

# **ARKANSAS TEACHER RETIREMENT SYSTEM**

**December 1, 2025**

1400 West Third Street

**BOARD ROOM**

Little Rock, AR 72201

## **Board of Trustees Meeting**

**10:30 a.m.**

### **Trustees**

Dr. Mike Hernandez, Chair

Arthur "Chip" Martin, Vice Chair

Kelsey Bailey

Anita Bell

Susan Ford

Keri Hamilton

Michael Johnson

Danny Knight

Bobby G. Lester

Jeff Stubblefield

John Ward

### **Ex Officio Trustees**

Susannah Marshall, State Bank Commissioner

Jacob Oliva, Secretary, Dept. of Education

Honorable Dennis Milligan, State Auditor

Honorable John Thurston, State Treasurer

**AGENDA**  
**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**BOARD OF TRUSTEES**

**December 1, 2025**  
**10:30 a.m.**  
**1400 West Third Street**  
**Little Rock, AR 72201**

- I.      **\*Call to Order/Roll Call.** *Dr. Mike Hernandez, Board Chair* page 1.
- II.     **\*Motion to Excuse Absences.**
- III.    **\*Adoption of Agenda.** page 2.
- IV.    Executive Summary. (Attachment No. 1) page 7.
- V.      **\*Approval of September 29, 2025, Minutes.** (Attachment No. 2) page 15.
- VI.    Executive Director Report. *Mr. Mark White, Executive Director* (Attachment No. 3) page 27.
- VII.   Preliminary Active Actuarial Valuation for year ending June 30, 2025. *Ms. Judy Kermans, Ms. Heidi Berry, and Mr. Derek Henning of Gabriel, Roeder, Smith and Company* (Attachment No. 4) page 29.
- VIII.   Statement of Financial Interest. *Mr. Mark White, Executive Director* (Attachment No. 5) page 78.
- IX.    **\*Proposed 2025 Board of Trustees Schedule.** *Mr. Mark White, Executive Director* (Attachment No. 6) page 95.
- X.     Report of Member Interest Waived Under A.C.A. Sec. 24-7-205. *Mr. Mark White, Executive Director* (Attachment No. 7) page 96.
- XI.    Report of Employer Penalties and Interest Waived. *Mr. Mark White, Executive Director* (Attachment No. 8) page 97.

\* Action Item

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- XII. Audit Committee Report. *Mr. Jeff Stubblefield, Audit Committee Vice Chair*
- A. **\*Audit Report: Investment Liquidity Management.** (Attachment No. 9) page 98.
  - B. Audit Plan 2026 Status Update. (Attachment No. 10) page 108.
- XIII. Investment Committee Report. *Mr. Arthur "Chip" Martin, III, Investment Committee Chair*
- A. Arkansas Related and Investment Update.
    - 1. List of Fund Closings.
      - a. Raith Real Estate Fund IV LP, a real estate fund targeting industrial and residential properties, the Board authorized commitment of up to \$50 million dollars on September 29, 2025 was accepted and closed on November 18, 2025.
      - b. Realty Income U.S. Core Plus Fund, LP, a real estate fund specializing in retail and industrial properties, the Board authorized commitment of up to \$100 million dollars on September 29, 2025 was accepted and closed on October 30, 2025.
    - 2. Board Policies Report. (Attachment No. 11) page 109.
    - 3. Arkansas Related Update and Recommendation.
      - a. Arkansas Related Update. (Attachment No. 12) page 112.
      - b. **\*Recommendation to approve for Board adoption Resolution 2025-47 to modify the terms of the Tax Credit and Revenue Stream Purchase Agreement of the revenue stream generated by tax credits associated with Big River Steel.** (Attachment No. 13) page 115.
        - 1. **\*Resolution 2025-47.** (Attachment No. 14) page 122.
  - B. General Investment Consultant Report.
    - 1. Performance Report for the Quarter Ending September 30, 2025. (Attachment No. 15) page 123.
    - 2. **\*Recommendation to approve for Board adoption Resolution 2025-48 authorizing the termination of the BlackRock MSCI ACWI IMI Index Fund and redeployment of assets to the ARTRS MSCI ACWI Ex-China Ex-Hong Kong IMI U/A.** (Attachment No. 16) page 282.
      - a. **\*Resolution 2025-48.** (Attachment No. 17) page 283.

3. **\*Recommendation to approve for Board adoption a motion to add a 5% target allocation to private credit in the ATRS investment portfolio.** (Attachment No. 18) page 284.
  - a. **\*Recommendation to approve for Board adoption a motion to accept proposed changes to Board Policy 4- Statement of Investment Policy to accommodate a 5% target allocation to private credit in the ATRS investment portfolio.** (Attachment No. 19) page 312.
  - b. **\*Recommendation to approve for Board adoption a motion to accept proposed changes to Board Policy 6- Real Assets Investment Policies to accommodate a 5% target allocation to private credit in the ATRS investment portfolio.** (Attachment No. 20) page 342.
- C. Real Assets Investment Consultant Report.
  1. **\*Recommendation to approve for Board adoption a motion approving the 2026 Real Assets Commitment Pacing (Total Pacing \$550 Million Dollars).** (Attachment No. 21) page 358.
    - a. Core/Core Plus Real Estate \$200 Million Dollars.
    - b. Value Added and Opportunistic (Non-Core) Real Estate \$200 Million Dollars.
    - c. Infrastructure \$150 Million Dollars.
- D. Private Equity Consultant Report.
  1. **\*Recommendation to approve for Board adoption Resolution 2025-49 authorizing an investment of up to \$45 million dollars in Niobrara Founders Fund L.P.** (Attachment No. 22) page 363.
    - a. **\*Resolution 2025-49.** (Attachment No. 23) page 367.
  2. **\*Recommendation to approve for Board adoption Resolution 2025-50 authorizing an investment of up to \$45 million dollars in Truelink Capital II, L.P.** (Attachment No. 24) page 368.
    - a. **\*Resolution 2025-50.** (Attachment No. 25) page 371.
  3. **\*Recommendation to approve for Board adoption a motion approving the 2026 Private Equity Pacing Schedule (Total Pacing \$500 Million Dollars).** (Attachment No. 26) page 372.
    - a. Five to Seven Small or Mid Buyout/Growth/Turnaround \$45-50 Million Dollars Each. (Total up to \$285 Million Dollars).
    - b. Up to Two Debt/Distressed Assets (Total up to \$90 Million Dollars Depending on the Total Commitments to Buyout/Growth/Turnaround Funds Discussed Above).
    - c. Two Fund of Funds Investments (Total up to \$125 Million Dollars).

\* Action Item



- XIV. Operations Committee Report. *Mr. Bobby Lester, Operations Committee Chair*
- A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.
    - 1. Open Forum. This is a standard part of the Committee agenda to allow Committee Members and Board Members in attendance to address topics and issues for consideration.
  - B. Rules Promulgation Status Update.
    - 1. Rule 4: Election of Board of Trustees.
    - 2. Rule 6: Membership and Employer Participation.
    - 3. Rule 8: Free Service Credit, Purchasable Service Credit, and Purchase Accounts.
    - 4. Rule 9: Retirement and Benefits.
    - 5. Rule 10: Return to Service and Teacher Deferred Retirement Option Plan.
    - 6. Rule 11: Survivors and Domestic Relations Orders.
  - C. **\*Update to Board Policy 4 - Statement of Investment Policy.**  
(Attachment No. 27) page 382.
  - D. **\*Update to Board Policy 6 - Real Assets Investment Policies.**  
(Attachment No. 28) page 412.
- XV. Manifest Injustice Report. *Ms. Jennifer Kelly, General Counsel* (Attachment No. 29) page 428.
- XVI. **\*Board of Trustees Disability Review.** (Attachment No. 30) page 432.
- XVII. **\*Staff Reports.**
- A. **\*Medical Committee Report. A total of Eight (8) Disability Applications were approved.** *Mr. Steve Parkinson, Director of Operations* (Attachment No. 31) page 435.
  - B. Financial Reports. *Ms. Misty Yant, Chief Financial Officer*
    - 1. Financial Statement Report. (Attachment No. 32) page 437.
    - 2. Travel Report. (Attachment No. 33) page 438.
  - C. Personnel Report. *Ms. Stephanie Lilly-Palmer, Director, Human Resources* (Attachment No. 34) page 439.
- XVIII. Mid Year Evaluation of Executive Director Mark White. *Dr. Mike Hernandez, Board Chair and Ms. Stephanie Lilly-Palmer, Director Human Resources*

XIX. Other Business.

XX. **\*Adjourn.**

## EXECUTIVE SUMMARY

TO: Board of Trustees  
FROM: ATRS Staff  
RE: Executive Summary  
DATE: December 1, 2025

**VI. Executive Director Report.** *Mr. Mark White, Executive Director* page 27.

**VII. Preliminary Active Actuarial Valuation for year ending June 30, 2025.** *Ms. Judy Kermans, Ms. Heidi Berry, and Mr. Derek Henning of Gabriel, Roeder, Smith and Company* page 29.

GRS will present the Actuarial Valuations for the Year Ending June 30, 2025.

**VIII. Statement of Financial Interest.** *Mr. Mark White, Executive Director* page 78.

This is the reminder that ATRS Trustees must file a Statement of Financial Interest (SFI) by January 31, 2026, for their financial information for calendar year 2025. Included with the portal information are the instructions for completing the SFI and a blank SFI for your use. SFIs may be completed online at the Secretary of State's website after creating a user name at the login screen: <http://www.ark.org/sos>. ATRS staff will assist in any way possible to help you file this information. ATRS staff will also follow-up from time to time with any Trustee who has not filed their SFI.

**IX. \*Proposed 2025 Board of Trustees Schedule.** *Mr. Mark White, Executive Director* page 95.

ATRS Staff has attached a proposed meeting schedule for 2026. It is subject to changes requested by the Board, and will be posted on the ATRS and State of Arkansas websites when finalized. It follows much of the same pattern as in prior years, with Monday meetings to accommodate Trustees who have to travel a long distance to Little Rock.

**X. Report of Member Interest Waived Under A.C.A. Sec. 24-7-205.** *Mr. Mark White, Executive Director* page 96.

Report of Member Interest Waiver Under ACA. Sec 24-7-205. A total of \$1,167.44 was waived.

**XI. Report of Employer Penalties and Interest Waived.** *Mr. Mark White, Executive Director* page 97.

Report of Employer Penalties and Interest Waived under A.C.A. Sec. 24-7-411.. Six (6) employers penalties and interest was waived for a total of \$1,836.47

**XII. Audit Committee Report. *Mr. Jeff Stubblefield, Audit Committee Vice Chair***

**A. \*Audit Report: Investment Liquidity Management. page 98.**

**B. Audit Plan 2026 Status Update. page 108.**

**XIII. Investment Committee Report. *Mr. Arthur "Chip" Martin, III, Investment Committee Chair***

**A. Arkansas Related and Investment Update.**

**1. List of Fund Closings.**

- a. Raith Real Estate Fund IV LP, a real estate fund targeting industrial and residential properties, the Board authorized commitment of up to \$50 million dollars on September 29, 2025 was accepted and closed on November 18, 2025.**

The ATRS full commitment of up to \$50 million dollars was negotiated, accepted, and closed on November 18, 2025.

- b. Realty Income U.S. Core Plus Fund, LP, a real estate fund specializing in retail and industrial properties, the Board authorized commitment of up to \$100 million dollars on September 29, 2025 was accepted and closed on October 30, 2025.**

The ATRS full commitment of up to \$100 million dollars was negotiated, accepted, and closed on October 30, 2025.

**2. Board Policies Report. page 109.**

This report is based on investment consultant quarterly reports. The included report has not changed since the last Investment Committee and Board meetings due to this meeting occurring before the end of the current quarter.

**3. Arkansas Related Update and Recommendation.**

Representatives of Arkansas Capital Corporation will provide the Board with an update on Arkansas related investments and a recommendation for a change in terms to the Purchase Agreement of the revenue stream generated by tax credits associated with Big River Steel dated February 7, 2022.

- a. Arkansas Related Update. page 112.**

Representatives of Arkansas Capital Corporation will provide the Board an update on Arkansas related

investments.

- b. **\*Recommendation to approve for Board adoption Resolution 2025-47 to modify the terms of the Tax Credit and Revenue Stream Purchase Agreement of the revenue stream generated by tax credits associated with Big River Steel. page 115.**

Representatives of Arkansas Capital Corporation will provide a recommendation to accept some changes to the terms of the Tax Credit and Revenue Stream Purchase Agreement dated February 7, 2022. The modifications are intended to compensate ATRS for changes to the timing of payments to ATRS and correct other minor clerical errors.

- 1. **\*Resolution 2025-47. page 122.**

**B. General Investment Consultant Report.**

- 1. **Performance Report for the Quarter Ending September 30, 2025. page 123.**

P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a portfolio update for the quarter ending September 30, 2025.

- 2. **\*Recommendation to approve for Board adoption Resolution 2025-48 authorizing the termination of the BlackRock MSCI ACWI IMI Index Fund and redeployment of assets to the ATRS MSCI ACWI Ex-China Ex-Hong Kong IMI U/A. page 282.**

The proposed changes are designed to modify the existing investment manager mandate to comply with Act 937 of 2025.

- a. **\*Resolution 2025-48. page 283.**

- 3. **\*Recommendation to approve for Board adoption a motion to add a 5% target allocation to private credit in the ATRS investment portfolio. page 284.**

P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a recommendation to add a 5% target allocation to private credit in the ATRS investment portfolio.

- a. **\*Recommendation to approve for Board adoption a motion to accept proposed changes to Board Policy 4-Statement of Investment Policy to accommodate a 5% target allocation to private credit in the ATRS investment portfolio. page 312.**

This item is contingent on approval by the Board of a 5% target allocation to private credit in the ATRS investment

portfolio.

- b. **\*Recommendation to approve for Board adoption a motion to accept proposed changes to Board Policy 6-Real Assets Investment Policies to accommodate a 5% target allocation to private credit in the ATRS investment portfolio. page 342.**

This item is contingent on approval by the Board of a 5% target allocation to private credit in the ATRS investment portfolio.

**C. Real Assets Investment Consultant Report.**

- 1. **\*Recommendation to approve for Board adoption a motion approving the 2026 Real Assets Commitment Pacing (Total Pacing \$550 Million Dollars). page 358.**

Jack Dowd of Aon Hewitt Investment Consulting will present the 2026 Real Assets Commitment Pacing. For calendar year 2026, Aon Hewitt Investment Consulting and ATRS staff are recommending approximately \$550 million dollars for 2026 real assets pacing. These targets are subject to availability of quality investments and prevailing market conditions. Actual amounts may vary as pacing is subject to change over the year according to available investment opportunities.

- a. **Core/Core Plus Real Estate \$200 Million Dollars.**

Core real estate funds employ low leverage, low-risk investment strategies that have predictable cash flows. The funds will generally invest in stable, fully leased, modern, multi-tenant properties within strong, diversified metropolitan areas.

- b. **Value Added and Opportunistic (Non-Core) Real Estate \$200 Million Dollars.**

These are funds that invest in properties and make improvements to fairly stable properties but are one step below the core funds in quality. Opportunistic have more risk than value added funds but have potential for better returns.

- c. **Infrastructure \$150 Million Dollars.**

Infrastructure funds invest in the fundamental facilities and systems serving a country, city, or area including the services and facilities necessary for its economy to function. Infrastructure funds typically invest in structures such as roads, bridges, tunnels, water systems, sewers systems, electric grids, ports and so forth.

**D. Private Equity Consultant Report.**

**1. \*Recommendation to approve for Board adoption Resolution 2025-49 authorizing an investment of up to \$45 million dollars in Niobrara Founders Fund L.P. page 363.**

Based in New York, Niobrara Capital was founded in 2024 by Chip Schorr and Todd Bradley. The senior team consists of Messrs. Schorr and Bradley, Mike Pompeo, Clayton Albertson and one additional partner (to be named). The fund will primarily target buyouts and control-oriented investments in middle market technology businesses in North America and Europe. Investments will include business-to-business software and services, fintech, hardware (semiconductors, data centers, sensors) and businesses that are benefiting from macro trends in the technology sector such as artificial intelligence, cybersecurity, cloud transformation, and autonomous machines and robots. Within targeted sub-sectors, the team will employ a theme-based, proactive sourcing strategy to uncover less competitive, high-quality investment opportunities, often found directly with business owners and corporations with non-core divisions.

As a recently formed fund, the general partner does not have an independent track record. However, Mr. Schorr has twenty-seven years of experience primarily in the technology sector with prior firms including One Equity, Blackstone and CVC. His own track record of attributed investments totals over \$4 billion in twenty-nine transactions, and his track record with One Equity included \$1.4 billion in fourteen deals that generated a 24% gross IRR. Franklin Park recommends a commitment of up to \$45 million dollars in Niobrara Founders Fund, L.P., and ATRS staff concurs.

**a. \*Resolution 2025-49. page 367.**

**2. \*Recommendation to approve for Board adoption Resolution 2025-50 authorizing an investment of up to \$45 million dollars in Truelink Capital II, L.P. page 368.**

Based in Los Angeles. Truelink was founded in 2022 by Todd Golditch and Luke Myers (principals) who worked together at Platinum Equity for twelve years. The fund is being formed to make control equity investments in middle market U.S. companies in the tech-enabled services and industrial sectors. The focus will be on growth-oriented but under-optimized companies that are often family/founder owned or managed. Investments will be made in tech-enabled sub-sectors including payments, business process outsourcing, software, fintech and edtech. Some of the industrial sub-sectors that will be targeted are building products, packaging, industrial distribution, chemicals and metals. Transactions types will include corporate carve-outs and divestitures, ownership

transitions, recapitalizations, public-to- privates, restructurings and distressed situations. The firm has one prior fund that generated gross returns of 1.6X cost and 56.4% IRR as of June 30, 2025. Franklin Park recommends an investment of up to \$45 million dollars in Truelink Capital II, L.P., and ATRS staff agrees with the recommendation.

a. **\*Resolution 2025-50.** page 371.

3. **\*Recommendation to approve for Board adoption a motion approving the 2026 Private Equity Pacing Schedule (Total Pacing \$500 Million Dollars).** page 372.

Michael Bacine of Franklin Park will provide the 2026 pacing schedule for private equity. Typically, ATRS has been pacing up to 2% of its underlying value for private equity for the next calendar year. Based upon assumptions of the projected market value of total assets for the next ten years, Franklin Park recommends private equity pacing of \$500 million dollars for 2026 in order to maintain a 12% allocation to private equity over the long term, and ATRS staff agrees. The total amount as well as the amounts of each type of investment mentioned here are targets. Actual amounts may vary as pacing is subject to change over the year according to available investment opportunities and prevailing market conditions.

a. **Five to Seven Small or Mid Buyout/Growth/Turnaround \$45-50 Million Dollars Each. (Total up to \$285 Million Dollars).**

Buyout refers to funds that seek to acquire controlling interests in companies. Growth funds seek a minority interest in successful companies that need additional capital to expand. Turnaround funds invest in troubled or bankrupt companies that require special expertise to become profitable. This is an allocation for five to seven of these types of funds at a \$45-50 million level each for a total of up to \$285 million dollars.

b. **Up to Two Debt/Distressed Assets (Total up to \$90 Million Dollars Depending on the Total Commitments to Buyout/Growth/Turnaround Funds Discussed Above).**

These funds lend money at higher interest rates to companies with liquidity needs. These managers also purchase the debt obligations of a company at or below actual value using specialized skills. The purpose of the purchase of debt can be to make interest, get the value from the discount price of the debt, or to obtain the company's equity after a default on the debt. This is an



allocation for one or two of these funds at a \$45 million level each.

**c. Two Fund of Funds Investments (Total up to \$125 Million Dollars).**

ATRS has invested in various Franklin Park fund of funds vehicles since 2008. In the upcoming year, an investment of \$75 million is planned in Franklin Park Co-Investment Fund VII and \$50 million in Franklin Park Venture XVI. These will be presented to the Board for individual approval sometime during 2026.

**XIV. Operations Committee Report. *Mr. Bobby Lester, Operations Committee Chair***

**A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.**

Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.

- 1. Open Forum. This is a standard part of the Committee agenda to allow Committee Members and Board Members in attendance to address topics and issues for consideration.**

**B. Rules Promulgation Status Update.**

ATRS Staff will present a status update on the ATRS Rules based on enacted legislation from the 2025 legislative session.

- 1. Rule 4: Election of Board of Trustees.**
- 2. Rule 6: Membership and Employer Participation.**
- 3. Rule 8: Free Service Credit, Purchasable Service Credit, and Purchase Accounts.**
- 4. Rule 9: Retirement and Benefits.**
- 5. Rule 10: Return to Service and Teacher Deferred Retirement Option Plan.**
- 6. Rule 11: Survivors and Domestic Relations Orders.**

**C. \*Update to Board Policy 4 - Statement of Investment Policy. page 382.**

This item is contingent on approval by the Board of a 5% target allocation to private credit in the ATRS investment portfolio.

**D. \*Update to Board Policy 6 - Real Assets Investment Policies. page 412.**

This item is contingent on approval by the Board of a 5% target allocation to private credit in the ATRS investment portfolio.

**XV. Manifest Injustice Report. Ms. Jennifer Kelly, General Counsel page 428.**

The rule on Manifest Injustice required reports to the Board at least 2 times per year. This is the second report of 2025. This report is for information purposes only and is not an action item.

**XVI. \*Board of Trustees Disability Review. page 432.**

**XVII. \*Staff Reports.**

**A. \*Medical Committee Report. A total of Eight (8) Disability Applications were approved. Mr. Steve Parkinson, Director of Operations page 435.**

The Medical Committee Report is a standard report made by staff on behalf of the Medical Committee approving disability cases. A total of 24 disability applications were received, 8 were approved, 2 were denied, and 14 needed more information. This is an action item

**B. Financial Reports. Ms. Misty Yant, Chief Financial Officer**

**1. Financial Statement Report. page 437.**

The ATRS Chief Financial Officer will give the Board a summary information for the financial reports for the year ending June 30, 2025. No action is needed for this information item.

**2. Travel Report. page 438.**

**C. Personnel Report. Ms. Stephanie Lilly-Palmer, Director, Human Resources page 439.**

The personnel report is provided annually for information. Ms. Stephanie Lilly-Palmer, the ATRS Human Resources Manager, will be available to answer any questions about this report.

**XVIII. Mid Year Evaluation of Executive Director Mark White. Dr. Mike Hernandez, Board Chair and Ms. Stephanie Lilly-Palmer, Director Human Resources**

**XIX. Other Business.**

**MINUTES  
ARKANSAS TEACHER RETIREMENT SYSTEM  
BOARD OF TRUSTEES**

**Monday, September 29, 2025**

**11:00 a.m.**

**1400 West Third Street  
Little Rock, AR 72201**

**ATTENDEES**

**Board Members Present**

Dr. Mike Hernandez, Chair  
Arthur "Chip" Martin, Vice Chair  
Kelsey Bailey  
Anita Bell  
Susan Ford  
Keri Hamilton  
Michael Johnson  
Danny Knight  
Bobby Lester  
Jeff Stubblefield  
John Ward  
Susannah Marshall, Bank Commissioner  
Kelly Griffin, designee for Sec. Jacob Oliva  
Jason Brady, designee for Hon. Dennis  
Milligan, State Auditor  
Hon. John Thurston, State Treasurer

**Guest(s) Present**

Donna I's iPad (4)\*  
Gar Chung/FIN-News\*  
Jesse.pound\*  
Jack Dowd, Aon Hewitt Investment Consulting\*  
Katie Comstock, Aon Hewitt Investment  
Consulting\*  
Mknapp\*  
Ronak Chitnis, Aon Hewitt Investment  
Consulting\*  
Ryan Hill\*

**\*ZOOM**

**ATRS Staff Present**

Mark White, Executive Director  
Sarah Linam, Deputy Director  
Rod Graves, Deputy Director  
Tammy Porter, Board Secretary  
AnneMarie Berardi, Director, Outreach  
Kevin Chadwick, Internal Auditor  
Braeden Duke, User Support Analyst  
Demetrios Gully, Internal Audit  
Jennifer Kelly, General Counsel  
Jerry Meyer, Manager, Real Assets  
Stephanie Lilly-Palmer, Dir. Human Resources  
Steve Parkinson, Director of Operations  
Logan Penter, Attorney II\*  
Amber Sevilla, Ex Assistant  
Joseph Sithong, IT Security Analyst II\*  
Whitney Sommers, Outreach  
Misty Yant, Chief Financial Officer  
Stephanie Yoel, Administrative Analyst

**Reporters Present**

Mike Wickline, AR Democrat Gazette

- I. Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 11:20 a.m. Roll call was taken. All members were present.
- II. Election of Chair and Vice Chair.**

**Mr. Lester *moved to nominate* Dr. Mike Hernandez for Board of Trustees Chair. Mr. Stubblefield *seconded the motion* and the Board *unanimously approved the motion*.**

**Mr. Knight *moved to nominate* Arthur “Chip” Martin for Board of Trustees Vice Chair. Ms. Bell *seconded the motion* and the Board *unanimously approved the motion*.**

**III. Adoption of Agenda.**

**Mr. Bailey *moved for adoption* of the Agenda. Mr. Brady *seconded the motion*, and the Board *unanimously approved the motion*.**

**IV. Executive Summary.** The Executive Summary was provided for reference with no questions or expansions on the written summary.

**V. Approval of Prior Meeting Minutes**

**A. June 2, 2025, Minutes.**

**Ms. Bell *moved for approval* of the Minutes of the Board of Trustees meeting of June 2, 2025. Mr. Lester *seconded the motion*, and the Board *unanimously approved the motion*.**

**B. July 21, 2025, Minutes.**

**Mr. Lester *moved for approval* of the Minutes of the Board of Trustees meeting of July 21, 2025. Ms. Bell *seconded the motion*, and the Board *unanimously approved the motion*.**

**VI. Executive Director Report.** Director White provided with the Board with his Executive Director Report.

**VII. Update to Board Policy 1 – Board Governance.**

**VIII. Update to Board Policy 2 – Board Objective.**

**IX. Update to Board Policy 3 – Executive Director.**

**Mr. Brady *moved to approve* Updates to Board Policy 1, Board Governance, Board Policy 2 – Board Objective, and Board Policy 3 – Executive Director as presented. Mr. Bailey *seconded the motion* and the Board *unanimously approved the motion*.**

- X. Report of Member Interest Waived under A.C.A. Section 24-7-205.** Mr. Mark White, Executive Director, presented the Board with member interest waived report. This was for information purposes only. No action was taken.
- XI. Report of Employer Penalties and Interest Waived Under A.C.A. Section 24-7-411.** Mr. Mark White, Executive Director presented the Board with the employer interest and penalties waived report. ATRS may also waive employer interest and penalties when reports or payments are late or have issues due to a new bookkeeper, inclement weather, sickness and other situations that justify a waiver. This was for information purposes only. No action was taken.
- XII. Board Waiver of Penalties and Interest Greater than \$1,000 in a Fiscal Year.** Mr. Mark White, Executive Director presented the Board with the Waiver of Penalties and Interest Greater than \$1,000 in a Fiscal Year.
- A. In Re: Employer #00163.**
- 1. Resolution 2025-41.**
- Mr. Stubblefield *moved to adopt* Resolution 2025-41, Waiver of Penalties and Interest Greater than \$1,000 in a fiscal year for Employer #00163, as presented to the Board. Mr. Knight *seconded the motion*, and the Board *unanimously approved the motion*.**
- XIII. Purchasable Private School Service – Residential Treatment Facilities.** Ms. Jennifer Kelly, General Counsel, presented the Board with the recommendation to approve Purchasable Private School Service – Residential Treatment Facilities.
- A. Resolution 2025-42.**
- Mr. Martin *moved to adopt* Resolution 2025-42, Purchasable Private School Service – Residential Treatment Facilities. Mr. Stubblefield *seconded the motion* and the Board *unanimously approved the motion*.**
- XIV. Authorization to Pay Regular T-DROP Interest for Fiscal Year 2026.**
- A. Resolution 2025-43.**
- Mr. Knight *moved to adopt* Resolution 2025-43, Authorization to Pay Regular T-DROP Interest for Fiscal Year 2026 at the new rate of 0.5%.**

**Mr. Stubblefield seconded the motion, and the Board unanimously approved the motion.**

**XV. Authorization to Pay Post 10 year T-DROP Interest for Fiscal Year 2026.**

**A. Resolution 2025-44.**

**Mr. Knight moved to adopt Resolution 2025-44, Authorization to Pay Post 10 year T-DROP Interest for Fiscal Year 2026 at the new rate of 0.5%. Ms. Ford seconded the motion, and the Board unanimously approved the motion.**

**XVI. CBA Incentive Interest Rate on T-DROP Interest for Fiscal Year 2026.**

**A. Resolution 2025-45**

**Mr. Knight moved to adopt Resolution 2025-45, CBA Incentive Interest Rate on T-DROP Interest for Fiscal Year 2026 at the new rate of 0.5%. Mr. Martin seconded the motion, and the Board unanimously approved the motion.**

**XVII. Extension of ATRS Cash Program for Fiscal Year 2026.**

**A. Resolution 2025-46**

**Mr. Brady moved to adopt Resolution 2025-46, Extension of ATRS Cash Program for Fiscal Year 2026. Ms. Bell seconded the motion, and the Board unanimously approved the motion.**

**XVIII. Audit Committee Report. Mr. Jeff Stubblefield, Audit Committee Vice Chair.**

**A. Election of Chair and Vice Chair.**

**Mr. Stubblefield moved to approve election of Ms. Maggie Garrett as Audit Committee Chair, and Mr. Jeff Stubblefield as Audit Committee Vice Chair, and the Board unanimously approved the motion.**

**B. Internal Audit Report: Retiree Payroll.**

**Mr. Stubblefield moved to approve Internal Audit Report – Retiree Payroll as presented, and the Board unanimously approved the motion.**

**C. 2025-2026 Audit Plan.**

**Mr. Stubblefield *moved to approve* the 2025-2026 Audit Plan, and the Board *unanimously approved the motion.***

**D. Quality Assurance and Improvement Program.**

**Mr. Stubblefield *moved to approve* the Quality Assurance and Improvement Program, and the Board *unanimously approved the motion.***

**E. Internal Audit Strategic Audit Plan 2026-2029.**

**Mr. Stubblefield *moved to approve* Internal Audit Strategic Audit Plan 2026-2029, and the Board *unanimously approved the motion.***

**F. Update to ATRS Board Policy 1 – Board Governance.**

**Mr. Stubblefield *moved to approve* Update to ATRS Board Policy 1 – Board Governance, and the Board *unanimously approved the motion.***

**XIX. Investment Committee Report. *Arthur “Chip” Martin, Investment Chair***

**A. Election of Chair and Vice Chair of Investment Committee.**

**Mr. Martin *moved to approve* election of Mr. Arthur “Chip” Martin as Chair of the Investment Committee, and Mr. Michael Johnson, as Vice Chair of the Investment Committee, and the Board *unanimously approved the motion.***

**B. Arkansas Related and Investment Update.**

- 1. List of Fund Closings.** The report was provided for reference with no questions or expansions on the written summary.
- 2. Board Policies Report.** The report was provided for reference with no questions or expansions on the written summary.
- 3. Emerging Managers Report for Fiscal Year Ended June 30, 2025.** Mr. Mark White, Executive Director, presented the Committee with the Emerging Managers Report for fiscal year ended June 30, 2025.

4. **Proxy Voting Report for Fiscal Year Ended June 30, 2025.** Mr. Mark White, Executive Director, presented the Committee with the Proxy Voting Report for fiscal year ended June 30, 2025.

5. **Arkansas Related Update and Recommendation.**

- a. **Investment Update.** Mr. Leslie Lane, of Arkansas Capital Corporation, presented the Committee with an investment update.
- b. **Recommendation to approve for Board adoption Resolution 2025-40, authorizing an Investment of up to \$10 million dollars in Xtremis, Inc.** Mr. Sean Hatch, of Arkansas Capital Corporation presented the Committee with the recommendation authorizing an investment of up to \$10 million dollars in Xtremis, Inc.

1. **Resolution 2025-40.**

**Mr. Martin *moved to adopt* Resolution 2025-40, authorizing an Investment of up to \$10 millions dollars in Xtremis, Inc., and the Board *unanimously approved the motion.***

- C. **General Investment Consultant Report *Aon Hewitt Investment Consulting***

1. **Preliminary Performance Report for Quarter June 30, 2025.** Aon Hewitt Investment Consulting provided the Committee with a Preliminary Performance Report for the Quarter Ended June 30, 2025.
2. **Recommendation to approve for Board adoption a motion to accept proposed changes to Board Policy 4-Statement of Investment Policy to ensure compliance with Act 937 of 2025.**

**Mr. Martin *moved to approve* proposed changes to Board Policy 4-Statement of Investment Policy to ensure compliance with Act 937 of 2025, and the Board *unanimously approved the motion.***



3. **Recommendation to approve for Board adoption multiple mandate and name changes to certain investment mandates to ensure compliance with Act 937 of 2025.**

**Mr. Martin *moved to approve* multiple mandate and name changes to certain investment mandates to ensure compliance with Act 937 of 2025, and the Board *unanimously approved the motion*.**

- a. **Recommendation to approve for Board adoption a motion to accept proposed changes to certain investment manager guidelines to ensure compliance with Act 937 of 2025.**

**Mr. Martin *moved to approve* to accept proposed changes to certain investment manager guidelines to ensure compliance with Act 937 of 2025, and the Board *unanimously approved the motion*.**

- b. **Recommendation to approve for Board adoption Resolution 2025-32, authorizing the termination of the State Street MSCI ACWI IMI Index Securities Lending Fund and redeployment of assets to the State Street MSCI ACWI IMI ex China ex Hong Kong Index Securities Lending Fund.**

**Ms. Martin *moved to adopt* Resolution 2025-32 authorizing the termination of the State Street MSCI ACWI IMI Index Securities Lending Fund and redeployment of assets to the State Street MSCI ACWI IMI ex China ex Hong Kong Index Securities Lending Fund and the Board *unanimously approved the motion*.**

- c. **Recommendation to approve for Board adoption Resolution 2025-33, authorizing the termination of the Arrowstreet Global Equity Alpha Extension Fund and redeployment of**

**assets to the Arrowstreet Developed Market Alpha Extension Trust Fund.**

**Mr. Martin *moved to approve* the recommendation to approve for Board adoption Resolution 2025-33 authorizing the termination of Arrowstreet Global Equity Alpha Extension Fund and redeployment of assets to the Arrowstreet Developed Market Alpha Extension Trust Fund, and the Board unanimously *approved the motion*.**

- d. Recommendation to approve for Board adoption Resolution 2025-34, authorizing the change in mandate and name of the Voya Absolute Alpha MSCI ACWI Trust Fund to the Voya Absolute Alpha Trust Fund.**

**Mr. Martin *moved to adopt* Resolution 2025-34, authorizing the change in mandate and name of the Voya Absolute Alpha MSCI ACWI Trust Fund to the Voya Absolute Alpha Trust Fund, and the Board *unanimously approved* the motion.**

**D. Real Assets Consultant Report. *Aon Hewitt Inv. Consulting***

- 1. Preliminary Performance Report for the Quarter Ended June 30, 2025.** Mr. Chae Hong, of Aon Hewitt Investment Consulting provided the Committee with the Preliminary Performance Report for the quarter ended June 30, 2025.
- 2. Recommendation to approve for Board adoption Resolution 2025-35, authorizing an investment of up to \$75 million dollars in ISQ Global Infrastructure Fund IV (UST), L.P.**
  - a. Resolution 2025-35.**

**Mr. Martin moved to adopt Resolution 2025-35, authorizing an investment of up to \$75 million dollars in ISQ Global Infrastructure Fund IV**

(UST), L.P. , and the Board *unanimously approved the motion.*

3. Recommendation to approve for Board adoption Resolution 2025-36, authorizing an investment of up to \$50 million dollars in Raith Real Estate Fund IV, L.P.

- a. Resolution 2025-36.

Mr. Martin *moved to adopt* Resolution 2025-36, authorizing an investment of up to \$50 million dollars in Raith Real Estate Fund IV, L.P., and the Board *unanimously approved to motion*

4. Recommendation to approve for Board adoption Resolution 2025-37, authorizing an investment of up to \$100 million dollars in Realty Income U.S. Core Plus Fund, L.P.

- a. Resolution 2025-37.

Mr. Martin *moved to adopt* Resolution 2025-37, authorizing an investment of up to \$100 million dollars in Realty Income U.S. Core Plus Fund, L.P., and the Board *unanimously approved the motion.*

E. Private Equity Consultant Report. *Franklin Park.*

1. Preliminary Performance Report for the Quarter Ended June 30, 2025. Mr. Michael Bacine of Franklin Park presented the Committee with the Portfolio Review for the Quarter Ended June 30, 2025.

2. Recommendation to approve for Board adoption Resolution 2025-38, authorizing an investment of up to \$45 million dollars in BVIP Fund XII, L.P.

- a. Resolution 2025-38

Mr. Martin *moved to adopt* Resolution 2025-38, authorizing an investment of up to \$45 million dollars in BVIP Fund XII, L.P. and the Board *unanimously approved the motion.*

3. **Recommendation to approve for Board adoption Resolution 2025-39, authorizing an investment of up to \$45 million dollars in Constellation Wealth Capital Fund II, L. P.**

- a. **Resolution 2025-39.**

**Mr. Martin *moved to adopt* Resolution 2025-39, authorizing an investment of up to \$45 million dollars in Constellation Wealth Capital Fund II, L.P., and the Board *unanimously approved the motion.***

- F. **Update to ATRS Board Policy 1 – Board Governance.**

**Mr. Martin *moved to approve* Update to ATRS Board Policy 1 -Board Governance, and the Board unanimously approved the motion.**

**XIV. Operations Committee Report. *Mr. Bobby Lester, Chair***

- A. **Election of Chair and Vice Chair.**

**Mr. Lester *moved to approve* Mr. Bobby Lester as Chair of the Operations Committee and Mr. Kelsey Bailey as Vice Chair, and the Board *unanimously approved the motion.***

- B. **Open Forum for potential Rule or Law Changes by Committee Members and Board Members in Attendance.**

1. Open Forum. None.

- C. **Rules Promulgation.** Ms. Jennifer Kelly, General Counsel, provided the Committee with a rule promulgation status update and presented revisions to the rules that resulted from public comment.

1. Rule 4: Election of Board of Trustees.
2. Rule 6: Membership and Employer Participation.
3. Rule 8: Free Service Credit, Purchasable Service Credit, and Purchase Accounts.
4. Rule 9: Retirement and Benefits.
5. Rule 10: Return to Service and Teacher Deferred Retirement Option Plan.
6. Rule 11: Survivors and Domestic Relations Orders.

**Mr. Lester *moved to approve* the Rule Promulgation as presented to the Committee with the revisions to the rules from public comment, and the Board *unanimously approved* the motion.**

- D. Update to ATRS Board Policy 1 – Board Governance.** An update on ATRS Board Policy 1 – Board Governance was presented to the Committee.

**Mr. Lester *moved to approve* the Update to ATRS Board Policy 1 – Board Governance as presented to the Committee, and the Board *unanimously approved* the motion.**

- E. Update to ATRS Board Policy 2 – Board Objectives.** An update on ATRS Board Policy 2 – Board Objectives was presented to the Committee.

**Mr. Lester *moved to approve* the Update to ATRS Board Policy 2 – Board Objectives as presented to the Committee, and the Board *unanimously approved* the motion.**

- F. Update to ATRS Board Policy 3 – Executive Director.** An update on ATRS Board Policy 3 – Executive Director was presented to the Committee.

**Mr. Lester *moved to approve* the Update to ATRS Board Policy 3 – Executive Director as presented to the Committee, and the Board *unanimously approved* the motion.**

- XXI. Board of Trustees Disability Review.** Ms. Jennifer Kelly presented the Board with two (2) Disability Reviews.

- A. In Re: Disability Retiree – ATRS ID #313698.**

**Ms. Bell *moved to approve* Disability Retiree Review – ATRS ID #313698, as presented to the Board. Mr. Bailey *seconded the motion* and the Board *unanimously approved the motion*.**

- B. In Re: Disability Retiree – ATRS ID #306359.**

**Mr. Knight *moved to approve* Disability Retiree Review – ATRS ID #306359, as presented to the Board. Mr. Lester *seconded the motion* and the Board *unanimously approved the motion*.**

**XXII. Staff Reports.**

- A. Medical Committee Report.** Mr. Steve Parkinson, Director of Operations, reported that a total of eight (8) Disability Retirement Applications were approved.

**Mr. Martin *moved to approve* the Medical Committee Report. Ms. Bell *seconded the motion* and the Board *unanimously approved the motion*.**

- B. Contract Renewals.** Mr. Mark White, Executive Director, presented the Board with the Contract Renewals. This was for information purposes only. No action was taken.

**XXIII. Other Business.** None.

**XXIV. Adjourn**

**Mr. Lester *moved to adjourn* the Board of Trustees meeting. Mr. Knight *seconded the motion* and the Board *unanimously approved the motion*.**

**Meeting adjourned at 12:08 p.m.**

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Mr. Mark White  
Executive Director

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Dr. Mike Hernandez, Chair  
Board of Trustees

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Tammy Porter,  
Secretary

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Date Approved

**Executive Director Board Report  
December 1, 2025**

To the ATRS Board of Trustees:

I am pleased to report to you the following highlights of the activities and achievements of your ATRS staff since my last Board Report:

**Operations Improvement**

- In September, the Board approved continuation of the CASH (Cash and Savings Help Program) which allows vested, inactive members to elect to forfeit future retirement benefit in exchange for a one-time lump sum payment. We have sent letters to 1,006 qualifying members notifying them of their opportunity to apply. Members may apply at any point through June 30, 2026.
- More than 80,000 Annual Statements have been mailed to all ATRS members who were in Active status in FY2025 and have not yet retired or entered T-DROP. Members can also access electronic copies of their Annual Statements through our online member portal. We are now reviewing the Statements that were returned by the Post Office to do what we can to update mailing addresses. In years past these returned Statements were simply stored, but we recognized this as an opportunity to identify members who need to update their contact information.
- We are revising the Benefit and Address Verification (BAVA) process for next year to streamline the timeline and simplify the paperwork. BAVA letters will be sent to out-of-state members on February 1, with a required response deadline of March 31. If necessary a reminder letter will be sent on March 1. When a member receives the BAVA letter, if their address is correct, they only have to sign the letter and return it to us. If not, we will direct them through the usual change of address verification process.

**Member Engagement**

- We have final plans in place to add a second employee based in an educational service cooperative (ESC). We already have one part-time employee housed with the Northwest Arkansas ESC, and we now have a part-time employee who will start work in January in the Northcentral Arkansas ESC. We continue to look for candidates who can serve as retirement counselors and presenters on a part-time basis working from other ESCs.
- With the start of school this fall, our social media engagement is significantly higher – ATRS posts on Facebook, Instagram, and LinkedIn have accumulated more than 169,800 views in the last 90 days, compared to 93,100 in my last report, and more than 9,100 individuals are actively following the ATRS Facebook page.
- Since the last Board meeting, I have spoken at 4 county retired teacher groups and 6 area leadership conferences for the Arkansas Retired Teachers Association (ARTA). Between myself and staff, ATRS was represented at all 8 ARTA leadership conferences around the state this fall.
- For the monthly Executive Director Update emails, the most recent Update was distributed to 50,955 subscribers, an increase of 478 over the previous month, and it was opened by at least 59.6% of the recipients.

## Human Resources

- We have now implemented the changes made by the Governor to state personnel policies, including extending ATRS office hours to be 8 a.m. to 5 p.m. We have accommodated the new office hours by allowing employees to stagger schedules and giving the option of 1-hour lunch breaks. I had mentioned in my Report last meeting that Governor was also re-instituting a hiring freeze across state government. Based on the threshold that the state's Office of Personnel Management (OPM) has set for us, every ATRS hire going forward will require OPM approval.

## Investments

- Act 937 of 2025 requires ATRS and the state's other retirement systems to identify investments in Chinese companies and then move to divest from most of them in the coming year. In September you approved several fund changes for divestment, and we are now working with our investment managers to implement those changes. I expect most of those transitions to be completed by the end of the calendar year. There is still one other public equity fund to be transitioned, and that recommendation will be on your December agenda.

## Finance & Reporting

- In October we closed our books for the 2024-2025 fiscal year. Our actuaries have completed our annual GASB 67/68 reports which we submitted to Arkansas Legislative Audit and to the Arkansas Department of Finance and Administration for the state's annual financial report. Ordinarily these reports are not included in the Board packet, but they are available on request.

## Progress on Strategic Plan Objectives and Initiatives

- **Outreach & Engagement:** Work continues on the revamp of our website, and I expect the new website to debut after the first of the year.
- **Integrated Systems & Technology:** We are finalizing work on an upgrade of our network and staff computers to more current versions of Windows, which will ensure a more secure operating environment. We will be working with the state's Office of State Procurement to retain a vendor to assist us in procuring the next stages of our IT modernization efforts.
- **Staff Development:** We are continuing to pursue structural changes to make us more efficient and effective, but the state's Office of Personnel Management has advised us those changes will not be allowed during this fiscal year. We will be making requests for these changes in the Legislature's fiscal session next year.

## Future Plans & Priorities

In the coming months, I will be focused on the following issues:

- **IT Modernization** –IT modernization remains my key focus for the coming year. We will be asking you in the coming months to make some significant decisions for the future of our IT systems, so I will be working to develop and document recommendations for your consideration.

Respectfully submitted,

Mark White  
Executive Director  
Arkansas Teacher Retirement System





# Arkansas Teacher Retirement System

## Valuation Results as of June 30, 2025

December 1, 2025

Judith A. Kermans, EA, FCA, MAAA, Heidi G. Barry, ASA, FCA, MAAA, and  
Derek Henning, ASA, EA, FCA, MAAA



# Agenda



**June 30, 2025 Valuation Results**

**3**



**Going Forward**

**32**



**Actuarial Assumptions and Experience  
Study Introduction**

**39**

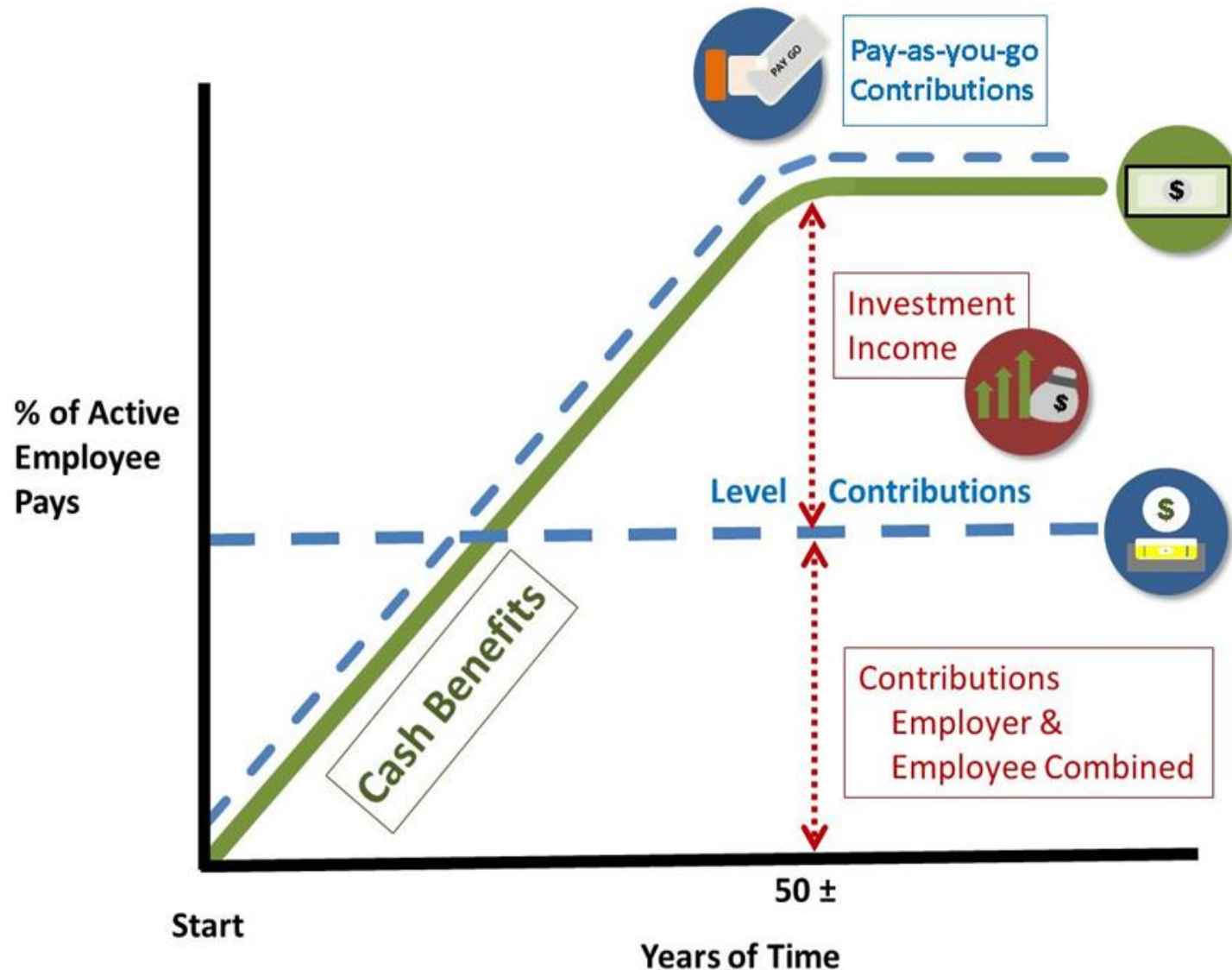
# Funding Objectives

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24-7-401 (a). Fund contributions -- Fund rates.

- (1) The financial objective of the Arkansas Teacher Retirement System is to establish and receive contributions that expressed as percentages of active member payroll will remain approximately level from generation to generation of Arkansas citizens.
- (2) Contributions received each year shall be sufficient:
  - (A) To fully cover the costs of benefit commitments being made to members for their service being rendered in that year; and
  - (B) To make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for service previously rendered.

# Financing Increasing Benefit Obligations



# What Is Needed to Meet Objectives?

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Reasonable forecasts of resources and obligations  
(i.e., good assumptions)

Smoothing devices

- Level % of payroll funding method (EANC)
- Market-related asset valuation method

Funding discipline

A sound investment program

# Covered Population Overview



|                 | Number as of June 30 |         | % Change |
|-----------------|----------------------|---------|----------|
|                 | 2025                 | 2024    |          |
| Active          | 67,871               | 68,265  | -0.6%    |
| T-DROP          | 2,992                | 2,981   | 0.4%     |
| Inactive Vested | 15,308               | 14,775  | 3.6%     |
| Retired         | 57,492               | 56,177  | 2.3%     |
| Total           | 143,663              | 142,198 | 1.0%     |

ATRS receives full employer contributions for Active and T-DROP members and for 4,487 retirees who have returned to work.

# Active, T-DROP and RTW Members

| June 30 | Number |        |       |        | Total Payroll | % Change |
|---------|--------|--------|-------|--------|---------------|----------|
|         | Active | T-DROP | RTW   | Total  | \$ Millions   |          |
| 2018    | 68,645 | 3,696  | 4,029 | 76,370 | \$ 2,986      | 2.2%     |
| 2019    | 68,457 | 3,707  | 4,077 | 76,241 | 3,027         | 1.4%     |
| 2020    | 66,900 | 3,639  | 4,019 | 74,558 | 3,078         | 1.7%     |
| 2021    | 66,633 | 3,465  | 3,575 | 73,673 | 3,205         | 4.1%     |
| 2022    | 68,127 | 3,251  | 3,643 | 75,021 | 3,320         | 3.6%     |
| 2023    | 68,249 | 3,138  | 4,108 | 75,495 | 3,492         | 5.2%     |
| 2024    | 68,265 | 2,981  | 4,400 | 75,646 | 3,612         | 3.4%     |
| 2025    | 67,871 | 2,992  | 4,487 | 75,350 | 3,644         | 0.9%     |

The actuarial valuation assumes the number of working members will remain constant at the current level and that the payroll will increase at 2.75% per year.

