This Quarter

Employer Name	Employer Type	Effective Date	No. of Employees
Gosnell Water Association Public Water Authority	Public Water Authority	07/01/2025	7
City of Benton	Municipality	08/01/2025	105

Members – New This Quarter

	Apr 2025	May 2025	Jun 2025
Number ¹	584	647	585
Total Active Members	43,636	43,701	43,753

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

	Apr 2025	May 2025	Jun 2025
Number	134	125	108
Total Inactive Members	15,620	15,623	15,596

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

	Apr 2025	May 2025	Jun 2025
Number	272	291	271
Total Benefits	\$1.8m	\$1.8m	\$1.5m

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

	Apr 2025	May 2025	Jun 2025
Number	191	152	152
Total Retirees	39,625	39,651	39,698

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
Benefits Summary

Special Topic: **Partial Annuity Withdrawal (PAW) Program**

Act 357 of 2001 created a partial annuity withdrawal provision, which is a partial lump-sum option members may elect at retirement. Other public pension plans offer a partial lump-sum option, and they commonly refer to them as a PLOP.

Key Provisions

- Members who do not terminate employment and retire on the date they meet normal retirement age may elect to participate in the Partial Annuity Withdrawal (PAW) Program.
- At retirement, members receive a lump-sum distribution in an amount equal to one month of benefit for each month of service beyond their normal retirement age, but for no more than sixty months.
- A member’s lifetime monthly annuity is adjusted by an actuarial equivalent, which is an age-based factor that reduces the annuity per \$1,000 of the PAW lump sum.

Considerations

- Can they afford to reduce a fixed, lifetime source of income?
- Could the lump sum improve their financial condition by reducing debt?
- Should they consider a rollover to defer taxes?

Example

Member: John Doe
Age: 70
Lifetime Annuity: \$1,500 mo.
PAW Reduction Factor: 8.47

	60 months	30 months	12 months
Lump-Sum Amount	\$90,000	\$45,000	\$18,000
PAW Reduction	\$762	\$381	\$152
Adjusted Monthly Annuity	\$738	\$1,119	\$1,348



Quarterly Board Meeting Executive Report

Member Outreach

APERS continued outreach through on-site education and conference presentations. Highlights include providing training to the Arkansas Game and Fish Commission, leading a breakout session and counseling members at the Arkansas Association of Counties Annual Conference in Rogers, and presenting updates to State HR administrators at the OPM HR Forum. Ongoing outreach continues both in person and virtually, with 10 training courses conducted since June.

Procurement & Finance

APERS recently completed the competitive procurement process for banking services. A contract was awarded to U.S. Bank to provide retiree and beneficiary payment services. Over the coming months, APERS will be working closely with U.S. Bank to transition from our current provider to ensure a seamless process for our members. A Statewide Actuary Services Contract RFP is also underway through the Office of State Procurement, with APERS providing evaluation support.

Finance is actively engaged in year-end closing activities. Closing books work is progressing sequentially through AJRS and ASPRS, with APERS as the final system to close.

Investment Consultant RFQ

At the request of the Investment Finance Committee, staff have developed an RFQ for Investment Consultant Services. The final review of the RFQ is scheduled for October and could be issued from late October to early November at the Board's discretion.

Proxy Report

All Proxy Voting Reports for fiscal year 2025 investment funds required by Act 498 of 2023 are complete. The reports can be found on the APERS, ASPRS, and AJRS websites under the investment reports and resources section.

Organizational Development

Agency-wide team building sessions were conducted in June 2025 using the DISC framework. The Member and Retiree Services Division have also adopted a "coach-and-coachee organizational structure. A recent "draft day" event introduced teams pairing senior counselors with newer counselors to foster development and strengthen service delivery.



Technology Initiatives

APERS is developing an AI-enabled chatbot to improve member access to information. A prototype has been reviewed with state technology leaders to ensure alignment with emerging AI policies. Deployment will follow once an enterprise-approved large language model is available and the chatbot has passed rigorous internal testing for accuracy. To stay engaged in statewide AI efforts, Patty Shipp participated in the Arkansas AI Policy Roundtable sponsored by Heartland Forward.

APERS is building dashboards in Power BI to give leaders a real-time view of investments, operations, finance, and customer service. These dashboards will provide actionable insights, improve decision-making, and increase visibility across the organization without additional software costs.