# Active Members Not in T-DROP

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|         |        | Group Averages |                  |                  |          |
|---------|--------|----------------|------------------|------------------|----------|
| June 30 | Number | Age            | Years of Service | Average Earnings | % Change |
| 2018    | 68,645 | 44.2           | 10.2             | \$38,477         | 2.04%    |
| 2019    | 68,457 | 44.1           | 10.1             | 39,065           | 1.53%    |
| 2020    | 66,900 | 44.3           | 10.3             | 40,709           | 4.21%    |
| 2021    | 66,633 | 44.2           | 10.5             | 42,901           | 5.38%    |
| 2022    | 68,127 | 44.1           | 10.2             | 43,758           | 2.00%    |
| 2023    | 68,249 | 44.0           | 10.2             | 45,897           | 4.89%    |
| 2024    | 68,265 | 44.1           | 10.1             | 47,551           | 3.60%    |
| 2025    | 67,871 | 44.0           | 10.1             | 48,135           | 1.23%    |



# Active Members in T-DROP

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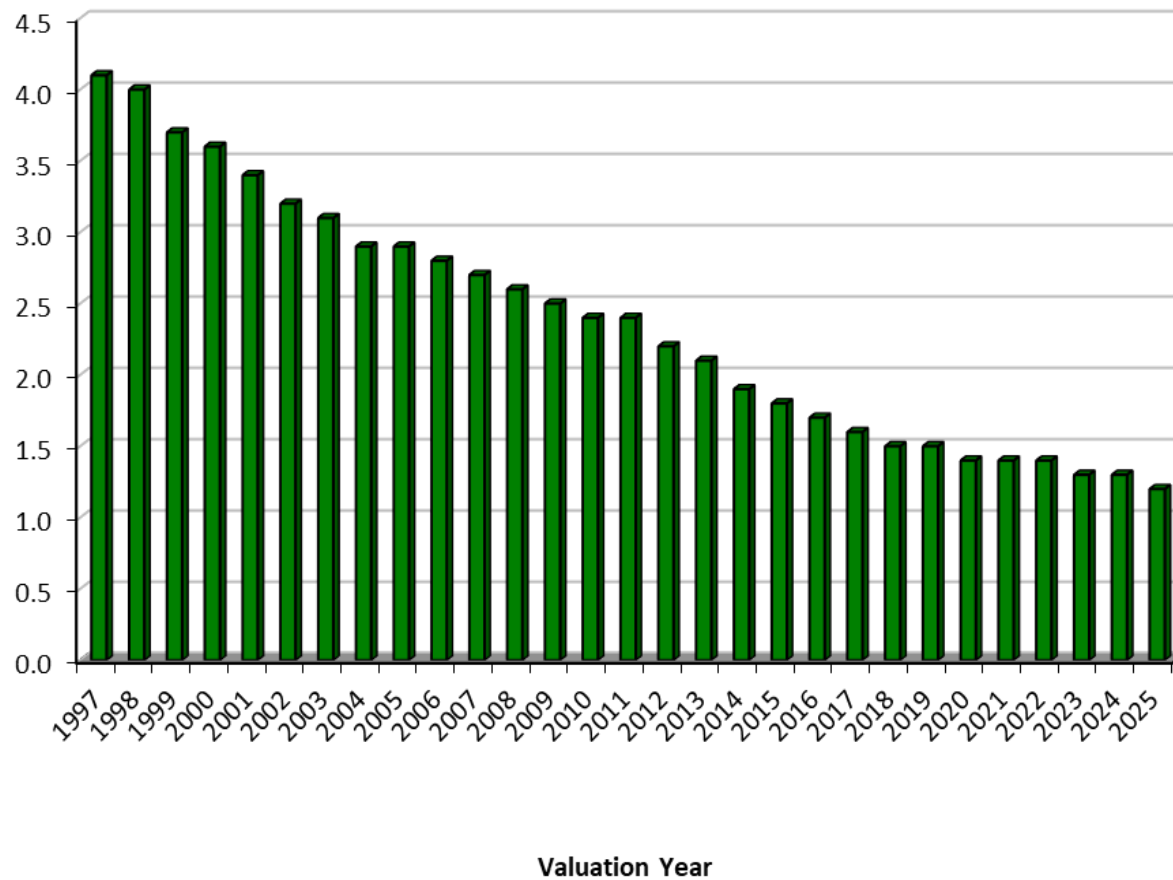
| June 30 | Number | Payroll  |             |          |
|---------|--------|----------|-------------|----------|
|         |        | Average  | \$ Millions | % Change |
| 2018    | 3,696  | \$62,456 | \$230.8     | -2.5%    |
| 2019    | 3,707  | 62,812   | 232.8       | 0.9%     |
| 2020    | 3,639  | 63,477   | 231.0       | -0.8%    |
| 2021    | 3,465  | 65,732   | 227.8       | -1.4%    |
| 2022    | 3,251  | 66,877   | 217.5       | -4.5%    |
| 2023    | 3,138  | 70,134   | 220.1       | 1.2%     |
| 2024    | 2,981  | 71,536   | 213.2       | -3.1%    |
| 2025    | 2,992  | 72,596   | 217.2       | 1.9%     |

# Deferred Vested and Retired Members

|         | Deferred Members |             |         | Retired Members |             |          |
|---------|------------------|-------------|---------|-----------------|-------------|----------|
| June 30 | Number           | Benefit     |         | Number          | Benefit     |          |
|         |                  | \$ Millions | Average |                 | \$ Millions | Average  |
| 2018    | 12,544           | \$66.2      | \$5,279 | 46,824          | \$ 1,099.3  | \$23,478 |
| 2019    | 13,033           | 69.5        | 5,336   | 48,677          | 1,146.7     | 23,558   |
| 2020    | 13,338           | 72.9        | 5,464   | 50,133          | 1,194.8     | 23,833   |
| 2021    | 13,574           | 76.2        | 5,614   | 51,405          | 1,242.7     | 24,175   |
| 2022    | 13,986           | 80.5        | 5,758   | 52,748          | 1,293.8     | 24,527   |
| 2023    | 14,355           | 87.0        | 6,063   | 54,646          | 1,346.6     | 24,643   |
| 2024    | 14,775           | 94.0        | 6,359   | 56,177          | 1,403.8     | 24,988   |
| 2025    | 15,308           | 102.1       | 6,672   | 57,492          | 1,456.3     | 25,330   |

# Ratio of Actives to Retirees

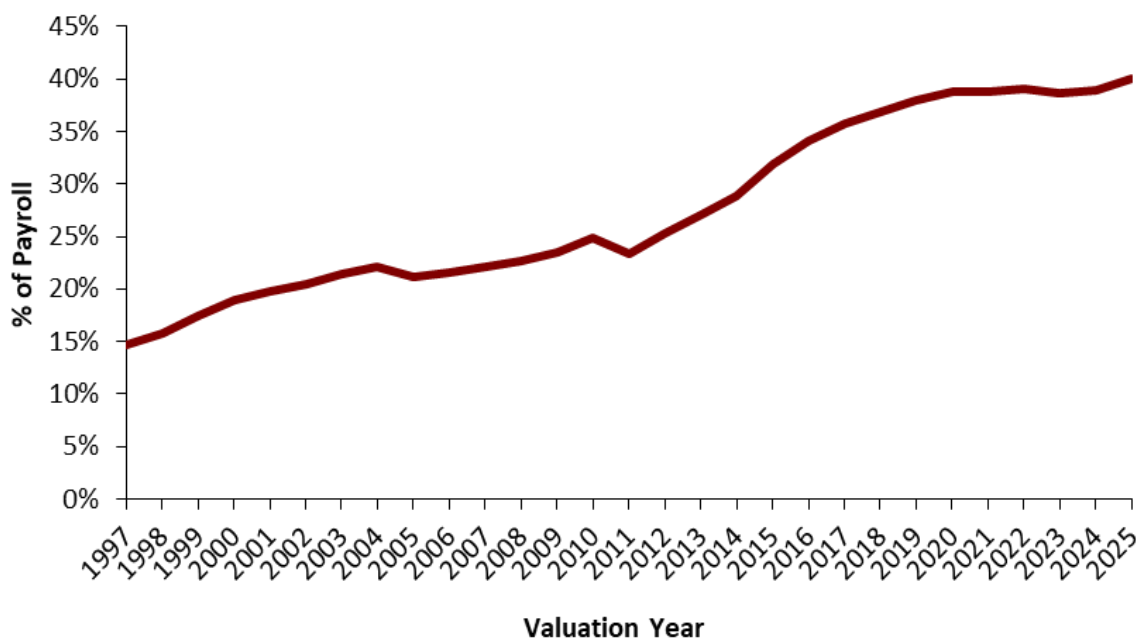
Active Members Per Retired Life \*



\* Members in T-DROP are included with Active members.

# Retirement Benefits as a Percent of Payroll

Retirement Benefits Being Paid  
as a Percent of Member Payroll \*



\* Payroll includes Active members in T-DROP, Active members not in T-DROP and the pays of Return to Work Retirees.

# EXPERIENCE

in FY 2025

The amortization period is 21 years, an increase from the 20-year period last year.

The rate of investment return on a market basis was 9.80% for FY 2025, however after smoothing prior gains and losses, the recognized return on the Funding Value of Assets was 5.78%.

Details of other experience will be presented in the Gain/Loss analysis later this month.

# Investment Experience

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Under the asset valuation method, investment gains and losses are spread over a 4-year period

This year there was a \$563 million investment gain relative to the 7.25% investment return assumption

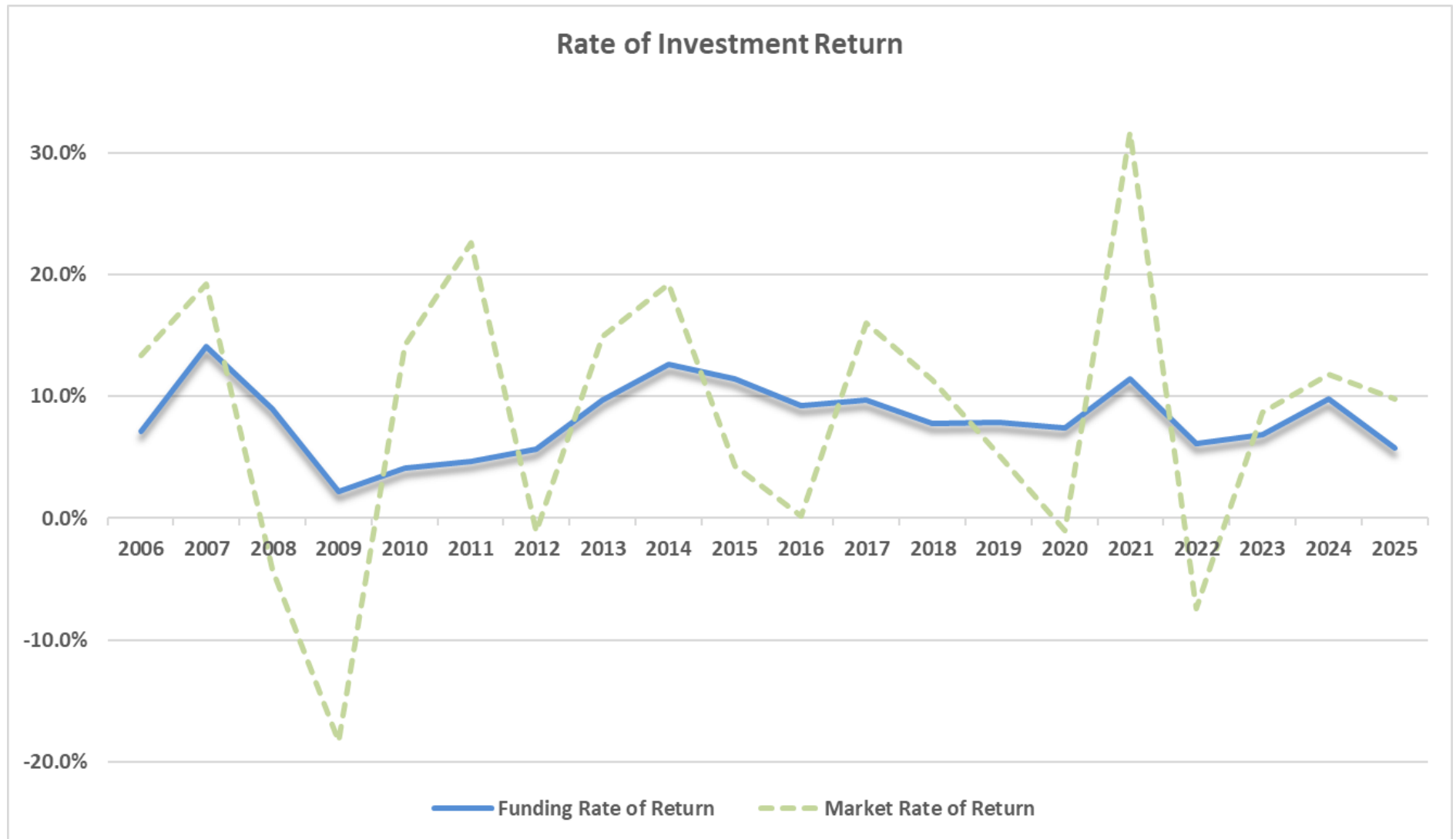
25% of the gain was recognized this year and the remaining 75% will be recognized over 3 future years

This year's 25% recognized gain was added to portions of gains and losses from prior years producing a net \$322 million loss (Funding Value)

# Development of Funding Value of Assets

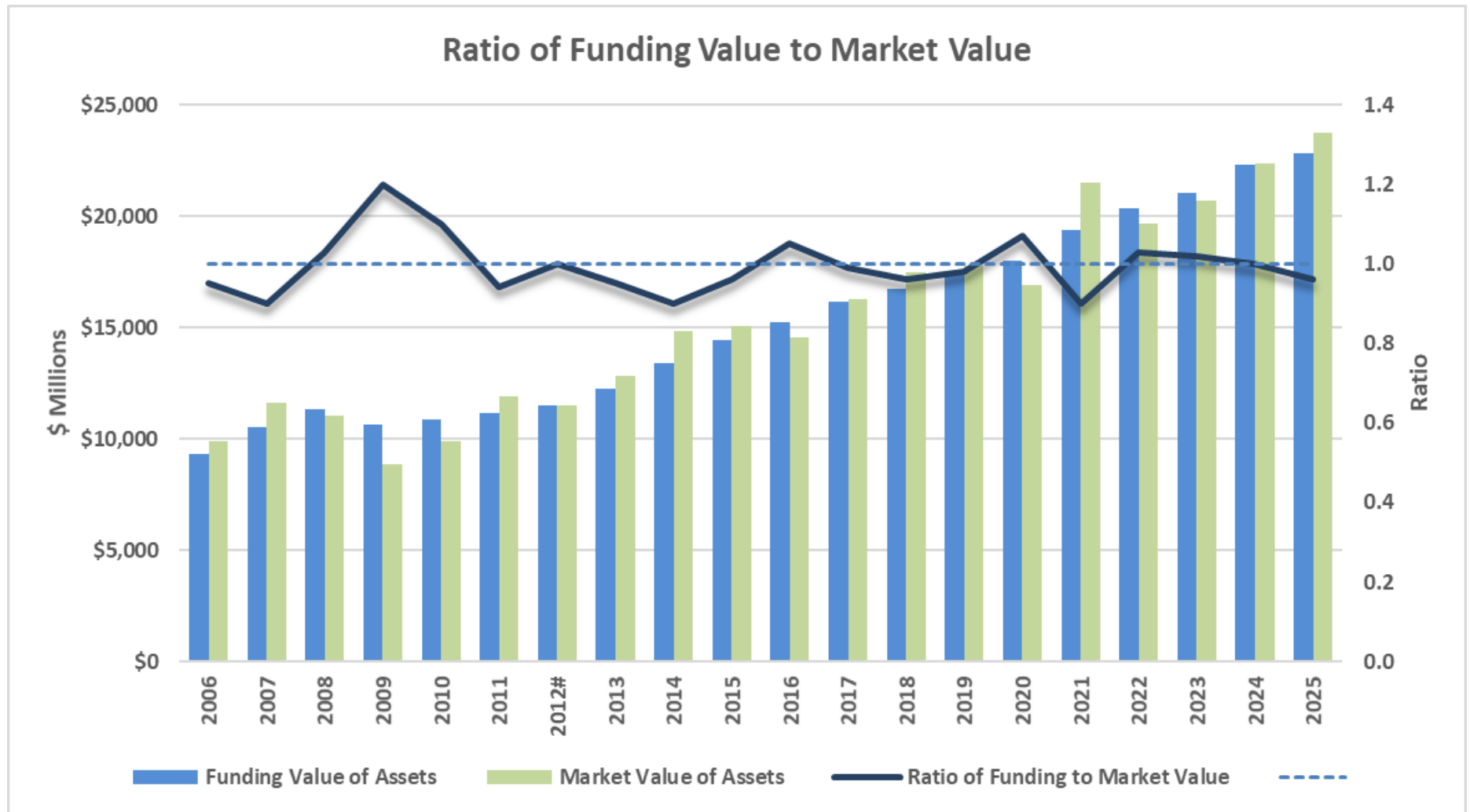
| Year Ended June 30:   | 2024                  | 2025                  | 2026           | 2027           | 2028           |
|---|-----------------------|-----------------------|----------------|----------------|----------------|
| A. Funding Value Beginning of Year                              | \$ 21,014,908,823     | \$ 22,309,329,958     |                |                |                |
| B. Market Value End of Year                                     | 22,359,231,384        | 23,741,135,859        |                |                |                |
| C. Market Value Beginning of Year                               | 20,675,051,918        | 22,359,231,384        |                |                |                |
| D. Non-Investment Net Cash Flow                                 | (720,213,715)         | (770,543,042)         |                |                |                |
| E. Investment Return  | -                     | -                     |                |                |                |
| E1. Market Total: B - C - D                                     | 2,404,393,181         | 2,152,447,517         |                |                |                |
| E2. Assumed Rate  | 7.25%                 | 7.25%                 | 7.25%          |                |                |
| E3. Amount for Immediate Recognition                            | 1,497,473,142         | 1,589,494,237         |                |                |                |
| E4. Amount for Phased-In Recognition: E1-E3                     | 906,920,039           | 562,953,280           |                |                |                |
| F. Phased-In Recognition of Investment Return                   |                       |                       |                |                |                |
| F1. Current Year: 0.25 x E4                                     | 226,730,010           | 140,738,320           | Unknown        | Unknown        | Unknown        |
| F2. First Prior Year  | 58,896,546            | 226,730,010           | \$ 140,738,320 | Unknown        | Unknown        |
| F3. Second Prior Year   | (748,081,697)         | 58,896,546            | 226,730,010    | \$ 140,738,320 | Unknown        |
| F4. Third Prior Year  | 979,616,849           | (748,081,696)         | 58,896,547     | 226,730,009    | \$ 140,738,320 |
| <b>F5. Total Recognized Investment Gain</b>                     | <b>517,161,708</b>    | <b>(321,716,820)</b>  | 426,364,877    | 367,468,329    | 140,738,320    |
| G. Funding Value End of Year:                                   |                       |                       |                |                |                |
| G1. Preliminary Funding Value End of Year: A+D+E3+F5            | <b>22,309,329,958</b> | <b>22,806,564,333</b> |                |                |                |
| G2. Upper Corridor Limit: 120% x B                              | <b>26,831,077,661</b> | <b>28,489,363,031</b> |                |                |                |
| G3. Lower Corridor Limit: 80% x B                               | <b>17,887,385,107</b> | <b>18,992,908,687</b> |                |                |                |
| <b>G4. Funding Value End of Year</b>                            | <b>22,309,329,958</b> | <b>22,806,564,333</b> |                |                |                |
| H. Actual/Projected Difference between Market and Funding Value | 49,901,426            | 934,571,526           | 508,206,649    | 140,738,320    | -              |
| I. Market Rate of Return  | 11.84 %               | 9.80 %                |                |                |                |
| J. Funding Rate of Return                                       | 9.75 %                | 5.78 %                |                |                |                |
| K. Ratio of Funding Value to Market Value                       | 99.78 %               | 96.06 %               |                |                |                |

# Development of Funding Value of Assets





# Development of Funding Value of Assets



# Results of the June 30, 2025 Valuation

| Actuarial Accrued Liabilities for:   | \$ Millions |           |
|--|-------------|-----------|
|  | 2025        | 2024      |
| Age and service retirement allowances based on total service likely to be rendered by <i>present Active and T-DROP members</i> | \$ 10,328   | \$ 10,186 |
| Benefits payable to present Retirees and Beneficiaries   | 15,449      | 14,992    |
| Benefits payable for all other reasons   | 1,250       | 1,178     |
| Total  | 27,027      | 26,356    |
| Funding Value of Assets  | 22,807      | 22,309    |
| Unfunded Acturial Accrued Liability  | \$ 4,220    | \$ 4,047  |
|  |             |           |
| % Funded Based on  |             |           |
| Funding Value of Assets  | 84%         | 85%       |
| Market Value of Assets   | 88%         | 85%       |

If the UAAL were measured based on the market value of assets, it would be \$3,286 million.

# Results of the June 30, 2025 Valuation

| Computed Contributions for                | % of Payroll  |        |
|---|---------------|--------|
|   | 2025          | 2024   |
| 1) Employer Normal Cost                   | <b>7.07%</b>  | 7.06%  |
| 2) Unfunded Actuarial Accrued Liabilities | <b>7.93%</b>  | 7.94%  |
| <b>3) Employer Contribution Rate</b>      | <b>15.00%</b> | 15.00% |
| <b>Amortization Years</b>                 | <b>21</b>     | 20     |

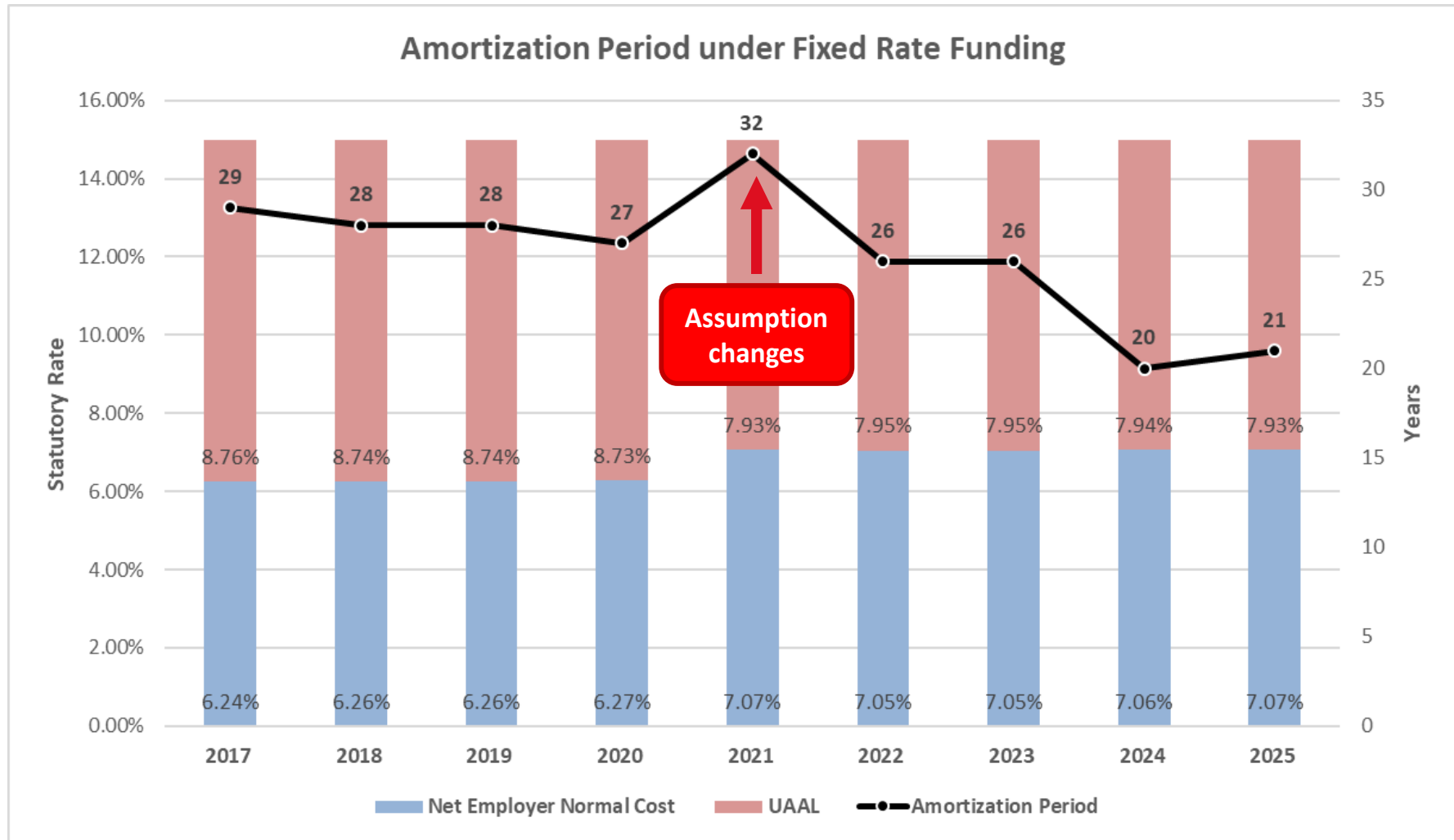
The employer and employee contribution rates are 15% and 7%, respectively. If the Market Value of Assets were used in the calculations instead of the Funding Value of Assets, the resulting amortization period would be 14 years instead of the 21 years that is shown.

# ACA 24-7-401 (c)(5)(B)(ii)

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- Statutes have a maximum 30-year amortization but mention an 18-year threshold (amortization period) in some places
- If a report from the actuary shows that the amortization period would remain 18 years or less based on a 14% employer contribution rate, then the employer rate cannot exceed 14%.
- An employer contribution rate of 15.94% would be needed to achieve an 18-year amortization period
- If 14% were the rate, the amortization period would be 26 years
- Statute does not address the contributory member rate of 7%

# ATRS – Fixed Rate Funding



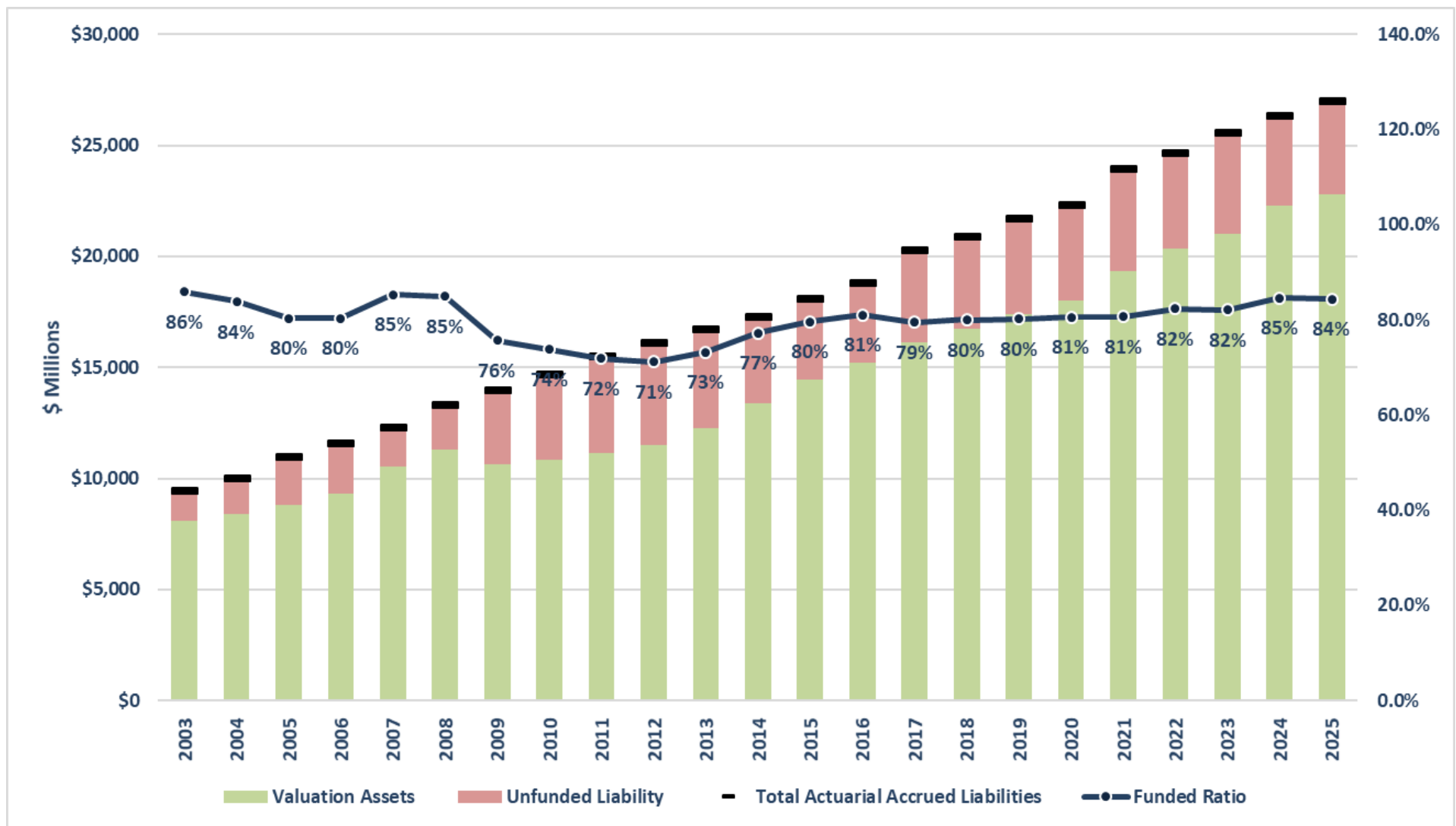
The calculated amortization period was based on anticipated increases in the employer and member contribution rates for the 2017 through 2022 valuations. The employer and member rates increased by 0.25% increments from FY 2020 through FY 2023. The ultimate employer and member contribution rates are 15% and 7%, respectively, and are reflected in the 2023 valuation. The chart above includes the 15% rate.

## ACA 24-7-401 (c)(5)(B)(ii)

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- A reduction in contributions would be unfortunate if ATRS is not 100% funded and/or if the assumed rate of return should really be lowered further
- A careful review of assumptions would be warranted if this situation were to occur in between experience studies
- A detailed study of plan experience is done every five years
- The assumed rate of return is based on forward looking expectations

# Funded Ratio: Actuarial Value of Assets as Percents of Accrued Liabilities



# Disclosures of Risk

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## Maturity Measures

- Ratio of actives to retired, etc.

## Scenario Testing

- Specify potential future events that differ from assumptions and estimate the effect on future results.

## Stress Testing

- Specify adverse changes in one or a few factors affecting the plan's financial condition and assess the impact.

## Stochastic Modeling

- Simulations showing envelope of outcomes that could occur.

## Other

- Sensitivity testing, liability measures under minimal risk investment policy, etc.



# Maturity Measures



|   | 2025   | 2024   | 2023   | 2022   | 2021   |
|---|--------|--------|--------|--------|--------|
| Number of Active and T-DROP Participants  | 70,863 | 71,246 | 71,387 | 71,378 | 70,098 |
| Number of Terminated Vested Participants  | 15,308 | 14,775 | 14,355 | 13,986 | 13,574 |
| Number of Retirees  | 57,492 | 56,177 | 54,646 | 52,748 | 51,405 |
| Retiree % of Total Liabilities  | 57.2%  | 56.9%  | 56.7%  | 56.9%  | 56.7%  |
| <div> <div>Commentary</div> <div>Retired participants account for approximately 57% of plan liabilities, a proportion which has been relatively level over the past 5 years. This is indicative of a maturing plan. As a plan matures, it becomes more sensitive to investment volatility.</div> </div> |        |        |        |        |        |

# Maturity Measures (\$ Millions)



|  | 2025     | 2024     | 2023     | 2022     | 2021     |
|--|----------|----------|----------|----------|----------|
| Actuarial Accrued Liability                      | \$27,027 | \$26,356 | \$25,592 | \$24,697 | \$23,987 |
| Payroll  | 3,644    | 3,612    | 3,492    | 3,320    | 3,205    |
| Ratio of Actuarial Accrued Liability to Payroll  | 741.7%   | 729.8%   | 732.9%   | 743.8%   | 748.4%   |
| Duration of the Present Value of Future Benefits | 14.09    | 14.17    | 14.16    | 14.03    | 14.02    |

## Commentary

As the ratio of actuarial accrued liability to payroll increases, the amortization period becomes increasingly sensitive to the effects of demographic gains and losses, and assumption changes. For example, a 1% demographic gain or loss would correspond to 7.417% of payroll and would affect the amortization period by 2 years based on the 2025 results.

The duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, the current duration of 14.1 indicates that the present value of future benefits would increase approximately 14.1% if the assumed rate of return were lowered 1%. Such a change could affect the amortization period by 20 years or more.

# Maturity Measures (\$ Millions)



|  | 2025     | 2024     | 2023     | 2022     | 2021     |
|--|----------|----------|----------|----------|----------|
| Market Value of Assets                     | \$23,741 | \$22,359 | \$20,675 | \$19,679 | \$21,469 |
| Payroll                                    | 3,644    | 3,612    | 3,492    | 3,320    | 3,205    |
| Ratio of Market Value of Assets to Payroll | 651.5%   | 619.1%   | 592.1%   | 592.7%   | 669.9%   |

## Commentary

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. The market value of assets is currently 6.5 times the payroll indicating that a return on assets 2% different from assumed would equal approximately 13.0% of payroll. Such a change could affect the amortization period by approximately 4 years based on 2025 results. While asset smoothing would spread out the effect over 4 years, asset gains and losses much larger than 2% are common. An increasing level of this maturity measure generally indicates an increasing volatility in the amortization period.



# Additional Maturity Measures (\$ Millions)

| Valuation<br>Date<br>June 30 | (1)<br>Accrued<br>Liabilities<br>(AAL) | (2)<br>Market<br>Value of<br>Assets | (3)<br>Unfunded<br>AAL<br>(1)-(2) | (4)<br>Valuation<br>Payroll <sup>^</sup> | (5)<br>% Change<br>in<br>Payroll | (6)<br>Funded<br>Ratio<br>(2)/(1) | (7)<br>Annuitant<br>Liabilities<br>(AnnLiab) | (8)<br>AnnLiab/<br>AAL<br>(7)/(1) |
|------------------------------|--|-------------------------------------|-----------------------------------|--|----------------------------------|-----------------------------------|--|-----------------------------------|
| 2012                         | \$ 16,139                              | \$ 11,484                           | \$ 4,655                          | \$ 2,803                                 |                                  | 71.2%                             | \$ 7,649                                     | 47.4%                             |
| 2013#                        | 16,718                                 | 12,830                              | 3,888                             | 2,819                                    | 0.6%                             | 76.7%                             | 8,181  | 48.9%                             |
| 2014                         | 17,310                                 | 14,856                              | 2,454                             | 2,851                                    | 1.1%                             | 85.8%                             | 8,777  | 50.7%                             |
| 2015                         | 18,136                                 | 15,036                              | 3,100                             | 2,874                                    | 0.8%                             | 82.9%                             | 9,778  | 53.9%                             |
| 2016                         | 18,812                                 | 14,559                              | 4,253                             | 2,888                                    | 0.5%                             | 77.4%                             | 10,430                                       | 55.4%                             |
| 2017#*                       | 20,298                                 | 16,285                              | 4,013                             | 2,922                                    | 1.2%                             | 80.2%                             | 11,337                                       | 55.9%                             |
| 2018                         | 20,935                                 | 17,493                              | 3,442                             | 2,986                                    | 2.2%                             | 83.6%                             | 11,851                                       | 56.6%                             |
| 2019                         | 21,709                                 | 17,742                              | 3,967                             | 3,027                                    | 1.4%                             | 81.7%                             | 12,460                                       | 57.4%                             |
| 2020                         | 22,352                                 | 16,902                              | 5,450                             | 3,078                                    | 1.7%                             | 75.6%                             | 12,890                                       | 57.7%                             |
| 2021*                        | 23,987                                 | 21,469                              | 2,518                             | 3,205                                    | 4.1%                             | 89.5%                             | 13,596                                       | 56.7%                             |
| 2022                         | 24,697                                 | 19,679                              | 5,018                             | 3,320                                    | 3.6%                             | 79.7%                             | 14,044                                       | 56.9%                             |
| 2023                         | 25,592                                 | 20,675                              | 4,917                             | 3,492                                    | 5.2%                             | 80.8%                             | 14,511                                       | 56.7%                             |
| 2024                         | 26,356                                 | 22,359                              | 3,997                             | 3,612                                    | 3.4%                             | 84.8%                             | 14,992                                       | 56.9%                             |
| 2025#                        | 27,027                                 | 23,741                              | 3,286                             | 3,644                                    | 0.9%                             | 87.8%                             | 15,449                                       | 57.2%                             |

# Benefit change.

\* Assumption change.

<sup>^</sup> Valuation payroll includes T-DROP and return to work payroll.

# Additional Maturity Measures (\$ Millions)

| Valuation<br>Date<br>June 30 | (9)<br>Liability/<br>Payroll<br>(1)/(4) | (10)<br>Assets/<br>Payroll<br>(2)/(4) | (11)<br>Est.<br>Porfolio<br>Std. Dev. | (12)<br>Std. Dev.<br>% of Pay<br>(10)x(11) | (13)<br>Unfunded/<br>Payroll<br>(3)/(4) | (14)<br>Net<br>External<br>Cash Flow<br>(NECF) | (15)<br>NECF/<br>Assets<br>(14)/(2) | (16)<br>Portfolio<br>Rate of<br>Return | (17)<br>10-year<br>Trailing<br>Average |
|------------------------------|---|---------------------------------------|---------------------------------------|--|---|--|-------------------------------------|--|--|
| 2012                         | 575.8%                                  | 409.7%                                |                                       |  | 166.1%                                  | \$ (285)                                       | -2.5%                               | -1.1%                                  | 6.6%                                   |
| 2013#                        | 593.0%                                  | 455.1%                                |                                       |  | 137.9%                                  | (337)  | -2.6%                               | 14.9%                                  | 8.0%                                   |
| 2014                         | 607.2%                                  | 521.1%                                |                                       |  | 86.1%                                   | (395)  | -2.7%                               | 19.2%                                  | 8.2%                                   |
| 2015                         | 631.0%                                  | 523.1%                                |                                       |  | 107.9%                                  | (445)  | -3.0%                               | 4.3%                                   | 7.7%                                   |
| 2016                         | 651.3%                                  | 504.0%                                |                                       |  | 147.3%                                  | (505)  | -3.5%                               | 0.2%                                   | 6.3%                                   |
| 2017#*                       | 694.7%                                  | 557.4%                                |                                       |  | 137.3%                                  | (556)  | -3.4%                               | 16.0%                                  | 6.0%                                   |
| 2018                         | 701.1%                                  | 585.8%                                | 12.7%                                 | 77.3%                                      | 115.3%                                  | (607)  | -3.5%                               | 11.4%                                  | 7.6%                                   |
| 2019                         | 717.2%                                  | 586.1%                                | 12.5%                                 | 76.3%                                      | 131.1%                                  | (642)  | -3.6%                               | 5.2%                                   | 10.4%                                  |
| 2020                         | 726.2%                                  | 549.1%                                | 12.5%                                 | 71.5%                                      | 177.1%                                  | (665)  | -3.9%                               | -1.0%                                  | 8.8%                                   |
| 2021*                        | 748.4%                                  | 669.8%                                | 13.8%                                 | 92.1%                                      | 78.6%                                   | (677)  | -3.2%                               | 31.7%                                  | 9.6%                                   |
| 2022                         | 743.8%                                  | 592.7%                                | 13.7%                                 | 81.1%                                      | 151.1%                                  | (192)  | -1.0%                               | -7.5%                                  | 8.9%                                   |
| 2023                         | 732.9%                                  | 592.1%                                | 13.9%                                 | 82.3%                                      | 140.8%                                  | (689)  | -3.3%                               | 8.7%                                   | 8.3%                                   |
| 2024                         | 729.8%                                  | 619.1%                                | 13.9%                                 | 86.1%                                      | 110.7%                                  | (720)  | -3.2%                               | 11.8%                                  | 7.6%                                   |
| 2025#                        | 741.7%                                  | 651.5%                                | 12.9%                                 | 84.2%                                      | 90.2%                                   | (771)  | -3.2%                               | 9.8%                                   | 8.2%                                   |

# Benefit change.

\* Assumption change.

^ Valuation payroll includes T-DROP and return to work payroll.

# Footnotes

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(\*) ATRS had experience studies in these years leading to a change or "true up" in actuarial assumptions. A pattern of periodic studies is a sign of a well-run system and suggests the extent to which the liability measures the actuary provides are likely to be realistic.

(#) ATRS had benefit changes in these years. Benefit increases cause liabilities to rise; benefit decreases cause liabilities to fall. In either case, benefit changes affect the year by year comparability of the measures on this page.

(6) The funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.

(9) and (10) The ratios of liabilities and assets to payroll gives an indication of both maturity and volatility. Many systems have values between 500% and 700%. Values significantly above that range may indicate difficulty in supporting the benefit level as a level % of payroll.

# Footnotes

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(13) The ratio of unfunded liability to payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded liability. A value above approximately 300% or 400% may indicate difficulty in discharging the unfunded liability within a reasonable time frame.

(14) and (15) The ratio of Net External Cash Flow to assets is an important measure of sustainability. Negative ratios are common and expected for a maturing system. In the longer term, this ratio should be on the order of approximately -4%. A ratio that is significantly more negative than that for an extended period could be a leading indicator of potential exhaustion of assets.

(16) and (17) Investment return is probably the largest single risk that most systems face. The year-by-year return and the 10-year geometric average give an indicator of past performance of the portfolio. The past is not a predictor of the future.



# GOING FORWARD - SCENARIO TESTING







# About Projections

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

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

Projected results are very sensitive to the rates of payroll growth and liability growth that are assumed. In the long run, according to theory, both of those figures should approach 2.75%.



# The Future

Let's have a look at projected valuation results and the amortization period for the next few years based on alternate future rates of investment return for 2026.

All scenarios assume a 7.25% return for years after 2026.

All scenarios assume a 15% of pay contribution rate.

Of course, actual experience will determine what really happens.

# Projected Amortization Years

| Valuation Year      | Actual | Projected |       |       |       |
|---------------------|--------|-----------|-------|-------|-------|
|                     | 2025   | 2026      | 2027  | 2028  | 2029  |
| <b>Projection A</b> |        |           |       |       |       |
| Investment Return   | 9.80%  | 7.25%     | 7.25% | 7.25% | 7.25% |
| Amortization Years  | 21     | 18        | 14    | 12    | 10    |
| <b>Projection B</b> |        |           |       |       |       |
| Investment Return   | 9.80%  | 10.00%    | 7.25% | 7.25% | 7.25% |
| Amortization Years  | 21     | 17        | 12    | 9     | 7     |
| <b>Projection C</b> |        |           |       |       |       |
| Investment Return   | 9.80%  | 0.00%     | 7.25% | 7.25% | 7.25% |
| Amortization Years  | 21     | 21        | 19    | 20    | 22    |



# Going Forward

Projection A: The projection suggests a decrease in the amortization period as investment gains are recognized.

Projection B: If the 2026 market return is favorable, the decrease in the amortization period may accelerate.

Projection C: If the 2026 market return is very unfavorable, any remaining gains from 2023, 2024, and 2025 could be fully offset causing the amortization period to increase to 22 years.



# Going Forward

Projections shown indicate that the amortization period will likely be 18 years in the next valuation, if experience is as assumed.

ATRS has targeted an 18-year funding period in its Board Financial Objectives.

# Risk Management

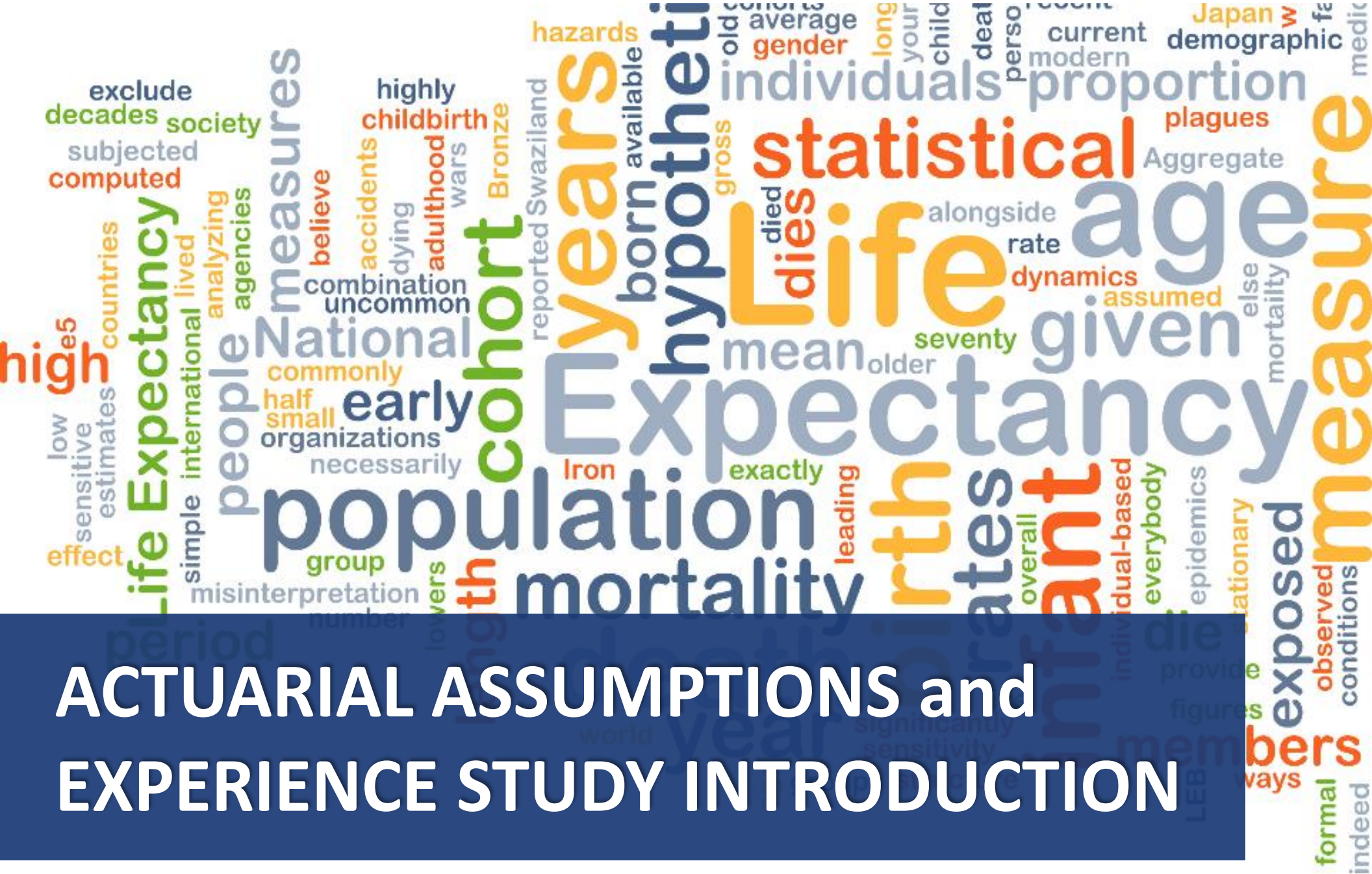
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May involve:

- Reviewing asset allocation with a goal of reducing the standard deviation of the portfolio return
- Reducing asset-liability mismatch
- Either of which might lead to a reduction in the assumed rate of investment return
- Other

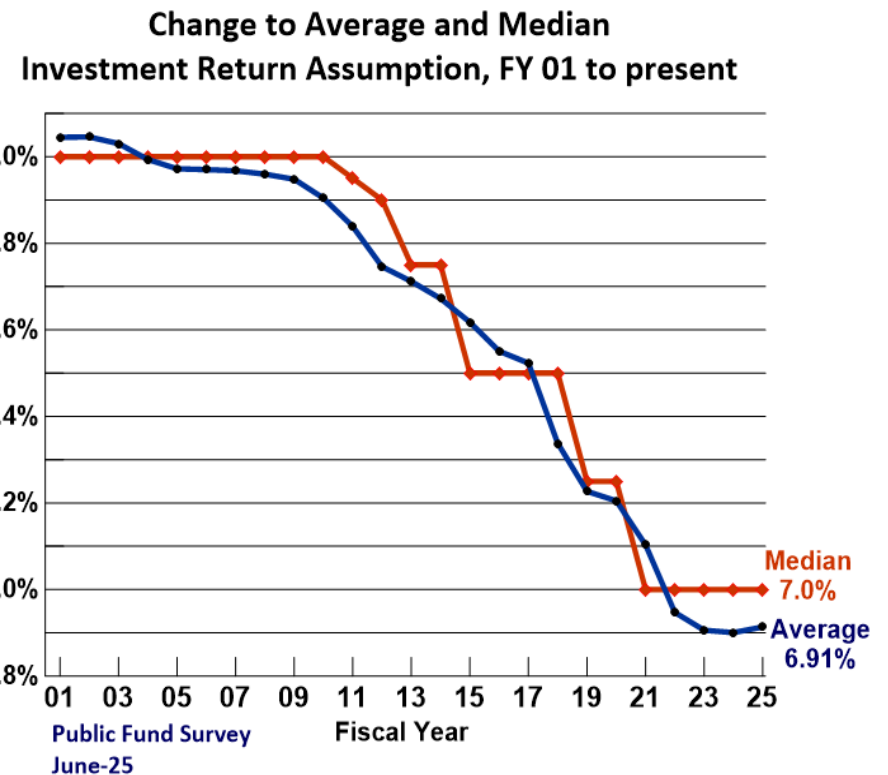
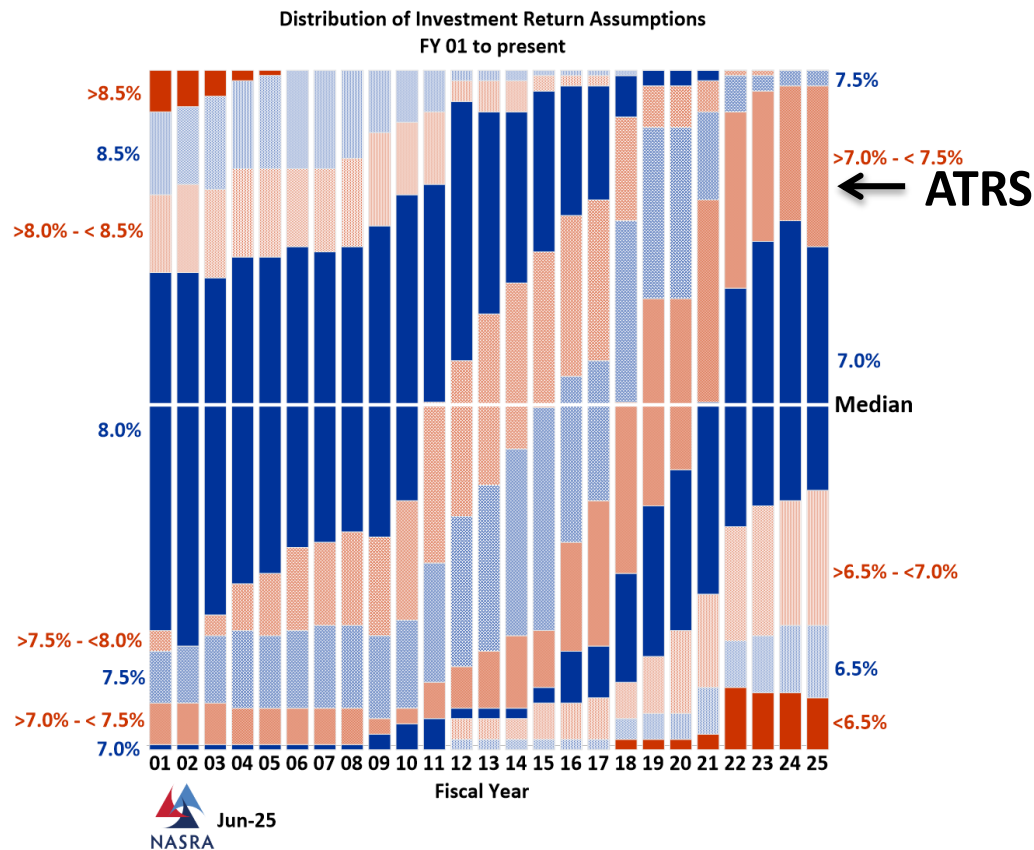






*ALL ASSUMPTIONS ARE FALSE, INCLUDING THIS ONE.*

# NASRA Survey of Investment Return Assumptions



ATRS is above the median reported in the NASRA survey of 7.0%. The 7.25% assumption was at the upper end of the reasonable range based on forward looking models in fall of 2023. However, recent models are more optimistic.



# ATRS Rate of Return History

| Accumulation of \$1,000 invested July 1, 2002 |               |         |
|---|---------------|---------|
| Fiscal  | Actual Return | \$1,000 |
| 2003  | 1.1%          | \$1,011 |
| 2004  | 17.0%         | \$1,183 |
| 2005  | 9.6%          | \$1,296 |
| 2006  | 13.3%         | \$1,469 |
| 2007  | 19.2%         | \$1,751 |
| 2008  | -4.2%         | \$1,677 |
| 2009  | -18.3%        | \$1,370 |
| 2010  | 14.2%         | \$1,565 |
| 2011  | 22.6%         | \$1,919 |
| 2012  | -1.1%         | \$1,898 |
| 2013  | 14.9%         | \$2,180 |
| 2014  | 19.2%         | \$2,599 |
| 2015  | 4.3%          | \$2,711 |
| 2016  | 0.2%          | \$2,716 |
| 2017  | 16.0%         | \$3,150 |
| 2018  | 11.4%         | \$3,508 |
| 2019  | 5.2%          | \$3,690 |
| 2020  | -1.0%         | \$3,653 |
| 2021  | 31.7%         | \$4,809 |
| 2022  | -5.0%         | \$4,569 |
| 2023  | 8.7%          | \$4,967 |
| 2024  | 11.8%         | \$5,553 |
| 2025  | 9.8%          | \$6,097 |
| <b>Geo Avg</b>                                | <b>8.18%</b>  |         |

- Since the turn of the millennium, ATRS' geometric compounded average return was 8.18%.
- Of course, historical averages depend heavily on the time period chosen.

# Current Target Asset Allocation

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- Presented below is the target asset allocation for ATRS:

| Asset Class                | ATRS<br>Target<br>Allocation |
|----------------------------|------------------------------|
| Total Equity               | 48%                          |
| Fixed Income               | 20%                          |
| Opportunistic/Alternatives | 5%                           |
| Real Assets                | 15%                          |
| Private Equity             | 12%                          |
| <b>Total</b>               | <b>100%</b>                  |

- Based upon ATRS' target asset allocation, future expectations of various investment firms were analyzed
- The next slide shows the results of this analysis

# Other Investment Firms – Projected Investment Returns

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| Summary of GRS 2025 CMAM Analysis   |        |
|---|--------|
| 10-Year Capital Market Expectations<br>Average of 12 Investment Firms       |        |
| 1-Year Expected Return  | 7.80%  |
| Standard Deviation of 1-Year Expected Return                                | 12.93% |
| 10-Year Expected Median Return (i.e., 50th Percentile)                      | 7.03%  |
| 20- to 30-Year Capital Market Expectations<br>Average of 8 Investment Firms |        |
| Long-Term Expected Median Return (i.e., 50th Percentile)                    | 7.41%  |

**A 10-year time horizon for capital market expectations is appropriate for ATRS given that the duration is 11 years for the accrued liabilities and 14 years for the present value of future benefits. This means that a good portion of obligations will be paid out in the next decade.**

# Discussion

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- Actuarial standards require that actuarial assumptions be reasonable each year, not just when the experience study is performed
- This review was done as part of the actuarial valuation process this fall

# Discussion

## Experience Study



- ATRS is due for an experience study in the spring of 2026
- The actuary will use five years of data to analyze trends in retirement, withdrawals, mortality, pay raises, etc.
- Additional focus and analysis on the economic assumptions including expected assumed rates of return going forward
- The study will help ATRS reset its sails and move into the future

# Experience Study Process

## Analysis

- Upcoming 5-year study based upon experience during the 5-year period from July 1, 2020 to June 30, 2025
- Compare trends with prior studies
- Generally, we give confirmed trends more credibility than non-confirmed trends

## Philosophy

### **Do not overreact to results from any single experience period**

- It is better to make a series of small changes in the right direction rather than a single large change that could turn out in hindsight to be in the wrong direction

## Assumptions

- Demographic assumptions - typically recommended by actuary and adopted by Board
- Economic assumptions - actuary recommends reasonable economic alternatives and Board adopts based on input from actuary and advisors

# Considerations – The 80% Funded Target

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- June 30, 2025 funded ratio is 84% (FVA/AAL)
- Common target of 80% in pension plans to achieve “health” or “actuarial soundness”
- Funding ratio is only one measurement
- Origin of the target is unclear
  - Private sector targets
  - 2007 Government Accountability Office (GAO) report stated 80% as a benchmark
  - Credit rating agencies
- Funded status is a point in time metric
- Ultimate goal is to be 100% funded

# The Trend is Important

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| Funding Ratio |        |        |
|---------------|--------|--------|
|               | Plan A | Plan B |
| 2015          | 50%    | 90.0%  |
| 2016          | 53%    | 89.0%  |
| 2017          | 56%    | 88.0%  |
| 2018          | 59%    | 87.0%  |
| 2019          | 62%    | 86.0%  |
| 2020          | 65%    | 85.0%  |
| 2021          | 68%    | 84.0%  |
| 2022          | 71%    | 83.0%  |
| 2023          | 74%    | 82.0%  |
| 2024          | 77%    | 81.0%  |
| 2025          | 80%    | 80.0%  |



# Disclaimers

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- 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 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.

# STATEMENT OF FINANCIAL INTEREST

**State/District officials file with:**

John Thurston, Secretary of State  
500 Woodlane Street  
Little Rock, AR 72201  
Phone (501) 682-5070  
Fax (501) 682-3548

**Calendar year covered** \_\_\_\_\_

(Note: Filing covers the previous calendar year)

For assistance in completing  
this form contact:

Arkansas Ethics Commission  
Phone (501) 324-9600  
Toll Free (800) 422-7773

**Is this an amendment?** ☐ Yes ☐ No

Please provide complete information. If the information requested in a particular section does not apply to you, indicate such by noting “**Not Applicable**” in that section. Do not leave any part of this form blank. If additional space is needed, you may attach the information to this document. Do not file this form with the Arkansas Ethics Commission.

**SECTION 1- NAME AND ADDRESS**

Name \_\_\_\_\_  
(Last) (First) (Middle)

Address \_\_\_\_\_  
(Street or P.O. Box Number) (City) (State) (Zip Code)

Phone \_\_\_\_\_

Spouse's name \_\_\_\_\_  
(Last) (First) (Middle)

All names under which you and/or your spouse do business: \_\_\_\_\_

**SECTION 2- REASON FOR FILING**

- ☐ Public Official \_\_\_\_\_  
(office held)
- ☐ Candidate \_\_\_\_\_  
(office sought)
- ☐ District Judge \_\_\_\_\_  
(name of district)
- ☐ City Attorney \_\_\_\_\_  
(name of city)
- ☐ State Government: Agency Head/Department Director/Division Director \_\_\_\_\_  
(name of agency/department/division)
- ☐ Chief of Staff or Chief Deputy \_\_\_\_\_  
(name of Constitutional Officer, Senate, or House of Representatives)
- ☐ Public appointee to State Board or Commission \_\_\_\_\_  
(name of board/commission)
- ☐ School Board member \_\_\_\_\_  
(name of school district)
- ☐ Candidate for school board \_\_\_\_\_  
(name of school district)
- ☐ Public or Charter School Superintendent \_\_\_\_\_  
(name of school district/school)
- ☐ Executive Director of Education Service Cooperative \_\_\_\_\_  
(name of cooperative)
- ☐ Advertising and Promotion Commission member \_\_\_\_\_  
(name of advertising and promotion commission)
- ☐ Research Park Authority Board member under A.C.A. § 14-144-201 et seq. \_\_\_\_\_  
(name of research park authority board)

**SECTION 2- REASON FOR FILING (continued)**

- ☐ Appointee to one of the following municipal, county or regional boards or commissions (list name of board or commission):
- ☐ Planning board or commission \_\_\_\_\_
  - ☐ Airport board or commission \_\_\_\_\_
  - ☐ Water or Sewer board or commission \_\_\_\_\_
  - ☐ Utility board or commission \_\_\_\_\_
  - ☐ Civil Service commission \_\_\_\_\_

**SECTION 3- SOURCE OF INCOME**

List each employer and/or each other source of income from which you, your spouse, or any other person for the use or benefit of you or your spouse receives gross income amounting to more than \$1,000. (You are not required to disclose the individual items of income that constitute a portion of the gross income of the business or profession from which you or you spouse derives income. For example: accountants, attorneys, farmers, contractors, etc. do not have to list their individual clients.) If you receive gross income exceeding \$1,000 from at least one source, the answer N/A is not correct.

- a) Check appropriate box: ☐ More than \$1,000 ☐ More than \$12,500

\_\_\_\_\_  
(name of employer or source of income)

\_\_\_\_\_  
(address)

\_\_\_\_\_  
(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received \_\_\_\_\_

- b) Check appropriate box: ☐ More than \$1,000 ☐ More than \$12,500

\_\_\_\_\_  
(name of employer or source of income)

\_\_\_\_\_  
(address)

\_\_\_\_\_  
(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received \_\_\_\_\_

- c) Check appropriate box: ☐ More than \$1,000 ☐ More than \$12,500

\_\_\_\_\_  
(name of employer or source of income)

\_\_\_\_\_  
(address)

\_\_\_\_\_  
(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received \_\_\_\_\_

#### **SECTION 4- BUSINESS OR HOLDINGS**

List the name of every business in which you, your spouse or any other person for the use or benefit of you or your spouse have an investment or holding. Individual stock holdings should be disclosed. Figures should be based on fair market value at the end of the reporting period.

a) Check appropriate box: ☐ More than \$1,000 ☐ More than \$12,500

(name of corporation, firm or enterprise)

(address)

(name under which investment held)

b) Check appropriate box: ☐ More than \$1,000 ☐ More than \$12,500

(name of corporation, firm or enterprise)

(address)

(name under which investment held)

c) Check appropriate box: ☐ More than \$1,000 ☐ More than \$12,500

(name of corporation, firm or enterprise)

(address)

(name under which investment held)

d) Check appropriate box: ☐ More than \$1,000 ☐ More than \$12,500

(name of corporation, firm or enterprise)

(address)

(name under which investment held)

e) Check appropriate box: ☐ More than \$1,000 ☐ More than \$12,500

(name of corporation, firm or enterprise)

(address)

(name under which investment held)

f) Check appropriate box: ☐ More than \$1,000 ☐ More than \$12,500

(name of corporation, firm or enterprise)

(address)

(name under which investment held)

## **SECTION 5- OFFICE OR DIRECTORSHIP**

List every office or directorship held by you or your spouse in any business, corporation, firm, or enterprise subject to jurisdiction of a regulatory agency of this State, or of any of its political subdivisions.

- a) \_\_\_\_\_  
(name of business, corporation, firm, or enterprise)  
\_\_\_\_\_  
(address)  
\_\_\_\_\_  
(office or directorship held)  
\_\_\_\_\_  
(name of office holder)
- b) \_\_\_\_\_  
(name of business, corporation, firm, or enterprise)  
\_\_\_\_\_  
(address)  
\_\_\_\_\_  
(office or directorship held)  
\_\_\_\_\_  
(name of office holder)

## **SECTION 6- CREDITORS**

List each creditor to whom the value of five thousand dollars (\$5,000) or more was personally owed or personally obligated and is still outstanding. (This does not include debts owed to members of your family or loans made in the ordinary course of business by either a financial institution or a person who regularly and customarily extends credit.)

- a) \_\_\_\_\_  
(name of creditor)  
\_\_\_\_\_  
(address of creditor)
- b) \_\_\_\_\_  
(name of creditor)  
\_\_\_\_\_  
(address of creditor)
- c) \_\_\_\_\_  
(name of creditor)  
\_\_\_\_\_  
(address of creditor)

## **SECTION 7- PAST-DUE AMOUNTS OWED TO GOVERNMENT**

List the name and address of each governmental body to which you are legally obligated to pay a past-due amount and a description of the nature of the amount of the obligation.

- a) \_\_\_\_\_  
(name of governmental body) (address of governmental body)  
\_\_\_\_\_  
(amount owed) (nature of the obligation)
- b) \_\_\_\_\_  
(name of governmental body) (address of governmental body)  
\_\_\_\_\_  
(amount owed) (nature of the obligation)

## **SECTION 8- GUARANTOR OR CO-MAKER**

List each guarantor or co-maker who has guaranteed a debt of yours that is still outstanding. (This includes debt guarantors arising or extended and refinanced after Jan. 1, 1989. Members of your family who are your guarantors are not required to be disclosed.)

a) \_\_\_\_\_  
(name)  
\_\_\_\_\_  
(address)

b) \_\_\_\_\_  
(name)  
\_\_\_\_\_  
(address)

## **SECTION 9- GIFTS**

List the source, date, description, and a reasonable estimate of the fair market value of each gift of more than \$100 received by you or your spouse and of each gift of more than \$250 received by your dependent children. The term "gift" is defined as "any payment, entertainment, advance, services, or anything of value unless consideration of equal or greater value has been given therefor." There are a number of exceptions to the definition of "gift." Those exceptions are set forth in the Instructions for Statement of Financial Interest prepared for use with this form. (Note: The value of an item shall be considered to be less than \$100 if the public servant reimburses the person from whom the item was received any amount over \$100 and the reimbursement occurs within ten (10) days from the date the item was received.)

a) \_\_\_\_\_  
(description of gift)  
\_\_\_\_\_  
(date) (fair market value)  
\_\_\_\_\_  
(source of gift)

b) \_\_\_\_\_  
(description of gift)  
\_\_\_\_\_  
(date) (fair market value)  
\_\_\_\_\_  
(source of gift)

c) \_\_\_\_\_  
(description of gift)  
\_\_\_\_\_  
(date) (fair market value)  
\_\_\_\_\_  
(source of gift)

d) \_\_\_\_\_  
(description of gift)  
\_\_\_\_\_  
(date) (fair market value)  
\_\_\_\_\_  
(source of gift)

e) \_\_\_\_\_  
(description of gift)  
\_\_\_\_\_  
(date) (fair market value)  
\_\_\_\_\_  
(source of gift)

## **SECTION 10- AWARDS**

If you are an employee of a public school district, the Arkansas School for the Blind, the Arkansas School for the Deaf, the Arkansas School for Mathematics, Sciences, and the Arts, a university, a college, a technical college, a technical institute, a comprehensive life-long learning center, or a community college, the law requires you to disclose each monetary or other award over one hundred dollars (\$100) which you have received in recognition of your contributions to education. The information disclosed with respect to each such award should include the source, date, description, and a reasonable estimate of the fair market value.

|    |                        |                     |
|----|------------------------|---------------------|
| a) | _____                  |                     |
|    | (description of award) |                     |
|    | _____                  | _____               |
|    | (date)                 | (fair market value) |
|    | _____                  |                     |
|    | (source of award)      |                     |
| b) | _____                  |                     |
|    | (description of award) |                     |
|    | _____                  | _____               |
|    | (date)                 | (fair market value) |
|    | _____                  |                     |
|    | (source of award)      |                     |
| c) | _____                  |                     |
|    | (description of award) |                     |
|    | _____                  | _____               |
|    | (date)                 | (fair market value) |
|    | _____                  |                     |
|    | (source of award)      |                     |
| d) | _____                  |                     |
|    | (description of award) |                     |
|    | _____                  | _____               |
|    | (date)                 | (fair market value) |
|    | _____                  |                     |
|    | (source of award)      |                     |

## **SECTION 11- NONGOVERNMENTAL SOURCES OF PAYMENT**

List each nongovernmental source of payment of your expenses for food, lodging, or travel which bears a relationship to your office when you appear in your official capacity when the expenses incurred exceed \$150.

|    |   |                     |
|----|---|---------------------|
| a) | _____   |                     |
|    | (name of person or organization paying expense) |                     |
|    | _____   |                     |
|    | (business address)                              |                     |
|    | _____   | \$ _____            |
|    | (date of expense)                               | (amount of expense) |
|    | _____   |                     |
|    | (nature of expenditure)                         |                     |
| b) | _____   |                     |
|    | (name of person or organization paying expense) |                     |
|    | _____   |                     |
|    | (business address)                              |                     |
|    | _____   | \$ _____            |
|    | (date of expense)                               | (amount of expense) |
|    | _____   |                     |
|    | (nature of expenditure)                         |                     |

## **SECTION 12- DIRECT REGULATION OF BUSINESS**

List any business which employs you and is under direct regulation or subject to direct control by the governmental body which you serve.

- a) \_\_\_\_\_  
(name of business)  
\_\_\_\_\_  
(governmental body which regulates or controls)
- b) \_\_\_\_\_  
(name of business)  
\_\_\_\_\_  
(governmental body which regulates or controls)
- c) \_\_\_\_\_  
(name of business)  
\_\_\_\_\_  
(governmental body which regulates or controls)
- d) \_\_\_\_\_  
(name of business)  
\_\_\_\_\_  
(governmental body which regulates or controls)

## **SECTION 13- SALES TO GOVERNMENTAL BODY**

List the goods or services sold to the governmental body for which you serve which have a total annual value in excess of \$1,000. List the compensation paid for each category of goods or services sold by you or any business in which you or your spouse is an officer, director, or stockholder owning more than 10% of the stock of the company.

- a) \_\_\_\_\_  
(goods or services)  
\_\_\_\_\_  
(governmental body to whom sold)  
\_\_\_\_\_  
(compensation paid)
- b) \_\_\_\_\_  
(goods or services)  
\_\_\_\_\_  
(governmental body to whom sold)  
\_\_\_\_\_  
(compensation paid)
- c) \_\_\_\_\_  
(goods or services)  
\_\_\_\_\_  
(governmental body to whom sold)  
\_\_\_\_\_  
(compensation paid)
- d) \_\_\_\_\_  
(goods or services)  
\_\_\_\_\_  
(governmental body to whom sold)  
\_\_\_\_\_  
(compensation paid)



## **SECTION 14- SIGNATURE**

I certify under penalty of false swearing that the above information is true and correct.

\_\_\_\_\_  
Signature

STATE OF ARKANSAS

} ss

COUNTY OF \_\_\_\_\_

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

(Legible Notary Seal)

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

Note: If faxed, notary seal must be legible (i.e., either stamped or raised and inked) and the original must follow within ten (10) days pursuant to Ark. Code Ann. § 21-8-703(b)(3).

### **IMPORTANT**

#### **Where to file:**

State or district candidates/public servants file with the Secretary of State.

Appointees to state boards/commissions file with the Secretary of State.

County, township, and school district candidates/public servants file with the county clerk.

Municipal candidates/public servants file with the city clerk or recorder, as the case may be.

City attorneys file with the city clerk of the municipality in which they serve.

District judges file with the Secretary of State.

Members of regional boards or commissions file with the county clerk of the county in which they reside.

#### **General Information:**

- \* The Statement of Financial Interest should be filed by January 31 of each year.
- \* The filing covers the previous calendar year.
- \* Candidates for elective office shall file the Statement of Financial Interest for the previous calendar year on the first Monday following the close of the period to file as a candidate for elective office unless already filed by January 31. In addition, if the party filing period ends before January 1 of the year of the general election, candidates for elective office shall file a Statement of Financial Interest for the previous calendar year by no later than January 31 of the year of the general election.
- \* Agency heads, department directors, and division directors of state government shall file the Statement of Financial Interest within thirty (30) days of appointment or employment unless already filed by January 31.
- \* Appointees to state boards or commissions shall file the Statement of Financial Interest within thirty (30) days after appointment unless already filed by January 31.
- \* If a person is included in any category listed above for any part of a calendar year, that person shall file a Statement of Financial Interest covering that period of time regardless of whether they have left their office or position as of the date the statement is due.

## INSTRUCTIONS FOR STATEMENT OF FINANCIAL INTEREST

### INTRODUCTION/WHO MUST FILE

Ark. Code Ann. § 21-8-701(a) requires that the following persons file a written Statement of Financial Interest on an annual basis:

- A public official, as defined by Ark. Code Ann. § 21-8-402(17);
- A candidate for elective office;
- A district judge; or city attorney, whether elected or appointed;
- Any agency head, department director, or division director of state government;
- Any chief of staff or chief deputy of a constitutional officer, the Senate, or the House of Representatives;
- Any public appointee to any state board or commission (who possesses regulatory authority or is authorized to receive or disburse state or federal funds);<sup>1</sup>
- All persons who are elected members of a school board or who are candidates for a position on a school board;
- All public and charter school superintendents;
- All executive directors of education service cooperatives;
- Any person appointed to a municipal, county or regional (i) planning board or commission, (ii) airport board or commission, (iii) water or sewer board or commission, (iv) utility board or commission, or (v) civil service commission;
- Any member of an advertising and promotion commission; and
- Any member of a research park authority board under Ark. Code Ann. § 14-144-201 et seq.

The Arkansas Ethics Commission, which enforces this statute, has prepared these instructions, along with the office of the Secretary of State, whose office maintains the records, to assist persons required to file these statements. If you have any questions concerning the reporting requirements or how to fill out your Statement of Financial Interest, call or write either the **Arkansas Ethics Commission**, Post Office Box 1917, Little Rock, Arkansas 72203-1917, telephone (501) 324-9600 or the **Secretary of State, Elections Division**, State Capitol, Room 026, Little Rock, Arkansas 72201, telephone (501) 682-5070.

When preparing the Statement of Financial Interest, please **print or type the information**. You must also sign the Statement in Section 14 and your signature must be attested to before a Notary Public.

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<sup>1</sup> Pursuant to Ark. Code Ann. § 21-8-701(a)(5)(B), a public appointee to a state board or commission which is not charged by law with the exercise of regulatory authority and which receives or disburses state or federal funds only in the form of mileage reimbursement for members attending meetings of the board or commission is not required file a written Statement of Financial Interest.

## **TIME FOR FILING/PERIOD COVERED**

Pursuant to Ark. Code Ann. § 21-8-701(c)(1)(A), a Statement of Financial Interest for the previous calendar year “shall be filed by January 31, of each year, except that a candidate for elective office shall file the Statement of Financial Interest for the previous calendar year on the first Monday following the close of the period to file as a candidate for elective office.” Pursuant to Ark. Code Ann. § 21-8-705, if the party filing period under Ark. Code Ann. § 7-7-203 ends before January 1 of the year of the general election, a candidate for elective office shall file a Statement of Financial Interest for the previous calendar year no later than January 31 of the year of the general election in addition to the Statement of Financial Interest required under Ark. Code Ann. § 12-8-701.

Moreover, an agency head, department director, or division director of state government and any public appointee to a state board or commission authorized or charged by law with the exercise of regulatory authority or authorized to receive or disburse state or federal funds shall file a Statement of Financial Interest for the previous calendar year within thirty (30) days after appointment or employment. Incumbent officeholders who filed a Statement of Financial Interest for the previous calendar year by January 31 of the year in which an election is held are not required to file an additional Statement of Financial Interest upon becoming a candidate for reelection or election to another office during the year. Ark. Code Ann. § 21-8-701(c)(2). If a person required to file a Statement of Financial Interest leaves his or her office or position during a particular calendar year, he or she shall still be required to file a Statement of Financial Interest covering that part of the year which he or she held the office or position. Ark. Code Ann. § 21-8-701(c)(1)(B).

## **WHERE TO FILE**

Pursuant to Ark. Code Ann. § 21-8-703, the Statement of Financial Interest shall be filed as follows:

- (1) State or district public servants (including appointees to state boards/ commissions) and candidates for state or district public office are required to file the statement with the Secretary of State;
- (2) County, township, or school district public servants and candidates for county, township, or school district public office are required to file the statement with the county clerks;
- (3) Municipal public servants and candidates for municipal office are required to file the statement with the city clerk or recorder;
- (4) City attorneys, whether elected or appointed, are required to file the statement with the city clerk of the municipality within which they serve;
- (5) Members of regional boards or commissions are required to file the statement with the county clerk of the county in which they reside;
- (6) District judges are required to file the statement with the Secretary of State; and
- (7) Executive directors of education service cooperatives are required to file with the county clerk.

## **SPECIFIC REPORTING INSTRUCTIONS**

### **SECTION 1 (Name and Address)**

Answer each of these questions or indicate “Not Applicable”. List all names under which you and/or your spouse do business.

### **SECTION 2 (Reason for Filing)**

Check the box applicable to you and provide the office/position held or name of the board, commission or school district in the appropriate space.

### **SECTION 3 (Sources of Income)**

The term “gross income” is intended to be comprehensive. It refers to all income from whatever source derived, including but not limited to compensation for services, fees, commissions, and income derived from business interests. Report each employer and/or each other source of income from which you, your spouse, or any other person for the use or benefit of you or your spouse receives gross income exceeding \$1,000 on an annual basis. Include your governmental income from the office or position which requires your filing of this form. You are required to use the gross amount received as income. Thus, you must compute your total income from any particular source without first deducting expenses.

You are not required to list the individual items of gross income that constitute a portion of the income of the business or profession from which you or your spouse derives income. (For example: Accountants, attorneys, farmers, contractors, etc. do not have to list their individual clients.) If more than one source/employer/entity compensated you during the past year, you are required to list each source of income greater than \$1,000. If you or your spouse received speaking honoraria, you must report, under the request for “source”, the sponsor of each event for which a payment was made for your speech or appearance, as well as the date and dollar category (“more than \$1,000.00” or “more than \$12,500.00”). The term “honoraria”, as used herein, means a payment of money or any thing of value for an appearance, speech, or article. NOTE: Food, lodging, and travel provided to a public servant in connection with an appearance would not constitute honoraria if the public servant is appearing in his or her official capacity and the appearance bears a relationship to the public servant’s office or position. Section 10 of the Statement of Financial Interest addresses the reporting of payment for such food, lodging, and travel.

You must also provide a brief description of the nature of the services for which the income was received, as well as the name under which the income was received. For example:

| <b>Source</b>   | <b>Description</b>                                 | <b>Amount</b>         |
|---|--|-----------------------|
| State of Arkansas<br>(address)<br>John Doe                      | Executive Dir.                                     | More than \$12,500.00 |
| University of Arkansas<br>(address)<br>John M. Doe              | Teaching   | More than \$12,500.00 |
| 450 Main Street,<br>Little Rock, Arkansas<br>John M. Doe        | Rent Income  | More than \$12,500.00 |
| Ark. Med. Society<br>Annual Meeting<br>(address)<br>John Doe    | Speaking fee<br>Oct. 2, Little Rock                | More than \$1,000.00  |
| Star National Bank<br>Star, Arkansas<br>John or Jane Doe        | Interest Income                                    | More than \$1,000.00  |
| City of Mayberry<br>(address)<br>Jane Doe                       | Spouse income                                      | More than \$12,500.00 |
| Ark. Bar Association<br>Annual Meeting<br>(address)<br>Jane Doe | Speaking Fee<br><br>Spouse, June 12<br>Hot Springs | More than \$1,000.00  |

#### **Section 4 (Business or Holdings)**

In this section, list the name of every business in which you, your spouse or any other person for the use or benefit of you or your spouse have an investment or holding. Stocks, bonds, stock options and other securities held by you or your spouse must be reported. Figures for these items, as well as all other holdings or accounts, should be based on fair market value at the end of the reporting period.

For **securities, stocks, or bonds**, you must disclose each security held in your portfolio which exceeds the \$1,000.00 threshold. If securities are held through an investment firm, the firm will normally provide periodic statements from which you may obtain the information required to be disclosed. If you own different types of securities issued by the same authority, such as U. S. Treasury obligations or bonds, it is not necessary to provide an itemized list of each security worth

over \$1,000.00. Rather, you may simply report the aggregate value of the securities issued by the same authority and identify the type of securities.

In the case of **mutual funds or similar investments**, you need not disclose specific stocks held in a widely diversified investment trust or mutual fund as long as the holdings of the trust or fund are a matter of public record and you have no ability to exercise control over the specific holdings. If you have such control, you must disclose each holding exceeding the threshold level of \$1,000.00, whether or not you exercise the control. Otherwise, you may simply disclose the name, address, etc. of the authority through which your mutual fund is invested (e.g., IDS), the category of the fund and the category of the appropriate amount (e.g., “more than \$1,000.00”).

In the case of **bank accounts**, if the total of accounts (including certificates of deposit) deposited in a particular bank exceeds \$1,000.00, list each institution holding more than \$1,000.00. If no particular bank holds more than \$1,000.00, you need not report any bank accounts. All accounts at one institution, including those for your spouse, may be combined as one entry. Thus, for example, you may report a checking account, savings account, certificate of deposit, and IRA in Smith First National Bank of Arkansas by checking the gross total of the accounts (e.g., “more than \$1,000.00”) and stating “Smith First National Bank of Arkansas” with its address. You need not list each account. If you are listed on an account purely for custodial reasons, and you do not assert any ownership rights to the assets in the account (for example, if you are a joint tenant with an elderly relative), you need not list the account.

For any business interest, if you or your spouse has an interest in a proprietorship, partnership, or corporation that is actively engaged in a trade or business, you must disclose the name and address of each interest. It is not necessary to provide an itemized list of the assets of the business. For example, you need only categorize the total value of your interest (e.g., “more than \$12,500.00”) and not items such as “office equipment.” This includes each asset held in trust for you or your spouse which has a value greater than \$1,000.00. Holdings of a trust for which you or your spouse are merely an administrator and for which you have no beneficial interest need not be reported.

## **Section 5 (Office or Directorship)**

You must report your nongovernmental offices and directorships held by you or your spouse in any business, corporation, firm, or enterprise subject to the jurisdiction of a regulatory agency of this State, or any of its political subdivisions. For each such business, provide the name of the business, its address, the office or directorship held and the name of the person (either you or your spouse) who holds the office or directorship. A “regulatory agency”, as defined by Ark. Code Ann. § 21-8-301(1), means any “state board, commission, department, or officer authorized by law to make rules or to adjudicate contested cases except those in the legislative or judicial branches.”

## **Section 6 (Creditors)**

You must report the name and address of each creditor to whom the value of \$5,000.00 or more is personally owed and outstanding at the end of the reporting period. All information regarding a single creditor may be reported in a single entry. If you have more than one liability owed to the same creditor, add up the items of credit to determine if the \$5,000.00 threshold has

been met. The identity of the creditor is the name of the person or organization to which the liability is owed (e.g., “Bob Smith, 1000 Elm Street, Little Rock, Arkansas”).

You do not need to include debts owed to members of your family. You may also exclude loans made in the ordinary course of business by either a financial institution or a person who regularly and customarily extends credit. This exclusion applies to such items as a mortgage secured by real property which is your personal residence, credit extended to purchase personal items such as furniture or appliances, credit card debts, and car loans, provided the credit does not exceed the value of the item purchased.

Debts not incurred in the ordinary course of business include, but are not limited to, such items as legal judgments, judgment liens, money borrowed from individuals, other than family members, who are not normally in the business of lending money, and tax liens owed to any governmental agency.

### **Section 7 (Past-Due Amounts Owed to Government)**

You must report the name and address of each governmental body to which you are legally obligated to pay a past-due amount and a description of the nature and amount of the obligation. Such debts include, but are not limited to tax liens owed to any governmental agency or other legally obligated debts in which you may be in default to a governmental body.

### **Section 8 (Guarantor, Co-Maker)**

The law requires you to provide the name and address of each guarantor or co-maker, other than a member of your family, who has guaranteed a debt which is still outstanding. The \$5,000.00 threshold of Section 6 does not apply here. To the extent that you have a guarantor or co-maker of any of your outstanding debts, the guarantor or co-maker must be disclosed. There is no exception for debts incurred in the ordinary course of business. This requirement also includes debts arising, extended or refinanced after January 1, 1989.

This requirement extends to situations where you have co-signed a loan to assist another person in obtaining credit, unless the person is a member of your family.

### **Section 9 (Gifts)**

The law requires you to identify the source, date, description, and a reasonable estimate of the fair market value of each gift of more than one hundred dollars (\$100.00) received by you or your spouse during the reporting period or more than two hundred and fifty dollars (\$250.00) received by your dependent children during the reporting period. A gift is any “payment, entertainment, advance, services, or anything of value” unless consideration of equal or greater value has been given therefor. The value of an item shall be considered to be less than one hundred dollars (\$100) if the public servant reimburses the person from whom the item was received any amount over one hundred dollars (\$100) and the reimbursement occurs within ten (10) days from the date the item was received. All types of gifts must be reported. Items such as food, lodging, and travel are considered gifts unless they are received when you are appearing in your official capacity and the appearance bears a relationship to your office or position. [Note: The reporting of food, lodging,

and travel received by a public servant who is appearing in his or her official capacity at an event which bears a relationship to his or her office or position is addressed in Section 11 below.]

A gift can be a tangible item, such as a watch, or an intangible item, such as a hunting or fishing trip. A gift does not include (1) informational material; (2) receiving food, lodging, or travel which bears a relationship to the public servant's office and when appearing in an official capacity; (3) gifts which are not used and returned to the donor within 30 days; (4) gifts from a family member listed in Ark. Code Ann. § 21-8-402(5)(B)(iv), unless the family member is acting as an agent for a person not covered by the exception; (5) campaign contributions; (6) devises or inheritances; (7) anything with a value of \$100 or less; (8) wedding presents and engagement gifts; (9) a monetary or other award presented to an employee of a public school district, the Arkansas School for the Deaf and Blind, the Arkansas School for Mathematics, Sciences, and the Arts, a university, a college, a technical college, a technical institute, a comprehensive life-long learning center, or a community college in recognition of the employee's contribution to education; (10) tickets to charitable fundraising events held within this state by a non-profit organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code; (11) a personalized award, plaque, or trophy with a value of one hundred fifty dollars (\$150) or less; (12) an item which appointed or elected members of a specific governmental body purchase with their own personal funds and present to a fellow member of that governmental body in recognition of public service; (13) food or beverages provided at a conference scheduled event that is part of the program of the conference; (14) food or beverages provided in return for participation in a bona fide panel, seminar, speaking engagement at which the audience is a civic, social, or cultural organization or group; (15) a monetary or other award publicly presented to an employee of state government in recognition of his or her contributions to the community and State of Arkansas when the presentation is made by the employee's supervisor or peers, individually or through a non-profit organization which is exempt from taxation under Section 501(c) of the Internal Revenue Code, and the employee's receipt of the award would not result in or create the appearance of the employee using his or her position for private gain, giving preferential treatment to any person, or losing independence or impartiality (This exception shall not apply to an award presented to an employee of state government by a person having economic interests which may be affected by the performance or nonperformance of the employee's duties or responsibilities.); and (16) anything of value provided by a political party under Ark. Code Ann. § 7-1-101 or § 7-7-205 when serving as the host of the following events to all attendees as part of attendance at the event: (A) the official swearing-in, inaugural, and recognition events of constitutional officers and members of the general assembly; and (B) an official event of a recognized political party so long as all members of either house of the General Assembly affiliated with the recognized political party are invited to the official event.

In reporting a gift, you must report the source, the date it was received, a reasonable estimate of its fair market value, and a brief description. In that regard, the Ethics Commission has issued opinions concerning the "fair market value" of such items as transportation on a private aircraft. A group of items received from the same source at the same time would be considered one gift and the separate values should be added together. As an example, if you receive a tie and tie clip (valued \$50.00) along with a pair of golf shoes (valued at \$75) from one donor, this should be reported and described in Section 9, as the receipt of a gift, "tie, tie clip and shoes." The value would be \$125.00. Similarly, food and beverages provided you in connection with lodging should be aggregated to ascertain if the threshold reporting level has been reached. If you are unsure if the value should be



aggregated for purposes of reporting, you may wish to contact the Arkansas Ethics Commission for an opinion.

In accordance with Ark. Code Ann. § 21-8-804, certain designated officials are authorized to accept gifts, grants, and donations of money or property on behalf of the State of Arkansas, the Arkansas Senate, the Arkansas House of Representatives, and the Arkansas Supreme Court. In addition, the designated officials are authorized to accept donations of money for the purpose of hosting official swearing-in and inaugural events of the constitutional officers, Senate, House of Representatives, and Supreme Court justices, the official recognition event for the President Pro Tempore, and the official recognition event for the Speaker of the House. The public official accepting the gift, grant, or donation of money or property on behalf of an appropriate entity is not required to disclose same on his or her Statement of Financial Interest. Instead, public servants are required to report such gifts, grants, or donations of money or property to the Ethics Commission on a quarterly basis on a separate disclosure form prepared for such purposes.

### **Section 10 (Awards)**

If you are an employee of a public school district, the Arkansas School for the Deaf and Blind, the Arkansas School for Mathematics, Sciences, and the Arts, a university, a college, a technical college, a technical institute, a comprehensive life-long learning center, or a community college, the law requires you to disclose each monetary or other award over one hundred dollars (\$100) which you have received in recognition of your contributions to education. The information disclosed with respect to each such award should include the source, date, description, and a reasonable estimate of the fair market value.

### **Section 11 (Nongovernmental Sources of Payment)**

Payments for food, lodging, or travel are not considered a gift in situations where a public servant is appearing in his or her official capacity and the appearance bears a relationship to the public servant's office or position. However, Section 11 requires that each nongovernmental source of payment of expenses for such food, lodging, or travel be listed when the expenses paid by that source exceed \$150.00. [Note: The reporting of money or things of value received when you are not appearing in an official capacity or the appearance does not bear a relationship to your office or position is addressed in Section 3 ("Sources of Income") or Section 9 ("Gifts).] In this regard, you must list the name and business address of the person or organization which has paid your expenses, the date, nature, and amount of the expenses unless such person or organization was compensated by the governmental body for which the public servant serves. Thus, you must disclose in this section, lodging or travel received in connection with such activities as speaking engagements, conferences, or fact finding events related to your official duties.

Section 11 requires the disclosure of each nongovernmental source of payment when the expenses paid in connection with a particular appearance exceed \$150.00. Thus, if one source provides lodging and food and the total amount paid exceeds \$150.00, that source must be reported in this section.

The **organization** is the source of payment. It should be the name of the sponsor actually paying or providing the expenses. The **date of expenses** should be the inclusive dates of all travel provided. If the travel all occurred on one day, report that day. Otherwise, list the starting and ending dates of each trip provided (i.e., “May 1 - 5, 1997”).

It is permissible to extend the duration of a trip at your own expense, accepting return travel from the sponsor. However, to avoid suggesting that travel was accepted for a longer period of time than was actually the case, you should indicate any time not spent at the sponsor’s expense on either the line requesting the “date” or “nature” of expenses. For example, using the dates listed above, you could report “May 1 - 5, 1997. May 3 - 4 on personal business, expenses paid by me.”

## **Section 12 (Direct Regulation of Business)**

The law requires you to list any business by whom you are employed if the business is under direct regulation or subject to direct control by the governmental body which you serve. You must report the employment by listing the name of this business/employer and provide the governmental body which regulates or controls aspects of the business. Such a business relationship typically exists if your private employer is subject to any rules or regulations of a governmental body or if a governmental body adjudicates contested cases of fact involving your private employer. For example, if you work as a licensed dentist, the appropriate regulatory governing body may be the State Board of Dental Examiners.

Whether your business is under direct regulation or subject to direct control by a governing body is often a question of fact. If you are unsure, you should contact the Arkansas Ethics Commission or, if you know, the agency you suspect may regulate part or all of your activities.

## **Section 13 (Sales to Governmental Body)**

The law requires you to report certain business relationships with the government if a significant sale of goods or services occurs. Specifically, you must set out in detail the goods or services sold having a total annual value in excess of \$1,000.00 sold to the governmental body for which you serve or are employed and the compensation paid for each category of goods or services by you or any business in which you or your spouse is an officer, director, stockholder owning more than ten percent (10%) of the stock, owner, trustee, or partner.

## **Section 14 (Signature)**

Under the law, each person, required to file a Statement of Financial Interest must prepare the statement under penalty of false swearing and sign such form attesting to the truth and accuracy of the information set forth on the form. Ark. Code Ann. § 21-8-702. If a person who is required to file a Statement of Financial Interest is called to active duty in the armed forces of the United States, the statement may be completed by the spouse of the person. If the Statement of Financial Interest is completed by the spouse, under this exception, the spouse’s signature shall be sufficient for the requirement of Ark. Code Ann. § 21-8-702.

# 2026 Board of Trustees Meeting Schedule

**Arkansas Teacher Retirement System  
1400 West Third Street  
Little Rock, AR 72201**

| <b>Meeting Date*</b>                          | <b>Audit Committee</b> | <b>Investment Committee</b> | <b>Operations Committee</b> | <b>Board of Trustees</b> |
|---|------------------------|-----------------------------|-----------------------------|--------------------------|
| <b>February 2, 2026</b>                       | <b>n/a</b>             | <b>8:30 a.m.*</b>           | <b>10:00 a.m.*</b>          | <b>10:45 a.m.*</b>       |
| <b>April 6, 2026</b>                          | <b>8:30 a.m.*</b>      | <b>9:00 a.m.*</b>           | <b>10:30 a.m.*</b>          | <b>11:00 a.m.*</b>       |
| <b>June 1, 2026</b>                           | <b>8:30 a.m.*</b>      | <b>9:00 a.m.*</b>           | <b>10:30 a.m.*</b>          | <b>11:00 a.m.*</b>       |
| <b>July 20, 2026<br/>Educational Training</b> | <b>9:00 a.m.</b>       |                             |                             |                          |
| <b>September 28, 2026</b>                     | <b>8:30 a.m.*</b>      | <b>9:00 a.m.*</b>           | <b>10:30 a.m.*</b>          | <b>11:00 a.m.*</b>       |
| <b>December 7, 2026</b>                       | <b>8:30 a.m.*</b>      | <b>9:00 a.m.*</b>           | <b>10:30 a.m.*</b>          | <b>11:00 a.m.*</b>       |

**NCTR Annual Trustee Workshop: July 12-15, 2026, Berkeley, California.**

**NCTR 104<sup>th</sup> Annual Conference: October 3-6, 2026, Coeur d'Alene, Idaho.**

**\*Dates and times are subject to change. Meeting times may be adjusted earlier or later than scheduled, depending upon time needed for the previous meeting.**

**All meetings will be held on the Third Floor, Room 300, of the Arkansas Teacher Retirement System Building unless noted otherwise.**

## Waiver of Employer Interest Report

*A.C.A. Sec. 24-7-411*

**Date:** November 18, 2025  
**Prepared By:** Cyndi Dickerson, Accounting Reporting Section Manager

| ATRS Employer #                        | Amount Waived      |
|--|--------------------|
| 00503                                  | \$ 349.94          |
| 00736                                  | \$ 358.34          |
| 00139                                  | \$ 459.16          |
|  |                    |
|  |                    |
|  |                    |
| <b>Total Employer Interest Waived:</b> | <b>\$ 1,167.44</b> |

## Waiver of Employer Penalties Report

A.C.A. Sec. 24-7-411

**Date:** November 18, 2025

**Prepared By:** Cyndi Dickerson, Accounting Reporting Section Manager

### Employer Delinquent Report Penalties Waived

| ATRS Employer #   | Amount Waived      |
|---|--------------------|
| 1045  | \$ 450.00          |
| 1293  | \$ 150.00          |
| 872   | \$ 450.00          |
| 1-029   | \$ 150.00          |
|   | \$                 |
|   | \$                 |
|   | \$                 |
|   | \$                 |
|   |                    |
| <b>Total Employer Delinquent Report Penalties Waived:</b> | <b>\$ 1,200.00</b> |

### Employer Delinquent Contribution Interest Penalties Waived

| ATRS Employer #  | Amount Waived    |
|--|------------------|
| 963  | \$ 414.24        |
| 1293   | \$ .32           |
| 211  | \$ 219.69        |
| 1-029  | \$ 2.22          |
|  | \$               |
|  |                  |
| <b>Total Employer Delinquent Contribution Interest Penalties Waived:</b> | <b>\$ 636.47</b> |



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# ARKANSAS TEACHER RETIREMENT SYSTEM INTERNAL AUDIT DIVISION

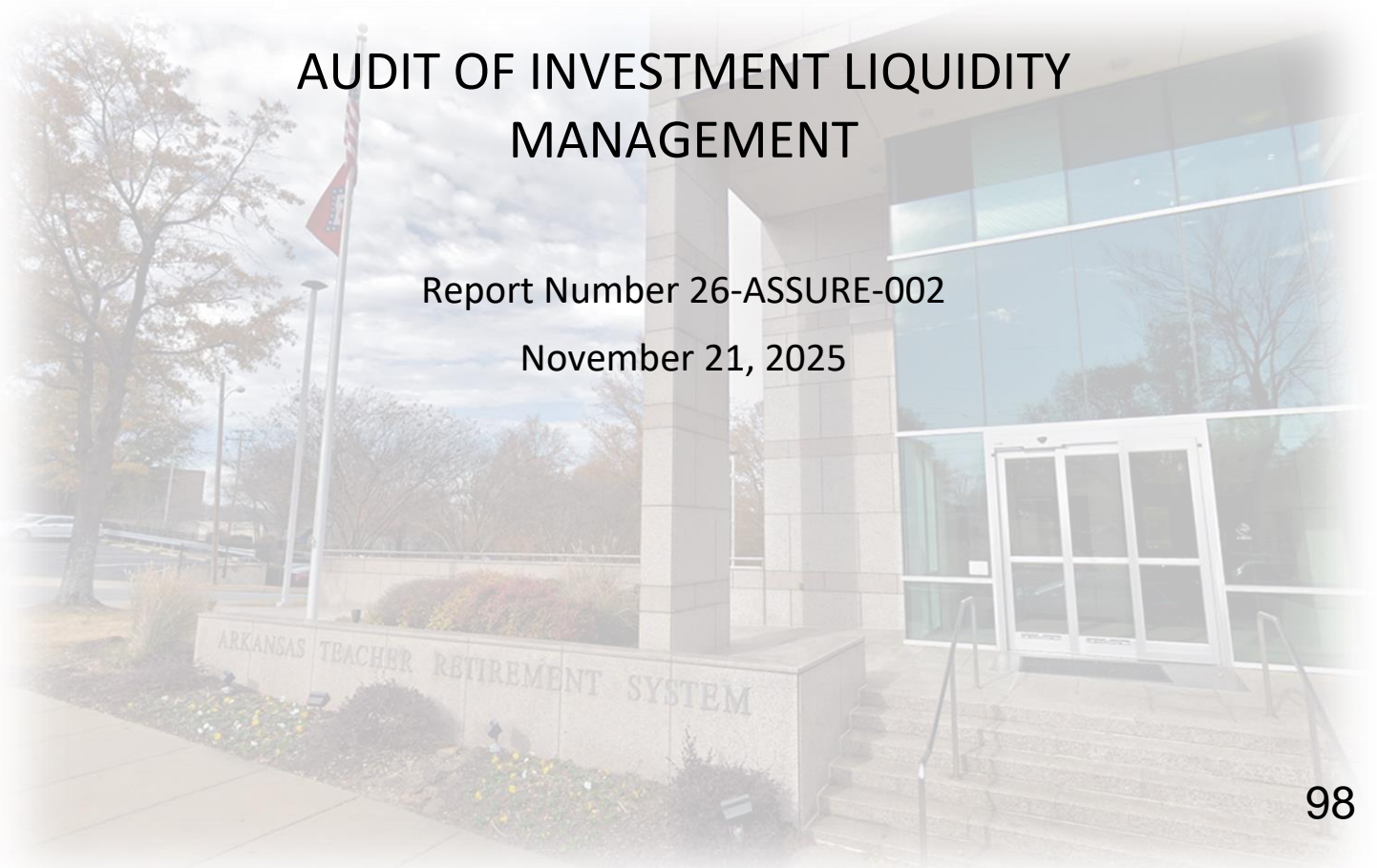
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## Audit Report

### AUDIT OF INVESTMENT LIQUIDITY MANAGEMENT

Report Number 26-ASSURE-002

November 21, 2025



## Contents

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EXECUTIVE SUMMARY

Audit of the Investment Liquidity Management Process

|   |   |
|---|---|
| Report No. 26-ASSURE-002  | November 21, 2025   |
| <p><b>Why Did We Conduct the Audit?</b></p> <p>The audit was performed to determine the efficiency, effectiveness, and compliance with relevant policies, guidelines, and procedures related to ATRS’ management of asset liquidity.</p> <p><b>What Did We Audit?</b></p> <p>The audit included an examination of the Open Items Log used to identify items noted during the monthly reconciliation of trade accounts, the TIM reconciliation of equity and fixed income, and daily liquidity management during fiscal year 2025.</p> | <p><b>What Did We Find?</b></p> <p>It is the opinion of Internal Audit that the current format of the Open Items Log is sufficient in tracking items of concern identified during the monthly trade reconciliation process, however, improvement is needed to increase effectiveness. Additionally, the current process used in the TIM reconciliation process is inefficient in ensuring that the desired deadlines can be met consistently.</p> <p>Finally, it is Internal Audit’s opinion that the current procedures used in the daily management of cash in the general fund are effective in ensuring adequate liquidity levels to pay member benefits.</p> |



## STATUS OF OBSERVATIONS AND FINDINGS

| Status             | Type                             | Follow-Up Date | Section | Page # |
|--------------------|----------------------------------|----------------|---------|--------|
| Improvement Needed | Logging Open Items               | May 2026       | A       | 4      |
| Improvement Needed | Monthly Reconciliation of Trades | July 2027      | B       | 5      |
| Satisfactory       | Daily Bank Reconciliation        | N/A            | C       | 7      |

| Status Definitions       |  |
|--------------------------|--|
| <b>Satisfactory</b>      | Critical internal control systems are functioning in an acceptable manner. Audit findings are considered minor weaknesses in the internal control process. Corrective action to address the issue is not critical to the business function, but needs to be addressed.   |
| <b>Needs Improvement</b> | Internal control systems are not functioning in an acceptable manner and findings show there is a need for improvement. Overall exposure (existing or potential) requires corrective action plan with priority.  |
| <b>Significant Issue</b> | Controls evaluated are not function as intended to mitigate risk. Requires timely remedy and, if left uncorrected, may expose ATRS to risk of loss or misappropriation of System assets, compromise of data, fines and penalties, or increased regulatory scrutiny. These issues should be resolved in a timely manner, but after any critical issues. |
| <b>Critical Issue</b>    | Controls evaluated are not function as intended to mitigate risk. Requires immediate remedy, and if left uncorrected, exposes ATRS to significant or immediate risk of loss, misappropriation, data compromise or interruption, fines and penalties, or increased regulatory scrutiny.   |

## **BACKGROUND**

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The Arkansas Teacher Retirement System's (ATRS) Investment Unit is comprised of eight employees, including the Investment Director. The objective of the Investment Unit to carry out the financial objectives of the ATRS Board of Trustees (Board) by

1. Managing contributions effectively and
2. Maximizing investment returns within the bounds of prudence.

The goals of these objectives include ensuring employer and employee contributions are collected and invested in a timely manner. This is accomplished through the performance of daily accounting activities between State Street Bank and First Security Bank.

Additionally, monthly reconciliations are conducted between State Street Bank's Accounting Bundles, Investment Managers' accounting records, and ATRS' Teacher Investment Management (TIM) System.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

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### **Objective**

The objective of the audit was to determine the efficiency, effectiveness, and compliance with relevant policies, guidelines and procedures related to ATRS' management of investment asset liquidity.

### **Scope**

The audit included an examination of the TIM reconciliation of equity and fixed income and the daily balancing of the general fund processes during fiscal year 2025.

The audit did not include a review of the control activities used by ATRS' Investment Consultants' in mitigating risks specific to investing contributions received or payments made to Investment Consultants for investment.

### **Methodology**

The audit approach used to complete the objectives of this audit included:

- A review of the Open Items Log between ATRS and State Street Bank to assess:
  - The completeness and accuracy of the log
  - Whether issues are assigned a priority level based on severity and urgency
  - Whether clear accountability has been assigned
  - Timeliness and responsiveness of issue resolution and
  - Whether the log is accessible to all relevant stakeholders.
- An assessment of the efficient and effectiveness of the workflows and procedures used in the investment reconciliation process performed by the Investment Accounting Section.
- Determine the efficiency of performing daily accounting of the general fund to ensure contributions are managed effectively and adequate liquidity levels are maintained to pay member benefits.

- Interviewing appropriate employees, examining supporting documentation, and testing transactions were applicable.

## ***DETAILED OBSERVATIONS, FINDINGS, AND RECOMMENDATIONS***

The sections below detail the results of our audit of the measurement of investment performance.

### ***A. Open Items Log Review:***

Improvement Needed

A review of the Updated Open Items file as of June 25, 2025, was performed to assess the effectiveness of current processes in addressing identified issues. The Investment Accounting Section utilizes this file as a means of tracking items needing attention identified during the monthly reconciliation process.

A well-maintained log should comprehensively capture all relevant details for each item, including unique ID, description, priority, date logged, assigned owner, status, due date, and resolution notes. Additionally, a new version of a document should be maintained whenever significant changes or update occur that affect its content, structure, or approval status, to ensure clarity, traceability, and collaboration integrity.

The Investment Unit maintains Open Items Logs beginning with May 2012 to provide a type of “version history” of the file. This allows the Unit to:

- Track the progress and changes for each issue over time
- Maintain accountability by recording who updated what and when
- Facilitate audits and retrospective analysis of past problems
- Support transparency with stakeholders by showing the full lifecycle of issues.

It is our opinion that the current format of the Open Items Log is sufficient in tracking items of concern identified during the monthly reconciliation process, however, improvement is needed to increase effectiveness. The following provides detail on areas of the Open Items Log that need improvement.

### ***Finding #1 Open Items Log Lack Effectiveness***

The Open Items Log does not capture all relevant details for each item. While the file does have columns to allow for the collection of this information, there are multiple records (lines) that are incomplete and do not identify basic information such as when an item was logged, the unique log identification number, or the type of issue that is to be resolved.

Additionally, terminology used in the **Priority** and **Status** columns are unclear or have similar meanings. For example, the **Status** column uses three different words for closing an item (*Close*, *Closed*, *Closed on SSB Side*).

Also, the Open Items Log does not include dates to indicate when an item has been resolved or closed.

Finally, while it is best practice to maintain a version history of a file, saving versions that do not include significant updates or changes is redundant and inefficient.

The root cause of these issues is due to the familiarity of the file with stakeholders and lack of any documented guidelines on how and when to include noted items.

Failing to define terminology can cause confusion, miscommunication, and prevent stakeholders from quickly understanding progress and priorities.

Furthermore, priority levels in an item log are essential for effective problem management. They help teams identify which issues need immediate focus, facilitate efficient use of resources, and ensure critical problems are resolved quickly. Assessing how well high-priority issues are addressed provides insight into the effectiveness of issue management.

**Recommendation 1a**

Internal Audit recommends that the Investment Accounting Section review past logs and determine if the information still provides administrative value to the agency and consider submitting a request to the Information Technology Unit to remove files that no longer provide value from the TIM database. Furthermore, the development of an Open Item Log Retention Schedule is recommended to provide guidance on when and how an updated log should be saved internally.

**Recommendation 1b**

Internal Audit also recommends the ATRS Investment Accounting Section communicate with the SSB Client Services Team to include a “Column Key” that provides brief descriptions of which information is placed in each column.

**Recommendation 1c**

The Investment Accounting Section and SSB’s Client Service Team would also benefit in providing definitions for terms used in the **Priority** and **Status** columns to provide guidance to any new team members viewing the log for the first time. It is also recommended that these columns utilize “Date Validation” to provide consistent use of the terminology selected and improve reporting.

**Recommendation 1d**

Finally, it is recommended that the Open Items Log include two additional columns, “Resolved Date” and “Closed Date”, to aid in reporting accuracy and allow for accurate tracking of multiple resolution events and workflow transitions without losing important timeline data.

**Management Response 1a**

Management and the Investment Accounting Section agree with the Internal Audit recommendation. Past logs are under review and will be removed from the TIM database as needed. Given the roll forward nature of the Open Item Log a quarterly update and retention schedule has been established.

**Management Response 1b**

Management and the Investment Accounting Section agree with the Internal Audit recommendation. A “Column Key” has been established.

**Management Response 1c**

Management and the Investment Accounting Section agree with the Internal audit recommendation. Definitions for the terms used in the Priority and Status columns have been added. In addition, we have added date validation to the log.

***Management Response 1d***

Management and the Investment Accounting Section agree with the Internal Audit Recommendation. The Investment Accounting Section is now utilizing consistent terminology along with additional columns to aid in accuracy and tracking.

***B. Month TIM Reconciliation Procedures Review***

Improvement Needed

An evaluation of the Investment Accounting Section's investment reconciliation procedures was conducted to determine the efficiency and effectiveness in ensuring reconciliations can be completed by the 13<sup>th</sup> business day of each month.

We evaluated the efficiency of the workflows used in the gathering and importing of data necessary for performing the reconciliations as well as the effectiveness of the process in ensuring accuracy and completeness between the Investment Managers' accounting records, custodial records, and internal records.

It is our opinion that, while the procedures used in investment reconciliations are effective in ensuring data accuracy and completeness of trade activity, the current process is inefficient in ensuring that the reconciliation deadline can be met consistently.

***Finding #2 Inefficiency in Trade Reconciliations***

While the procedures used in investment reconciliations are effective in ensuring data accuracy and completeness of trade activity, the current process is inefficient in ensuring that the reconciliation deadline can be met consistently.

Key challenges still facing the Investment Accounting Section in performing efficient and effective reconciliations include:

- The variable standards in reporting and the inconsistency in how the data is formatted
- Lack of automation in gathering the data necessary for an effective reconciliation from multiple locations
- Lack of standardized identifiers and pricing data specifically related to term loans and futures, complicating reconciliations
- Inadequate data transformation with TIM causing manual intervention which diminishes efficiency and increases the risk of error
- Excessive use of manual entry or adjustments needed to records

These challenges are the result of failing to leverage available automation and technology solutions.

Failure to use technology effectively in financial reconciliation can lead to numerous operational, financial, and compliance challenges. This includes increased errors, inefficiency, higher costs, slower

close cycles, fraud risk, and regulatory non-compliance. Leveraging automation and reconciliation software is critical to resolving these issues.

#### **Recommendation 2**

Internal audit recommends the Investment Unit consider acquiring investment reconciliation software that combines powerful data integration, automated matching, exception management, and audit capabilities to streamline complex financial processes and ensure portfolio accuracy. Solutions like SoveXia and Duco are excellent choices for powerful automation and no-code configurability, while BlackLine and FloQast suit firms needing integrated financial close capabilities. Recon Art and Bank Rec offer focused reconciliation solutions with strong automation features.

When selecting the appropriate solution, consideration should be given to the complexity of the portfolio, volume, integration needs, and desired level of automation. By adopting these tools, ATRS can improve accuracy, reduce manual effort, and accelerate reconciliation cycles, ensuring reliable portfolio views and better-informed investment decisions.

#### **Management Response 2**

Management and the Investment Accounting Section agree with the Internal Audit recommendation. ATRS has been evaluating multiple software needs required by ATRS. Investment accounting software is being considered as part of the overall strategic plan for ATRS technology needs. Staff is continuing to evaluate the ATRS technology needs (including investment accounting software) and will provide the Board updates as they become available.

#### C. Daily Bank Reconciliations

Satisfactory

To determine if contributions are managed effectively and efficiently to ensure adequate liquidity levels are maintained to pay member benefits, a review of the daily accounting process of the general fund was performed. The daily accounting is performed by the Investment Accounting Section using an Excel file labeled DCASH for the appropriate fiscal year.

It is the opinion of Internal Audit that the current procedures used in the management of liquidity are effective to manage contributions received and ensure members receive their expected benefits.

## ***DISTRIBUTION***

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All intended recipients of this report are listed below:

Mark White, ATRS Executive Director  
Sarah Linam, Deputy Director of Member Services  
Rod Graves, Deputy Director of Investments  
Donna Bumgardner, Investment Accounting Manager

This report is intended solely for the information and use of the Arkansas Teacher Retirement System Board of Trustees Audit Committee and Arkansas Teacher Retirement System management and is not intended to be and should not be used by anyone other than these specified parties. However, the final audit report is a public record to the extent that it does not include information which has been made confidential and exempt from the provisions of A.C.A. §25-19-105, pursuant to law and upon request shall be made available for public inspection.

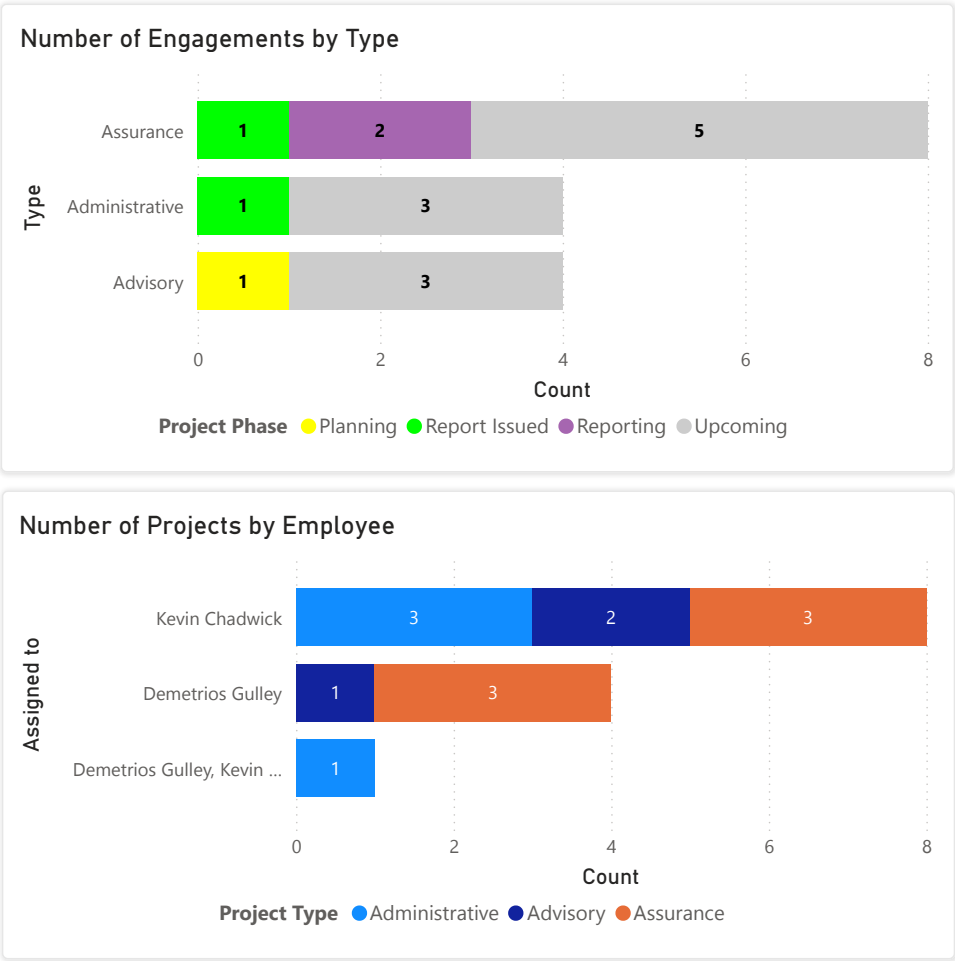
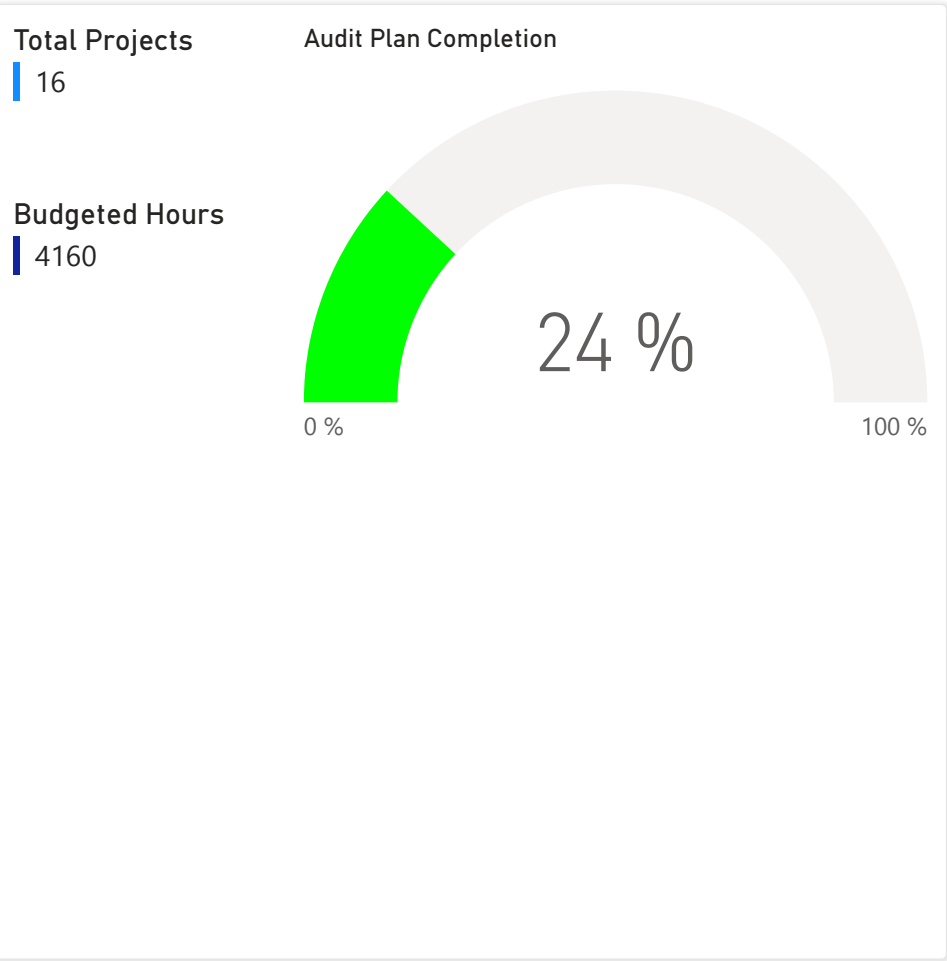
## ***CONCLUSION***

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It is the opinion of Internal Audit that improvement is needed in the tracking of open items to increase effectiveness as well as the current process used in the TIM reconciliation. Procedures used in the daily management of cash were found to be effective in ensuring adequate liquidity levels to pay member benefits. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions stated in this report.

Kevin L. Chadwick, CIA  
Audit Supervisor/Expert (Chief Audit Executive)

Quick Summary  
Audit Plan for FY2026





**ATRS Private Equity Investment Guidelines - 2Q25**
**2025 Commitments**

| <b>Investment</b> | <b>Strategy</b>           | <b>Region</b> | <b>ATRS Board</b> | <b>ATRS Commitment</b> |
|-------------------|---------------------------|---------------|-------------------|------------------------|
| MML Capital VIII  | Structured Capital        | Europe/U.S.   | 25-Apr            | 40,000,000             |
| Arlington VII     | Mid Market Buyout         | U.S.          | 25-Jun            | 40,000,000             |
| Great Hill IX     | Mid Market Buyout/Growth  | U.S.          | 25-Jun            | 20,000,000             |
| FP CF Access III  | Buyout/Growth/ Turnaround | U.S.          | 25-Feb            | 40,000,000             |
| FP VC XV          | Early Stage VC            | U.S./non-U.S. | 25-Apr            | 40,000,000             |
| FP VC Opps II     | Mid/Late Stage VC         | U.S./non-U.S. | 25-Apr            | 40,000,000             |

**2025 commitments previously approved by ATRS' board** **\$220,000,000**

|                         |                        |      |        |            |
|-------------------------|------------------------|------|--------|------------|
| BV XII                  | Mid Market Buyout      | U.S. | 25-Sep | 45,000,000 |
| Constellation Wealth II | Mid Market Non-Control | U.S. | 25-Sep | 45,000,000 |

**2025 commitments being considered during current board meeting** **\$90,000,000**

Additional commitments to be completed in 2025 **\$90,000,000**

**Total targeted 2025 commitments** **\$400,000,000**

**Private Equity Allocation** **Target** **6/30/2025**

Private Equity Value \$3,014,668,235

Total Assets (estimated as of 6/30/25) \$23,200,000,000

**Private Equity Value as a % of Total Assets** **12.00%** **13.00%**

**Other Guidelines**

The following sub-allocations shall be used as an overall target for commitment levels within the portfolio.

**ATRS Strategy/Region Guidelines (% of Commitments)**

|  |                 | <b>Post-2006 Portfolio</b>         |                   |
|--|-----------------|------------------------------------|-------------------|
| <b>Strategy</b>  | <b>Target %</b> | <b>Commitments (as of 6/30/25)</b> | <b>% of Total</b> |
| Corporate Finance (buyout, growth and debt strategies) | 80-100%         | 4,003,119,318                      | 86%               |
| Venture Capital  | 0-20%           | 645,000,000                        | 14%               |
| <b>Total (Post-2006 Portfolio)</b>                     |                 | <b>4,648,119,318</b>               | <b>100%</b>       |
|  |                 | <b>Post-2006 Portfolio</b>         |                   |
| <b>Region</b>  | <b>Target %</b> | <b>Commitments (as of 6/30/25)</b> | <b>% of Total</b> |
| U.S. and Western Europe                                | 80-100%         | 4,352,127,592                      | 94%               |
| Other <sup>1</sup>                                     | 0-20%           | 295,991,726                        | 6%                |
| <b>Total (Post-2006 Portfolio)</b>                     |                 | <b>4,648,119,318</b>               | <b>100%</b>       |

<sup>1</sup> Other represents ATRS' % of commitments made outside of the U.S. and Western Europe in FP VC and FP International vehicles

**ATRS shall, in general, make commitments of at least \$10 million.**

100% of the commitments made to primary funds since 2006

**In general, ATRS shall not make commitments to primary funds which exceed an amount equal to 15% of the total amount raised for a proposed fund, but in no event shall investments exceed 35% of the amount raised for a primary fund.**

100% of the commitments made to primary funds since 2006

**ATRS shall limit aggregate new commitments to a single investment sponsor to 35%.**

| <b>Manager</b>          | <b>Aggregate Commitments</b> |   |
|-------------------------|------------------------------|---|
|                         | <b>Commitment</b>            | <b>to Sponsor Notes</b>                             |
| MML Capital VIII        | 40,000,000                   | 10.00%  |
| Arlington VII           | 40,000,000                   | 10.00%  |
| Great Hill IX           | 20,000,000                   | 5.00%   |
| FP CF Access III        | 40,000,000                   | < 3.0% Expected to include 4-6 investment sponsors  |
| FP VC XV                | 40,000,000                   | < 2.0% Expected to include 7-10 investment sponsors |
| FP VC Opps II           | 40,000,000                   | < 2.0% Expected to include 7-10 investment sponsors |
| BV XII                  | 45,000,000                   | 11.30%  |
| Constellation Wealth II | 45,000,000                   | 11.30%  |
| Not yet identified      | 90,000,000                   | n/a   |
| <b>Total</b>            | <b>\$400,000,000</b>         |   |

Note: % of 2025 Commitments for FP CF Access III, FP VC XV and FP VC Opps II represents ATRS' % of the estimated commitments to underlying investment sponsors within the portfolio.

| As of March 31, 2025   | ATRS' Portfolio<br>\$ in Millions |
|------------------------|-----------------------------------|
| Number of Investments  | 94                                |
| Total Commitments      | 4,902.80                          |
| Unfunded Commitments   | 661                               |
| Total Paid-In Capital  | 4,488.40                          |
| Total Distributions    | 3,823.20                          |
| Net Asset Value        | 2,823.40                          |
| Gross Asset Value      | 4,127.30                          |
| DPI                    | 0.9x                              |
| TVPI                   | 1.5x                              |
| Since Inception IRR    | 6.70%                             |
| *Active and Liquidated |                                   |

| PORTFOLIO COMPOSITION TARGETS<br>(As of March 31, 2025) |         |               |
|---|---------|---------------|
|   | Target  | Actual Funded |
| Target Real Asset Allocation                            | 15%     | 12.20%        |
| <b>Portfolio Style Composition</b>                      |         |               |
| Real Estate   | 8%      | 7.00%         |
| Core*   | 50%-70% | 50.90%        |
| Non-Core  | 30%-50% | 49.10%        |
| Value-Added**   | N/A     | 27.90%        |
| Opportunistic**   | N/A     | 21.20%        |
| Agriculture   | 1%      | 1.10%         |
| Timber  | 2%      | 1.70%         |
| Infrastructure  | 4%      | 2.60%         |
| Leverage  | 50%     | 31.60%        |

| RISK MANAGEMENT             |                   |                   |         |         |            |            |
|-----------------------------|-------------------|-------------------|---------|---------|------------|------------|
| Property Type - Real Estate | NFI-ODCE          | Target/Constraint | Minimum | Maximum | Actual     | Compliant? |
| Office                      | 16.4              | NFI-ODCE +/- 50%  | 8.2     | 24.6    | 14.98      | Yes        |
| Retail                      | 11                | NFI-ODCE +/- 50%  | 5.5     | 16.5    | 6.91       | Yes        |
| Industrial                  | 34.1              | NFI-ODCE +/- 50%  | 17.05   | 51.15   | 32.21      | Yes        |
| Apartment                   | 29.5              | NFI-ODCE +/- 50%  | 14.75   | 44.25   | 30.54      | Yes        |
| Other                       | 9                 | n/a               | 0       | 20      | 15.36      | Yes        |
| Geography - Real Estate     | NFI-ODCE          | Target/Constraint | Minimum | Maximum | Actual     | Compliant? |
| West                        | 43.6              | NFI-ODCE +/- 50%  | 21.8    | 65.4    | 30.9       | Yes        |
| East                        | 29                | NFI-ODCE +/- 50%  | 14.5    | 43.5    | 24.91      | Yes        |
| Midwest                     | 5.6               | NFI-ODCE +/- 50%  | 2.8     | 8.4     | 7.94       | Yes        |
| South                       | 21.8              | NFI-ODCE +/- 50%  | 10.9    | 32.7    | 25.49      | Yes        |
| Other2,3                    | 0                 | n/a               | n/a     | n/a     | 2.49       | Yes        |
| Non-U.S.                    | 0                 | n/a               | 0       | 40      | 8.26       | Yes        |
| Geography - Timber          | NCREIF Timberland | Target/Constraint | Minimum | Maximum | Actual     | Compliant? |
| Lake States                 | 4.2               | 0%-20%            | 0       | 20      | 0          | Yes        |
| Northeast                   | 4.46              | 0%-20%            | 0       | 20      | 0.96       | Yes        |
| Northwest                   | 27.01             | 0%-50%            | 0       | 50      | 15.18      | Yes        |
| South                       | 66.05             | 40%-80%           | 40      | 80      | 70.31      | Yes        |
| Other                       | 0                 | 0%-20%            | 0       | 20      | 13.55      | Yes        |
| Geography - Agriculture     | NCREIF Farmland   | Target/Constraint | Minimum | Maximum | Actual     | Compliant? |
| Appalachian                 | 0.7               |                   | 0       | 50      | 0          | Yes        |
| Corn Belt                   | 10.93             |                   | 0       | 50      | 10.39      | Yes        |
| Delta States                | 20.44             |                   | 0       | 50      | 37.42      | Yes        |
| Lake States                 | 2.77              |                   | 0       | 50      | 16.22      | Yes        |
| Mountain                    | 8.9               |                   | 0       | 50      | 12.93      | Yes        |
| Northeast                   | 0                 |                   | 0       | 50      | 0          | Yes        |
| Northern Plains             | 2.12              |                   | 0       | 50      | 1.55       | Yes        |
| Pacific Northwest           | 8.45              |                   | 0       | 50      | 4.31       | Yes        |
| Pacific West                | 37.96             |                   | 0       | 50      | 8          | Yes        |
| Southeast                   | 5.62              |                   | 0       | 50      | 7.11       | Yes        |
| Southern Plains             | 1.98              |                   | 0       | 50      | 2.06       | Yes        |
| Other                       | 0                 |                   | 0       | 50      | 0          | Yes        |
| Non-U.S.                    | 0                 |                   | 0       | 50      | 0          | Yes        |
| Geography - Infrastructure  | Target/Constraint | Minimum           | Maximum | Actual  | Compliant? |            |
| U.S.                        |                   | 40                | 100     | 43.6    | Yes        |            |
| Non-U.S.                    |                   | 0                 | 60      | 56.4    | Yes        |            |
| Asset Type - Infrastructure | Target/Constraint | Minimum           | Maximum | Actual  | Compliant? |            |
| Energy/Utilities            |                   | 0                 | 70      | 55.35   | Yes        |            |
| Transportation              |                   | 0                 | 70      | 25.86   | Yes        |            |
| Social                      |                   | 0                 | 70      | 2.14    | Yes        |            |
| Communications              |                   | 0                 | 70      | 11.52   | Yes        |            |
| Other                       |                   | 0                 | 70      | 5.12    | Yes        |            |
| Manager                     | Target/Constraint | Minimum           | Maximum | Max     | Compliant? |            |
|                             |                   | 0                 | 30      | 13.78   | Yes        |            |
| Style - Real Estate         | Target/Constraint | Minimum           | Maximum | Actual  | Compliant? |            |
| Core                        |                   | 50                | 70      | 50.9    | Yes        |            |
| Non-Core                    |                   | 30                | 50      | 49.1    | Yes        |            |

As of 6/30/2025 (3/31/25 for Illiquid Asset Classes)

|                                   | Actual  | Interim Target** | Difference<br>(Actual vs. Interim) | Long-Term Target | Difference*<br>(Actual vs. Long-Term) | Range*** |
|-----------------------------------|---------|------------------|------------------------------------|------------------|---------------------------------------|----------|
| <b>Total Equity</b>               | 50.50%  | 50.80%           | -0.30%                             | 48.00%           | 2.50%                                 | 43 - 53% |
| <b>Fixed Income</b>               | 19.00%  | 20.00%           | -1.00%                             | 20.00%           | -1.00%                                | 18 - 22% |
| <b>Opportunistic/Alternatives</b> | 5.10%   | 5.00%            | 0.10%                              | 5.00%            | 0.10%                                 | NA       |
| <b>Real Assets</b>                | 12.00%  | 12.20%           | -0.20%                             | 15.00%           | -3.00%                                | NA       |
| <i>Real Estate</i>                | 6.80%   | 6.50%            | 0.30%                              | 8.00%            | -1.20%                                | NA       |
| <i>Core RE</i>                    | 3.50%   | 3.90%            | -0.40%                             | 4.80%            | -1.30%                                | 4-5.6%   |
| <i>Non-Core</i>                   | 3.30%   | 2.60%            | 0.70%                              | 3.20%            | 0.10%                                 | 2.4-4%   |
| <i>Agriculture</i>                | 1.10%   | 0.80%            | 0.30%                              | 1.00%            | 0.10%                                 | NA       |
| <i>Timber</i>                     | 1.70%   | 1.60%            | 0.10%                              | 2.00%            | -0.30%                                | NA       |
| <i>Infrastructure</i>             | 2.50%   | 3.30%            | -0.80%                             | 4.00%            | -1.50%                                | NA       |
| <b>Private Equity</b>             | 12.60%  | 12.00%           | 0.60%                              | 12.00%           | 0.60%                                 | NA       |
| <b>Cash</b>                       | 0.80%   | 0.00%            | 0.80%                              | 0.00%            | 0.80%                                 | 0 - 5%   |
|                                   | 100.00% | 100.00%          | --                                 | 100.00%          | --                                    | --       |

\* Uninvested assets/commitments for Real Assets are invested in public equities.

\*\* The interim target reflects the beginning period actual allocation to Real Assets.

\*\*\* The actual allocation to equity may exceed the range to account for uninvested assets/commitments for the Real Assets Asset Class.

| Real Assets Breakdown | Absolute | %       | 2025 Pacing Commitment |         | Commitment Progress (\$M) |       |
|-----------------------|----------|---------|------------------------|---------|---------------------------|-------|
|                       |          |         | (\$M)                  |         | As of 3/31/2025           |       |
| Real Estate           | 8%       | 53.30%  |                        | \$400   |                           | \$0   |
| <i>Core</i>           | 5-7%     | 50-70%  |                        | \$300   |                           | \$0   |
| <i>Non-Core</i>       | 3-5%     | 30-50%  |                        | \$100   |                           | \$0   |
| Ag                    | 1%       | 6.70%   |                        | \$0     |                           | \$0   |
| Timber                | 2%       | 13.30%  |                        | \$0     |                           | \$0   |
| Infrastructure        | 4%       | 26.70%  |                        | \$350   |                           | \$100 |
| Total Real Assets     | 15%      | 100.00% |                        | \$1,150 |                           | \$100 |

November 20, 2025

Mr. Mark White  
Executive Director  
Arkansas Teacher Retirement System  
1400 West Third Street  
Little Rock, AR 72201

Re: Update for Highland LP Investment

Dear Mr. White:

As a consultant to Arkansas Teacher Retirement System ("ATRS"), ACC Capital ("ACC") delivers this letter as an update related to prior ATRS investments into Highland LP.

### **Background**

Highland LP (the "Fund") invests in biomass-related industries in the United States. The Fund owns, directly or through subsidiaries, Highland LLC, Highland Pellets Holdco LLC, Highland Pellets Subholdco LLC, Highland Pellets, LLC, Highland Port LLC, Highland Pellets South LLC, Highland FR LLC and Highland Maine LLC.

- Highland Pellets, LLC and Highland FR LLC are the main operational assets of the Fund. They comprise two wood pellet production plants in Pine Bluff, Arkansas, which produce pellets under offtake agreements for a major UK utility customer (through 2026) and a major Danish utility customer (through 2027).
- Highland Port LLC owns approximately 54 acres of development property at the Port of Pine Bluff.
- Highland Pellets South LLC owns approximately 350 acres of development property in Ogemaw, Arkansas.
- Highland Maine LLC, a wholly owned subsidiary of Highland LLC, is focused on developing the site for industrial applications as opposed to energy production. Ongoing development work continues.

ACC Capital and ATRS staff maintain a monthly standing call with the management of Highland LP to discuss the companies operational and financial progress.

The most recent call was on November 19, 2025 with information from that call and the supporting financial documentation summarized in this letter.

Recapping the priority areas for the next year:

- Maintain production at nameplate levels for both Highland Pellets (HP) and Highland FR (HFR),
- Offtake agreement extensions for both Highland Pellets (HP) and Highland FR (HFR),
- Refinance existing debt with a goal of lower rates and paying back the ATRS note,
- Capital raise to secure additional equity,
- Continued development of carbon capture projects for both Highland Pellets (HP) and Highland FR (HFR),

**Production Update:** Highland Pellets (HP) and Highland FR (HFR) continue to execute on an operational level and have stabilized operations with both facilities delivering positive operational cash flow on the unaudited October financials. This occurred despite some logistical issues with rail service disruptions and planned maintenance outages which impacted production. Management is targeting a return to full nameplate production in November and continued positive operating cash flow.

**Offtake Status:** Current offtakes remain in place (HP through 2026; HFR through 2027). Discussions for offtake agreements to cover 2027–2031 are active and expected to progress once revised UK sustainability rules are finalized. Management anticipates **offtakes by end of Q1 2026**. Both facilities are positioned to comply with proposed sustainability and tracing requirements contemplated in the UK sustainability rules.

**Financial:** The UK sustainability rule finalization process remains a gating item for post-2026 offtakes which in turn impacts: refinancing existing debt to lower interest rates and repay the ATRS note, conducting a capital raise to secure additional equity and continued development of carbon capture projects.

With execution of the longer-term offtake agreements, the company will have greater clarity as to available financing options. In the interim the company is operating cash flow positive and continues to focus on improving cash flow to unlock additional financing. Management is working with its financing partner on refinancing options and cost-of-funds reductions. ATRS executive team will have direct meetings with the financing partner in 4<sup>th</sup> Quarter 2025.

Mr. Mark White  
Re: Transactions Related to Highland LP Fund  
November 20, 2025  
Page 3

### **Summary**

Management expects strong production throughput in November, continued positive operating cash flow, and based on conversations with their customer base and continued monitoring of UK policy developments management anticipates offtake related matters will be **resolved by the end of 1<sup>st</sup> quarter 2026**. Once the offtake agreements are in place we will notify the ATRS Board.

Should ATRS need any additional information related to Highland LP Fund let us know.

Respectfully,

A handwritten signature in black ink, appearing to read 'LL III', with a long horizontal flourish extending to the right.

Leslie Lane III  
President, ACC Capital



## EMPOWERING ENTREPRENEURS

November 21, 2025

Mr. Mark White  
Executive Director  
Arkansas Teacher Retirement System  
1400 West Third Street  
Little Rock, AR 72201

Re: Amendment regarding Purchase and Sale of Tax Credits

Dear Mr. White:

As a consultant to Arkansas Teacher Retirement System ("ATRS"), ACC Capital ("ACC") delivers this letter as an update and recommendation related to a prior ATRS transaction regarding the purchase of tax credits from Big River Steel Holdings LLC ("BRSH").

### **Background**

In a letter dated February 4, 2022 (the "Recommendation Letter," attached hereto as Exhibit A, definitions not otherwise defined in this letter shall have the same meaning as in the Recommendation Letter), ACC delivered a recommendation to ATRS related to a potential purchase by ATRS's wholly-owned subsidiary, Pinnacle, from BRSH of a revenue stream delivered by the State of Arkansas, stemming from certain Tax Credits earned by BRSH and the commensurate agreed sale of the Tax Credits by ATRS at a discount to DFA.

With assumptions, based on information provided to ACC, and market factors as stated in the Recommendation Letter, ACC recommended a purchase price to be paid by Pinnacle to BRSH of \$82,119,766 (the "Purchase Price") at the scheduled March 10, 2022, closing of the Transaction. In the Purchase Agreement dated February 7, 2022, the Transaction was agreed to, with the expectation stated in the Purchase Agreement that the first payment by DFA to Pinnacle for the Tax Credits would occur on June 30, 2025 (the "First Arkansas Payment Date"), based on an expected Achievement Date of June 30, 2024, all consistent with the Recommendation Letter.

Mr. Mark White

Re: Amendment regarding Purchase and Sale of Tax Credits

November 21, 2025

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When the Incentive Agreement was entered into and closed on March 10, 2022, between Pinnacle, BRSH, and AEDC, the Achievement Date was cited as June 30, 2025, resulting in a First Arkansas Payment Date of June 30, 2026, both cited dates being one year after the represented dates in the Recommendation Letter and Purchase Agreement. The delay in the Achievement Date and First Arkansas Payment Date meant that the assumptions made in the Recommendation Letter and expectations cited in the Purchase Agreement (the "Discounting Factors") were not consistent with the commensurate Discounting Factors cited in the Incentive Agreement.

Upon realizing this inconsistency, BRSH and ATRS have concluded that the best solution to this situation is to enter into an amendment to the Purchase Agreement (the "Amended Purchase Agreement") which provides for a new purchase price of \$78,673,851 (the "Amended Purchase Price"), using the same Discounting Factors in the Purchase Agreement with the exception of using a First Arkansas Payment Date of June 30, 2026, the difference in the Purchase Price and the Amended Purchase Price being \$3,445,915 (the "Excess Purchase Price Payment"). The Amended Purchase Agreement will call for a cash reimbursement paid by BRSH to Pinnacle at the closing of the Amended Purchase Agreement (the "Closing Date") equal to (a) the Excess Purchase Price Payment, plus (b) interest at a rate of 4.38% per annum from March 10, 2022, to the Closing Date (the "Reimbursement Payment").

### **Recommendation**

ACC recommends that Pinnacle enter into the referenced Amended Purchase Agreement with BRSH, and we believe that the proposed Reimbursement Payment is a fair and reasonable recovery to Pinnacle to accommodate the disparity of Discounting Factors in the Purchase Agreement vis-à-vis the Incentive Agreement.

Sincerely yours,  
ON BEHALF OF ACC:



Rush B. Deacon  
Senior Vice President





## EMPOWERING ENTREPRENEURS

February 4, 2022

Mr. Clint Rhoden  
Executive Director  
Arkansas Teacher Retirement System  
1400 West Third Street  
Little Rock, AR 72201

Re: Purchase and Sale of State Tax Credits

Dear Mr. Rhoden:

As a subcontracting party to Global Principal Partners LLC ("GPP"), Arkansas Capital Corporation ("ACC") delivers this letter to Arkansas Teacher Retirement System ("ATRS"), outlining ACC's recommendations to ATRS related to the potential purchase (the "Transaction") by ATRS's wholly-owned subsidiary, Pinnacle Mountain Holding Company III, LLC ("Pinnacle") from Big River Steel Holdings LLC ("BRSH" or the "Company") on behalf of itself and its wholly-owned subsidiary, Exploratory Ventures, LLC ("EV") of a revenue stream delivered by the State of Arkansas, stemming from certain Arkansas tax credits (the "Tax Credits") earned by the Company, and the commensurate agreed sale of the Tax Credits by ATRS at a discount to the Arkansas Department of Finance and Administration ("DFA").

### **Background**

The Company is a subsidiary of United States Steel Corporation ("USS"). The Company through its wholly-owned subsidiary Big River Steel LLC ("BRS") currently operates a steel recycling and manufacturing facility in Mississippi County, Arkansas. The Company, through its wholly-owned subsidiary, Exploratory Ventures, LLC ("EV") plans to construct and operate a new steel recycling and manufacturing facility in Mississippi County, Arkansas (the "Project"), adjacent to BRS's existing facility.

As an economic incentive for the Company's planned \$3 billion investment in the Project (the "Investment Requirement") and the creation of at least 900 net new direct and independent direct positions at defined compensation levels (the "Job Creation Requirement"), qualifying the Project as a qualified growth project under Act 3 of the Second Extraordinary Session of the 93<sup>rd</sup> Arkansas General Assembly (the "Act"), the Company has been offered state income tax credits by the Arkansas Economic Development Commission ("AEDC") in an amount equal to 30% of the cost of waste

Mr. Clint Rhoden  
Re: ATRS Purchase of State Tax Credits  
February 4, 2022  
Page 2

reduction, reuse, or recycling equipment for costs incurred by the Company after February 8, 2022, such credits including the Tax Credits in a total amount equal to \$154 million. The Tax Credits may be sold by the Company, pursuant to the terms of a Recycling Tax Credit Incentive Agreement (the "Incentive Agreement"), which is expected to be executed by the relevant parties on March 10, 2022, which is when all conditions precedent to its execution will have occurred. No more than \$11 million in Tax Credits may be submitted to DFA for sale during any calendar year.

Pinnacle, as an equity holder in the Company, is eligible under the Act to acquire possession and control of the Tax Credits from the Company through the Transaction, as is being documented in a Tax Credit and Revenue Stream Purchase Agreement (the "Purchase Agreement"). With acquisition by Pinnacle of possession and control of the revenue stream from the Tax Credits, it may then notify DFA on or before July 15 of each year of the annual amount of the Tax Credits in its possession, and DFA shall then pay Pinnacle for the Tax Credits submitted for sale at 80% of the face value of the Tax Credits, with payment due on or before June 30 of the year following notification by Pinnacle.

The Tax Credits are considered earned upon the Company's achievement of the Investment Requirement and the Job Creation Requirement (such date of achievement being the "Achievement Date"), which is to be documented by the Company and submitted to the relevant state agencies. We have been advised that Achievement Date is expected to occur on or before June 30, 2024, and the Transaction and our recommended purchase price for the Tax Credits contemplates that fact. With Achievement Date on or before June 30, 2024, and taking into account the factors cited above, the first payment by DFA to Pinnacle for the Tax Credits will occur on June 30, 2025, and thereafter on the same day of the year for 13 additional years.

### **Proposed Transaction**

Pursuant to the Purchase Agreement, Pinnacle will purchase from the Company the future revenue stream to be delivered by DFA to Pinnacle. The identified risks to the transaction include:

- a. the Company's failure to achieve the Investment Requirement and its failure to achieve and maintain the Job Creation Requirement. A purchase price refund mechanism and a make whole covenant by the Company to Pinnacle, both as contemplated in the Purchase Agreement, address this risk
- b. the Company's insolvency during the period of the Company's obligations under the Purchase Agreement. A provision whereby USS guarantees the obligations of the Company under the Purchase Agreement addresses this risk.

Mr. Clint Rhoden  
Re: ATRS Purchase of State Tax Credits  
February 4, 2022  
Page 3

### **Recommendation**

Assuming a closing date of March 10, 2022, ACC's recommendation for ATRS's purchase price of the Company's tax credit revenue stream from DFA is **\$82,119,766**. As rationale for the purchase price, ACC has reviewed data from previous ATRS tax credit revenue stream transactions and factored in adjustments as deemed relevant for the Transaction.

The structured-return nature of the Transaction (i.e., defined payment amounts at defined payment intervals) is essentially equivalent to a fixed-income investment, so we consider a risk-based discount rate applied over the life of the revenue stream to be appropriate for determining a fair and reasonable purchase price. Exhibit A to this letter reflects the revenue stream that is contemplated in the Transaction. It assumes Achievement Date on or before June 30, 2024, which would create a 14-year payment stream from DFA to ATRS of \$8,800,000 per year, with the first payment being on June 30, 2025. In the precedent transactions that we reviewed a discount rate was "built" using an essentially risk-free rate (using U.S. treasuries as a surrogate), a nominal premium for Arkansas state risk, and then a company-specific risk premium.

With USS as a guarantor of the Company's obligations in the Transaction, we have the analytical benefit of a large, publicly-reported company with debt that is rated by recognized rating agencies. Fitch is the rating agency that has most-recently updated its debt rating of USS, and it assigns a BB+ rating to USS. According to recent economic data from the Federal Reserve Bank of St. Louis, the current coupon rate for corporate bonds rated BB is 4.13%. This coupon rate would incorporate a company-specific premium over a risk free rate. We believe that an additional premium of 25 basis points is appropriate in arriving at a discount rate for the Transaction, accounting for a nominal risk premium for the State of Arkansas and for the fact that a guarantee obligation of a company, even if unconditional, carries a slightly higher risk than a direct obligation such as is inherent in a bond obligation. Consequently, it is our opinion that a discount rate of 4.38% is a fair and reasonable rate to use in discounting the revenue stream that Pinnacle would receive in arriving at a purchase price for the Transaction.

The Net Present Value column on the far right of Exhibit A (displayed in Landscape configuration) reflects the mathematical calculation of the recommended purchase price applying these factors.

Mr. Clint Rhoden  
Re: ATRS Purchase of State Tax Credits  
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**ACC Statement**

In performing its analysis and delivering this recommendation, ACC relied on drafts of the Incentive Agreement and the Purchase Agreement as provided by ATRS's outside counsel in the Transaction along with internet research from cited sources and information from conversations with representatives of the Company. ACC has not independently verified the accuracy of such information and disclaims all liability based on its reliance on such information in performing its analysis and making its recommendation hereunder.

Sincerely yours,  
ON BEHALF OF ACC:



Rush B. Deacon

|  |               |
|--|---------------|
| Total Tax Credits to be sold to DFA      | \$154,000,000 |
| Purchase Price by DFA                    | 80.00%        |
| Nominal Payment Stream Total             | \$123,200,000 |
| Transaction Closing Date                 | 3/10/2022     |
| DFA Purchase Date                        | 30-Jun        |
| Achievement Date                         | 6/30/2024     |
| Interim Period - Purchase to Achievement | 2.31          |

EXHIBIT A TO ACC LETTER DATED FEB. 4, 2022

| Payment Date | Tax Credit Earned | Annual Payment | US\$ guaranteee | Discount Factor | Years | NPV          |
|--------------|-------------------|----------------|-----------------|-----------------|-------|--------------|
| 6/30/2025    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.9580          | 1     | \$8,430,734  |
| 6/30/2026    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.9178          | 2     | \$8,076,963  |
| 6/30/2027    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.8793          | 3     | \$7,738,037  |
| 6/30/2028    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.8424          | 4     | \$7,413,333  |
| 6/30/2029    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.8071          | 5     | \$7,102,254  |
| 6/30/2030    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.7732          | 6     | \$6,804,229  |
| 6/30/2031    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.7408          | 7     | \$6,518,709  |
| 6/30/2032    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.7097          | 8     | \$6,245,171  |
| 6/30/2033    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.6799          | 9     | \$5,983,111  |
| 6/30/2034    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.6514          | 10    | \$5,732,047  |
| 6/30/2035    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.6240          | 11    | \$5,491,519  |
| 6/30/2036    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.5979          | 12    | \$5,261,083  |
| 6/30/2037    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.5728          | 13    | \$5,040,317  |
| 6/30/2038    | \$11,000,000      | \$8,800,000    | 4.38%           | 0.5487          | 14    | \$4,828,815  |
| Cumulative   | \$154,000,000     | \$123,200,000  |                 |                 |       | \$90,666,322 |

|                               |       |        |      |              |
|-------------------------------|-------|--------|------|--------------|
| Apply Interim Period Discount | 4.38% | 0.9057 | 2.31 | \$82,119,766 |
|-------------------------------|-------|--------|------|--------------|

**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**1400 West Third Street**  
**Little Rock, Arkansas 72201**

**R E S O L U T I O N**  
**No. 2025-47**

**Authorizing Change in Terms to the Tax Credit and Revenue  
Stream Purchase Agreement of the Revenue Stream Generated  
by Tax Credits Associated with Big River Steel**

**WHEREAS**, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefit of its plan participants; and

**WHEREAS**, the ATRS Board has reviewed the recommendation of Arkansas Capital Corporation, along with the recommendation of the Investment Committee and ATRS staff regarding a potential change in terms to the purchase agreement of the revenue stream generated by tax credits associated with Big River Steel dated February 7, 2022.

**THEREFORE, BE IT RESOLVED**, that the ATRS Executive Director is authorized to work with legal counsel as necessary to change the terms of the Tax Credit and Revenue Stream Purchase Agreement of the revenue stream generated by tax credits associated with Big River Steel dated February 7, 2022 to accommodate the change in timing of payments and other clerical errors; and

**FURTHER, BE IT RESOLVED**, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this change in terms, if acceptable terms are reached.

**Adopted this 1st day of December 2025.**

---

**Dr. Mike Hernandez, *Chair***  
**Arkansas Teacher Retirement System**



AON

# Quarterly Investment Review

## Arkansas Teacher Retirement System

Third Quarter 2025

Investment advice and consulting services provided by Aon Investments USA Inc.

Nothing in this document should be construed as legal or investment advice. Please consult with your independent professional for any such advice. To protect the confidential and proprietary information included in this material, it may not be disclosed or provided to any third parties without the approval of Aon.



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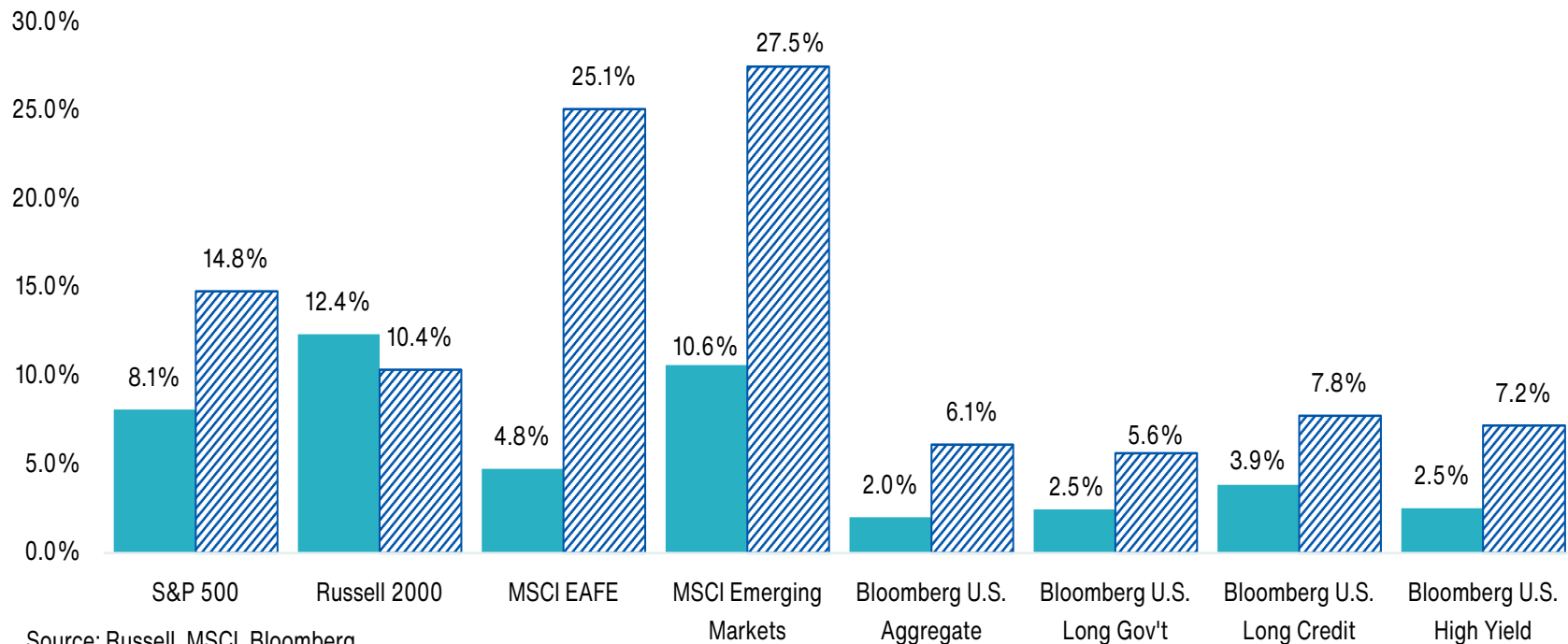
Executive Summary



# Market Highlights

## SHORT TERM RETURNS AS OF 09/30/2025

■ Third Quarter 2025 ■ YTD



Source: Russell, MSCI, Bloomberg

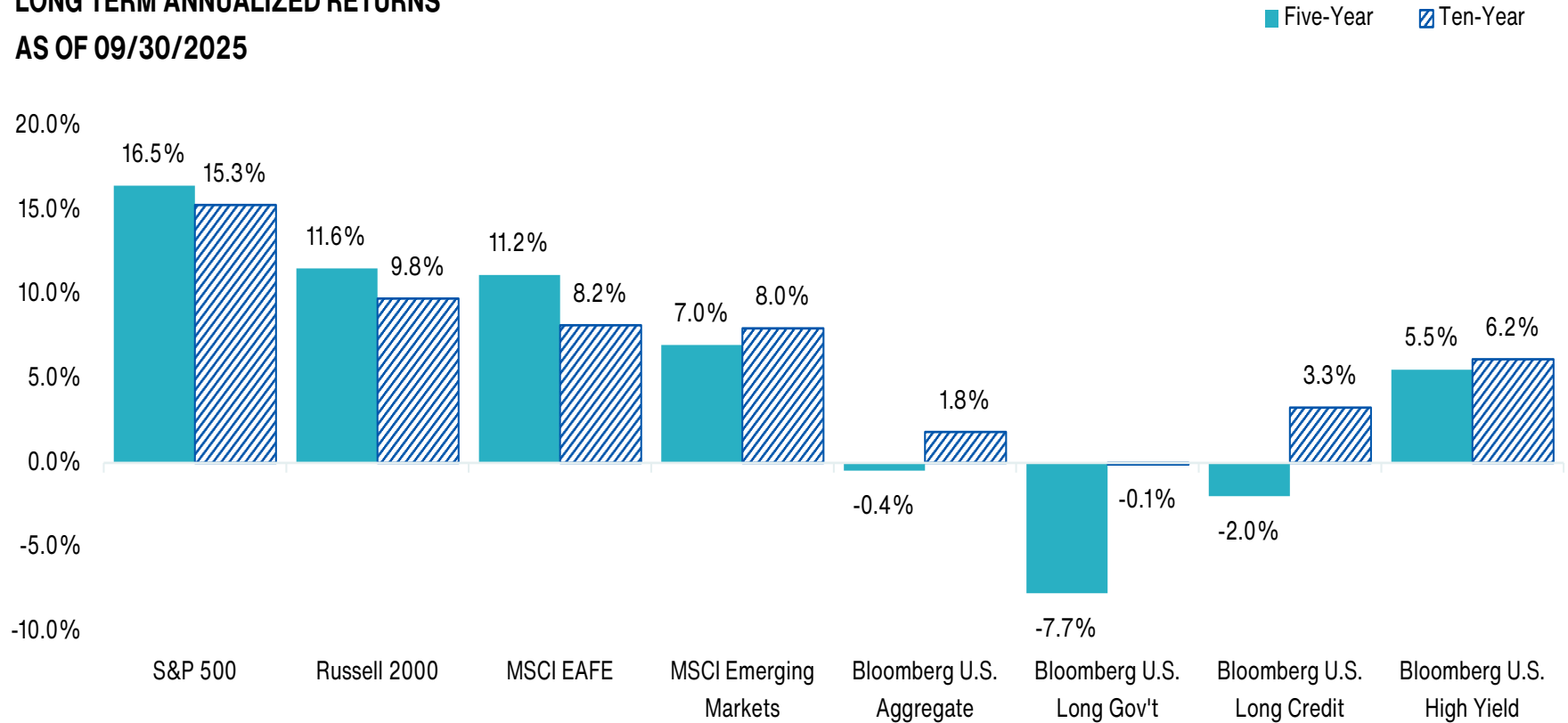
MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

**Past performance is no guarantee of future results.** Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.

**MSCI net return:** deducts assumed foreign tax withholding rate from dividends before investing.

# Market Highlights

## LONG TERM ANNUALIZED RETURNS AS OF 09/30/2025



Source: Russell, MSCI, Bloomberg

**Past performance is no guarantee of future results.** Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.

**MSCI net return:** deducts assumed foreign tax withholding rate from dividends before investing.

# Market Highlights

| Returns of the Major Capital Markets |                          |        |        |                     |                     |                      |
|--------------------------------------|--------------------------|--------|--------|---------------------|---------------------|----------------------|
|                                      | Period Ending 09/30/2025 |        |        |                     |                     |                      |
|                                      | Third Quarter            | YTD    | 1-Year | 3-Year <sup>1</sup> | 5-Year <sup>1</sup> | 10-Year <sup>1</sup> |
| <b>Equity</b>                        |                          |        |        |                     |                     |                      |
| MSCI All Country World IMI           | 7.67%                    | 18.25% | 16.79% | 22.49%              | 13.30%              | 11.63%               |
| MSCI All Country World               | 7.62%                    | 18.44% | 17.27% | 23.12%              | 13.54%              | 11.91%               |
| Dow Jones U.S. Total Stock Market    | 8.22%                    | 14.36% | 17.46% | 24.16%              | 15.69%              | 14.64%               |
| Russell 3000                         | 8.18%                    | 14.40% | 17.41% | 24.12%              | 15.74%              | 14.71%               |
| S&P 500                              | 8.12%                    | 14.83% | 17.60% | 24.94%              | 16.47%              | 15.30%               |
| Russell 2000                         | 12.39%                   | 10.39% | 10.76% | 15.21%              | 11.56%              | 9.77%                |
| MSCI All Country World ex-U.S. IMI   | 6.86%                    | 25.97% | 16.39% | 20.50%              | 10.22%              | 8.24%                |
| MSCI All Country World ex-U.S.       | 6.89%                    | 26.02% | 16.45% | 20.67%              | 10.26%              | 8.23%                |
| MSCI EAFE                            | 4.77%                    | 25.14% | 14.99% | 21.70%              | 11.15%              | 8.17%                |
| MSCI EAFE (Local Currency)           | 5.38%                    | 13.63% | 12.92% | 16.88%              | 12.54%              | 8.62%                |
| MSCI Emerging Markets                | 10.64%                   | 27.53% | 17.32% | 18.21%              | 7.02%               | 7.99%                |
| <b>Equity Factors</b>                |                          |        |        |                     |                     |                      |
| MSCI World Minimum Volatility (USD)  | 0.72%                    | 11.59% | 7.41%  | 14.00%              | 8.21%               | 9.10%                |
| MSCI World High Dividend Yield       | 4.63%                    | 15.01% | 8.54%  | 16.50%              | 11.61%              | 9.58%                |
| MSCI World Quality                   | 5.58%                    | 12.32% | 8.78%  | 25.09%              | 14.08%              | 14.81%               |
| MSCI World Momentum                  | 5.85%                    | 20.65% | 21.00% | 26.00%              | 13.19%              | 14.95%               |
| MSCI World Enhanced Value            | 9.24%                    | 28.12% | 22.38% | 23.83%              | 16.16%              | 9.67%                |
| MSCI World Equal Weighted            | 4.60%                    | 18.93% | 13.51% | 19.50%              | 11.35%              | 9.63%                |
| MSCI World Index Growth              | 8.62%                    | 18.03% | 22.57% | 28.91%              | 14.67%              | 15.39%               |
| MSCI USA Minimum Volatility (USD)    | 1.76%                    | 8.40%  | 5.94%  | 14.87%              | 10.16%              | 11.32%               |
| MSCI USA High Dividend Yield         | 5.37%                    | 10.53% | 5.91%  | 14.61%              | 11.13%              | 10.94%               |
| MSCI USA Quality                     | 6.16%                    | 11.62% | 10.93% | 27.28%              | 15.43%              | 16.39%               |
| MSCI USA Momentum                    | 5.83%                    | 19.44% | 21.09% | 24.75%              | 12.04%              | 15.20%               |
| MSCI USA Enhanced Value              | 11.07%                   | 20.85% | 17.85% | 18.61%              | 14.35%              | 10.71%               |
| MSCI USA Equal Weighted              | 4.35%                    | 9.45%  | 9.46%  | 17.46%              | 12.81%              | 11.71%               |
| MSCI USA Growth                      | 10.77%                   | 17.65% | 27.61% | 33.16%              | 17.81%              | 19.02%               |

| Returns of the Major Capital Markets                  |                          |        |        |                     |                     |                      |
|---|--------------------------|--------|--------|---------------------|---------------------|----------------------|
|   | Period Ending 09/30/2025 |        |        |                     |                     |                      |
|   | Third Quarter            | YTD    | 1-Year | 3-Year <sup>1</sup> | 5-Year <sup>1</sup> | 10-Year <sup>1</sup> |
| <b>Fixed Income</b>                                   |                          |        |        |                     |                     |                      |
| Bloomberg Global Aggregate                            | 0.60%                    | 7.91%  | 2.40%  | 5.45%               | -1.56%              | 1.15%                |
| Bloomberg U.S. Aggregate                              | 2.03%                    | 6.13%  | 2.88%  | 4.93%               | -0.45%              | 1.84%                |
| Bloomberg U.S. Long Gov't                             | 2.49%                    | 5.65%  | -3.44% | 0.46%               | -7.73%              | -0.09%               |
| Bloomberg U.S. Long Credit                            | 3.88%                    | 7.78%  | 1.03%  | 7.18%               | -1.96%              | 3.29%                |
| Bloomberg U.S. Long Gov't/Credit                      | 3.16%                    | 6.64%  | -1.28% | 3.96%               | -4.57%              | 1.88%                |
| Bloomberg U.S. TIPS                                   | 2.10%                    | 6.87%  | 3.79%  | 4.88%               | 1.42%               | 3.01%                |
| Bloomberg U.S. High Yield                             | 2.54%                    | 7.22%  | 7.41%  | 11.09%              | 5.55%               | 6.17%                |
| Bloomberg Treasury ex U.S.                            | -1.13%                   | 8.33%  | 0.27%  | 4.44%               | -3.79%              | -0.11%               |
| JP Morgan EMBI Global (Emerging Markets)              | 4.39%                    | 10.11% | 7.78%  | 11.38%              | 2.22%               | 4.11%                |
| <b>Commodities</b>                                    |                          |        |        |                     |                     |                      |
| Bloomberg Commodity Index                             | 3.65%                    | 9.38%  | 8.88%  | 2.76%               | 11.53%              | 3.96%                |
| Goldman Sachs Commodity Index                         | 4.07%                    | 6.09%  | 10.13% | 4.70%               | 17.57%              | 4.07%                |
| <b>Hedge Funds</b>                                    |                          |        |        |                     |                     |                      |
| HFRI Fund-Weighted Composite <sup>2</sup>             | 5.68%                    | 9.78%  | 11.33% | 10.05%              | 8.81%               | 6.44%                |
| HFRI Fund of Funds <sup>2</sup>                       | 4.02%                    | 6.86%  | 9.07%  | 7.97%               | 6.10%               | 4.59%                |
| <b>Real Estate</b>                                    |                          |        |        |                     |                     |                      |
| NAREIT U.S. Equity REITS                              | 4.77%                    | 4.51%  | -1.98% | 10.80%              | 9.33%               | 6.61%                |
| FTSE Global Core Infrastructure Index                 | 4.12%                    | 13.41% | 7.17%  | 11.19%              | 8.53%               | 8.63%                |
| <b>Private Equity</b>                                 |                          |        |        |                     |                     |                      |
| Burgiss Private iQ Global Private Equity <sup>3</sup> |                          |        | 6.75%  | 2.84%               | 15.59%              | 12.76%               |

MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

<sup>1</sup> Periods are annualized.

<sup>2</sup> Latest 5 months of HFR data are estimated by HFR and may change in the future.

<sup>3</sup> Burgiss Private iQ Global Private Equity data is as at March 31, 2025

Source: Russell, MSCI, Bloomberg

**Past performance is no guarantee of future results.** Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.

**MSCI net return:** deducts assumed foreign tax withholding rate from dividends before investing.

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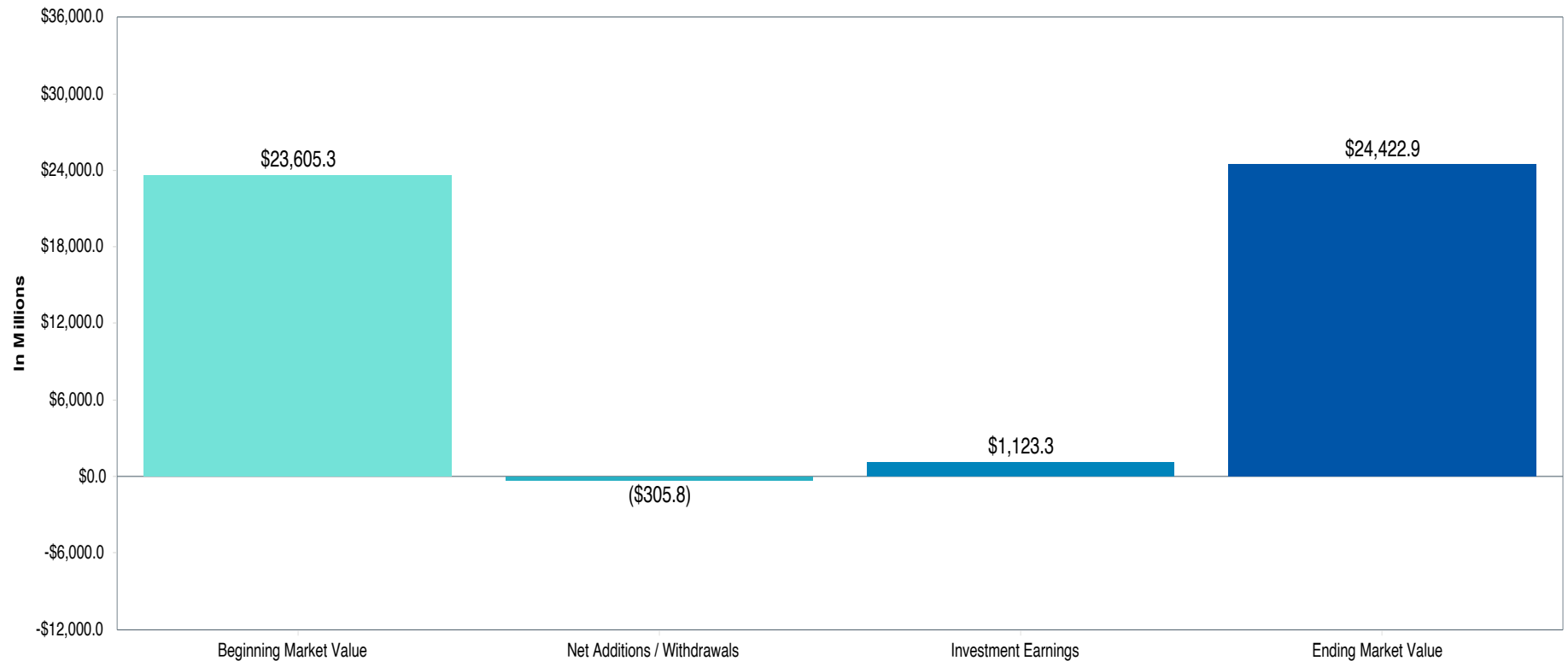


Total Fund



# Total Plan Asset Summary

As of September 30, 2025



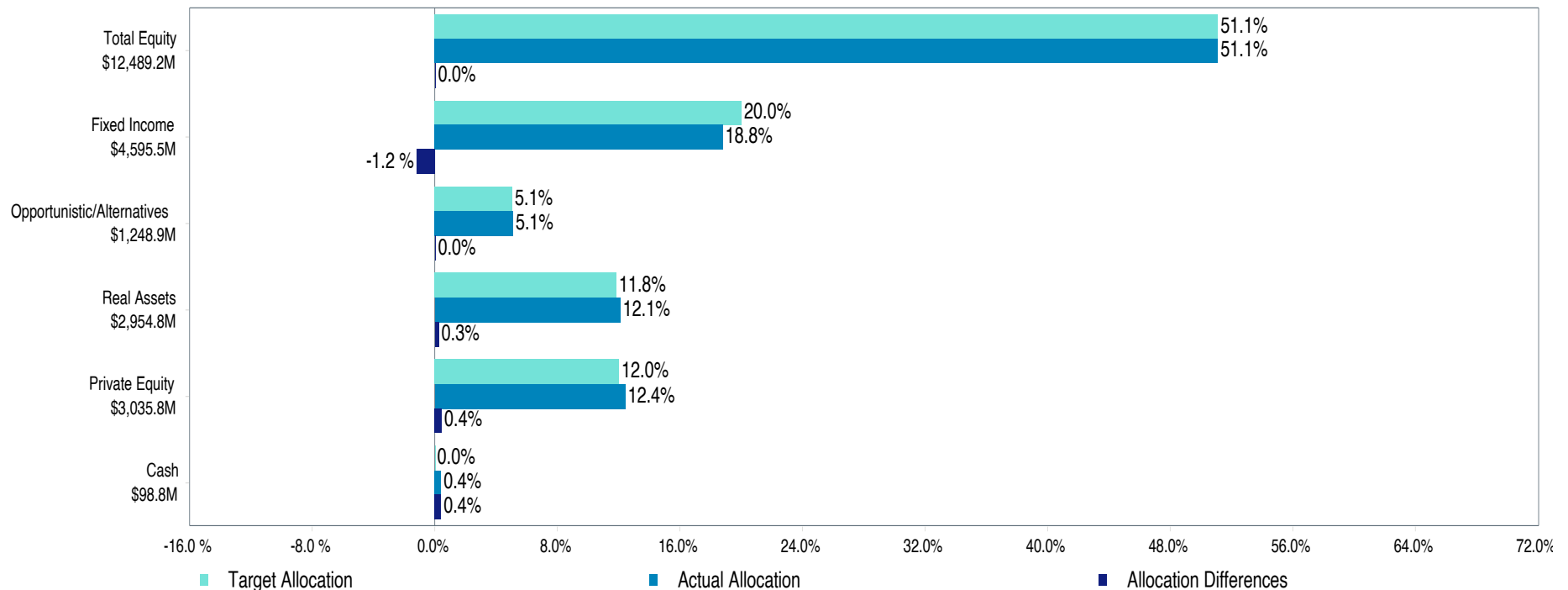
## Summary of Cash Flows

|                              | 1<br>Quarter          | Year to<br>Date       | 1<br>Year             |
|------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Fund</b>            |                       |                       |                       |
| Beginning Market Value       | 23,605,341,198        | 22,703,073,639        | 22,892,244,802        |
| + Additions / Withdrawals    | -305,769,709          | -727,208,010          | -906,967,678          |
| + Investment Earnings        | 1,123,296,221         | 2,447,002,081         | 2,437,590,586         |
| <b>= Ending Market Value</b> | <b>24,422,867,710</b> | <b>24,422,867,710</b> | <b>24,422,867,710</b> |

# Asset Allocation Compliance

As of September 30, 2025

|                            | Market Value<br>\$M | ATRS Current Allocation<br>% | ATRS Benchmark Policy<br>% | ATRS Long-Term Target Allocation<br>% | Minimum Allocation<br>% | Maximum Allocation<br>% |
|----------------------------|---------------------|------------------------------|----------------------------|---------------------------------------|-------------------------|-------------------------|
| <b>Total Fund</b>          | <b>24,422.9</b>     | <b>100.00</b>                | <b>100.00</b>              | <b>100.00</b>                         | <b>-</b>                | <b>-</b>                |
| Total Equity               | 12,489.2            | 51.14                        | 51.11                      | 48.00                                 | 43.00                   | 53.00                   |
| Fixed Income               | 4,595.5             | 18.82                        | 20.00                      | 20.00                                 | 18.00                   | 22.00                   |
| Opportunistic/Alternatives | 1,248.9             | 5.11                         | 5.07                       | 5.00                                  | 0.00                    | 100.00                  |
| Real Assets                | 2,954.8             | 12.10                        | 11.83                      | 15.00                                 | 0.00                    | 100.00                  |
| Private Equity             | 3,035.8             | 12.43                        | 12.00                      | 12.00                                 | 0.00                    | 100.00                  |
| Cash                       | 98.8                | 0.40                         | 0.00                       | -                                     | 0.00                    | 5.00                    |



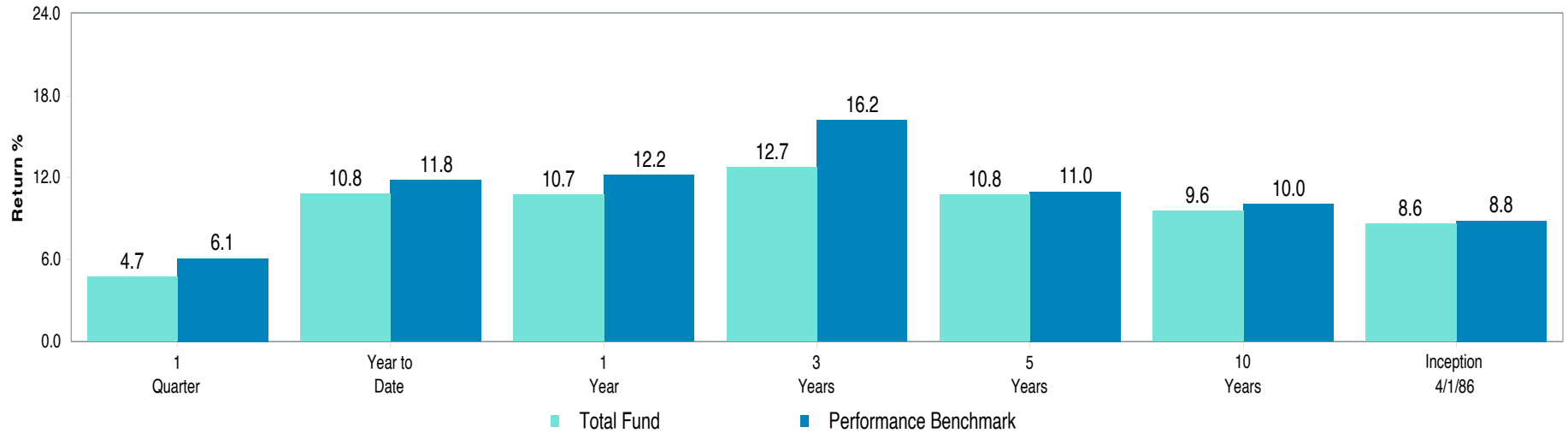
\*Market values and allocation percentages may not add to the sum total due to rounding.



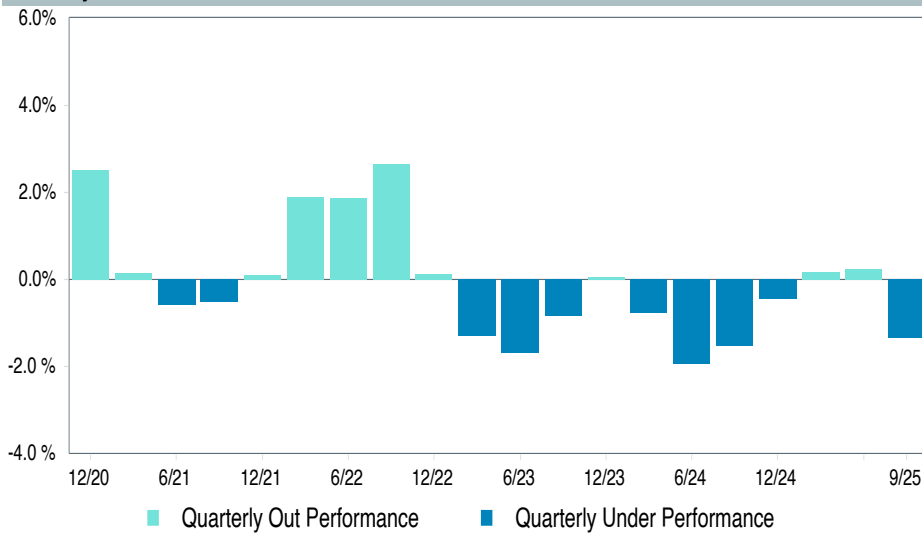
# Total Plan Performance Summary

As of September 30, 2025

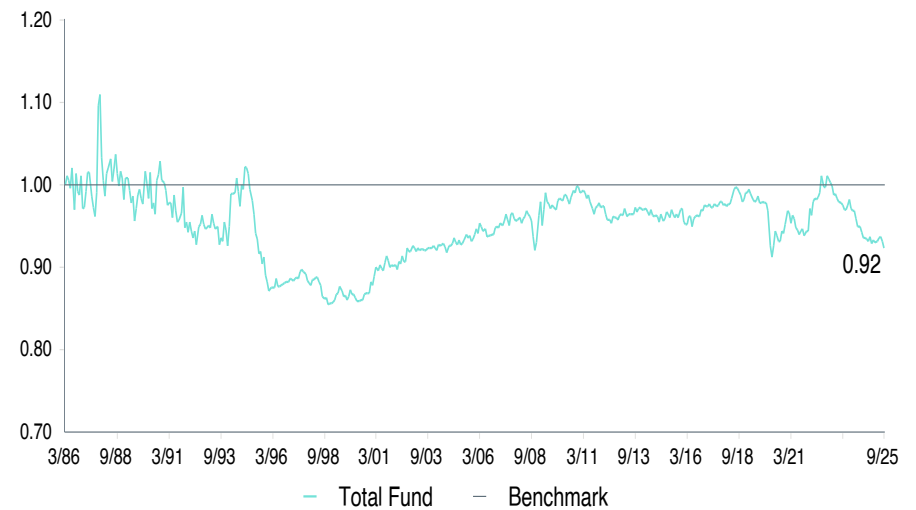
## Return Summary



## Quarterly Excess Performance

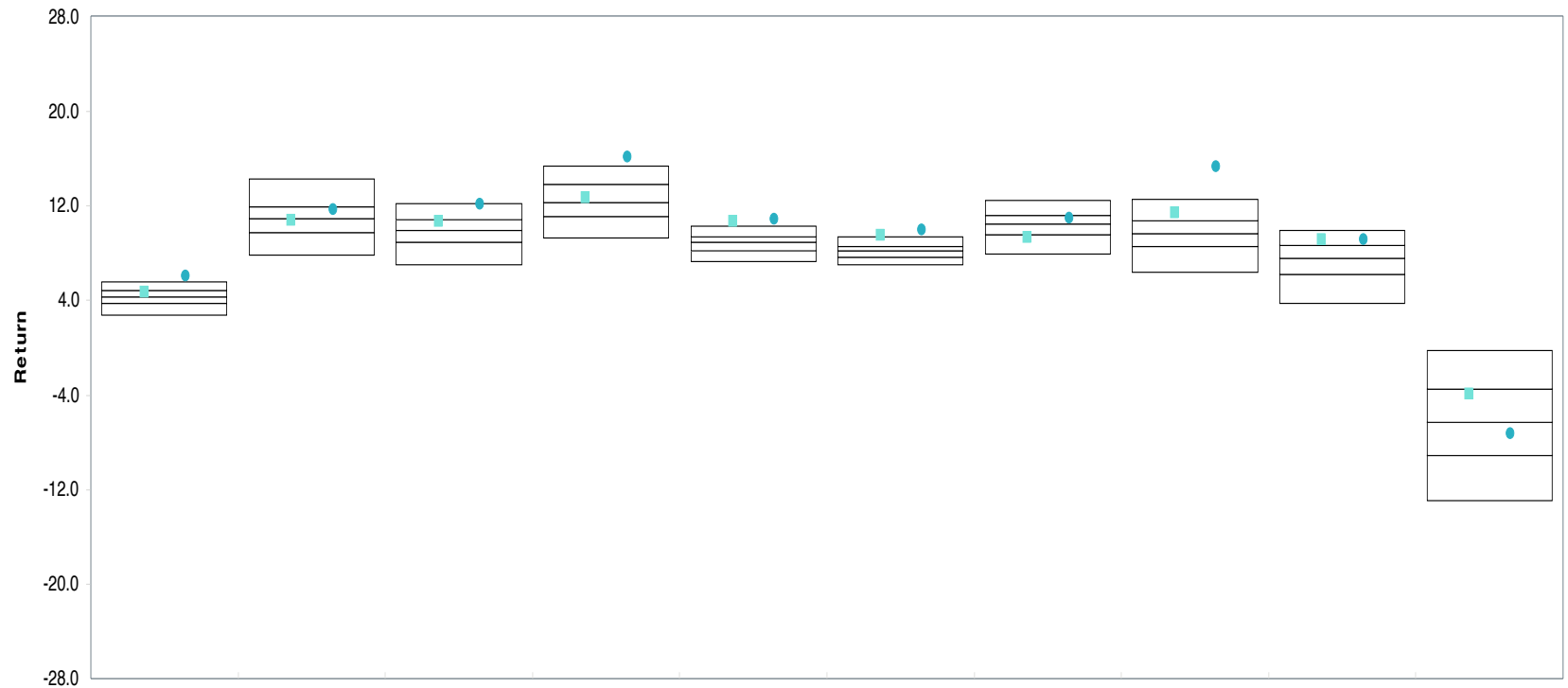


## Ratio of Cumulative Wealth - Since Inception



# Total Fund

As of September 30, 2025



|                       | 1<br>Quarter | Year to<br>Date | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | Fiscal Year<br>2025 | Fiscal Year<br>2024 | Fiscal Year<br>2023 | Fiscal Year<br>2022 |
|-----------------------|--------------|-----------------|-----------|------------|------------|-------------|---------------------|---------------------|---------------------|---------------------|
| Total Fund            | 4.7 (32)     | 10.8 (52)       | 10.7 (27) | 12.7 (39)  | 10.8 (3)   | 9.6 (5)     | 9.4 (82)            | 11.4 (17)           | 9.2 (17)            | -3.9 (30)           |
| Performance Benchmark | 6.1 (2)      | 11.8 (30)       | 12.2 (6)  | 16.2 (1)   | 11.0 (3)   | 10.0 (1)    | 11.0 (31)           | 15.3 (1)            | 9.2 (17)            | -7.2 (58)           |
| 5th Percentile        | 5.5          | 14.3            | 12.2      | 15.4       | 10.3       | 9.4         | 12.5                | 12.6                | 10.0                | -0.2                |
| 1st Quartile          | 4.9          | 11.9            | 10.9      | 13.9       | 9.4        | 8.6         | 11.2                | 10.8                | 8.6                 | -3.5                |
| Median                | 4.3          | 10.9            | 9.9       | 12.3       | 8.9        | 8.2         | 10.4                | 9.7                 | 7.6                 | -6.3                |
| 3rd Quartile          | 3.8          | 9.8             | 8.9       | 11.1       | 8.2        | 7.7         | 9.6                 | 8.6                 | 6.2                 | -9.1                |
| 95th Percentile       | 2.8          | 7.9             | 7.1       | 9.3        | 7.3        | 7.0         | 7.9                 | 6.4                 | 3.8                 | -12.9               |
| Population            | 108          | 104             | 103       | 102        | 99         | 94          | 162                 | 183                 | 194                 | 188                 |

Parentheses contain percentile rankings.

# Asset Allocation & Performance

As of September 30, 2025

|   | Allocation           |       |          | Performance % |              |        |         |         |          |                 |                |
|---|----------------------|-------|----------|---------------|--------------|--------|---------|---------|----------|-----------------|----------------|
|   | Market Value \$ (\$) | %     | Policy % | 1 Quarter     | Year to Date | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception | Inception Date |
| <b>Total Fund</b>                         | 24,422,867,710       | 100.0 | 100.0    | 4.7           | 10.8         | 10.7   | 12.7    | 10.8    | 9.6      | 8.6             | 04/01/1986     |
| <i>Performance Benchmark</i>              |                      |       |          | 6.1           | 11.8         | 12.2   | 16.2    | 11.0    | 10.0     | 8.8             |                |
| <b>Total Equity</b>                       | 12,489,155,565       | 51.1  | 50.7     | 7.7           | 16.9         | 16.5   | 21.4    | 14.8    | 11.9     | 10.5            | 07/01/2015     |
| <i>Total Equity Performance Benchmark</i> |                      |       |          | 7.8           | 17.0         | 17.0   | 23.0    | 14.1    | 12.6     | 11.3            |                |
| <b>Fixed Income</b>                       | 4,595,512,352        | 18.8  | 20.0     | 2.0           | 5.9          | 3.9    | 5.6     | 1.5     | 3.2      | 4.9             | 07/01/1992     |
| <i>Performance Benchmark</i>              |                      |       |          | 2.1           | 6.3          | 3.4    | 5.6     | 0.1     | 2.3      | 4.8             |                |
| <b>Opportunistic/Alternatives</b>         | 1,248,884,625        | 5.1   | 5.0      | 3.7           | 8.4          | 10.9   | 10.7    | 8.4     | 4.4      | 4.7             | 05/01/2011     |
| <i>Custom Alternatives Benchmark</i>      |                      |       |          | 3.4           | 4.6          | 5.7    | 6.9     | 6.1     | 3.7      | 3.0             |                |
| <b>Real Assets</b>                        | 2,954,757,721        | 12.1  | 12.3     | 0.5           | 2.1          | 3.5    | -0.1    | 4.7     | 5.5      | 6.4             | 07/01/2013     |
| <i>Total Real Assets Benchmark</i>        |                      |       |          | 1.1           | 3.2          | 3.7    | -0.8    | 4.9     | 5.3      | 6.5             |                |
| <b>Real Estate</b>                        | 1,701,187,243        | 7.0   |          | -0.3          | 0.6          | 0.6    | -4.7    | 2.3     | 4.2      | 7.3             | 12/01/1998     |
| <i>NFI-ODCE (Net)</i>                     |                      |       |          | 0.8           | 2.6          | 2.7    | -6.2    | 2.1     | 4.2      | 7.4             |                |
| <b>Timber</b>                             | 376,918,913          | 1.5   |          | -1.4          | 2.0          | 5.3    | 5.3     | 7.6     | 5.7      | 7.1             | 06/01/1998     |
| <i>Timberland Property Benchmark</i>      |                      |       |          | 1.4           | 3.7          | 5.3    | 8.7     | 8.2     | 5.2      |                 |                |
| <b>Agriculture</b>                        | 257,209,126          | 1.1   |          | 2.1           | 1.6          | 1.0    | 3.8     | 6.4     | 5.2      | 5.7             | 09/01/2011     |
| <i>Agriculture Benchmark</i>              |                      |       |          | 0.3           | -0.9         | -1.2   | 3.2     | 4.8     | 4.6      |                 |                |
| <b>Infrastructure</b>                     | 619,442,440          | 2.5   |          | 3.2           | 6.3          | 11.7   | 9.6     | 12.8    |          | 12.4            | 07/01/2018     |
| <i>Infrastructure Benchmark</i>           |                      |       |          | 2.1           | 6.1          | 7.8    | 8.0     | 9.1     |          | 8.5             |                |
| <b>Private Equity</b>                     | 3,035,789,124        | 12.4  | 12.0     | 2.2           | 3.1          | 4.2    | 2.0     | 8.9     | 11.2     | 11.7            | 03/01/1997     |
| <i>Private Equity Policy</i>              |                      |       |          | 11.6          | 10.2         | 17.5   | 21.4    | 18.2    | 15.1     | 11.8            |                |
| <b>Cash</b>                               | 98,768,322           | 0.4   | 0.0      |               |              |        |         |         |          |                 |                |

\*The Real Assets and Private Equity market values, returns and their benchmark returns are shown on a one-quarter lag. Market values have been adjusted for current quarter cash flows.

\*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 151 of this report.

\*The inception date above for infrastructure reflects the inception date for the calculation and reporting of time-weighted returns. The Infrastructure program began in July 2014 and the full history of Infrastructure returns are included in Total Real Assets and Total Fund performance.

Total Equity and Total Fund Performance includes investment earnings from Allianz Security Litigation Income received on February 28, 2022.

\*Market values and allocation percentages may not add to the sum total due to rounding.

# Asset Allocation & Performance

As of September 30, 2025

|  | Allocation            |              | Performance %   |                  |                  |                  |                  |                  |                  |                   |
|--|-----------------------|--------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|  | Market Value \$       | %            | 1 Quarter       | Year to Date     | 1 Year           | 3 Years          | 5 Years          | 10 Years         | Since Inception  | Inception Date    |
| <b>Total Fund</b>                              | <b>24,422,867,710</b> | <b>100.0</b> | <b>4.7 (32)</b> | <b>10.8 (52)</b> | <b>10.7 (27)</b> | <b>12.7 (39)</b> | <b>10.8 (3)</b>  | <b>9.6 (5)</b>   | <b>8.6</b>       | <b>04/01/1986</b> |
| <i>Performance Benchmark</i>                   |                       |              | 6.1 (2)         | 11.8 (30)        | 12.2 (6)         | 16.2 (1)         | 11.0 (3)         | 10.0 (1)         | 8.8              |                   |
| <b>Total Equity</b>                            | <b>12,489,155,565</b> | <b>51.1</b>  | <b>7.7 (21)</b> | <b>16.9 (45)</b> | <b>16.5 (30)</b> | <b>21.4 (39)</b> | <b>14.8 (23)</b> | <b>11.9 (34)</b> | <b>10.5 (35)</b> | <b>07/01/2015</b> |
| <i>Total Equity Performance Benchmark</i>      |                       |              | 7.8 (19)        | 17.0 (45)        | 17.0 (28)        | 23.0 (29)        | 14.1 (28)        | 12.6 (23)        | 11.3 (24)        |                   |
| <b>Jacobs Levy 130/30</b>                      | <b>1,403,583,065</b>  | <b>5.7</b>   | <b>4.8 (71)</b> | <b>7.8 (65)</b>  | <b>12.1 (46)</b> | <b>22.7 (29)</b> | <b>24.1 (2)</b>  | <b>18.1 (4)</b>  | <b>13.2 (4)</b>  | <b>01/01/2008</b> |
| <i>Russell 3000 Index</i>                      |                       |              | 8.2 (29)        | 14.4 (25)        | 17.4 (25)        | 24.1 (22)        | 15.7 (30)        | 14.7 (22)        | 10.8 (27)        |                   |
| <b>Kennedy Capital Management</b>              | <b>462,888,374</b>    | <b>1.9</b>   | <b>5.5 (77)</b> | <b>2.6 (67)</b>  | <b>2.8 (66)</b>  | <b>10.9 (83)</b> | <b>13.9 (63)</b> | <b>8.5 (77)</b>  | <b>11.4 (26)</b> | <b>01/01/1994</b> |
| <i>Russell 2000 Value Index</i>                |                       |              | 12.6 (10)       | 9.0 (21)         | 7.9 (28)         | 13.6 (58)        | 14.6 (56)        | 9.2 (63)         | 9.4 (100)        |                   |
| <b>Stephens</b>                                | <b>496,735,592</b>    | <b>2.0</b>   | <b>8.9 (35)</b> | <b>12.8 (19)</b> | <b>15.2 (20)</b> | <b>17.2 (33)</b> | <b>9.8 (33)</b>  | <b>12.0 (39)</b> | <b>10.0 (43)</b> | <b>08/01/2006</b> |
| <i>Russell 2000 Growth Index</i>               |                       |              | 12.2 (18)       | 11.7 (23)        | 13.6 (27)        | 16.7 (36)        | 8.4 (46)         | 9.9 (78)         | 9.1 (78)         |                   |
| <b>Voya Absolute Return</b>                    | <b>1,171,471,788</b>  | <b>4.8</b>   | <b>6.6 (31)</b> | <b>15.8 (53)</b> | <b>14.9 (38)</b> | <b>23.3 (27)</b> | <b>14.0 (30)</b> | <b>12.1 (31)</b> | <b>11.2 (15)</b> | <b>10/01/2008</b> |
| <i>Performance Benchmark</i>                   |                       |              | 7.6 (21)        | 18.4 (35)        | 17.3 (26)        | 23.1 (28)        | 13.5 (33)        | 12.1 (31)        | 11.1 (16)        |                   |
| <b>Voya U.S. Convertibles</b>                  | <b>1,054,919,348</b>  | <b>4.3</b>   | <b>11.8 (9)</b> | <b>19.2 (6)</b>  | <b>24.6 (8)</b>  | <b>15.0 (70)</b> | <b>9.3 (85)</b>  | <b>12.9 (37)</b> | <b>10.7 (22)</b> | <b>12/01/1998</b> |
| <i>Performance Benchmark</i>                   |                       |              | 8.6 (25)        | 15.7 (16)        | 19.6 (18)        | 13.8 (78)        | 8.5 (88)         | 11.1 (59)        | 8.5 (81)         |                   |
| <b>Pershing Square Holdings</b>                | <b>442,033,792</b>    | <b>1.8</b>   | <b>16.2 (3)</b> | <b>31.1 (2)</b>  | <b>31.4 (3)</b>  | <b>28.6 (10)</b> | <b>19.0 (7)</b>  | <b>12.2 (44)</b> | <b>11.4 (58)</b> | <b>01/01/2013</b> |
| <i>Dow Jones U.S. Total Stock Market Index</i> |                       |              | 8.2 (28)        | 14.4 (25)        | 17.5 (25)        | 24.2 (22)        | 15.7 (31)        | 14.6 (22)        | 14.4 (23)        |                   |
| <b>Triar Partners</b>                          | <b>101,861,090</b>    | <b>0.4</b>   | <b>0.0</b>      | <b>-2.4</b>      | <b>-4.8</b>      | <b>15.9</b>      | <b>6.8</b>       |                  | <b>7.4</b>       | <b>11/01/2015</b> |
| <i>S&amp;P 500 Index</i>                       |                       |              | 8.1             | 14.8             | 17.6             | 24.9             | 16.5             |                  | 14.5             |                   |
| <b>Triar Co-Investments</b>                    | <b>79,443,146</b>     | <b>0.3</b>   | <b>-0.7</b>     | <b>6.4</b>       | <b>0.1</b>       | <b>21.2</b>      | <b>12.6</b>      |                  | <b>9.1</b>       | <b>01/01/2017</b> |
| <i>S&amp;P 500 Index</i>                       |                       |              | 8.1             | 14.8             | 17.6             | 24.9             | 16.5             |                  | 15.3             |                   |
| <b>SSgA Global Index</b>                       | <b>792,554,079</b>    | <b>3.2</b>   | <b>7.8 (20)</b> | <b>18.5 (35)</b> | <b>17.2 (26)</b> | <b>22.7 (31)</b> | <b>13.6 (33)</b> | <b>11.9 (33)</b> | <b>8.3 (45)</b>  | <b>04/01/2008</b> |
| <i>MSCI AC World IMI (Net)</i>                 |                       |              | 7.7 (21)        | 18.3 (36)        | 16.8 (28)        | 22.5 (33)        | 13.3 (35)        | 11.6 (38)        | 8.0 (51)         |                   |
| <b>BlackRock MSCI ACWI IMI Fund</b>            | <b>758,932,282</b>    | <b>3.1</b>   | <b>7.8 (20)</b> | <b>18.7 (33)</b> | <b>17.2 (26)</b> | <b>22.9 (30)</b> | <b>13.7 (32)</b> | <b>11.9 (33)</b> | <b>9.9 (42)</b>  | <b>07/01/2011</b> |
| <i>MSCI AC World IMI (Net)</i>                 |                       |              | 7.7 (21)        | 18.3 (36)        | 16.8 (28)        | 22.5 (33)        | 13.3 (35)        | 11.6 (38)        | 9.6 (49)         |                   |
| <b>Wellington Global Perspectives</b>          | <b>835,962,136</b>    | <b>3.4</b>   | <b>4.0 (67)</b> | <b>13.5 (67)</b> | <b>8.3 (73)</b>  | <b>15.6 (77)</b> | <b>13.0 (38)</b> | <b>9.6 (74)</b>  | <b>12.0 (26)</b> | <b>07/01/2009</b> |
| <i>Performance Benchmark</i>                   |                       |              | 8.1 (18)        | 16.6 (47)        | 12.8 (49)        | 17.4 (68)        | 11.4 (55)        | 9.5 (76)         | 10.5 (62)        |                   |

# Asset Allocation & Performance

As of September 30, 2025

|   | Allocation      |      | Performance % |              |           |           |           |           |                 |                |
|---|-----------------|------|---------------|--------------|-----------|-----------|-----------|-----------|-----------------|----------------|
|   | Market Value \$ | %    | 1 Quarter     | Year to Date | 1 Year    | 3 Years   | 5 Years   | 10 Years  | Since Inception | Inception Date |
| <b>T. Rowe Price Global Equity</b>                      | 1,478,746,814   | 6.1  | 7.1 (27)      | 16.9 (45)    | 15.6 (35) | 23.1 (28) | 10.7 (62) | 15.6 (5)  | 13.5 (7)        | 09/01/2009     |
| MSCI AC World Index (Net)                               |                 |      | 7.6 (21)      | 18.4 (35)    | 17.3 (26) | 23.1 (28) | 13.5 (33) | 11.9 (33) | 10.3 (51)       |                |
| MSCI AC World Index Growth (net)                        |                 |      | 9.0 (11)      | 19.1 (32)    | 22.2 (11) | 27.5 (9)  | 13.3 (35) | 14.3 (8)  | 12.5 (15)       |                |
| <b>Lazard</b>   | 1,166,993,980   | 4.8  | 13.6 (3)      | 31.8 (4)     | 28.5 (6)  | 26.2 (13) | 12.2 (47) | 11.4 (42) | 10.2 (54)       | 09/01/2009     |
| MSCI AC World Index (Net)                               |                 |      | 7.6 (21)      | 18.4 (35)    | 17.3 (26) | 23.1 (28) | 13.5 (33) | 11.9 (33) | 10.3 (51)       |                |
| <b>Harris Global Equity</b>                             | 833,465,992     | 3.4  | 4.7 (56)      | 16.1 (51)    | 11.8 (54) | 19.1 (54) | 13.2 (36) | 10.1 (67) | 7.7 (72)        | 06/01/2014     |
| MSCI World Index (Net)                                  |                 |      | 7.3 (25)      | 17.4 (42)    | 17.2 (26) | 23.7 (24) | 14.4 (25) | 12.4 (27) | 10.3 (28)       |                |
| MSCI World Value (Net)                                  |                 |      | 5.8 (38)      | 16.9 (45)    | 12.0 (53) | 18.6 (59) | 13.9 (30) | 9.4 (79)  | 7.2 (81)        |                |
| <b>Arrowstreet Global Equity - Alpha Extension Fund</b> | 1,397,414,088   | 5.7  | 7.5 (33)      | 21.0 (29)    | 21.4 (20) |           |           |           | 26.5 (10)       | 04/01/2023     |
| MSCI AC World IMI Index (Net)                           |                 |      | 7.7 (31)      | 18.3 (44)    | 16.8 (36) |           |           |           | 19.6 (29)       |                |
| <b>Westrock Equity Fund</b>                             | 12,150,000      | 0.0  | -15.2         | -24.3        | -25.2     |           |           |           | -29.4           | 09/01/2023     |
| Total Equity Performance Benchmark                      |                 |      | 7.8           | 17.0         | 17.0      |           |           |           | 20.8            |                |
| <b>Fixed Income</b>                                     | 4,595,512,352   | 18.8 | 2.0           | 5.9          | 3.9       | 5.6       | 1.5       | 3.2       | 4.9             | 07/01/1992     |
| Performance Benchmark                                   |                 |      | 2.1           | 6.3          | 3.4       | 5.6       | 0.1       | 2.3       | 4.8             |                |
| <b>BlackRock</b>  | 282,525,069     | 1.2  | 2.2 (38)      | 6.5 (33)     | 3.2 (66)  | 5.5 (48)  | -0.1 (82) | 2.2 (64)  | 3.7 (43)        | 10/01/2003     |
| Performance Benchmark                                   |                 |      | 2.1 (41)      | 6.3 (40)     | 3.4 (62)  | 5.6 (47)  | 0.1 (77)  | 2.3 (60)  | 3.5 (46)        |                |
| <b>Loomis Sayles</b>                                    | 784,405,016     | 3.2  | 3.2 (9)       | 8.8 (3)      | 7.4 (7)   | 8.9 (16)  | 3.1 (25)  | 4.9 (16)  | 6.8 (7)         | 09/01/2008     |
| Performance Benchmark                                   |                 |      | 2.1 (41)      | 6.4 (36)     | 4.3 (38)  | 7.0 (28)  | 1.5 (46)  | 3.5 (28)  | 4.6 (29)        |                |
| <b>SSgA Aggregate Bond Index</b>                        | 1,313,770,740   | 5.4  | 2.0 (50)      | 6.1 (47)     | 2.9 (76)  | 4.9 (69)  | -0.5 (88) | 1.8 (85)  | 2.5 (70)        | 06/01/2010     |
| Barclays Aggregate Index                                |                 |      | 2.0 (50)      | 6.1 (47)     | 2.9 (77)  | 4.9 (70)  | -0.4 (88) | 1.8 (85)  | 2.5 (70)        |                |
| <b>Wellington Global Total Return</b>                   | 437,470,638     | 1.8  | -0.2 (99)     | 0.9 (95)     | 4.5 (74)  | 5.2 (85)  | 4.3 (66)  | 3.4 (84)  | 3.1 (54)        | 05/01/2014     |
| BofA Merrill Lynch 3 Month US T-Bill                    |                 |      | 1.1 (92)      | 3.2 (84)     | 4.4 (74)  | 4.8 (86)  | 3.0 (85)  | 2.1 (90)  | 1.8 (72)        |                |
| <b>Reams Core Plus Bond Fund</b>                        | 636,532,514     | 2.6  | 2.4 (24)      | 7.7 (7)      | 4.0 (46)  | 6.4 (34)  | 0.6 (65)  | 3.3 (32)  | 3.1 (32)        | 05/01/2014     |
| Barclays Aggregate Index                                |                 |      | 2.0 (50)      | 6.1 (47)     | 2.9 (77)  | 4.9 (70)  | -0.4 (88) | 1.8 (85)  | 2.0 (78)        |                |
| <b>Baird Core Plus Bond</b>                             | 865,607,170     | 3.5  | 2.1           | 6.5          | 3.6       |           |           |           | 4.7             | 09/01/2024     |
| Blmbg. U.S. Universal Index                             |                 |      | 2.1           | 6.3          | 3.4       |           |           |           | 4.4             |                |
| <b>BRS Recycling Tax Credit</b>                         | 96,000,000      | 0.4  |               |              |           |           |           |           |                 |                |
| <b>BRS Recycling Tax Credit Phase 2</b>                 | 82,400,000      | 0.3  |               |              |           |           |           |           |                 |                |
| <b>BRS Recycling Tax Credit Phase 3</b>                 | 96,801,205      | 0.4  |               |              |           |           |           |           |                 |                |

# Asset Allocation & Performance

As of September 30, 2025

|  | Allocation      |     | Performance % |              |        |         |         |          |                 |                |
|--|-----------------|-----|---------------|--------------|--------|---------|---------|----------|-----------------|----------------|
|  | Market Value \$ | %   | 1 Quarter     | Year to Date | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception | Inception Date |
| <b>Opportunistic/Alternatives</b>              | 1,248,884,625   | 5.1 | 3.7           | 8.4          | 10.9   | 10.7    | 8.4     | 4.4      | 4.7             | 05/01/2011     |
| Custom Alternatives Benchmark                  |                 |     | 3.4           | 4.6          | 5.7    | 6.9     | 6.1     | 3.7      | 3.0             |                |
| <b>Anchorage</b>                               | 16,872,587      | 0.1 | 2.4           | -6.9         | -4.8   | 1.6     | 6.5     | 3.6      | 4.9             | 05/01/2011     |
| Credit Suisse Event Driven                     |                 |     | 3.1           | 7.0          | 10.2   | 10.4    | 9.0     | 5.1      | 4.1             |                |
| <b>York</b>                                    | 367,145         | 0.0 | -0.2          | 23.2         | 13.3   | 32.8    | 22.1    | 4.6      | 4.8             | 05/01/2011     |
| Credit Suisse Event Driven                     |                 |     | 3.1           | 7.0          | 10.2   | 10.4    | 9.0     | 5.1      | 4.1             |                |
| <b>Capula</b>                                  | 115,577,097     | 0.5 | 1.7           | 6.0          | 9.0    | 9.2     | 8.0     | 7.2      | 6.9             | 05/01/2011     |
| HFRI Macro (Total) Index                       |                 |     | 4.7           | 3.4          | 4.1    | 2.4     | 6.0     | 3.5      | 2.3             |                |
| <b>Graham</b>                                  | 114,635,091     | 0.5 | 0.7           | 6.0          | 9.8    | 6.1     | 12.9    | 7.1      | 5.8             | 05/01/2011     |
| HFRI Macro (Total) Index                       |                 |     | 4.7           | 3.4          | 4.1    | 2.4     | 6.0     | 3.5      | 2.3             |                |
| <b>Circumference Group Core Value</b>          | 45,090,965      | 0.2 | 2.6           | 0.6          | 6.1    | 10.8    | 8.2     | 9.4      | 8.2             | 08/01/2015     |
| Russell 2000 Index                             |                 |     | 12.4          | 10.4         | 10.8   | 15.2    | 11.6    | 9.8      | 8.4             |                |
| <b>Aeolus Keystone Fund</b>                    | 12,835,605      | 0.1 | 3.8           | 25.8         | 32.8   | 15.1    | 6.9     |          | 3.2             | 12/01/2015     |
| FTSE 3 Month T-Bill                            |                 |     | 1.1           | 3.3          | 4.6    | 5.0     | 3.1     |          | 2.2             |                |
| Peer Index                                     |                 |     | 5.3           | 7.7          | 11.2   | 12.9    | 6.6     |          | 3.2             |                |
| <b>Parametric Global Defensive Equity Fund</b> | 270,121,223     | 1.1 | 5.1           | 11.5         | 12.4   | 15.4    | 10.1    |          | 7.2             | 05/01/2017     |
| Performance Benchmark                          |                 |     | 4.3           | 10.8         | 10.9   | 13.9    | 8.5     |          | 7.1             |                |
| MSCI AC World Index                            |                 |     | 7.7           | 18.9         | 17.8   | 23.7    | 14.1    |          | 12.1            |                |
| <b>Man Alternative Risk Premia</b>             | 136,050,385     | 0.6 | 2.0           | 6.3          | 4.5    | 6.7     | 9.0     |          | 4.4             | 06/01/2018     |
| SG Multi Alternative Risk Premia Index         |                 |     | 3.6           | 4.6          | 5.7    | 7.3     | 6.1     |          | 2.3             |                |
| <b>CFM Systematic Global Macro Fund</b>        | 130,961,247     | 0.5 | 3.3           | 7.0          | 19.7   | 5.2     |         |          | 10.8            | 12/01/2021     |
| HFRI Macro: Systematic Diversified Index       |                 |     | 4.7           | -3.5         | -3.6   | -3.1    |         |          | 2.1             |                |
| <b>Pillar Opportunity</b>                      | 130,290,879     | 0.5 | 7.7           | 7.0          | 8.8    | 13.3    |         |          | 8.6             | 12/01/2021     |
| FTSE 3 Month T-Bill                            |                 |     | 1.1           | 3.3          | 4.6    | 5.0     |         |          | 4.0             |                |
| Eurekahedge ILS Advisers Index                 |                 |     | 5.3           | 7.7          | 11.2   | 12.9    |         |          | 8.4             |                |
| <b>Chatham PDSC III</b>                        | 83,126,315      | 0.3 | 3.4           | 9.6          | 9.2    | 14.5    |         |          | 13.9            | 11/01/2021     |
| HFRI Event-Driven (Total) Index                |                 |     | 4.2           | 8.6          | 10.9   | 10.7    |         |          | 5.9             |                |
| <b>Silver Point Capital Fund</b>               | 64,018,304      | 0.3 | 5.2           | 8.1          | 10.0   | 9.0     |         |          | 7.6             | 04/01/2022     |
| HFRI ED: Distressed/Restructuring Index        |                 |     | 4.3           | 6.9          | 10.4   | 9.2     |         |          | 5.9             |                |
| <b>Prophet Mtg. Servicing Opportunities</b>    | 49,571,849      | 0.2 | 4.2           | 7.9          | 14.1   |         |         |          | 16.3            | 05/01/2023     |
| HedgeIndex Main Index                          |                 |     | 3.9           | 8.4          | 9.2    |         |         |          | 9.8             |                |
| <b>Chatham PDSC IV</b>                         | 79,365,931      | 0.3 | 3.9           | 18.1         | 15.5   |         |         |          | 21.9            | 06/01/2023     |
| HFRI Event-Driven (Total) Index                |                 |     | 4.2           | 8.6          | 10.9   |         |         |          | 12.4            |                |

# Asset Allocation & Performance

As of September 30, 2025

|  | Allocation      |      | Performance % |              |        |         |         |          |                 |                |
|--|-----------------|------|---------------|--------------|--------|---------|---------|----------|-----------------|----------------|
|  | Market Value \$ | %    | 1 Quarter     | Year to Date | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception | Inception Date |
| <b>Real Assets</b>                               | 2,954,757,721   | 12.1 | 0.5           | 2.1          | 3.5    | -0.1    | 4.7     | 5.5      | 6.4             | 07/01/2013     |
| <i>Total Real Assets Benchmark</i>               |                 |      | 1.1           | 3.2          | 3.7    | -0.8    | 4.9     | 5.3      | 6.5             |                |
| <b>Real Estate</b>                               | 1,701,187,243   | 7.0  | -0.3          | 0.6          | 0.6    | -4.7    | 2.3     | 4.2      | 7.3             | 12/01/1998     |
| <i>NFI-ODCE (Net)</i>                            |                 |      | 0.8           | 2.6          | 2.7    | -6.2    | 2.1     | 4.2      | 7.4             |                |
| <b>Timber</b>                                    | 376,918,913     | 1.5  | -1.4          | 2.0          | 5.3    | 5.3     | 7.6     | 5.7      | 7.1             | 06/01/1998     |
| <i>Timberland Property Benchmark</i>             |                 |      | 1.4           | 3.7          | 5.3    | 8.7     | 8.2     | 5.2      |                 |                |
| <b>BTG Timber Separate Account</b>               | 120,408,332     | 0.5  |               |              |        |         |         |          |                 |                |
| <b>BTG U.S. Timberland Fund, L.P.</b>            | 256,510,581     | 1.1  |               |              |        |         |         |          |                 |                |
| <b>Agriculture</b>                               | 257,209,126     | 1.1  | 2.1           | 1.6          | 1.0    | 3.8     | 6.4     | 5.2      | 5.7             | 09/01/2011     |
| <i>Agriculture Benchmark</i>                     |                 |      | 0.3           | -0.9         | -1.2   | 3.2     | 4.8     | 4.6      |                 |                |
| <b>HFMS Farmland</b>                             | 193,144,134     | 0.8  | 3.0           | 1.8          | 1.1    | 3.6     | 6.9     | 5.3      | 5.9             | 09/01/2011     |
| <i>HFMS custom NCREIF Farmland Index</i>         |                 |      | 0.3           | -0.9         | -1.2   | 3.2     | 4.8     | 4.4      |                 |                |
| <b>UBS Agrivest Core Farmland Fund</b>           | 64,064,992      | 0.3  | -0.2          | 0.6          | 0.6    | 4.3     | 5.4     | 4.9      | 4.9             | 07/01/2015     |
| <i>UBS Agrivest custom NCREIF Farmland Index</i> |                 |      | 0.3           | -0.9         | -1.2   | 3.2     | 4.8     | 5.3      | 5.3             |                |
| <b>Infrastructure</b>                            | 619,442,440     | 2.5  | 3.2           | 6.3          | 11.7   | 9.6     | 12.8    |          | 12.4            | 07/01/2018     |
| <i>Infrastructure Benchmark</i>                  |                 |      | 2.1           | 6.1          | 7.8    | 8.0     | 9.1     |          | 8.5             |                |
| <b>Private Equity</b>                            | 3,035,789,124   | 12.4 | 2.2           | 3.1          | 4.2    | 2.0     | 8.9     | 11.2     | 11.7            | 04/01/1997     |
| <i>Private Equity Policy</i>                     |                 |      | 11.6          | 10.2         | 17.5   | 21.4    | 18.2    | 15.1     | 11.9            |                |
| <b>Cash</b>                                      | 98,768,322      | 0.4  |               |              |        |         |         |          |                 |                |

\*The Real Assets and Private Equity market values, returns and their benchmark returns are shown on a one-quarter lag. Market values have been adjusted for current quarter cash flows.

\*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 151 of this report.

\*The inception date above for infrastructure reflects the inception date for the calculation and reporting of time-weighted returns. The Infrastructure program began in July 2014 and the full history of Infrastructure returns are included in Total Real Assets and Total Fund performance.

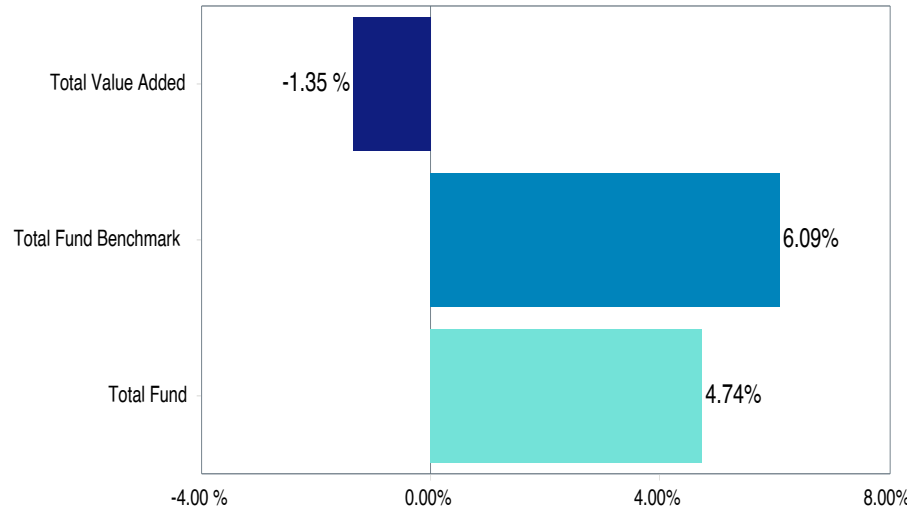
\*The BRS Recycling Tax Credit represents an annual income stream of \$16 million dollars over the next 14 years, which ATRS purchased for approximately \$162 million. This represents an approximate 9.9% yield for the 2017 fiscal year. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income, and has been incorporated into Total Fixed Income and Total Fund performance.

\* CE stands for Current Estimate.

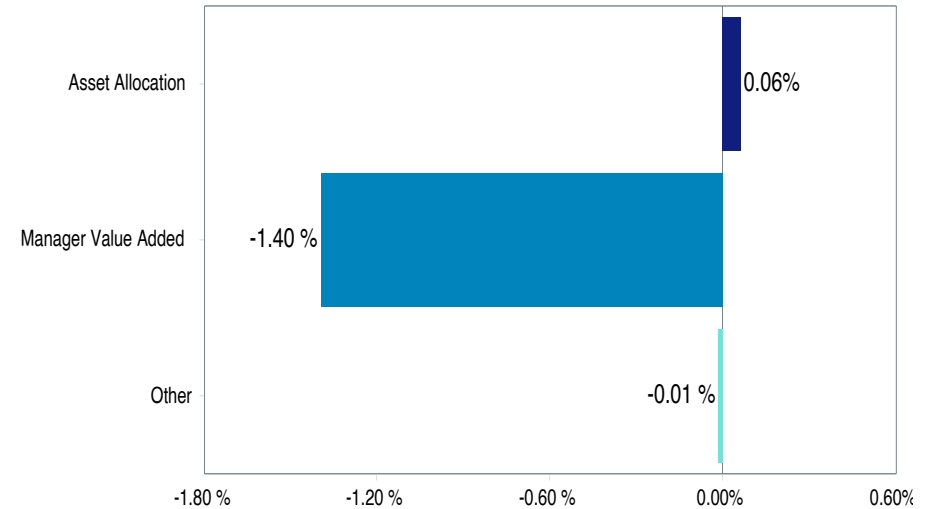
# Total Fund Attribution

1 Quarter Ending September 30, 2025

## Total Fund Performance

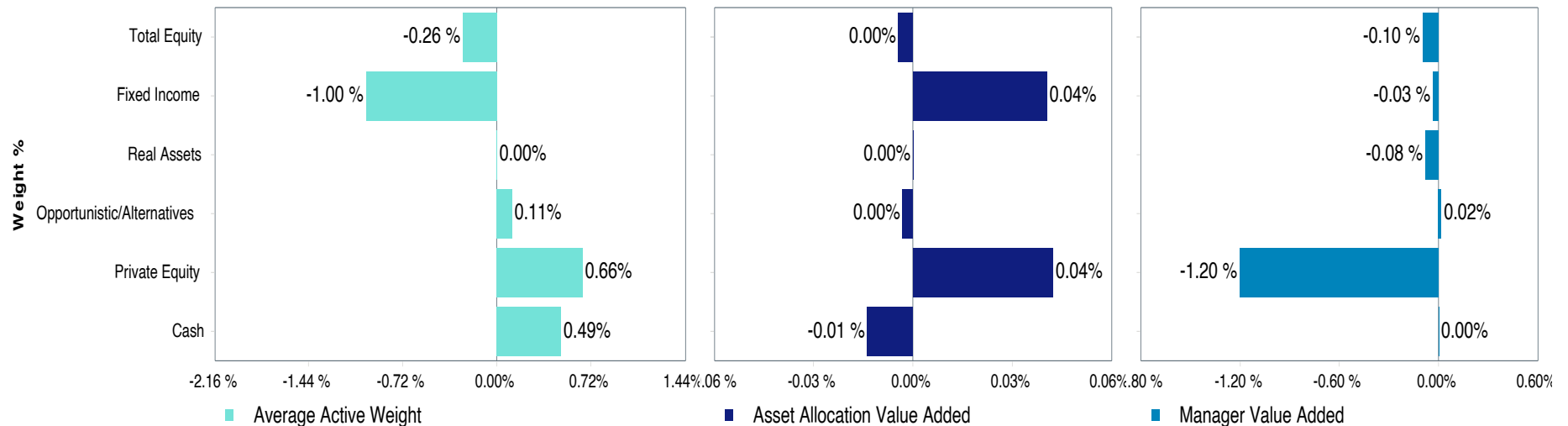


## Total Value Added: -1.35 %



## Total Asset Allocation: 0.06%

## Total Manager Value Added: -1.40 %

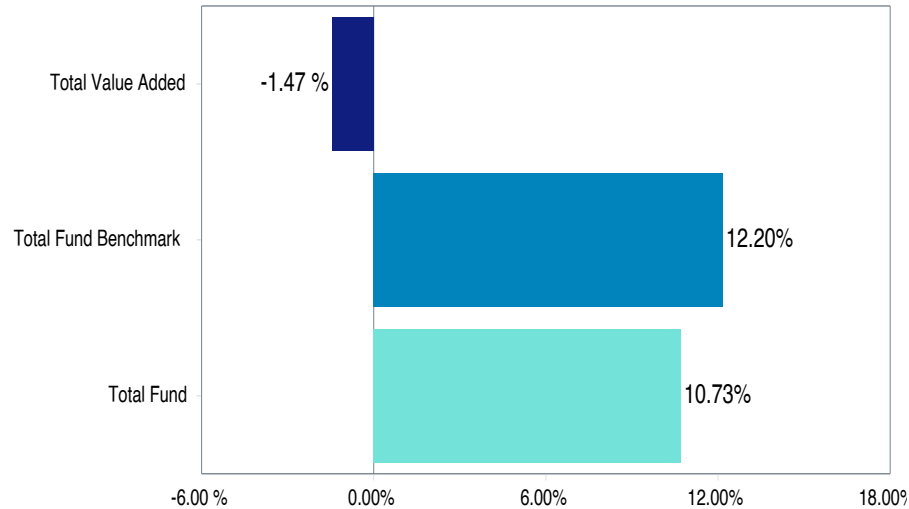




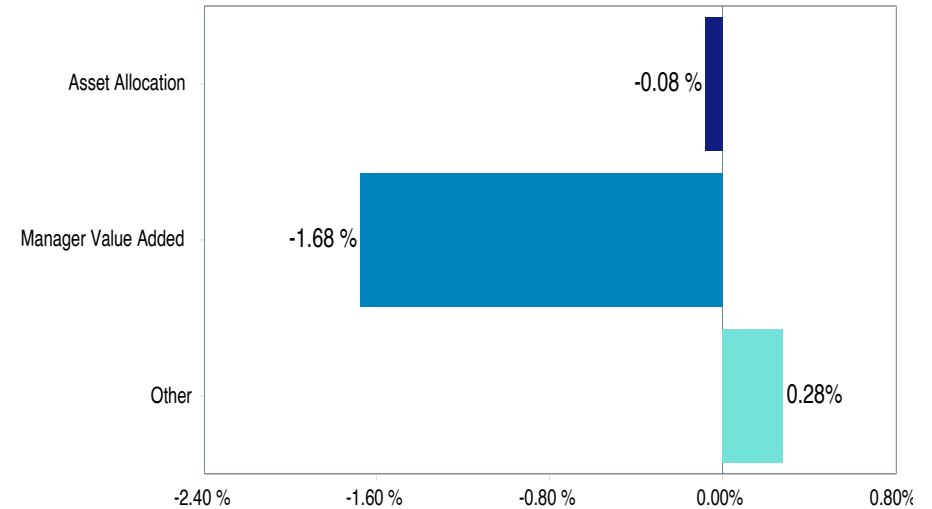
# Total Fund Attribution

1 Year Ending September 30, 2025

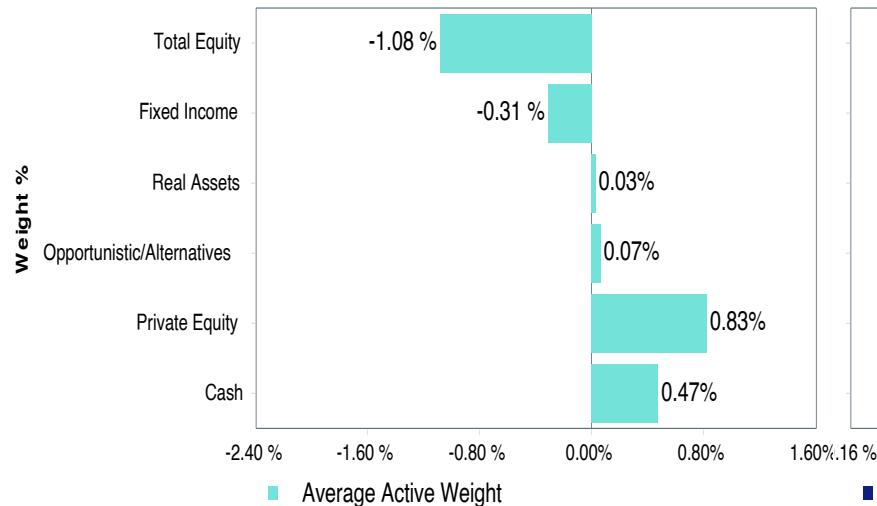
## Total Fund Performance



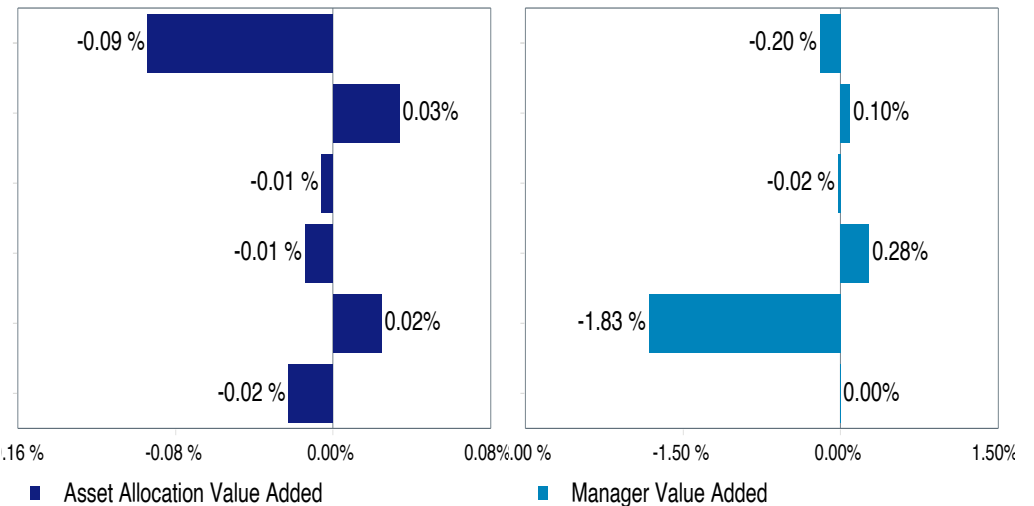
## Total Value Added: -1.47 %



## Total Asset Allocation: -0.08 %



## Total Manager Value Added: -1.68 %



# Asset Allocation & Performance

## Calendar Year Performance

|   | Performance %    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Fiscal Year 2025 | Fiscal Year 2024 | Fiscal Year 2023 | Fiscal Year 2022 | Fiscal Year 2021 | Fiscal Year 2020 | Fiscal Year 2019 | Fiscal Year 2018 | Fiscal Year 2017 | Fiscal Year 2016 |
| <b>Total Fund</b>                       | 9.4 (82)         | 11.4 (17)        | 9.2 (17)         | -3.9 (30)        | 31.9 (10)        | -1.4 (93)        | 5.3 (68)         | 11.7 (2)         | 16.1 (2)         | -0.5 (71)        |
| Performance Benchmark                   | 11.0 (31)        | 15.3 (1)         | 9.2 (17)         | -7.2 (58)        | 31.2 (15)        | 2.3 (37)         | 7.1 (14)         | 9.2 (24)         | 13.2 (34)        | 1.8 (11)         |
| <b>Total Equity</b>                     | 14.0 (50)        | 19.5 (30)        | 15.7 (54)        | -13.4 (36)       | 47.4 (25)        | -6.4 (78)        | 4.1 (59)         | 13.4 (30)        | 22.1 (27)        | -4.8 (57)        |
| Total Equity Performance Benchmark      | 15.6 (38)        | 20.1 (29)        | 17.0 (44)        | -15.8 (48)       | 42.0 (42)        | 2.7 (45)         | 5.9 (49)         | 12.2 (35)        | 19.0 (46)        | -1.5 (38)        |
| <b>Jacobs Levy 130/30</b>               | 12.3 (48)        | 28.7 (13)        | 18.0 (38)        | 12.1 (1)         | 50.3 (42)        | 0.2 (47)         | 5.5 (51)         | 19.9 (23)        | 24.6 (18)        | 8.3 (4)          |
| Russell 3000 Index                      | 15.3 (26)        | 23.1 (26)        | 19.0 (32)        | -13.9 (52)       | 44.2 (57)        | 6.5 (33)         | 9.0 (33)         | 14.8 (45)        | 18.5 (56)        | 2.1 (23)         |
| <b>Kennedy Capital Management</b>       | 5.0 (54)         | 10.8 (59)        | 6.6 (87)         | -11.9 (56)       | 72.4 (30)        | -16.2 (52)       | -7.8 (68)        | 12.2 (49)        | 24.2 (37)        | -4.9 (66)        |
| Russell 2000 Value Index                | 5.5 (49)         | 10.9 (58)        | 6.0 (88)         | -16.3 (83)       | 73.3 (28)        | -17.5 (60)       | -6.2 (59)        | 13.1 (41)        | 24.9 (30)        | -2.6 (43)        |
| <b>Stephens</b>                         | 12.0 (28)        | 14.5 (22)        | 13.6 (73)        | -25.8 (31)       | 40.2 (88)        | 7.8 (53)         | 8.4 (39)         | 29.5 (27)        | 18.3 (84)        | -7.8 (42)        |
| Russell 2000 Growth Index               | 9.7 (34)         | 9.1 (50)         | 18.5 (37)        | -33.4 (64)       | 51.4 (59)        | 3.5 (63)         | -0.5 (80)        | 21.9 (65)        | 24.4 (42)        | -10.8 (59)       |
| <b>Voya Absolute Return</b>             | 14.1 (49)        | 22.2 (19)        | 15.6 (55)        | -14.1 (41)       | 41.9 (43)        | 0.1 (56)         | 4.0 (60)         | 9.9 (53)         | 20.3 (37)        | 1.9 (21)         |
| Performance Benchmark                   | 16.2 (33)        | 19.4 (31)        | 16.5 (47)        | -15.8 (48)       | 39.3 (55)        | 2.1 (47)         | 5.7 (50)         | 10.7 (48)        | 18.8 (48)        | 1.1 (23)         |
| <b>Voya U.S. Convertibles</b>           | 17.7 (14)        | 5.9 (91)         | 9.5 (84)         | -19.8 (70)       | 47.3 (49)        | 20.1 (10)        | 12.5 (15)        | 16.4 (37)        | 15.9 (75)        | -7.1 (79)        |
| Performance Benchmark                   | 15.9 (22)        | 6.2 (90)         | 10.6 (80)        | -20.6 (71)       | 45.7 (52)        | 15.3 (16)        | 7.8 (40)         | 12.0 (64)        | 16.8 (70)        | -4.7 (66)        |
| <b>Pershing Square Holdings</b>         | 1.9 (94)         | 47.9 (1)         | 23.5 (14)        | -17.9 (66)       | 57.0 (26)        | 36.5 (1)         | 21.7 (1)         | -2.7 (100)       | 8.3 (96)         | -49.1 (100)      |
| Dow Jones U.S. Total Stock Market Index | 15.2 (27)        | 23.2 (25)        | 18.9 (32)        | -14.2 (54)       | 44.3 (56)        | 6.4 (33)         | 8.9 (33)         | 14.8 (45)        | 18.5 (56)        | 2.0 (24)         |
| <b>Triar Partners</b>                   | 8.5              | 12.2             | 18.5             | -19.0            | 33.4             | -2.3             | 13.1             | 2.8              | 9.5              |                  |
| S&P 500 Index                           | 15.2             | 24.6             | 19.6             | -10.6            | 40.8             | 7.5              | 10.4             | 14.4             | 17.9             |                  |
| <b>Triar Co-Investments</b>             | 13.2             | 25.2             | 22.6             | -10.9            | 34.5             | -3.4             | 14.4             | -5.6             |                  |                  |
| S&P 500 Index                           | 15.2             | 24.6             | 19.6             | -10.6            | 40.8             | 7.5              | 10.4             | 14.4             | 17.9             |                  |
| <b>SSgA Global Index</b>                | 16.1 (33)        | 18.5 (34)        | 16.5 (47)        | -16.2 (51)       | 41.3 (45)        | 1.6 (49)         | 4.8 (54)         | 11.4 (42)        | 19.4 (42)        | -3.4 (48)        |
| MSCI AC World IMI (Net)                 | 15.9 (36)        | 18.4 (34)        | 16.1 (50)        | -16.5 (52)       | 40.9 (47)        | 1.2 (51)         | 4.6 (56)         | 11.1 (45)        | 19.0 (45)        | -3.9 (51)        |
| <b>BlackRock MSCI ACWI IMI Fund</b>     | 16.2 (32)        | 18.8 (33)        | 16.6 (46)        | -16.2 (51)       | 41.4 (45)        | 1.5 (49)         | 4.5 (56)         | 11.4 (42)        | 19.1 (45)        | -3.4 (48)        |
| MSCI AC World IMI (Net)                 | 15.9 (36)        | 18.4 (34)        | 16.1 (50)        | -16.5 (52)       | 40.9 (47)        | 1.2 (51)         | 4.6 (56)         | 11.1 (45)        | 19.0 (45)        | -3.9 (51)        |
| <b>Wellington Global Perspectives</b>   | 12.5 (62)        | 11.8 (63)        | 13.4 (68)        | -17.1 (55)       | 60.0 (9)         | -11.7 (91)       | -3.8 (90)        | 15.7 (20)        | 24.8 (15)        | -4.2 (52)        |
| Performance Benchmark                   | 13.6 (52)        | 10.6 (70)        | 13.0 (70)        | -21.8 (77)       | 54.1 (14)        | -5.5 (76)        | -3.0 (88)        | 13.8 (27)        | 20.5 (36)        | -4.7 (56)        |

# Asset Allocation & Performance

## Calendar Year Performance

|   | Performance %    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Fiscal Year 2025 | Fiscal Year 2024 | Fiscal Year 2023 | Fiscal Year 2022 | Fiscal Year 2021 | Fiscal Year 2020 | Fiscal Year 2019 | Fiscal Year 2018 | Fiscal Year 2017 | Fiscal Year 2016 |
| <b>T. Rowe Price Global Equity</b>                      | 10.7 (71)        | 24.0 (15)        | 20.0 (22)        | -28.7 (90)       | 52.0 (16)        | 22.8 (6)         | 8.0 (36)         | 21.3 (8)         | 28.8 (9)         | -0.6 (33)        |
| MSCI AC World Index (Net)                               | 16.2 (33)        | 19.4 (31)        | 16.5 (47)        | -15.8 (48)       | 39.3 (55)        | 2.1 (47)         | 5.7 (50)         | 10.7 (48)        | 18.8 (48)        | -3.7 (49)        |
| MSCI AC World Index Growth (net)                        | 16.7 (30)        | 24.7 (13)        | 23.1 (12)        | -23.5 (81)       | 39.7 (53)        | 16.6 (10)        | 7.2 (41)         | 16.1 (19)        | 18.6 (50)        | -2.7 (44)        |
| <b>Lazard</b>   | 19.7 (18)        | 20.0 (29)        | 10.4 (79)        | -25.6 (85)       | 47.5 (25)        | 1.6 (49)         | 2.7 (69)         | 9.8 (54)         | 26.2 (13)        | -10.7 (88)       |
| MSCI AC World Index (Net)                               | 16.2 (33)        | 19.4 (31)        | 16.5 (47)        | -15.8 (48)       | 39.3 (55)        | 2.1 (47)         | 5.7 (50)         | 10.7 (48)        | 18.8 (48)        | -3.7 (49)        |
| <b>Harris Global Equity</b>                             | 15.2             | 5.9              | 18.4             | -17.0            | 56.6             | -6.6             | -2.0             | 5.0              | 38.9             | -12.8            |
| MSCI World Index (Net)                                  | 16.3             | 20.2             | 18.5             | -14.3            | 39.0             | 2.8              | 6.3              | 11.1             | 18.2             | -2.8             |
| MSCI World Value (Net)                                  | 15.9             | 13.9             | 10.7             | -6.6             | 37.9             | -11.3            | 4.2              | 5.6              | 18.7             | -3.7             |
| <b>Arrowstreet Global Equity - Alpha Extension Fund</b> | 19.1 (29)        | 31.4 (7)         |                  |                  |                  |                  |                  |                  |                  |                  |
| MSCI AC World IMI Index (Net)                           | 15.9 (46)        | 18.4 (31)        |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Westrock Equity Fund</b>                             | -44.0            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Total Equity Performance Benchmark                      | 15.6             |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Fixed Income</b>                                     | 6.6              | 3.9              | 1.4              | -7.5             | 3.1              | 6.4              | 6.4              | 1.3              | 5.2              | 3.5              |
| Performance Benchmark                                   | 6.5              | 3.5              | 0.0              | -10.9            | 1.1              | 7.9              | 8.1              | -0.3             | 0.9              | 5.8              |
| <b>BlackRock</b>  | 6.3 (51)         | 3.4 (66)         | -0.4 (75)        | -10.9 (69)       | 0.9 (72)         | 9.0 (18)         | 8.0 (26)         | -0.3 (75)        | 0.3 (69)         | 6.0 (22)         |
| Performance Benchmark                                   | 6.5 (44)         | 3.5 (65)         | 0.0 (69)         | -10.9 (69)       | 1.1 (69)         | 7.9 (29)         | 8.1 (24)         | -0.3 (73)        | 0.9 (55)         | 5.8 (25)         |
| <b>Loomis Sayles</b>                                    | 10.2 (4)         | 7.1 (23)         | 3.3 (25)         | -12.5 (82)       | 9.3 (21)         | 7.6 (31)         | 7.4 (38)         | 1.8 (26)         | 8.1 (15)         | 1.9 (70)         |
| Performance Benchmark                                   | 7.4 (21)         | 5.4 (36)         | 2.7 (31)         | -11.5 (75)       | 4.9 (33)         | 6.6 (39)         | 8.2 (21)         | 0.5 (48)         | 4.0 (26)         | 5.0 (35)         |
| <b>SSgA Aggregate Bond Index</b>                        | 6.1 (61)         | 2.7 (79)         | -1.0 (85)        | -10.4 (63)       | -0.3 (92)        | 8.7 (21)         | 7.9 (29)         | -0.4 (77)        | -0.3 (83)        | 6.0 (22)         |
| Barclays Aggregate Index                                | 6.1 (61)         | 2.6 (80)         | -0.9 (84)        | -10.3 (61)       | -0.3 (92)        | 8.7 (21)         | 7.9 (29)         | -0.4 (77)        | -0.3 (84)        | 6.0 (22)         |
| <b>Wellington Global Total Return</b>                   | 5.8 (69)         | 6.2 (81)         | 4.8 (50)         | 3.8 (6)          | 1.7 (88)         | 2.1 (43)         | 5.3 (28)         | 5.1 (46)         | -0.7 (88)        | 1.3 (41)         |
| BofA Merrill Lynch 3 Month US T-Bill                    | 4.7 (75)         | 5.4 (83)         | 3.6 (62)         | 0.2 (15)         | 0.1 (90)         | 1.6 (47)         | 2.3 (58)         | 1.4 (78)         | 0.5 (86)         | 0.2 (46)         |
| <b>Reams Core Plus Bond Fund</b>                        | 7.2              | 2.6              | 2.6              | -10.7            | 2.1              | 15.3             | 8.6              | 0.0              | 0.0              | 6.1              |
| Barclays Aggregate Index                                | 6.1              | 2.6              | -0.9             | -10.3            | -0.3             | 8.7              | 7.9              | -0.4             | -0.3             | 6.0              |
| <b>Baird Core Plus Bond</b>                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Bmbg. U.S. Universal Index                              |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>BRS Recycling Tax Credit</b>                         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>BRS Recycling Tax Credit Phase 2</b>                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>BRS Recycling Tax Credit Phase 3</b>                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |

# Asset Allocation & Performance

## Calendar Year Performance

|  | Performance %    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Fiscal Year 2025 | Fiscal Year 2024 | Fiscal Year 2023 | Fiscal Year 2022 | Fiscal Year 2021 | Fiscal Year 2020 | Fiscal Year 2019 | Fiscal Year 2018 | Fiscal Year 2017 | Fiscal Year 2016 |
| <b>Opportunistic/Alternatives</b>              | 9.5              | 12.7             | 7.9              | 0.2              | 10.4             | -5.3             | -0.2             | 0.6              | 6.8              | -1.7             |
| Custom Alternatives Benchmark                  | 3.8              | 8.7              | 4.9              | -0.2             | 11.5             | -2.8             | 2.4              | 3.4              | 2.8              | -3.7             |
| <b>Anchorage</b>                               | -5.5             | 6.1              | 6.9              | 0.1              | 23.9             | -5.4             | 1.4              | 6.2              | 5.9              | -3.9             |
| Credit Suisse Event Driven                     | 10.8             | 11.0             | 5.2              | -5.4             | 27.5             | -6.9             | 1.9              | 3.8              | 9.3              | -10.4            |
| <b>York</b>                                    | 68.5             | 19.6             | 35.5             | -9.1             | 5.3              | -45.2            | -5.9             | 12.2             | 14.3             | -12.9            |
| Credit Suisse Event Driven                     | 10.8             | 11.0             | 5.2              | -5.4             | 27.5             | -6.9             | 1.9              | 3.8              | 9.3              | -10.4            |
| <b>Capula</b>                                  | 9.7              | 8.2              | 11.8             | 6.6              | 2.5              | 9.8              | 6.3              | 3.8              | 7.8              | 6.1              |
| HFRI Macro (Total) Index                       | -1.2             | 5.9              | -0.4             | 7.9              | 15.0             | 0.8              | 2.4              | 1.1              | -2.4             | 1.8              |
| <b>Graham</b>                                  | 6.1              | 14.9             | 3.7              | 23.6             | 27.4             | -5.6             | 2.1              | 6.5              | -3.2             | -1.0             |
| HFRI Macro (Total) Index                       | -1.2             | 5.9              | -0.4             | 7.9              | 15.0             | 0.8              | 2.4              | 1.1              | -2.4             | 1.8              |
| <b>Circumference Group Core Value</b>          | 5.2              | 4.7              | 16.4             | -10.1            | 27.9             | 5.0              | 2.7              | 15.9             | 14.0             |                  |
| Russell 2000 Index                             | 7.7              | 10.1             | 12.3             | -25.2            | 62.0             | -6.6             | -3.3             | 17.6             | 24.6             |                  |
| <b>Aeolus Keystone Fund</b>                    | 31.9             | 4.4              | 11.3             | -8.2             | -0.2             | 5.1              | -5.8             | -17.9            | 11.2             |                  |
| FTSE 3 Month T-Bill                            | 4.9              | 5.6              | 3.7              | 0.2              | 0.1              | 1.6              | 2.3              | 1.3              | 0.5              |                  |
| Eurekahedge ILS Advisers Index                 | 10.9             | 11.2             | 4.2              | 0.4              | 3.6              | 2.9              | -5.5             | -6.6             | 5.0              |                  |
| <b>Parametric Global Defensive Equity Fund</b> | 10.2             | 12.7             | 12.6             | -5.5             | 22.6             | -4.2             | 3.9              | 5.8              |                  |                  |
| Performance Benchmark                          | 10.5             | 12.6             | 10.4             | -7.8             | 18.5             | 2.4              | 4.4              | 6.0              |                  |                  |
| MSCI AC World Index                            | 16.7             | 19.9             | 17.1             | -15.4            | 39.9             | 2.6              | 6.3              | 11.3             |                  |                  |
| <b>Man Alternative Risk Premia</b>             | 1.4              | 15.3             | 8.5              | 12.1             | 2.8              | -7.9             | 1.8              |                  |                  |                  |
| SG Multi Alternative Risk Premia Index         | 2.3              | 10.9             | 6.1              | 4.0              | 3.1              | -11.6            | 0.4              |                  |                  |                  |
| <b>CFM Systematic Global Macro Fund</b>        | 20.6             | 7.4              | -4.8             |                  |                  |                  |                  |                  |                  |                  |
| HFRI Macro: Systematic Diversified Index       | -11.2            | 4.4              | -3.4             |                  |                  |                  |                  |                  |                  |                  |
| <b>Pillar Opportunity</b>                      | 8.7              | 17.9             | -3.0             |                  |                  |                  |                  |                  |                  |                  |
| FTSE 3 Month T-Bill                            | 4.9              | 5.6              | 3.7              |                  |                  |                  |                  |                  |                  |                  |
| Eurekahedge ILS Advisers Index                 | 10.9             | 11.2             | 4.2              |                  |                  |                  |                  |                  |                  |                  |
| <b>Chatham PDSC III</b>                        | 7.1              | 17.7             | 18.8             |                  |                  |                  |                  |                  |                  |                  |
| HFRI Event-Driven (Total) Index                | 11.3             | 10.8             | 5.3              |                  |                  |                  |                  |                  |                  |                  |
| <b>Silver Point Capital Fund</b>               | 7.4              | 10.3             | 8.0              |                  |                  |                  |                  |                  |                  |                  |
| HFRI ED: Distressed/Restructuring Index        | 9.8              | 10.3             | 1.6              |                  |                  |                  |                  |                  |                  |                  |
| <b>Prophet Mtg. Servicing Opportunities</b>    | 13.6             | 19.3             |                  |                  |                  |                  |                  |                  |                  |                  |
| HedgeIndex Main Index                          | 7.2              | 11.0             |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Chatham PDSC IV</b>                         | 16.3             | 19.3             |                  |                  |                  |                  |                  |                  |                  |                  |
| HFRI Event-Driven (Total) Index                | 11.3             | 10.8             |                  |                  |                  |                  |                  |                  |                  |                  |

# Asset Allocation & Performance

## Calendar Year Performance

|  | Performance %       |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | Fiscal Year<br>2025 | Fiscal Year<br>2024 | Fiscal Year<br>2023 | Fiscal Year<br>2022 | Fiscal Year<br>2021 | Fiscal Year<br>2020 | Fiscal Year<br>2019 | Fiscal Year<br>2018 | Fiscal Year<br>2017 | Fiscal Year<br>2016 |
| <b>Real Assets</b>                               | 2.9                 | -2.4                | 1.5                 | 16.0                | 4.7                 | 3.9                 | 5.6                 | 9.4                 | 7.5                 | 9.5                 |
| <i>Total Real Assets Benchmark</i>               | 2.7                 | -3.9                | 1.7                 | 21.0                | 2.6                 | 4.1                 | 5.7                 | 6.2                 | 6.6                 | 10.1                |
| <b>Real Estate</b>                               | 0.3                 | -7.8                | -3.5                | 21.7                | 0.8                 | 2.0                 | 5.7                 | 11.1                | 6.9                 | 12.0                |
| <i>NFI-ODCE (Net)</i>                            | 1.2                 | -12.0               | -3.9                | 27.3                | -0.7                | 3.9                 | 6.5                 | 7.1                 | 7.4                 | 12.6                |
| <b>Timber</b>                                    | 8.5                 | 4.5                 | 7.1                 | 13.2                | 4.9                 | 12.2                | -0.3                | 1.2                 | 8.0                 | 0.4                 |
| <i>Timberland Property Benchmark</i>             | 5.6                 | 9.8                 | 11.3                | 11.8                | 1.6                 | 3.1                 | 0.1                 | 2.6                 | 3.7                 | 2.5                 |
| <b>BTG Timber Separate Account</b>               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>BTG U.S. Timberland Fund, L.P.</b>            |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Agriculture</b>                               | -1.4                | 4.3                 | 10.1                | 12.8                | 6.0                 | 1.8                 | 3.5                 | 3.3                 | 4.3                 | 9.8                 |
| <i>Agriculture Benchmark</i>                     | -1.7                | 3.6                 | 9.1                 | 9.7                 | 4.1                 | 3.3                 | 5.4                 | 3.5                 | 4.5                 | 5.6                 |
| <b>HFMS Farmland</b>                             | -2.5                | 3.5                 | 11.4                | 14.1                | 7.0                 | 1.4                 | 3.4                 | 2.9                 | 3.9                 | 10.7                |
| <i>HFMS custom NCREIF Farmland Index</i>         | -1.7                | 3.6                 | 9.1                 | 9.7                 | 4.4                 | 4.6                 | 4.9                 | 2.0                 | 4.0                 | 4.8                 |
| <b>UBS Agrivest Core Farmland Fund</b>           | 1.8                 | 6.4                 | 6.9                 | 9.4                 | 3.5                 | 3.1                 | 4.0                 | 4.5                 | 5.0                 | 6.2                 |
| <i>UBS Agrivest custom NCREIF Farmland Index</i> | -1.7                | 3.6                 | 9.1                 | 9.7                 | 4.2                 | 4.7                 | 6.2                 | 5.0                 | 5.5                 | 8.4                 |
| <b>Infrastructure</b>                            | 8.5                 | 6.7                 | 12.6                | 16.3                | 21.2                | 7.2                 | 14.6                |                     |                     |                     |
| <i>Infrastructure Benchmark</i>                  | 7.5                 | 8.6                 | 10.2                | 12.3                | 6.4                 | 7.4                 | 7.0                 |                     |                     |                     |
| <b>Private Equity</b>                            | 0.5                 | 1.5                 | 2.1                 | 16.6                | 33.3                | 4.9                 | 12.8                | 22.3                | 16.7                | 7.7                 |
| <i>Private Equity Policy</i>                     | 9.2                 | 31.9                | -6.9                | 13.9                | 65.9                | -7.5                | 10.8                | 16.1                | 20.4                | 1.6                 |
| <b>Cash</b>                                      | 9.9                 | 19.5                | 7.8                 | 2.1                 | 0.8                 | 3.8                 | 6.5                 | 1.2                 | 5.0                 | 3.2                 |

\*The Real Assets and Private Equity returns and their benchmark returns are shown on a one-quarter lag.

\*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 151 of this report.

\*The inception date above for infrastructure reflects the inception date for the calculation and reporting of time-weighted returns. The Infrastructure program began in July 2014 and the full history of Infrastructure returns are included in Total Real Assets and Total Fund performance.

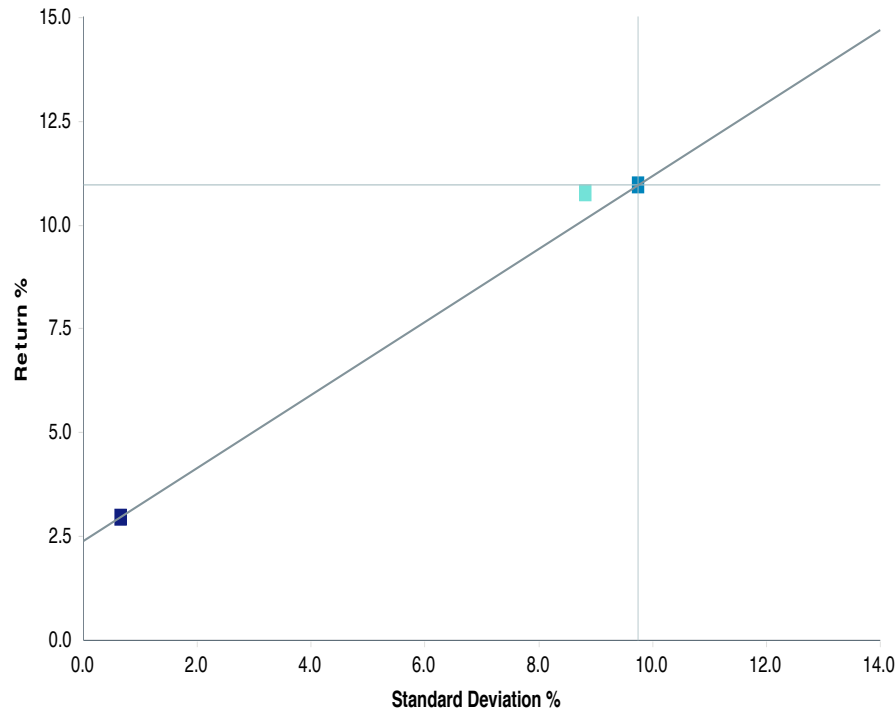
\*The BRS Recycling Tax Credit represents an annual income stream of \$16 million dollars over the next 14 years, which ATRS purchased for approximately \$162 million. This represents an approximate 9.9% yield for the 2017 fiscal year. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income, and has been incorporated into Total Fixed Income and Total Fund performance.

\* CE stands for Current Estimate.

# Risk Profile Total Fund

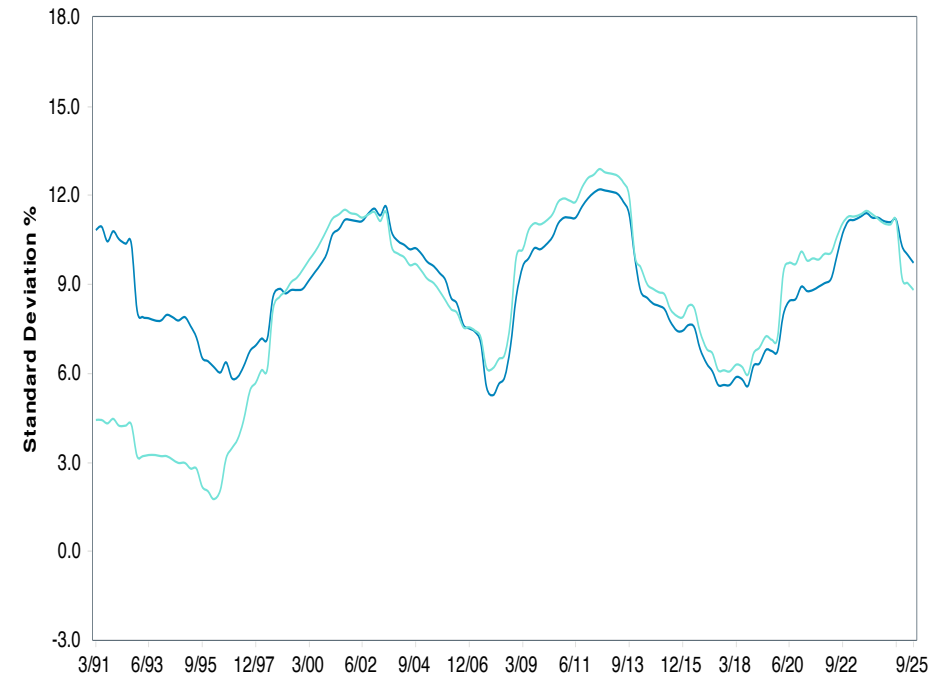
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Total Fund ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



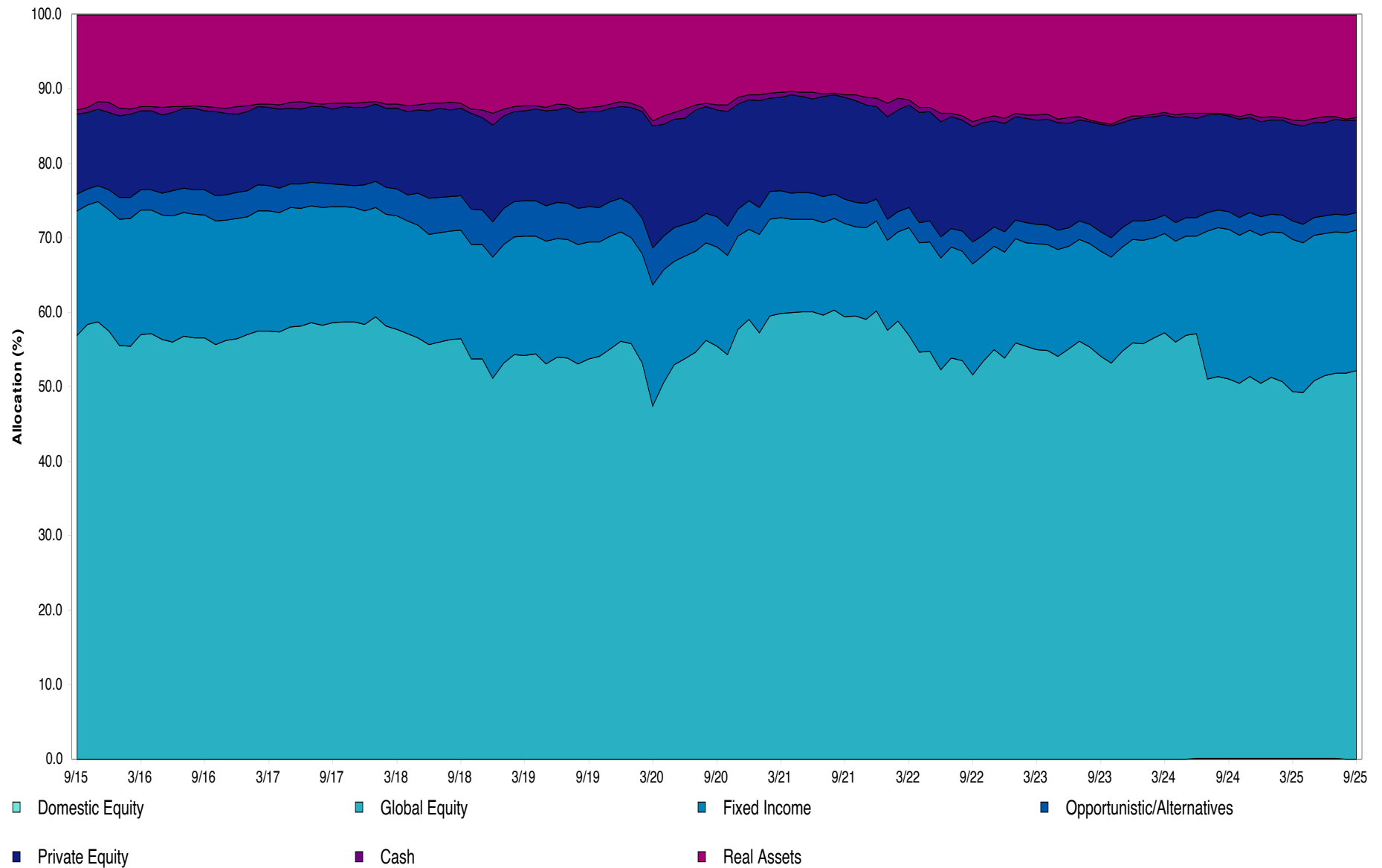
— Total Fund — Performance Benchmark

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared   | Sharpe Ratio | Alpha       | Beta        | Return       | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-------------|--------------|-------------|-------------|--------------|--------------------|--------------------|
| <b>Total Fund</b>         | <b>-0.25</b>  | <b>2.98</b>    | <b>-0.08</b>      | <b>0.91</b> | <b>0.87</b>  | <b>1.26</b> | <b>0.86</b> | <b>10.78</b> | <b>8.82</b>        | <b>0.95</b>        |
| Performance Benchmark     | 0.00          | 0.00           | -                 | 1.00        | 0.82         | 0.00        | 1.00        | 10.96        | 9.75               | 1.00               |
| 90 Day U.S. Treasury Bill | -7.98         | 9.73           | -0.82             | 0.00        | -            | 2.93        | 0.00        | 2.98         | 0.65               | 0.06               |

# Historical Asset Allocation by Segment

10 Years Ending September 30, 2025



# Total Fund Asset Allocation

| Asset Allocation as of 9/30/2025        |                       |                      |                      |                      |                   |                       | Values in \$1,000 |                |                  |
|---|-----------------------|----------------------|----------------------|----------------------|-------------------|-----------------------|-------------------|----------------|------------------|
|   | Total Equity          | U.S. Bond            | Real Asset           | Private Equity       | Cash              | Total                 | Percent of Total  | Interim Policy | Long-Term Target |
| Jacobs Levy 130/30                      | \$1,403,583.1         | --                   | --                   | --                   | --                | \$1,403,583.1         | 5.75%             |                |                  |
| Kennedy Capital Management              | \$462,888.4           | --                   | --                   | --                   | --                | \$462,888.4           | 1.90%             |                |                  |
| Stephens                                | \$496,735.6           | --                   | --                   | --                   | --                | \$496,735.6           | 2.03%             |                |                  |
| Voya Absolute Return                    | \$1,171,471.8         | --                   | --                   | --                   | --                | \$1,171,471.8         | 4.80%             |                |                  |
| Voya U.S. Convertibles                  | \$1,054,919.3         | --                   | --                   | --                   | --                | \$1,054,919.3         | 4.32%             |                |                  |
| Pershing Square Holdings                | \$442,033.8           | --                   | --                   | --                   | --                | \$442,033.8           | 1.81%             |                |                  |
| SSgA Global Index                       | \$792,554.1           | --                   | --                   | --                   | --                | \$792,554.1           | 3.25%             |                |                  |
| BlackRock MSCI ACWI IMI Fund            | \$758,932.3           | --                   | --                   | --                   | --                | \$758,932.3           | 3.11%             |                |                  |
| Wellington Global Perspectives          | \$835,962.1           | --                   | --                   | --                   | --                | \$835,962.1           | 3.42%             |                |                  |
| T. Rowe Price Global Equity             | \$1,478,746.8         | --                   | --                   | --                   | --                | \$1,478,746.8         | 6.05%             |                |                  |
| Lazard                                  | \$1,166,994.0         | --                   | --                   | --                   | --                | \$1,166,994.0         | 4.78%             |                |                  |
| Harris Global Equity                    | \$833,466.0           | --                   | --                   | --                   | --                | \$833,466.0           | 3.41%             |                |                  |
| Triar Partners                          | \$101,861.1           | --                   | --                   | --                   | --                | \$101,861.1           | 0.42%             |                |                  |
| Triar Partners Co-Investments           | \$79,443.1            | --                   | --                   | --                   | --                | \$79,443.1            | 0.33%             |                |                  |
| Arrowstreet                             | \$1,397,414.1         | --                   | --                   | --                   | --                | \$1,397,414.1         | 5.72%             |                |                  |
| Westrock Equity Fund                    | \$12,150.0            | --                   | --                   | --                   | --                | \$12,150.0            | 0.05%             |                |                  |
| <b>Total Equity</b>                     |                       |                      |                      |                      |                   | \$12,489,155.6        | 51.14%            | 54.84%         | 48.00%           |
| BlackRock                               | --                    | \$282,525.1          | --                   | --                   | --                | \$282,525.1           | 1.16%             |                |                  |
| Loomis Sayles                           | --                    | \$784,405.0          | --                   | --                   | --                | \$784,405.0           | 3.21%             |                |                  |
| SSgA Aggregate Bond Index               | --                    | \$1,313,770.7        | --                   | --                   | --                | \$1,313,770.7         | 5.38%             |                |                  |
| Wellington Global Total Return          | --                    | \$437,470.6          | --                   | --                   | --                | \$437,470.6           | 1.79%             |                |                  |
| Reams Core Plus Bond Fund               | --                    | \$636,532.5          | --                   | --                   | --                | \$636,532.5           | 2.61%             |                |                  |
| Baird Core Plus Bond Fund               | --                    | \$865,607.2          | --                   | --                   | --                | \$865,607.2           | 3.54%             |                |                  |
| BRS Recycling Tax Credit                | --                    | \$96,000.0           | --                   | --                   | --                | \$96,000.0            | 0.39%             |                |                  |
| BRS Recycling Tax Credit Phase 2        | --                    | \$82,400.0           | --                   | --                   | --                | \$82,400.0            | 0.34%             |                |                  |
| BRS Recycling Tax Credit Phase 3        | --                    | \$96,801.2           | --                   | --                   | --                | \$96,801.2            | 0.40%             |                |                  |
| <b>Total Fixed Income</b>               |                       |                      |                      |                      |                   | \$4,595,512.4         | 18.82%            | 15.00%         | 20.00%           |
| Anchorage                               | --                    | --                   | --                   | \$16,872.6           | --                | \$16,872.6            | 0.07%             |                |                  |
| Capula                                  | --                    | --                   | --                   | \$115,577.1          | --                | \$115,577.1           | 0.47%             |                |                  |
| Graham                                  | --                    | --                   | --                   | \$114,635.1          | --                | \$114,635.1           | 0.47%             |                |                  |
| York                                    | --                    | --                   | --                   | \$367.1              | --                | \$367.1               | 0.00%             |                |                  |
| Circumference Group Core Value          | --                    | --                   | --                   | \$45,091.0           | --                | \$45,091.0            | 0.18%             |                |                  |
| Aeolus Keystone Fund                    | --                    | --                   | --                   | \$12,835.6           | --                | \$12,835.6            | 0.05%             |                |                  |
| Parametric Global Defensive Equity      | --                    | --                   | --                   | \$270,121.2          | --                | \$270,121.2           | 1.11%             |                |                  |
| Man Alternative Risk Premia             | --                    | --                   | --                   | \$136,050.4          | --                | \$136,050.4           | 0.56%             |                |                  |
| CFM Systematic Global Macro             | --                    | --                   | --                   | \$130,961.2          | --                | \$130,961.2           | 0.54%             |                |                  |
| Juniperus                               | --                    | --                   | --                   | \$130,290.9          | --                | \$130,290.9           | 0.53%             |                |                  |
| Chatham PDSC III                        | --                    | --                   | --                   | \$83,126.3           | --                | \$83,126.3            | 0.34%             |                |                  |
| Silver Point Capital                    | --                    | --                   | --                   | \$64,018.3           | --                | \$64,018.3            | 0.26%             |                |                  |
| Chatham PDSC IV                         | --                    | --                   | --                   | \$79,365.9           | --                | \$79,365.9            | 0.32%             |                |                  |
| Prophet                                 | --                    | --                   | --                   | \$49,571.8           | --                | \$49,571.8            | 0.20%             |                |                  |
| <b>Total Opportunistic/Alternatives</b> |                       |                      |                      |                      |                   | \$1,248,884.6         | 5.11%             | 5.23%          | 5.00%            |
| <b>Real Estate</b>                      |                       |                      | \$1,701,187.2        |                      |                   | \$1,701,187.2         | 6.97%             |                |                  |
| <b>Timber</b>                           |                       |                      | \$376,918.9          |                      |                   | \$376,918.9           | 1.54%             |                |                  |
| <b>Agriculture</b>                      |                       |                      | \$257,209.1          |                      |                   | \$257,209.1           | 1.05%             |                |                  |
| <b>Infrastructure</b>                   |                       |                      | \$619,442.4          |                      |                   | \$619,442.4           | 2.54%             |                |                  |
| <b>Total Real Assets</b>                |                       |                      |                      |                      |                   | \$2,954,757.7         | 12.10%            | 12.92%         | 15.00%           |
| <b>Total Private Equity</b>             |                       |                      |                      | \$3,035,789.1        |                   | \$3,035,789.1         | 12.43%            | 12.00%         | 12.00%           |
| <b>Total Cash</b>                       |                       |                      |                      |                      | \$98,768.3        | \$98,768.3            | 0.40%             | 0.00%          | 0.00%            |
| <b>Total Fund</b>                       | <b>\$12,489,155.6</b> | <b>\$4,595,512.4</b> | <b>\$2,954,757.7</b> | <b>\$4,284,673.7</b> | <b>\$98,768.3</b> | <b>\$24,422,867.7</b> | <b>100.00%</b>    | <b>100.00%</b> | <b>100.00%</b>   |

\*Note: The market values for the Real Assets and Private Equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows.  
Market values and allocation percentages may not add to the total due to rounding.



# Real Estate Asset Allocation

| Asset Allocation as of 9/30/2025       |             |                        |                       | Values in \$1,000                    |               |                        |                       |
|--|-------------|------------------------|-----------------------|--------------------------------------|---------------|------------------------|-----------------------|
|  | Real Estate | Percent of Real Estate | Percent of Total Fund |                                      | Real Estate   | Percent of Real Estate | Percent of Total Fund |
| Almanac Realty Securities Fund V       | \$36.8      | 0.00%                  | 0.00%                 | LaSalle Asia Opportunity Fund VI     | \$18,350.7    | 1.08%                  | 0.08%                 |
| Almanac Realty Securities Fund VI      | \$3,042.6   | 0.18%                  | 0.01%                 | LaSalle Income & Growth Fund VI      | \$2,249.9     | 0.13%                  | 0.01%                 |
| Almanac Realty Securities Fund VII     | \$14,654.6  | 0.86%                  | 0.06%                 | LaSalle Income & Growth Fund VII     | \$4,100.1     | 0.24%                  | 0.02%                 |
| Almanac Realty Securities Fund VIII    | \$26,031.0  | 1.53%                  | 0.11%                 | LaSalle Income & Growth Fund VIII    | \$30,426.3    | 1.79%                  | 0.12%                 |
| Almanac Realty Securities Fund IX      | \$17,260.6  | 1.01%                  | 0.07%                 | LaSalle US Value Partners IX         | \$7,567.7     | 0.44%                  | 0.03%                 |
| American Center                        | \$16,687.3  | 0.98%                  | 0.07%                 | LBA Logistics Value Fund             | \$45,441.1    | 2.67%                  | 0.19%                 |
| AR Insurance                           | \$16.5      | 0.00%                  | 0.00%                 | Lone Star Real Estate Fund IV        | \$6,825.3     | 0.40%                  | 0.03%                 |
| AR Teachers Retirement Building        | \$4,824.6   | 0.28%                  | 0.02%                 | Lone Star Real Estate Fund VII       | \$988.8       | 0.06%                  | 0.00%                 |
| Ares Industrial Real Estate            | \$99,675.1  | 5.86%                  | 0.41%                 | Long Wharf Real Estate Partners V    | \$10,959.4    | 0.64%                  | 0.04%                 |
| Blackstone Real Estate Partners VII    | \$5,478.7   | 0.32%                  | 0.02%                 | Long Wharf Real Estate Partners VI   | \$33,322.9    | 1.96%                  | 0.14%                 |
| Blackstone RE Europe VI                | \$39,209.5  | 2.30%                  | 0.16%                 | Long Wharf Real Estate Partners VII  | \$26,040.9    | 1.53%                  | 0.11%                 |
| Blackstone RE Europe VII               | \$16,645.6  | 0.98%                  | 0.07%                 | Mesa West Income Fund V              | \$27,711.5    | 1.63%                  | 0.11%                 |
| Blackston RE X                         | \$33,447.5  | 1.97%                  | 0.14%                 | Metropolitan RE Co-Investments       | \$4,823.3     | 0.28%                  | 0.02%                 |
| Carlyle Realty Partners VII            | \$6,154.0   | 0.36%                  | 0.03%                 | Met Life Commercial Mtg Inc Fund     | \$42,178.0    | 2.48%                  | 0.17%                 |
| Carlyle Realty VIII                    | \$8,864.1   | 0.52%                  | 0.04%                 | Morgan Stanley Prime Property Fund   | \$56,446.5    | 3.32%                  | 0.23%                 |
| Carlyle Realty IX                      | \$24,363.0  | 1.43%                  | 0.10%                 | New Boston Fund VII                  | \$12,019.8    | 0.71%                  | 0.05%                 |
| Carlyle Realty Partners X              | \$101.1     | 0.01%                  | 0.00%                 | O'Connor NAPP II                     | \$180.1       | 0.01%                  | 0.00%                 |
| CBREI SP U.S. Opportunity V            | \$96.7      | 0.01%                  | 0.00%                 | PRISA                                | \$265,682.8   | 15.62%                 | 1.09%                 |
| CBREI SP VIII                          | \$10,392.4  | 0.61%                  | 0.04%                 | Recoveries Land                      | \$0.0         | 0.00%                  | 0.00%                 |
| CBREI SP IX                            | \$43,156.1  | 2.54%                  | 0.18%                 | Rockwood Capital RE Partners IX      | \$99.0        | 0.01%                  | 0.00%                 |
| Cerberus Institutional RE Partners III | \$7,909.0   | 0.46%                  | 0.03%                 | Rockwood Capital RE XI               | \$23,404.2    | 1.38%                  | 0.10%                 |
| Calmwater                              | \$4,734.5   | 0.28%                  | 0.02%                 | Rose Law Firm                        | \$3,597.6     | 0.21%                  | 0.01%                 |
| Fletcher Properties                    | \$1,029.8   | 0.06%                  | 0.00%                 | RREEF Core Plus Industrial Fund      | \$63,805.3    | 3.75%                  | 0.26%                 |
| FPA Core Plus IV                       | \$35,560.0  | 2.09%                  | 0.15%                 | Torchlight Debt Opportunity Fund IV  | \$0.0         | 0.00%                  | 0.00%                 |
| GCP GLP IV                             | \$33,242.6  | 1.95%                  | 0.14%                 | Torchlight Debt Opportunity Fund V   | \$1,293.0     | 0.08%                  | 0.01%                 |
| Harbert European Real Estate           | \$1,115.8   | 0.07%                  | 0.00%                 | Torchlight Debt Opportunity Fund VI  | \$20,823.3    | 1.22%                  | 0.09%                 |
| Heitman European Property IV           | \$0.0       | 0.00%                  | 0.00%                 | Torchlight Debt Opportunity Fund VII | \$43,577.0    | 2.56%                  | 0.18%                 |
| JP Morgan Strategic Property Fund      | \$147,579.2 | 8.68%                  | 0.60%                 | UBS Trumbull Property Fund           | \$103,577.3   | 6.09%                  | 0.42%                 |
| Kayne Anderson V                       | \$16,504.1  | 0.97%                  | 0.07%                 | UBS Trumbull Property Income Fund    | \$50,413.5    | 2.96%                  | 0.21%                 |
| Kayne Anderson VI                      | \$58,696.6  | 3.45%                  | 0.24%                 | Victory                              | \$32,650.1    | 1.92%                  | 0.13%                 |
| Kayne Anderson VII                     | \$17,000.0  | 1.00%                  | 0.07%                 | Walton Street Real Estate Debt II    | \$20,417.0    | 1.20%                  | 0.08%                 |
| KKR Real Estate Partners Americas IV   | -\$287.8    | -0.02%                 | 0.00%                 | West Mphs. DHS                       | \$0.0         | 0.00%                  | 0.00%                 |
| Landmark Fund VI                       | \$0.0       | 0.00%                  | 0.00%                 | Westbrook IX                         | \$4,117.8     | 0.24%                  | 0.02%                 |
| Landmark Real Estate IX                | \$15,343.3  | 0.90%                  | 0.06%                 | Westbrook Real Estate Fund X         | \$5,348.9     | 0.31%                  | 0.02%                 |
| Landmark Real Estate VIII              | \$12,667.1  | 0.74%                  | 0.05%                 |                                      |               |                        |                       |
| LaSalle Asia Opportunity Fund IV       | \$1,140.1   | 0.07%                  | 0.00%                 |                                      |               |                        |                       |
| LaSalle Asia Opportunity Fund V        | \$10,376.2  | 0.61%                  | 0.04%                 |                                      |               |                        |                       |
| Total Real Estate                      |             |                        |                       |                                      | \$1,701,187.2 | 100.00%                | 6.97%                 |

\*Note: The market values for the Real Assets and Private Equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows.  
Market values and allocation percentages may not add to the total due to rounding.

Private and Confidential | Investment advice and consulting services provided by Aon Investment USA Inc.

# Private Equity Asset Allocation

| Asset Allocation as of 9/30/2025  |                |                           |                       |                              | Values in \$1,000 |                           |                       |
|-----------------------------------|----------------|---------------------------|-----------------------|------------------------------|-------------------|---------------------------|-----------------------|
|                                   | Private Equity | Percent of Private Equity | Percent of Total Fund |                              | Private Equity    | Percent of Private Equity | Percent of Total Fund |
| Alpine IX                         | \$10,221.4     | 0.34%                     | 0.04%                 | JF Lehman III                | \$20,365.9        | 0.67%                     | 0.08%                 |
| Alpine VIII                       | \$30,844.6     | 1.02%                     | 0.13%                 | JF Lehman IV                 | \$3,681.7         | 0.12%                     | 0.02%                 |
| Arlington Capital IV              | \$38,323.8     | 1.26%                     | 0.16%                 | JF Lehman V                  | \$32,649.3        | 1.08%                     | 0.13%                 |
| Arlington Capital V               | \$58,877.0     | 1.94%                     | 0.24%                 | JF Lehman VI                 | \$19,336.0        | 0.64%                     | 0.08%                 |
| Arlington Capital VI              | \$30,283.5     | 1.00%                     | 0.12%                 | KPS III                      | \$0.0             | 0.00%                     | 0.00%                 |
| Advent GPE VI                     | \$3,103.0      | 0.10%                     | 0.01%                 | KPS IV                       | \$10,129.2        | 0.33%                     | 0.04%                 |
| Altus Capital II                  | \$5,257.3      | 0.17%                     | 0.02%                 | KPS V                        | \$24,795.5        | 0.82%                     | 0.10%                 |
| American Industrial Partners VI   | \$22,860.3     | 0.75%                     | 0.09%                 | KPS Mid-Cap                  | \$18,808.5        | 0.62%                     | 0.08%                 |
| American Industrial Partners VII  | \$50,839.8     | 1.67%                     | 0.21%                 | Levine Leichtman V           | \$786.1           | 0.03%                     | 0.00%                 |
| Altaris Constellation Partners    | \$20,439.0     | 0.67%                     | 0.08%                 | Lime Rock III                | \$14,084.9        | 0.46%                     | 0.06%                 |
| Altaris Health Partners IV        | \$24,093.2     | 0.79%                     | 0.10%                 | LLR III                      | \$51.3            | 0.00%                     | 0.00%                 |
| Atlas Capital II                  | \$5,993.0      | 0.20%                     | 0.02%                 | LLR VI                       | \$27,965.9        | 0.92%                     | 0.11%                 |
| Audax Mezzanine III               | \$390.4        | 0.01%                     | 0.00%                 | LLR VII                      | \$6,370.1         | 0.21%                     | 0.03%                 |
| Big River - Equity                | \$2,001.4      | 0.07%                     | 0.01%                 | Mason Wells III              | \$0.0             | 0.00%                     | 0.00%                 |
| Big River - Holdings Note 2023    | \$0.0          | 0.00%                     | 0.00%                 | MML Capital VIII             | \$21,517.7        | 0.71%                     | 0.09%                 |
| Big River - Holdings Note 3/16/23 | \$0.0          | 0.00%                     | 0.00%                 | NGP X                        | \$2,783.8         | 0.09%                     | 0.01%                 |
| Bison V                           | \$20,589.0     | 0.68%                     | 0.08%                 | NGP XI                       | \$7,198.0         | 0.24%                     | 0.03%                 |
| Bison VI                          | \$24,422.4     | 0.80%                     | 0.10%                 | NGP XII                      | \$16,955.2        | 0.56%                     | 0.07%                 |
| Boston Ventures VII               | \$411.0        | 0.01%                     | 0.00%                 | One Rock Capital Partners II | \$25,046.9        | 0.83%                     | 0.10%                 |
| Boston Ventures IX                | \$27,001.6     | 0.89%                     | 0.11%                 | Peak Rock IV                 | \$403.6           | 0.01%                     | 0.00%                 |
| Boston Ventures X                 | \$37,386.3     | 1.23%                     | 0.15%                 | PineBridge                   | \$5,664.9         | 0.19%                     | 0.02%                 |
| Boston Ventures XI                | \$24,147.2     | 0.80%                     | 0.10%                 | Revelstoke                   | \$18,671.7        | 0.62%                     | 0.08%                 |
| BV VIII                           | \$7,698.1      | 0.25%                     | 0.03%                 | Post Road                    | \$27,784.8        | 0.92%                     | 0.11%                 |
| Castlelake II                     | \$4,776.1      | 0.16%                     | 0.02%                 | Riverside Value Fund I       | \$33,713.3        | 1.11%                     | 0.14%                 |
| Castlelake III                    | \$6,348.1      | 0.21%                     | 0.03%                 | Riverside V                  | \$23,911.4        | 0.79%                     | 0.10%                 |
| Clearlake V                       | \$28,212.2     | 0.93%                     | 0.12%                 | Riverside VI                 | \$29,446.6        | 0.97%                     | 0.12%                 |
| Clearlake VI                      | \$42,806.7     | 1.41%                     | 0.18%                 | Siris III                    | \$9,347.4         | 0.31%                     | 0.04%                 |
| Clearlake VII                     | \$24,015.9     | 0.79%                     | 0.10%                 | Siris IV                     | \$33,614.2        | 1.11%                     | 0.14%                 |
| Clearlake VIII                    | \$1,961.0      | 0.06%                     | 0.01%                 | SK Capital V                 | \$23,102.8        | 0.76%                     | 0.09%                 |
| Court Square III                  | \$18,732.5     | 0.62%                     | 0.08%                 | Sk Capital VI                | \$19,377.6        | 0.64%                     | 0.08%                 |
| CSFB-ATRS 2005-1 Series           | \$6,404.3      | 0.21%                     | 0.03%                 | South Harbor Note            | \$16,491.3        | 0.54%                     | 0.07%                 |
| CSFB-ATRS 2006-1 Series           | \$6,873.6      | 0.23%                     | 0.03%                 | Sycamore Partners II         | \$14,912.8        | 0.49%                     | 0.06%                 |
| Diamond State Ventures II         | \$471.4        | 0.02%                     | 0.00%                 | Sycamore Partners III        | \$35,118.8        | 1.16%                     | 0.14%                 |
| DW Healthcare III                 | \$1,311.4      | 0.04%                     | 0.01%                 | TA XI                        | \$4,621.1         | 0.15%                     | 0.02%                 |
| DW Healthcare IV                  | \$21,959.3     | 0.72%                     | 0.09%                 | Thoma Bravo Discover         | \$4,984.8         | 0.16%                     | 0.02%                 |
| DW Healthcare V                   | \$46,761.7     | 1.54%                     | 0.19%                 | Thoma Bravo Discover II      | \$19,429.6        | 0.64%                     | 0.08%                 |
| EnCap IX                          | \$5,470.1      | 0.18%                     | 0.02%                 | Thoma Bravo Discover III     | \$28,290.0        | 0.93%                     | 0.12%                 |
| EnCap VIII                        | \$17,276.6     | 0.57%                     | 0.07%                 | Thomas Bravo Discover IV     | \$15,365.8        | 0.51%                     | 0.06%                 |
| EnCap X                           | \$13,980.3     | 0.46%                     | 0.06%                 | Thoma Bravo Explore I        | \$34,886.2        | 1.15%                     | 0.14%                 |
| EnCap XI                          | \$21,704.7     | 0.71%                     | 0.09%                 | Thoma Bravo Explore II       | \$3,944.7         | 0.13%                     | 0.02%                 |
| Enlightenment Capital Solutions V | \$11,488.7     | 0.38%                     | 0.05%                 | Thoma Bravo XI               | \$10,481.6        | 0.35%                     | 0.04%                 |
| Franklin Park Series              | \$1,192,868.5  | 39.29%                    | 4.88%                 | Thoma Bravo XII              | \$16,413.8        | 0.54%                     | 0.07%                 |
| Greenbriar V                      | \$36,323.8     | 1.20%                     | 0.15%                 | Thoma Bravo XIII             | \$35,652.5        | 1.17%                     | 0.15%                 |
| Greenbriar VI                     | \$19,741.9     | 0.65%                     | 0.08%                 | Thoma Bravo XIV              | \$19,557.4        | 0.64%                     | 0.08%                 |
| Green & Clean Power               | \$0.0          | 0.00%                     | 0.00%                 | Thoma Bravo XV               | \$17,260.5        | 0.57%                     | 0.07%                 |
| GCG IV                            | \$16,776.0     | 0.55%                     | 0.07%                 | Veritas IX                   | \$247.8           | 0.01%                     | 0.00%                 |
| GCG V                             | \$31,907.3     | 1.05%                     | 0.13%                 | Vista Equity III             | \$145.2           | 0.00%                     | 0.00%                 |
| GCG VI                            | \$19,974.8     | 0.66%                     | 0.08%                 | Vista Foundation II          | \$6,070.2         | 0.20%                     | 0.02%                 |
| GTLA Holdings                     | \$70,000.0     | 2.31%                     | 0.29%                 | Vista Foundation III         | \$27,409.9        | 0.90%                     | 0.11%                 |
| Highland                          | \$75,222.8     | 2.48%                     | 0.31%                 | Wellspring V                 | \$8,856.6         | 0.29%                     | 0.04%                 |
| Hybar LLC                         | \$10,220.5     | 0.34%                     | 0.04%                 | Wicks IV                     | \$6,814.3         | 0.22%                     | 0.03%                 |
| Insight Equity II                 | \$5,015.2      | 0.17%                     | 0.02%                 | WNG II                       | \$25,168.0        | 0.83%                     | 0.10%                 |
| Insight Mezzanine I               | \$2,313.2      | 0.08%                     | 0.01%                 |                              |                   |                           |                       |
| Total Private Equity              |                |                           |                       |                              | \$3,035,789.1     | 100.00%                   | 12.43%                |

\*Note: The market values for the Real Assets and Private Equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows.  
Market values and allocation percentages may not add to the total due to rounding.

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Total Equity

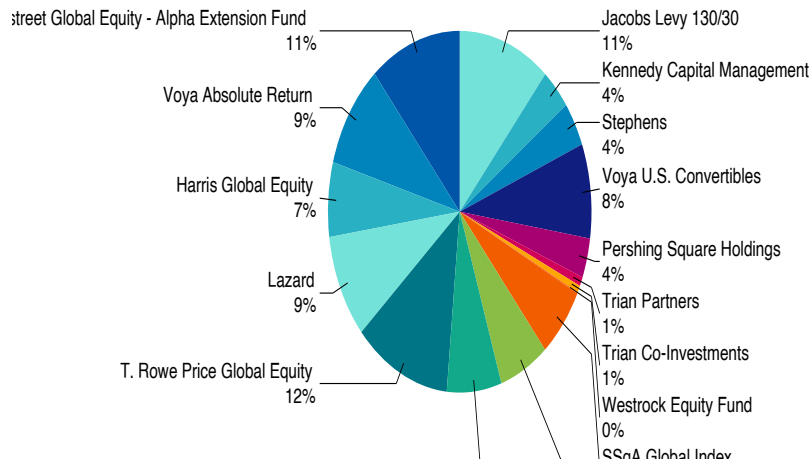


# Composite Portfolio Overview Total Equity

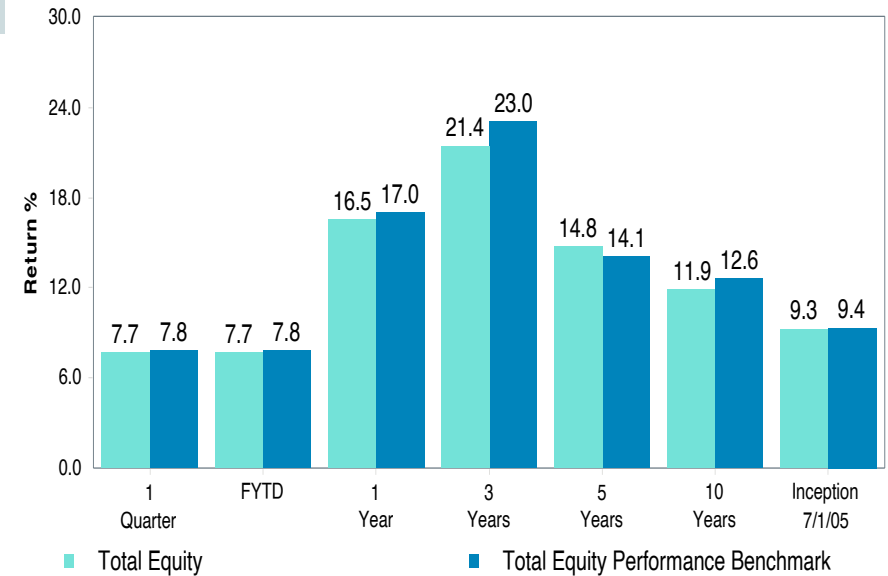
As of September 30, 2025

## Current Allocation

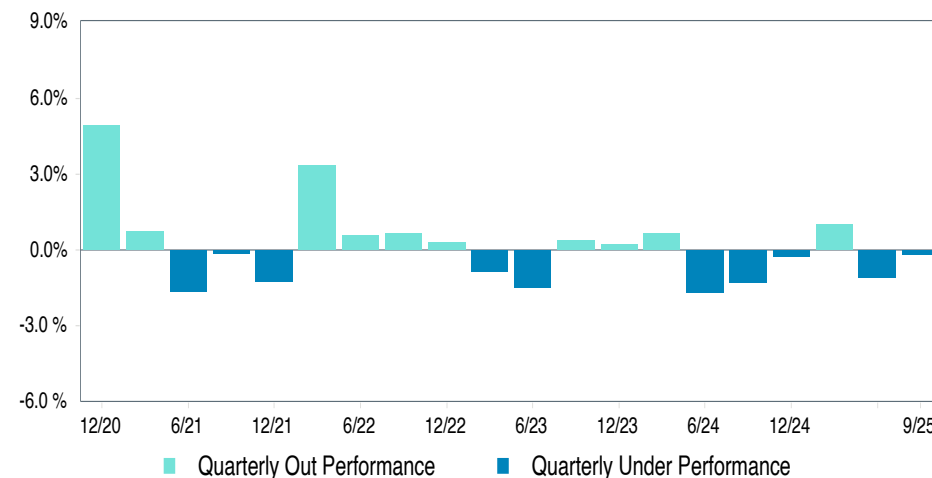
September 30, 2025 : \$12,489,155,565



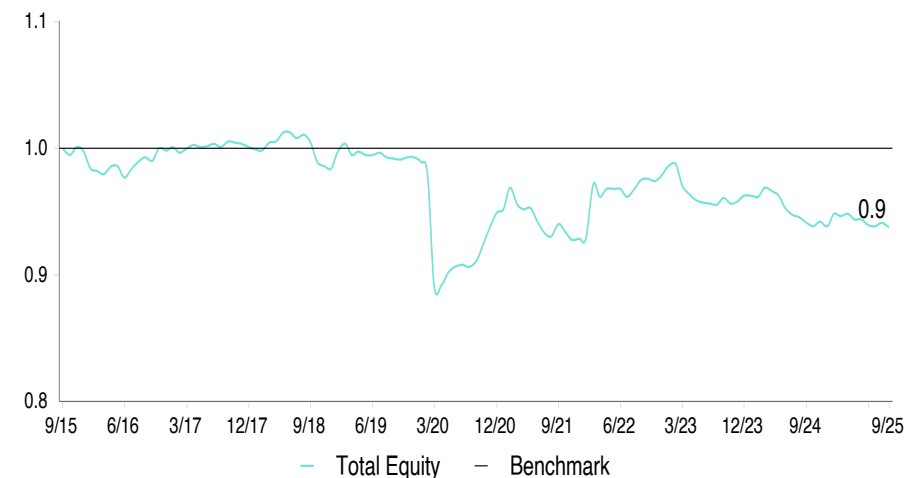
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - 10 Years



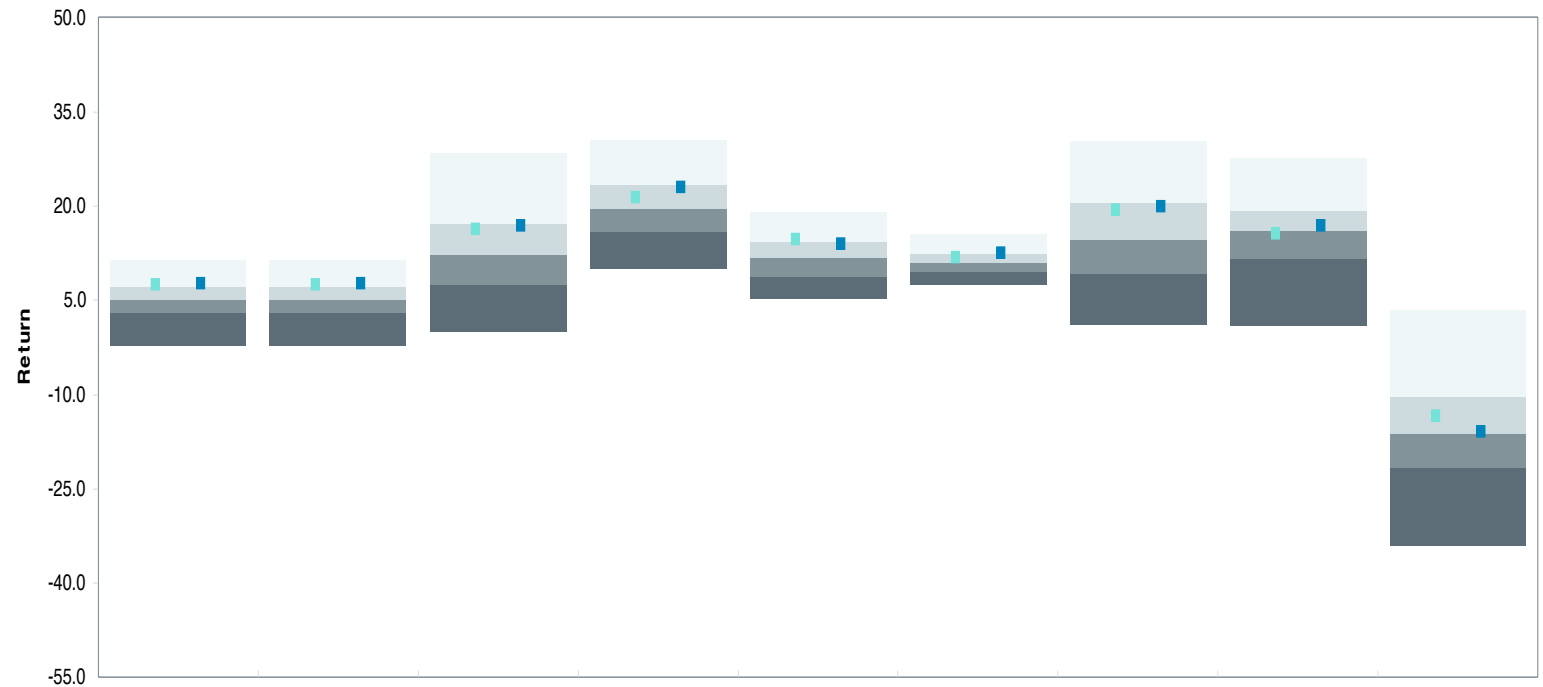
Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.



# Peer Group Analysis

As of September 30, 2025

IM Global Equity (SA+CF)



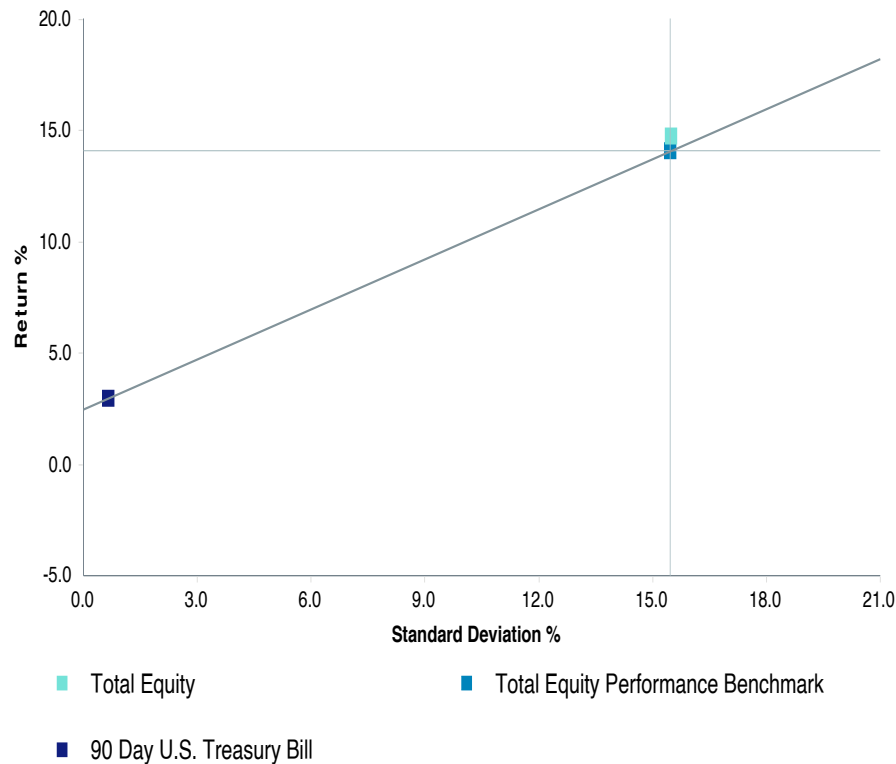
|                                    | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | Fiscal Year<br>2024 | Fiscal Year<br>2023 | Fiscal Year<br>2022 |
|------------------------------------|--------------|----------|-----------|------------|------------|-------------|---------------------|---------------------|---------------------|
| Total Equity                       | 7.7 (21)     | 7.7 (21) | 16.5 (30) | 21.4 (39)  | 14.8 (23)  | 11.9 (34)   | 19.5 (30)           | 15.7 (54)           | -13.4 (36)          |
| Total Equity Performance Benchmark | 7.8 (20)     | 7.8 (20) | 17.0 (28) | 23.0 (29)  | 14.1 (28)  | 12.6 (23)   | 20.1 (29)           | 17.0 (44)           | -15.8 (48)          |
| 5th Percentile                     | 11.4         | 11.4     | 28.5      | 30.5       | 19.2       | 15.6        | 30.3                | 27.6                | 3.5                 |
| 1st Quartile                       | 7.3          | 7.3      | 17.4      | 23.5       | 14.4       | 12.5        | 20.7                | 19.2                | -10.3               |
| Median                             | 5.0          | 5.0      | 12.4      | 19.6       | 11.8       | 11.0        | 14.6                | 16.0                | -16.2               |
| 3rd Quartile                       | 3.2          | 3.2      | 7.5       | 15.9       | 8.9        | 9.5         | 9.2                 | 11.7                | -21.5               |
| 95th Percentile                    | -2.1         | -2.1     | 0.1       | 10.2       | 5.3        | 7.6         | 1.2                 | 0.9                 | -34.0               |
| Population                         | 482          | 482      | 481       | 455        | 423        | 311         | 533                 | 552                 | 546                 |

Parentheses contain percentile rankings.

# Risk Profile Total Equity

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



Standard Deviation  
Rolling 5 Years



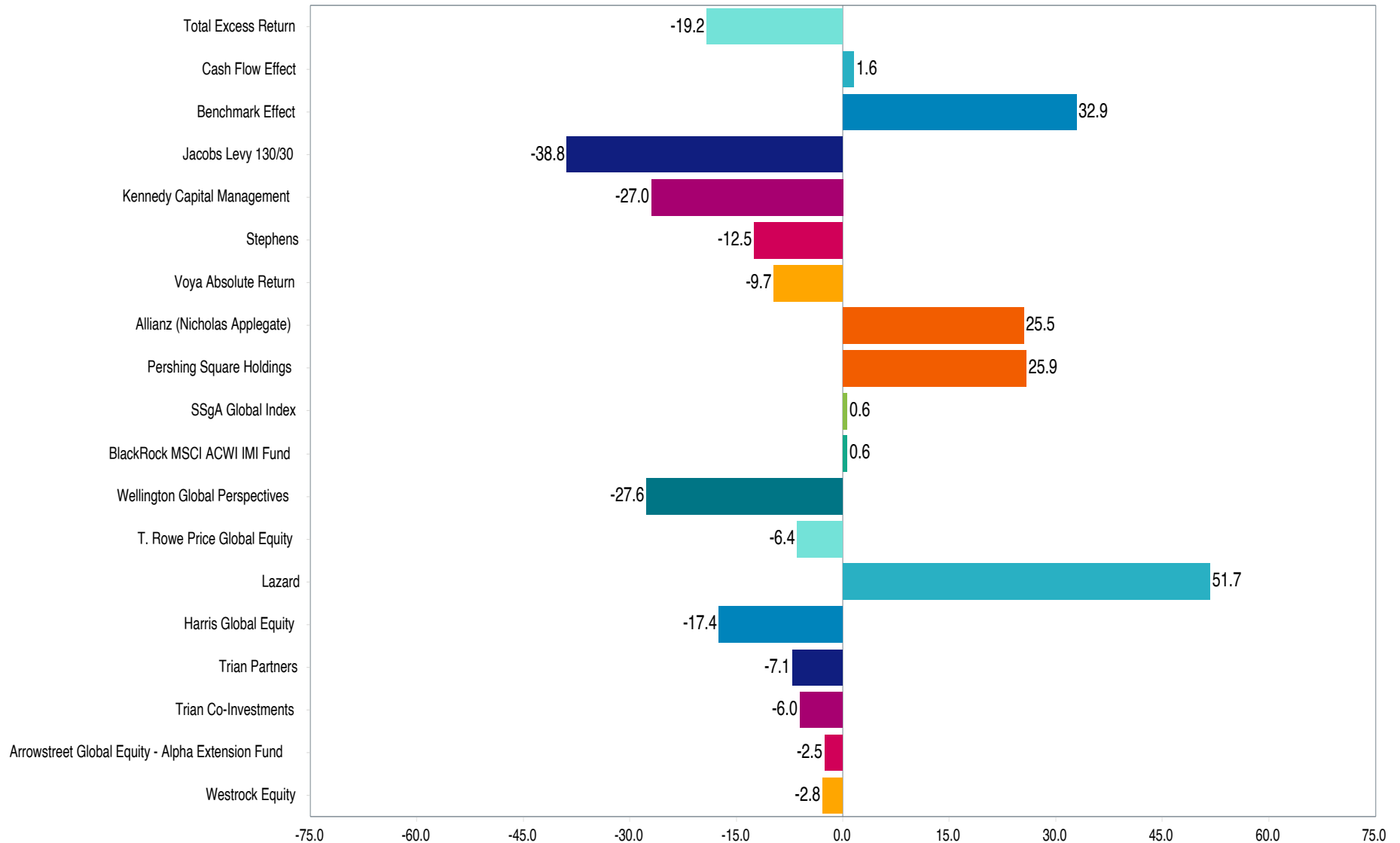
5 Years Historical Statistics

|                                    | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|------------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Total Equity                       | 0.58          | 3.20           | 0.18              | 0.96      | 0.78         | 0.87  | 0.98 | 14.75  | 15.49              | 0.98               |
| Total Equity Performance Benchmark | 0.00          | 0.00           | -                 | 1.00      | 0.74         | 0.00  | 1.00 | 14.09  | 15.47              | 1.00               |
| 90 Day U.S. Treasury Bill          | -11.49        | 15.43          | -0.74             | 0.01      | -            | 2.93  | 0.00 | 2.98   | 0.65               | 0.08               |

# Asset Class Attribution

## 1 Quarter Ending September 30, 2025

1 Quarter

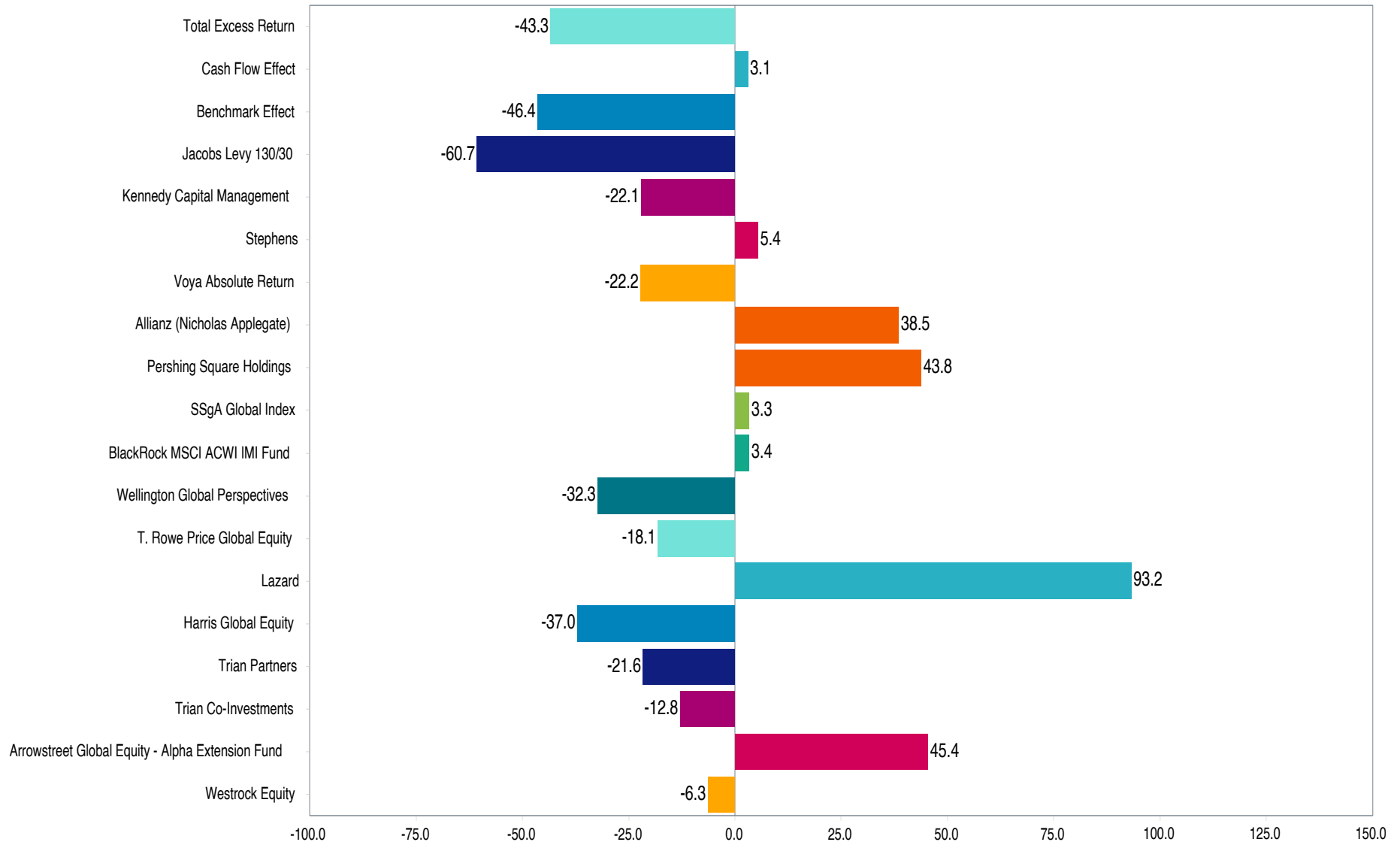




# Asset Class Attribution

1 Year Ending September 30, 2025

1 Year



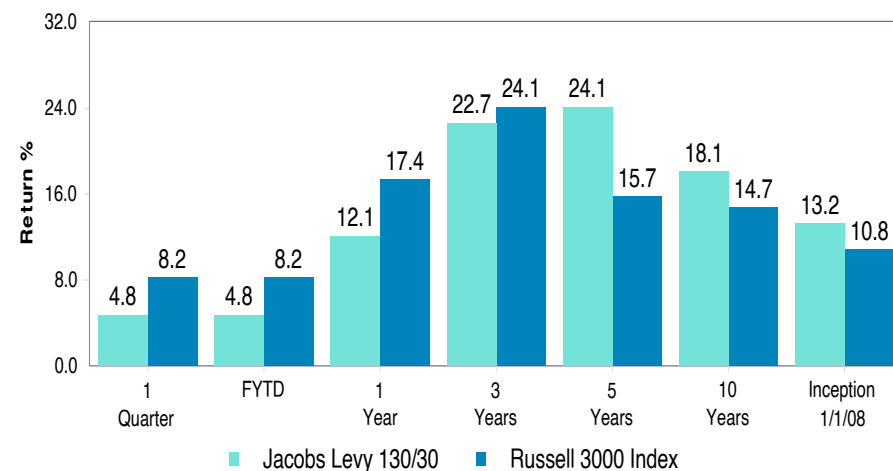
# Manager Performance Summary Jacobs Levy 130/30

As of September 30, 2025

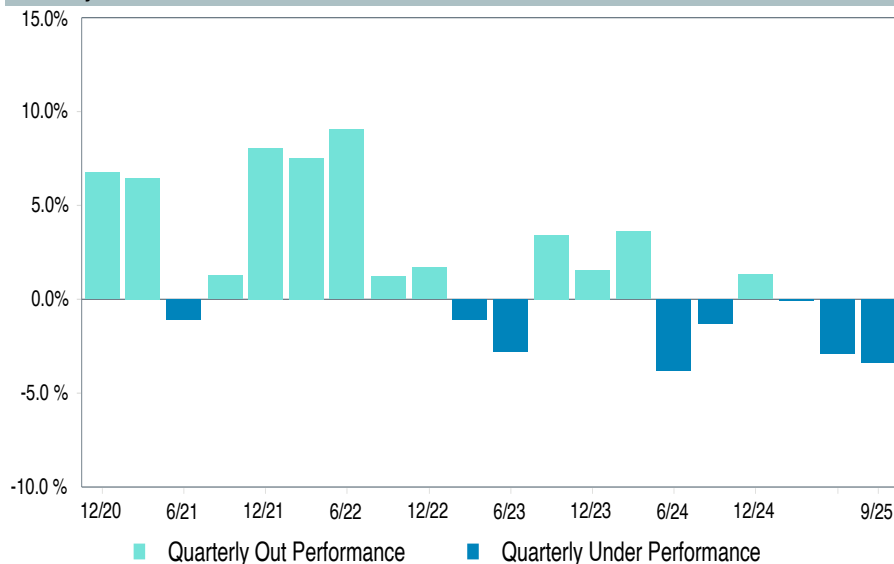
## Account Information

|                   |                        |
|-------------------|------------------------|
| Account Name      | Jacobs Levy 130/30     |
| Inception Date    | 12/31/2007             |
| Account Structure | Commingled Fund        |
| Asset Class       | US Equity              |
| Benchmark         | Russell 3000 Index     |
| Peer Group        | IM U.S. Equity (SA+CF) |

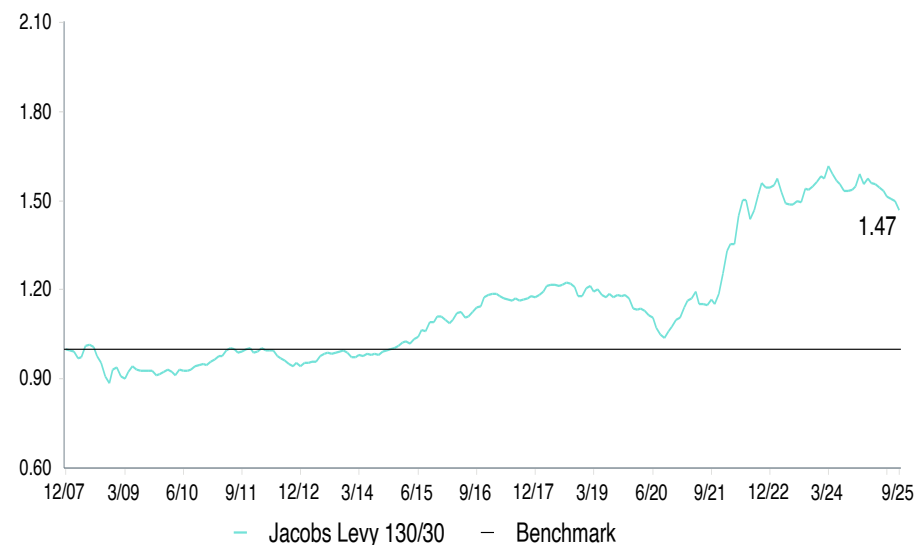
## Return Summary



## Quarterly Excess Performance



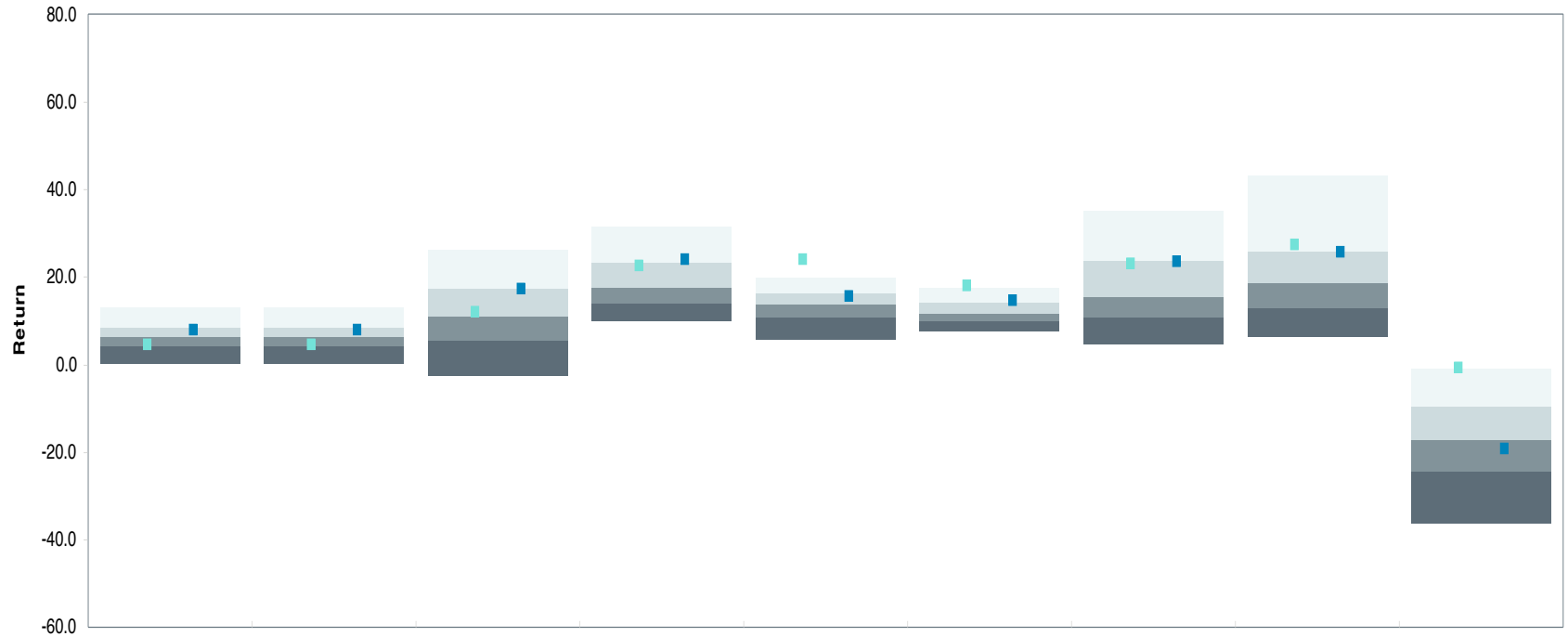
## Ratio of Cumulative Wealth - Since Inception



# Jacobs Levy 130/30

As of September 30, 2025

IM U.S. Equity (SA+CF)



|                    | 1 Quarter | FYTD     | 1 Year    | 3 Years   | 5 Years   | 10 Years  | 2024      | 2023      | 2022       |
|--------------------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Jacobs Levy 130/30 | 4.8 (71)  | 4.8 (71) | 12.1 (46) | 22.7 (29) | 24.1 (2)  | 18.1 (4)  | 23.3 (27) | 27.6 (19) | -0.5 (5)   |
| Russell 3000 Index | 8.2 (29)  | 8.2 (29) | 17.4 (25) | 24.1 (22) | 15.7 (30) | 14.7 (22) | 23.8 (26) | 26.0 (25) | -19.2 (62) |
| 5th Percentile     | 13.0      | 13.0     | 26.4      | 31.6      | 19.8      | 17.6      | 35.3      | 43.2      | -0.8       |
| 1st Quartile       | 8.5       | 8.5      | 17.4      | 23.6      | 16.2      | 14.2      | 23.9      | 25.8      | -9.6       |
| Median             | 6.5       | 6.5      | 11.1      | 17.7      | 13.8      | 11.6      | 15.4      | 18.6      | -17.1      |
| 3rd Quartile       | 4.2       | 4.2      | 5.6       | 14.2      | 10.8      | 9.9       | 11.0      | 13.1      | -24.4      |
| 95th Percentile    | 0.3       | 0.3      | -2.6      | 9.9       | 5.7       | 7.9       | 4.7       | 6.5       | -36.3      |

Population

1,899

1,899

1,897

1,832

1,753

1,493

2,013

2,074

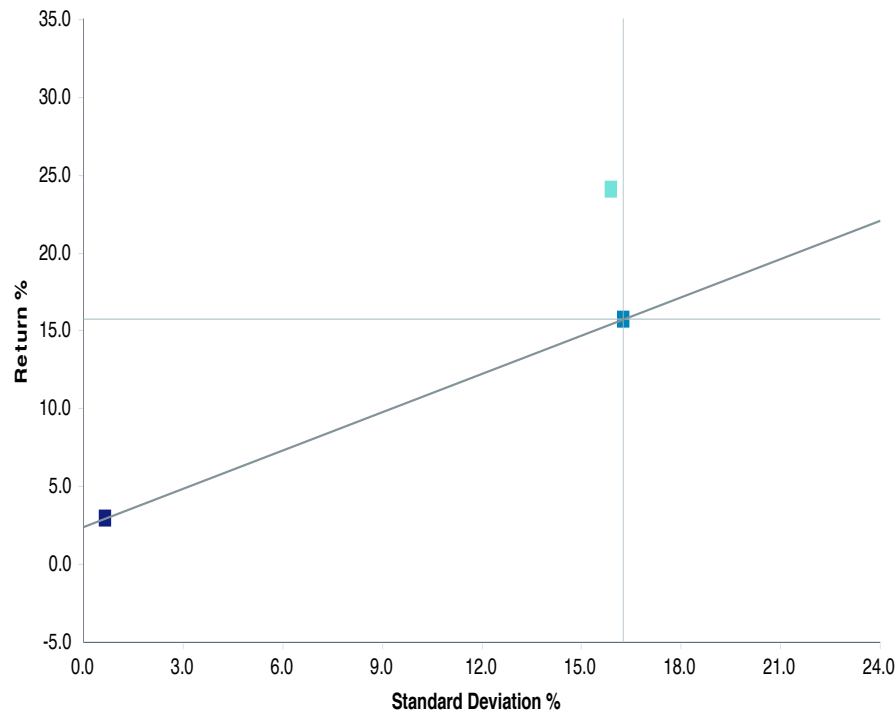
2,136

Parentheses contain percentile rankings.

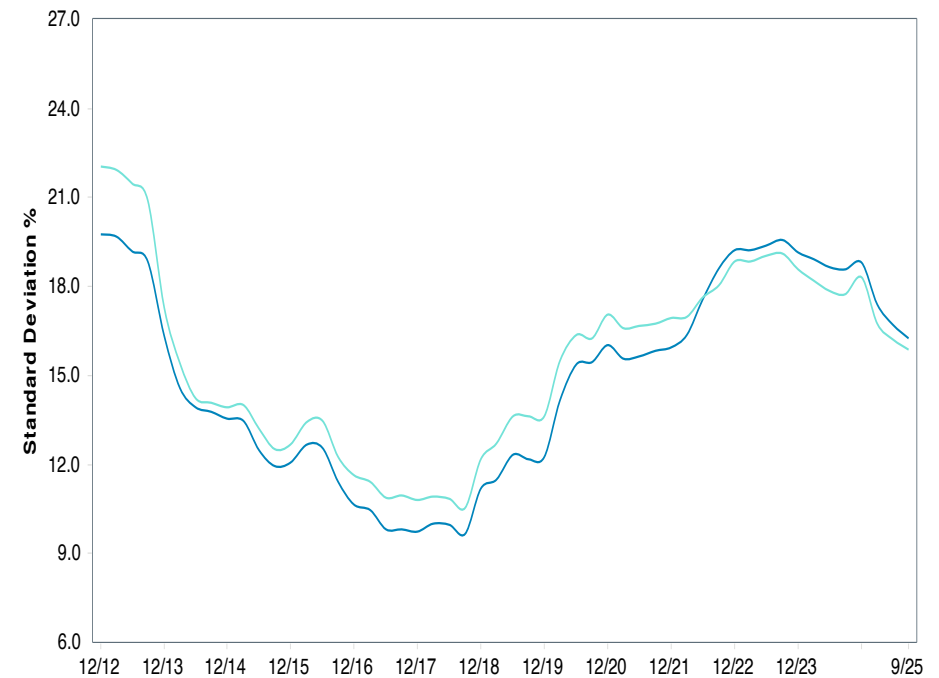
# Risk Profile Jacobs Levy 130/30

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



Standard Deviation  
Rolling 5 Years



5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Jacobs Levy 130/30        | 6.98          | 7.50           | 0.93              | 0.79      | 1.26         | 9.44  | 0.87 | 24.07  | 15.88              | 0.89               |
| Russell 3000 Index        | 0.00          | 0.00           | -                 | 1.00      | 0.81         | 0.00  | 1.00 | 15.74  | 16.26              | 1.00               |
| 90 Day U.S. Treasury Bill | -13.07        | 16.23          | -0.81             | 0.00      | -            | 2.93  | 0.00 | 2.98   | 0.65               | 0.07               |

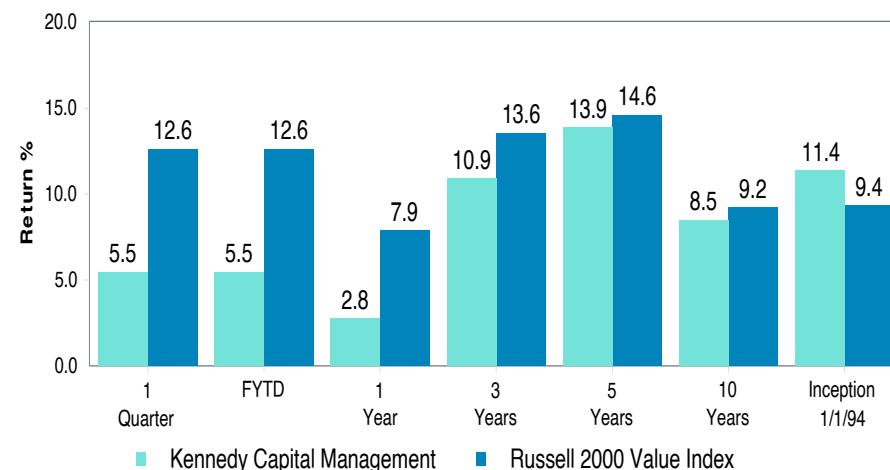
# Manager Performance Summary Kennedy Capital Management

As of September 30, 2025

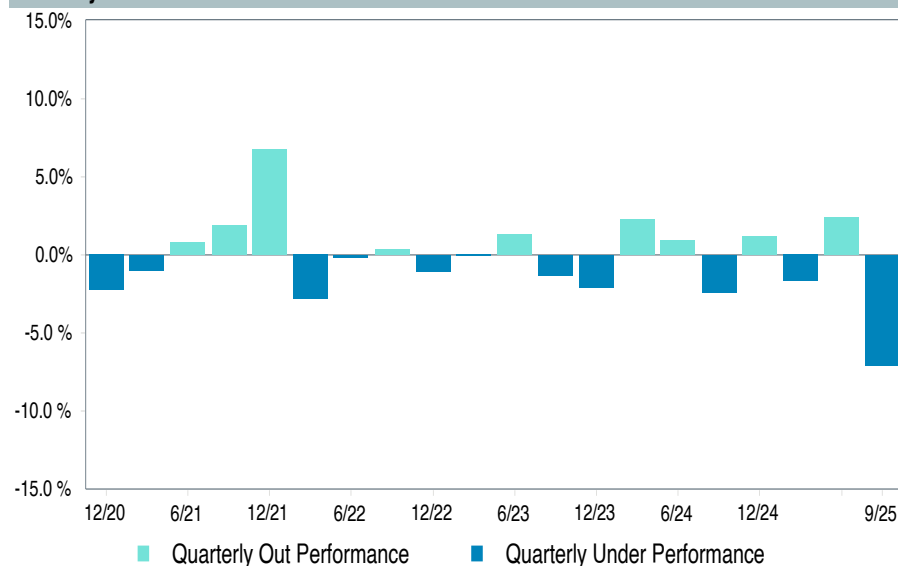
## Account Information

|                   |  |
|-------------------|--|
| Account Name      | Kennedy Capital Management             |
| Inception Date    | 12/31/1993                             |
| Account Structure | Separate Account                       |
| Asset Class       | US Equity                              |
| Benchmark         | Russell 2000 Value Index               |
| Peer Group        | IM U.S. Small Cap Value Equity (SA+CF) |

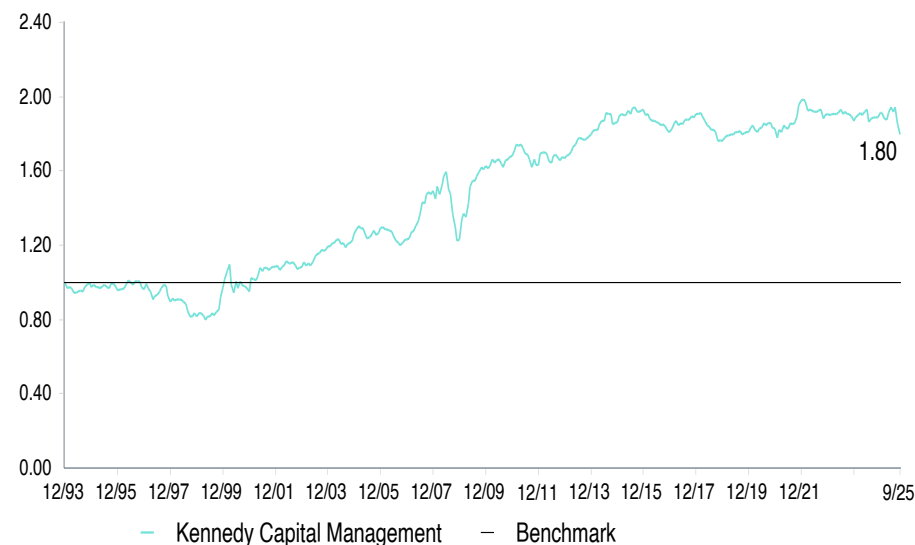
## Return Summary



## Quarterly Excess Performance



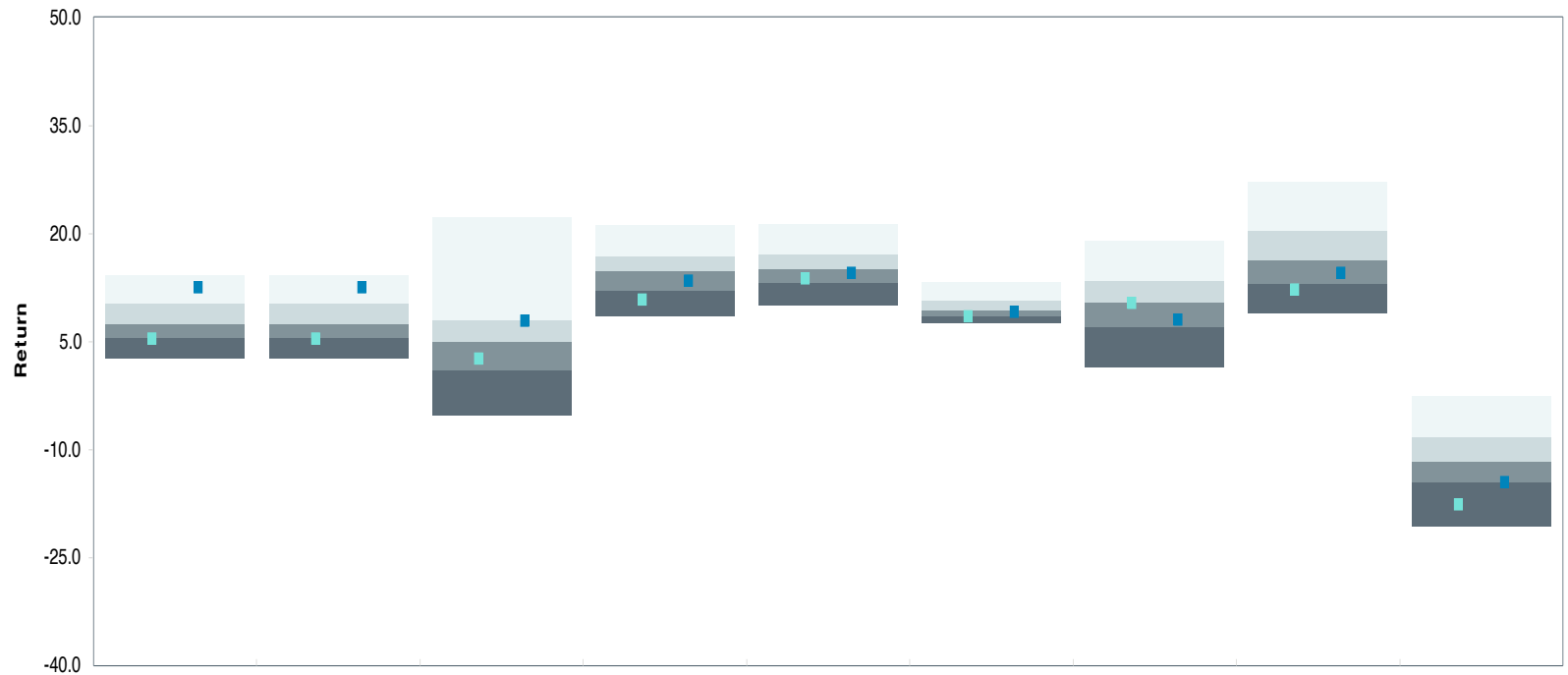
## Ratio of Cumulative Wealth - Since Inception



# Kennedy Capital Management

As of September 30, 2025

IM U.S. Small Cap Value Equity (SA+CF)



|                            | 1 Quarter | FYTD      | 1 Year   | 3 Years   | 5 Years   | 10 Years | 2024      | 2023      | 2022       |
|----------------------------|-----------|-----------|----------|-----------|-----------|----------|-----------|-----------|------------|
| Kennedy Capital Management | 5.5 (77)  | 5.5 (77)  | 2.8 (66) | 10.9 (83) | 13.9 (63) | 8.5 (77) | 10.4 (51) | 12.3 (83) | -17.6 (88) |
| Russell 2000 Value Index   | 12.6 (10) | 12.6 (10) | 7.9 (28) | 13.6 (58) | 14.6 (56) | 9.2 (63) | 8.1 (69)  | 14.6 (66) | -14.5 (75) |
| 5th Percentile             | 14.2      | 14.2      | 22.4     | 21.2      | 21.3      | 13.2     | 19.1      | 27.3      | -2.5       |
| 1st Quartile               | 10.4      | 10.4      | 8.2      | 17.0      | 17.2      | 10.8     | 13.5      | 20.5      | -8.3       |
| Median                     | 7.5       | 7.5       | 5.0      | 14.9      | 15.0      | 9.5      | 10.4      | 16.4      | -11.6      |
| 3rd Quartile               | 5.6       | 5.6       | 1.1      | 12.0      | 13.2      | 8.6      | 6.9       | 13.1      | -14.5      |
| 95th Percentile            | 2.6       | 2.6       | -5.2     | 8.5       | 10.1      | 7.6      | 1.4       | 9.0       | -20.6      |

Population

148

148

148

148

141

126

160

173

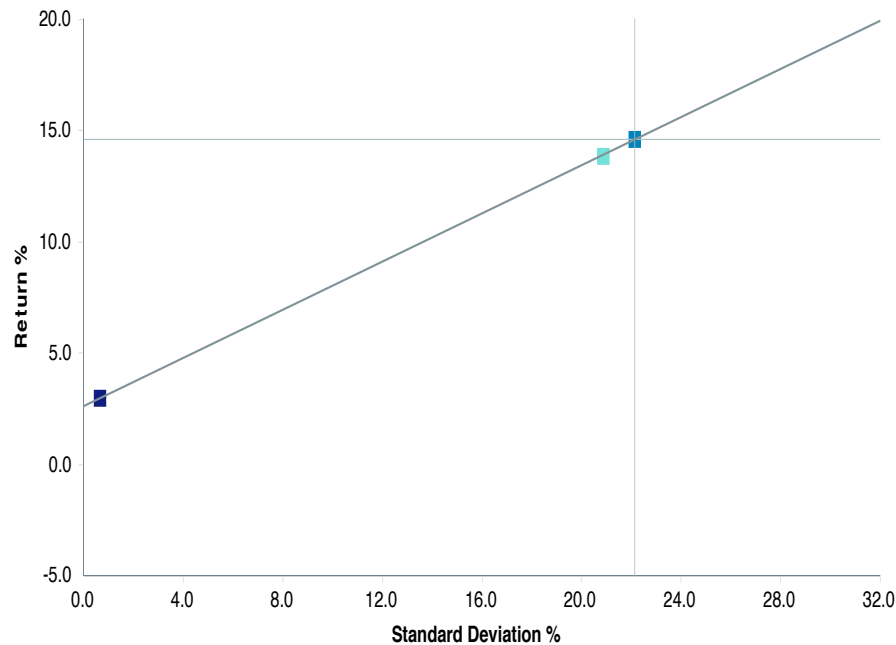
178

Parentheses contain percentile rankings.

# Risk Profile Kennedy Capital Management

As of September 30, 2025

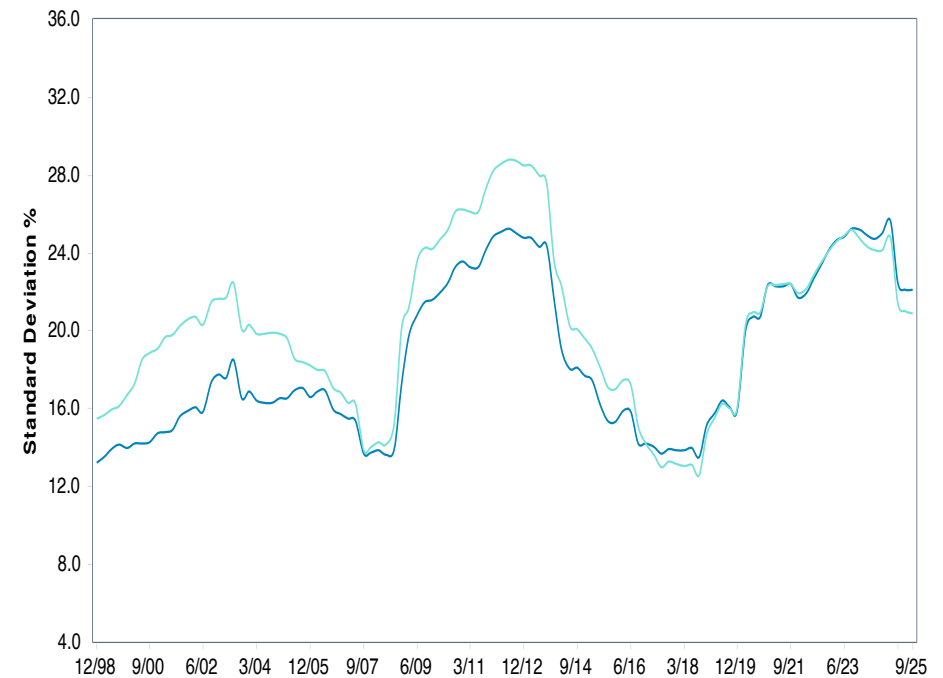
Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Kennedy Capital Management ■ Russell 2000 Value Index

■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Kennedy Capital Management — Russell 2000 Value Index

5 Years Historical Statistics

|                            | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|----------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Kennedy Capital Management | -0.91         | 5.08           | -0.18             | 0.95      | 0.58         | 0.41  | 0.92 | 13.85  | 20.88              | 0.97               |
| Russell 2000 Value Index   | 0.00          | 0.00           | -                 | 1.00      | 0.59         | 0.00  | 1.00 | 14.59  | 22.14              | 1.00               |
| 90 Day U.S. Treasury Bill  | -13.12        | 22.21          | -0.59             | 0.01      | -            | 3.02  | 0.00 | 2.98   | 0.65               | -0.08              |

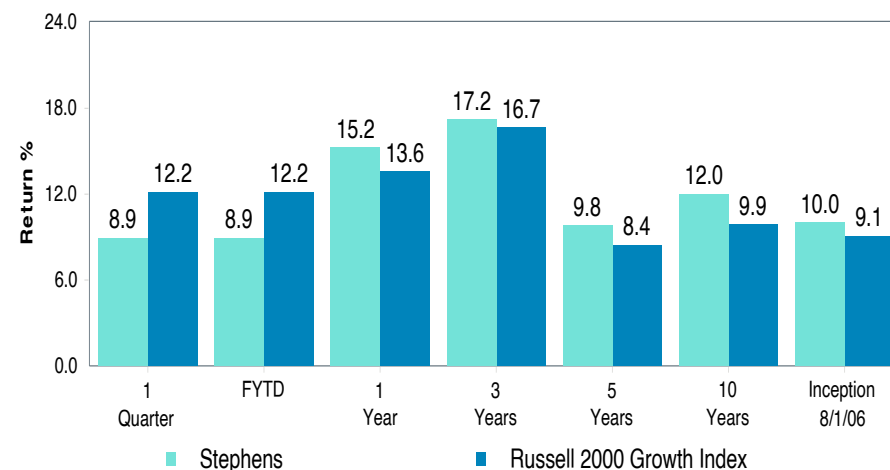
# Manager Performance Summary Stephens

As of September 30, 2025

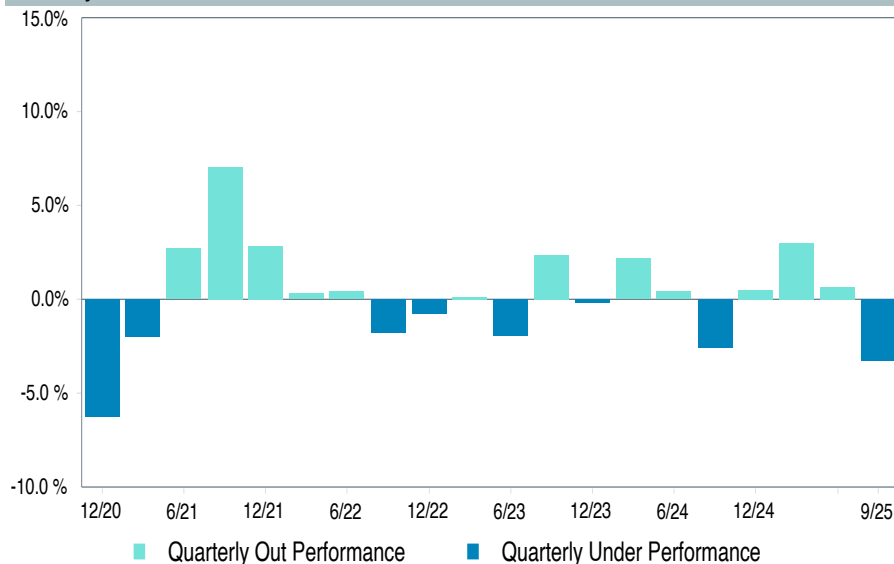
## Account Information

|                   |   |
|-------------------|---|
| Account Name      | Stephens                                |
| Inception Date    | 07/31/2006                              |
| Account Structure | Separate Account                        |
| Asset Class       | US Equity                               |
| Benchmark         | Russell 2000 Growth Index               |
| Peer Group        | IM U.S. Small Cap Growth Equity (SA+CF) |

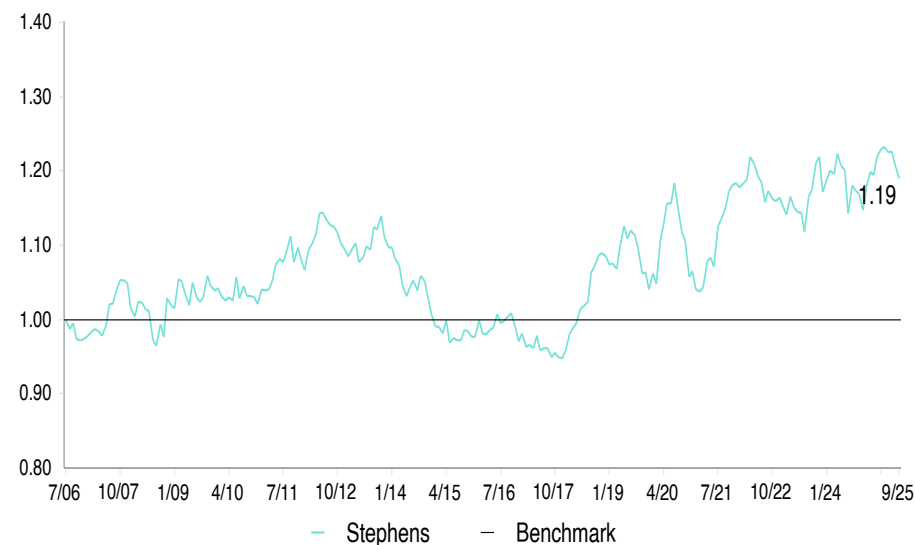
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - Since Inception

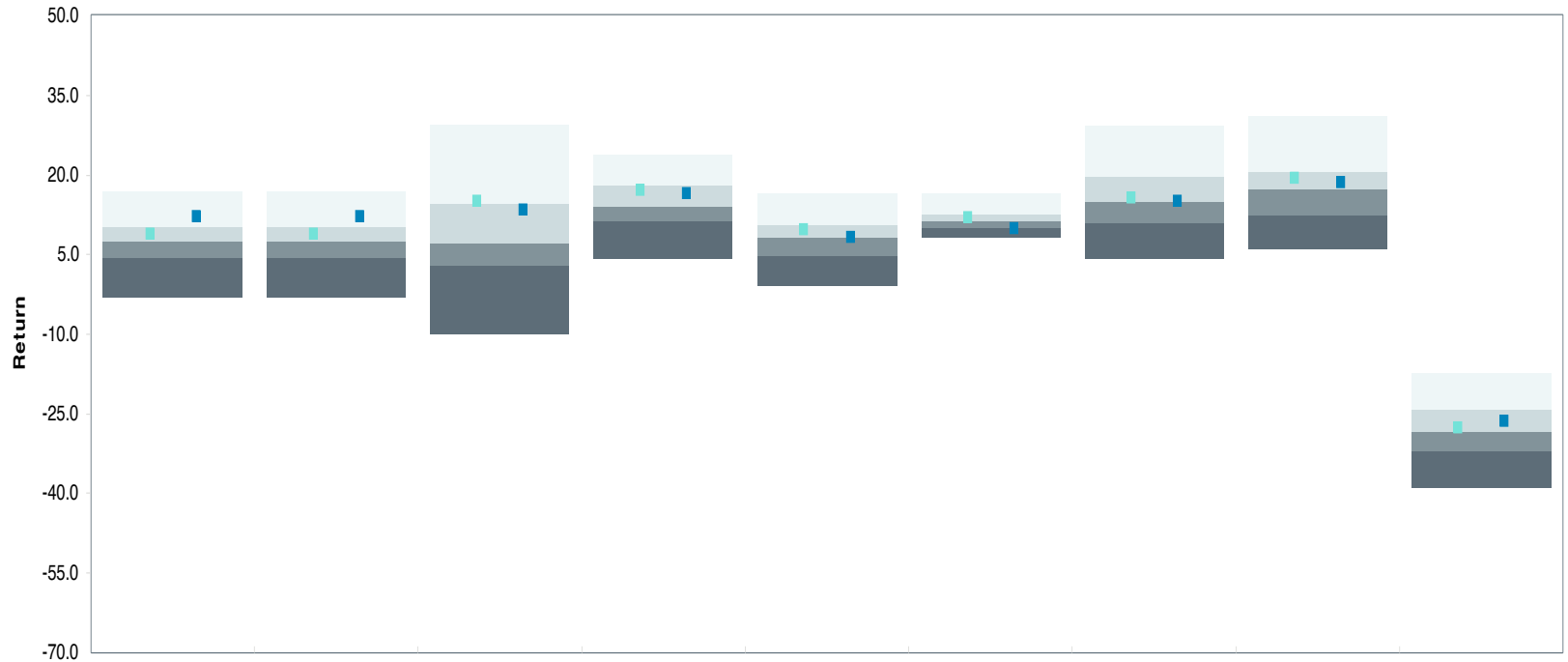




# Stephens

As of September 30, 2025

IM U.S. Small Cap Growth Equity (SA+CF)



|                           | 1<br>Quarter | FYTD      | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | 2024      | 2023      | 2022       |
|---------------------------|--------------|-----------|-----------|------------|------------|-------------|-----------|-----------|------------|
| Stephens                  | 8.9 (35)     | 8.9 (35)  | 15.2 (20) | 17.2 (33)  | 9.8 (33)   | 12.0 (39)   | 15.8 (44) | 19.4 (35) | -27.6 (43) |
| Russell 2000 Growth Index | 12.2 (18)    | 12.2 (18) | 13.6 (27) | 16.7 (36)  | 8.4 (46)   | 9.9 (78)    | 15.2 (49) | 18.7 (42) | -26.4 (36) |
| 5th Percentile            | 16.9         | 16.9      | 29.3      | 23.8       | 16.6       | 16.6        | 29.2      | 31.0      | -17.5      |
| 1st Quartile              | 10.2         | 10.2      | 14.4      | 18.0       | 10.5       | 12.6        | 19.6      | 20.6      | -24.3      |
| Median                    | 7.6          | 7.6       | 7.1       | 14.0       | 8.1        | 11.2        | 14.9      | 17.4      | -28.4      |
| 3rd Quartile              | 4.5          | 4.5       | 2.9       | 11.2       | 4.9        | 9.9         | 11.0      | 12.5      | -32.0      |
| 95th Percentile           | -3.0         | -3.0      | -10.0     | 4.2        | -0.9       | 8.3         | 4.2       | 6.2       | -38.9      |

Population

121

121

121

121

116

108

129

136

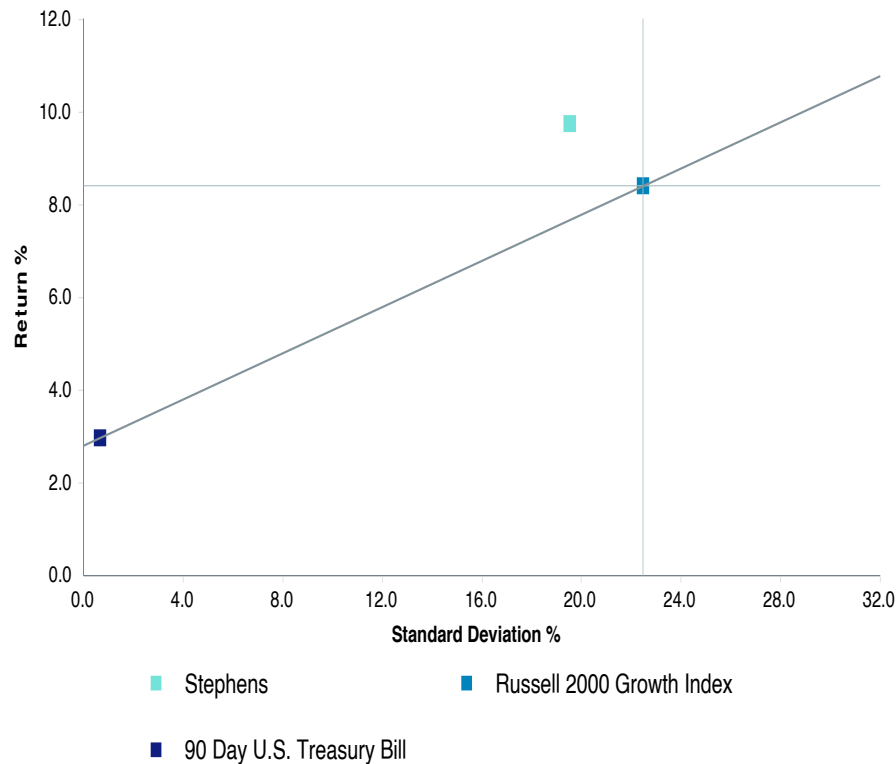
140

Parentheses contain percentile rankings.

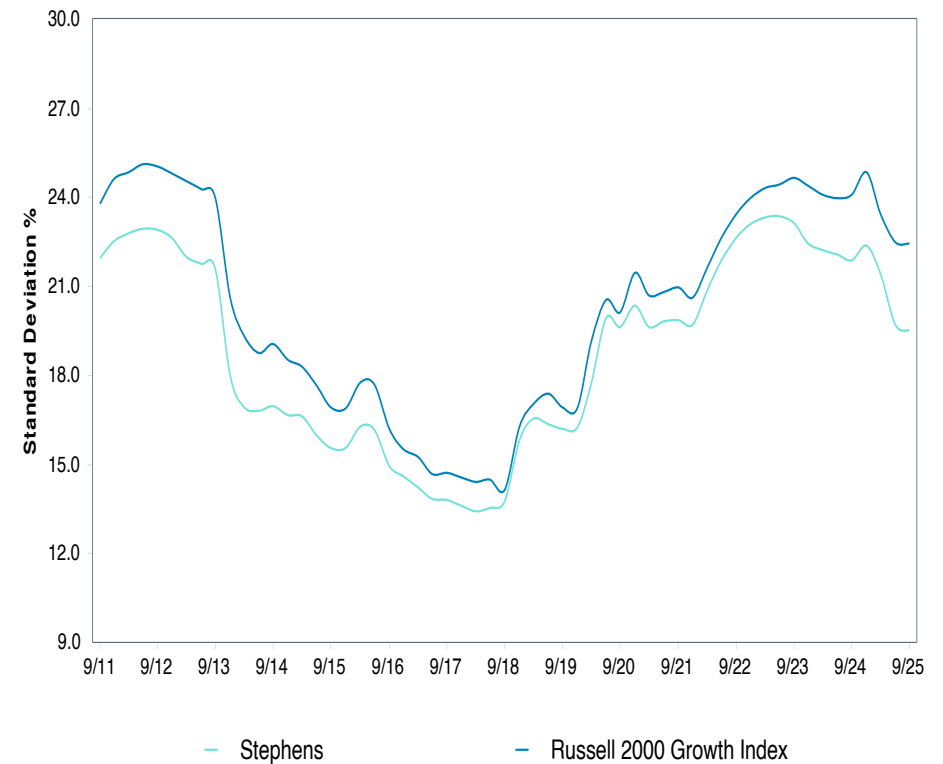
# Risk Profile Stephens

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



Standard Deviation  
Rolling 5 Years



5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Stephens                  | 0.65          | 6.77           | 0.10              | 0.92      | 0.42         | 2.45  | 0.83 | 9.76   | 19.52              | 0.96               |
| Russell 2000 Growth Index | 0.00          | 0.00           | -                 | 1.00      | 0.34         | 0.00  | 1.00 | 8.41   | 22.47              | 1.00               |
| 90 Day U.S. Treasury Bill | -7.62         | 22.44          | -0.34             | 0.00      | -            | 2.96  | 0.00 | 2.98   | 0.65               | 0.06               |

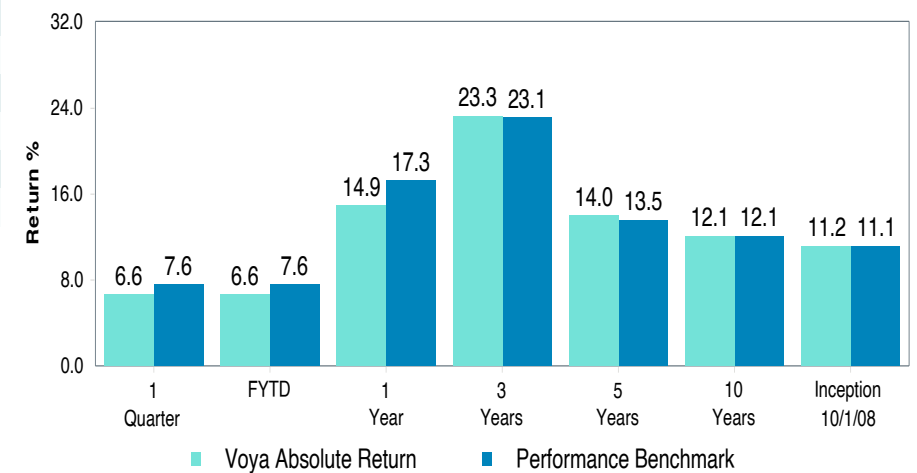
# Manager Performance Summary Voya Absolute Return

As of September 30, 2025

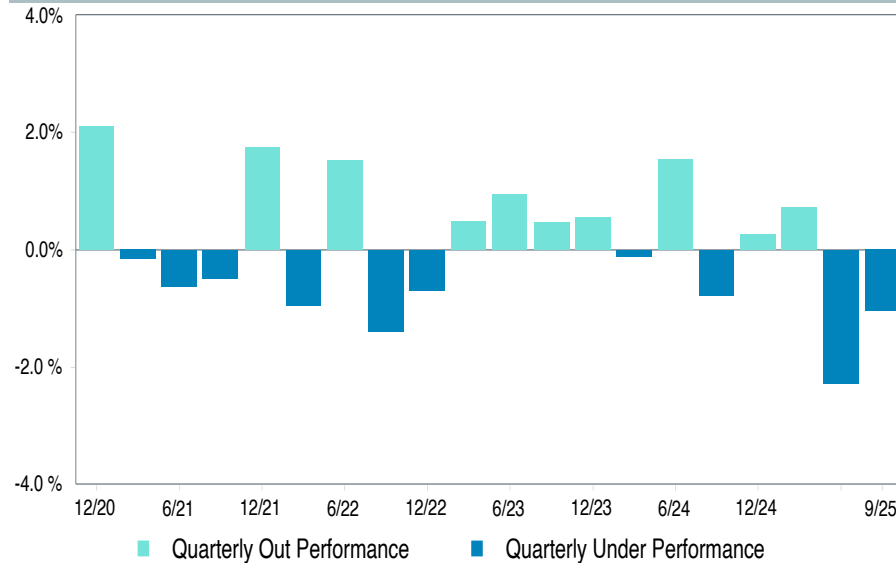
## Account Information

|                   |                       |
|-------------------|-----------------------|
| Account Name      | Voya Absolute Return  |
| Inception Date    | 09/30/2008            |
| Account Structure | Commingled Fund       |
| Asset Class       | Global Equity         |
| Benchmark         | Performance Benchmark |
| Peer Group        | IM Global Equity (MF) |

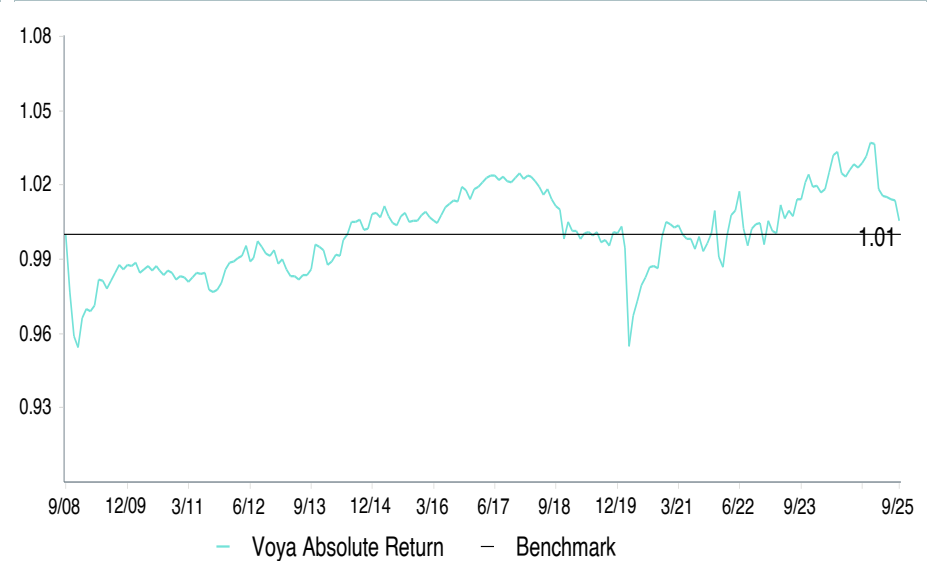
## Return Summary



## Quarterly Excess Performance



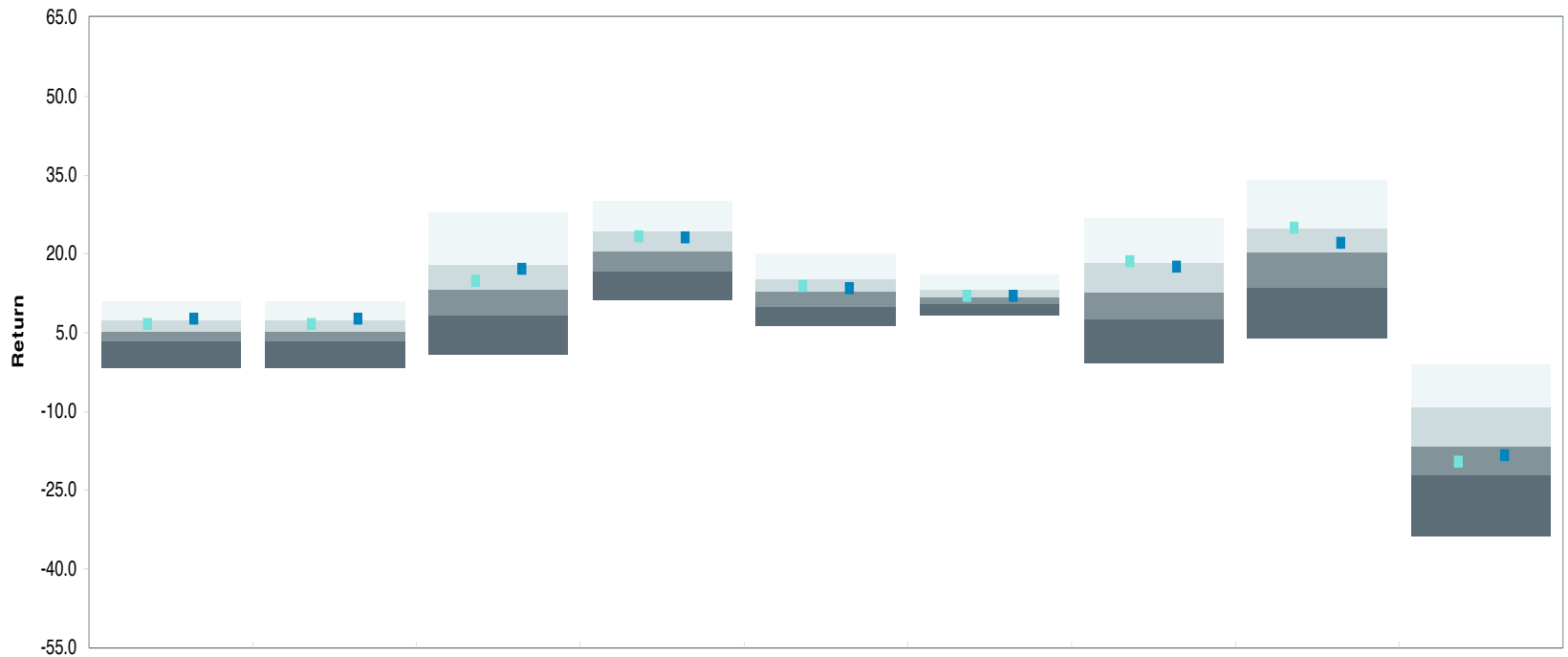
## Ratio of Cumulative Wealth - Since Inception



# Voya Absolute Return

As of September 30, 2025

IM Global Equity (SA+CF)



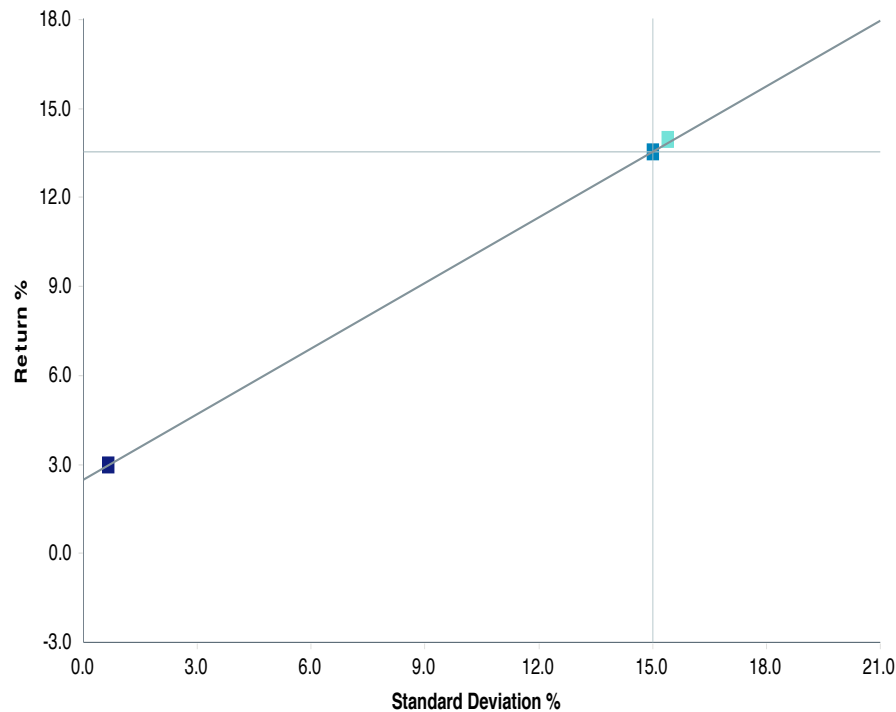
|                       | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | 2024      | 2023      | 2022       |
|-----------------------|--------------|----------|-----------|------------|------------|-------------|-----------|-----------|------------|
| Voya Absolute Return  | 6.6 (33)     | 6.6 (33) | 14.9 (42) | 23.3 (32)  | 14.0 (38)  | 12.1 (43)   | 18.6 (25) | 25.1 (24) | -19.5 (65) |
| Performance Benchmark | 7.6 (23)     | 7.6 (23) | 17.3 (30) | 23.1 (34)  | 13.5 (43)  | 12.1 (43)   | 17.5 (30) | 22.2 (41) | -18.4 (60) |
| 5th Percentile        | 11.1         | 11.1     | 27.8      | 30.1       | 20.0       | 16.1        | 26.8      | 34.1      | -1.2       |
| 1st Quartile          | 7.5          | 7.5      | 17.9      | 24.3       | 15.4       | 13.2        | 18.3      | 24.7      | -9.3       |
| Median                | 5.3          | 5.3      | 13.2      | 20.5       | 12.8       | 11.8        | 12.5      | 20.2      | -16.7      |
| 3rd Quartile          | 3.4          | 3.4      | 8.2       | 16.8       | 10.0       | 10.3        | 7.7       | 13.6      | -22.0      |
| 95th Percentile       | -1.7         | -1.7     | 1.0       | 11.3       | 6.2        | 8.3         | -0.9      | 4.1       | -33.8      |
| Population            | 495          | 495      | 494       | 481        | 452        | 343         | 537       | 572       | 587        |

Parentheses contain percentile rankings.

# Risk Profile Voya Absolute Return

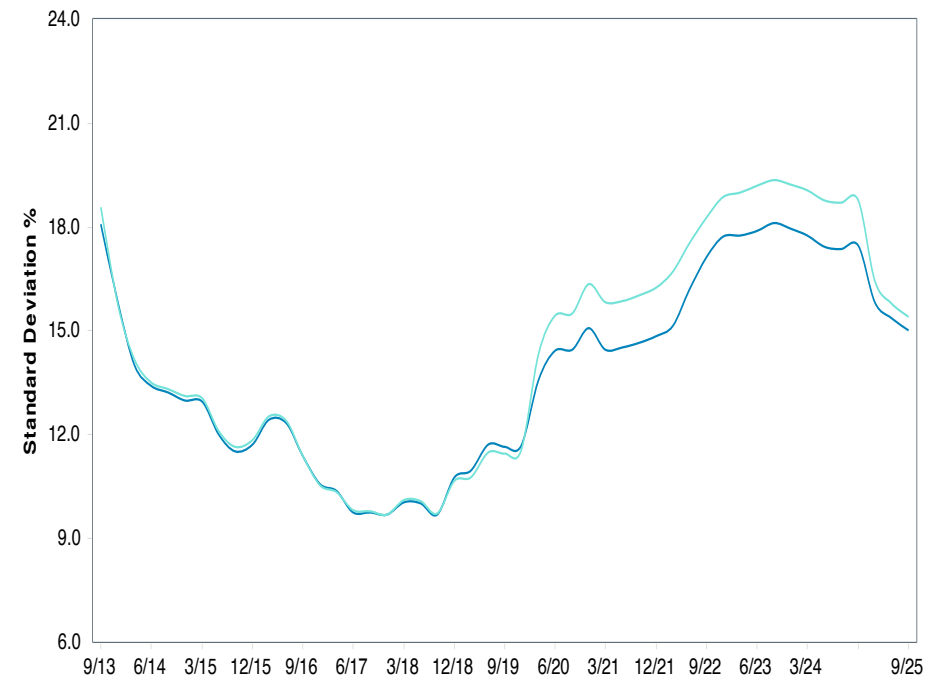
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Voya Absolute Return ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Voya Absolute Return — Performance Benchmark

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Voya Absolute Return      | 0.42          | 2.26           | 0.19              | 0.98      | 0.74         | 0.22  | 1.01 | 13.96  | 15.39              | 0.99               |
| Performance Benchmark     | 0.00          | 0.00           | -                 | 1.00      | 0.73         | 0.00  | 1.00 | 13.54  | 15.01              | 1.00               |
| 90 Day U.S. Treasury Bill | -10.94        | 14.96          | -0.73             | 0.01      | -            | 2.92  | 0.00 | 2.98   | 0.65               | 0.10               |

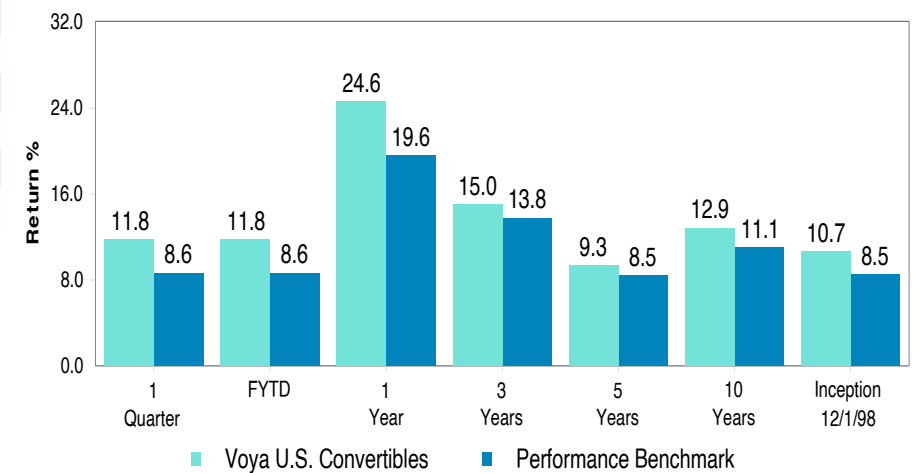
# Manager Performance Summary Voya U.S. Convertibles

As of September 30, 2025

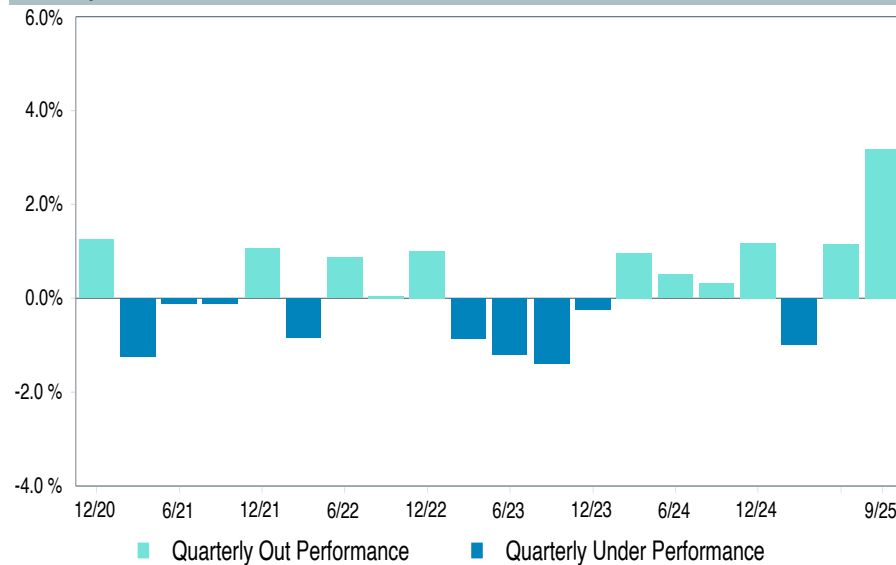
## Account Information

|                   |                        |
|-------------------|------------------------|
| Account Name      | Voya U.S. Convertibles |
| Inception Date    | 11/30/1998             |
| Account Structure | Separate Account       |
| Asset Class       | US Equity              |
| Benchmark         | Performance Benchmark  |
| Peer Group        | IM U.S. Equity (SA+CF) |

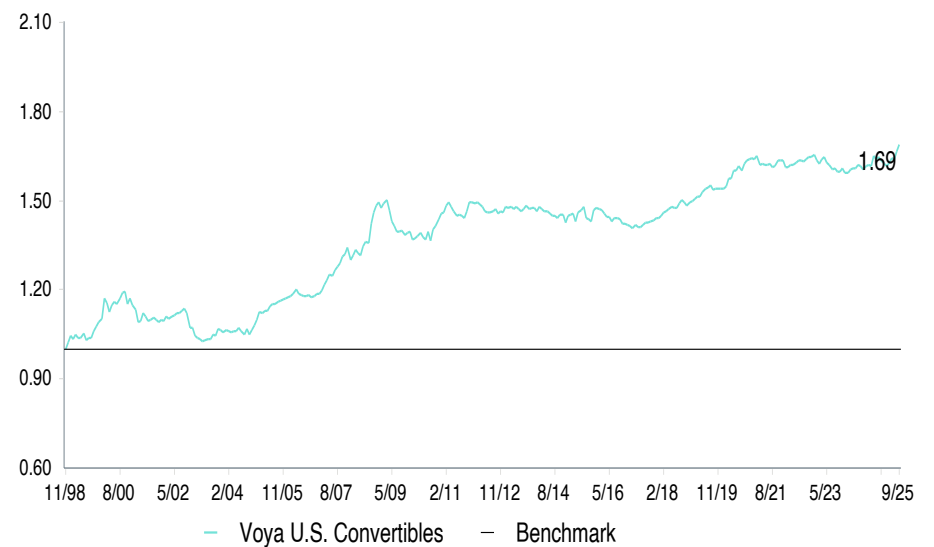
## Return Summary



## Quarterly Excess Performance



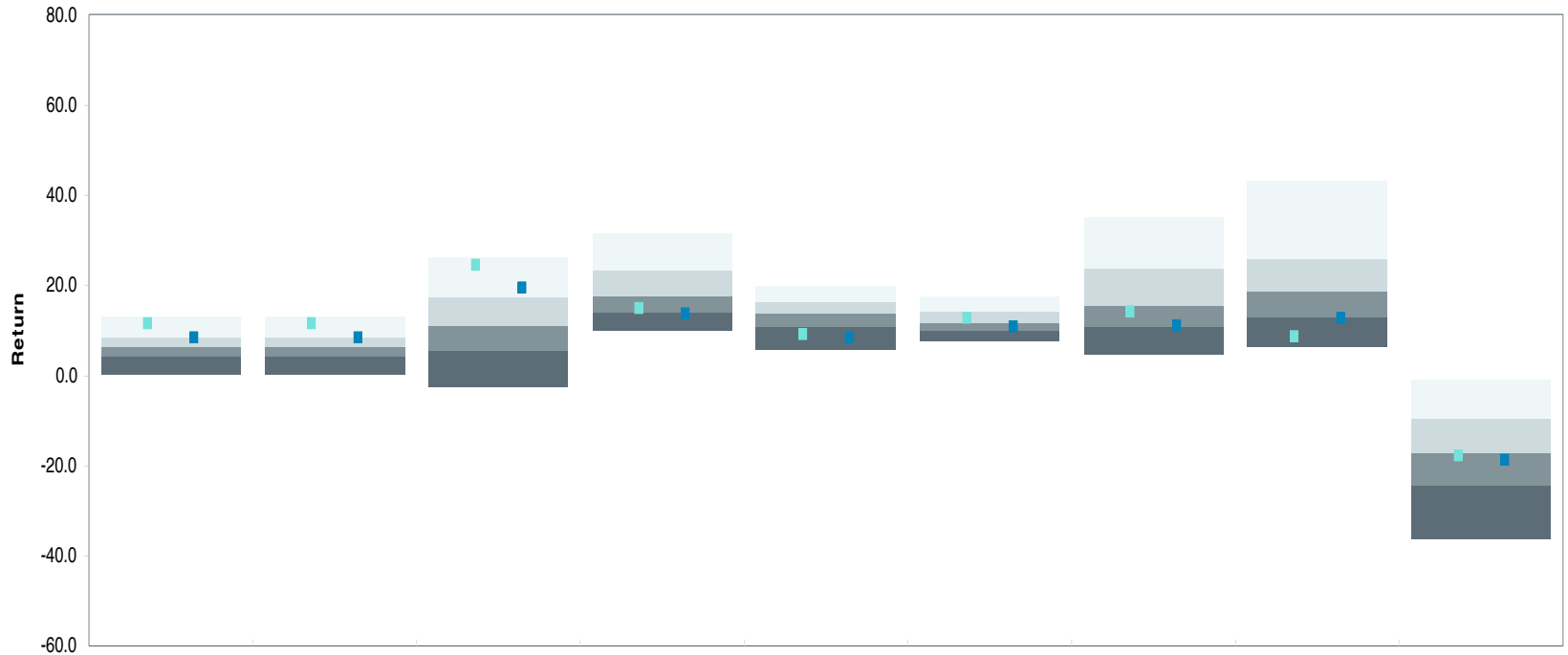
## Ratio of Cumulative Wealth - Since Inception



# Voya U.S. Convertibles

As of September 30, 2025

IM U.S. Equity (SA+CF)



|                        | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | 2024      | 2023      | 2022       |
|------------------------|--------------|----------|-----------|------------|------------|-------------|-----------|-----------|------------|
| Voya U.S. Convertibles | 11.8 (9)     | 11.8 (9) | 24.6 (8)  | 15.0 (70)  | 9.3 (85)   | 12.9 (37)   | 14.4 (57) | 8.8 (91)  | -17.7 (53) |
| Performance Benchmark  | 8.6 (25)     | 8.6 (25) | 19.6 (18) | 13.8 (78)  | 8.5 (88)   | 11.1 (59)   | 11.1 (75) | 12.9 (77) | -18.7 (59) |
| 5th Percentile         | 13.0         | 13.0     | 26.4      | 31.6       | 19.8       | 17.6        | 35.3      | 43.2      | -0.8       |
| 1st Quartile           | 8.5          | 8.5      | 17.4      | 23.6       | 16.2       | 14.2        | 23.9      | 25.8      | -9.6       |
| Median                 | 6.5          | 6.5      | 11.1      | 17.7       | 13.8       | 11.6        | 15.4      | 18.6      | -17.1      |
| 3rd Quartile           | 4.2          | 4.2      | 5.6       | 14.2       | 10.8       | 9.9         | 11.0      | 13.1      | -24.4      |
| 95th Percentile        | 0.3          | 0.3      | -2.6      | 9.9        | 5.7        | 7.9         | 4.7       | 6.5       | -36.3      |

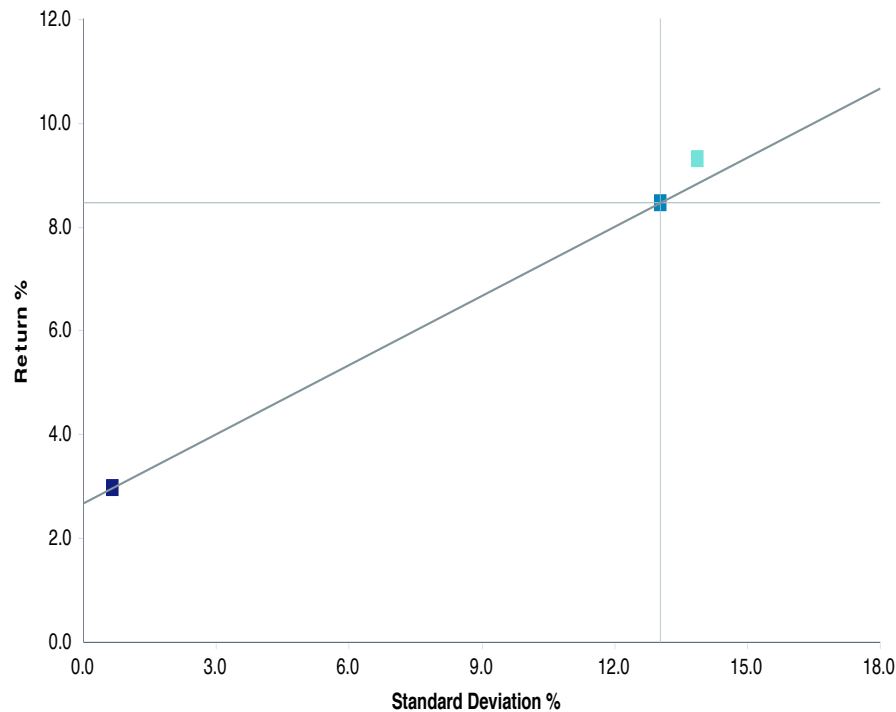
Population 1,899 1,899 1,897 1,832 1,753 1,493 2,013 2,074 2,136

Parentheses contain percentile rankings.

# Risk Profile Voya U.S. Convertibles

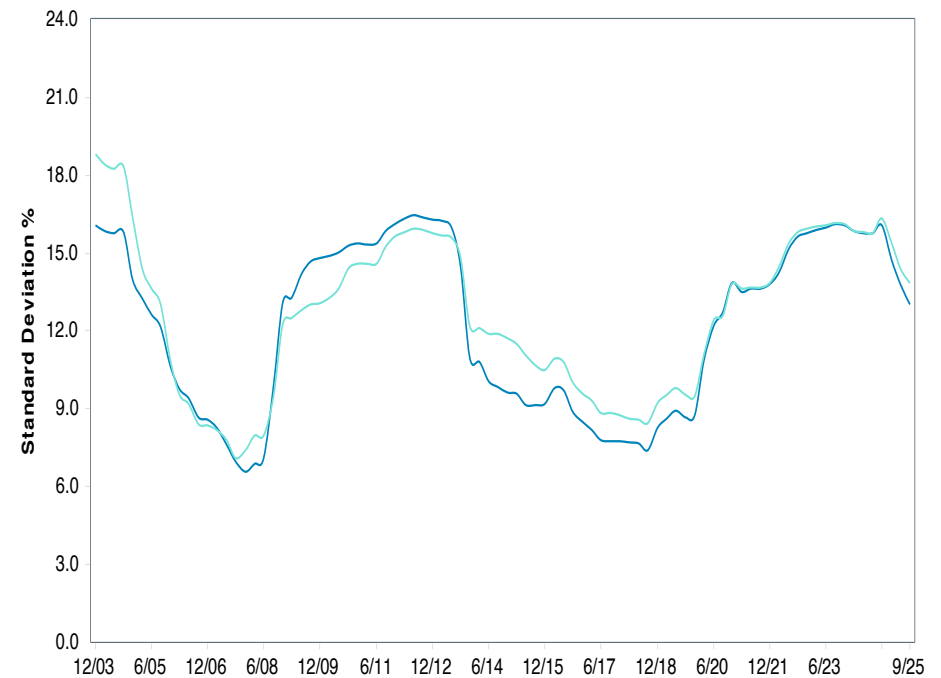
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Voya U.S. Convertibles ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Voya U.S. Convertibles — Performance Benchmark

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Voya U.S. Convertibles    | 0.91          | 2.55           | 0.35              | 0.97      | 0.50         | 0.48  | 1.05 | 9.33   | 13.87              | 0.98               |
| Performance Benchmark     | 0.00          | 0.00           | -                 | 1.00      | 0.47         | 0.00  | 1.00 | 8.47   | 13.03              | 1.00               |
| 90 Day U.S. Treasury Bill | -6.04         | 13.00          | -0.47             | 0.01      | -            | 2.94  | 0.00 | 2.98   | 0.65               | 0.07               |



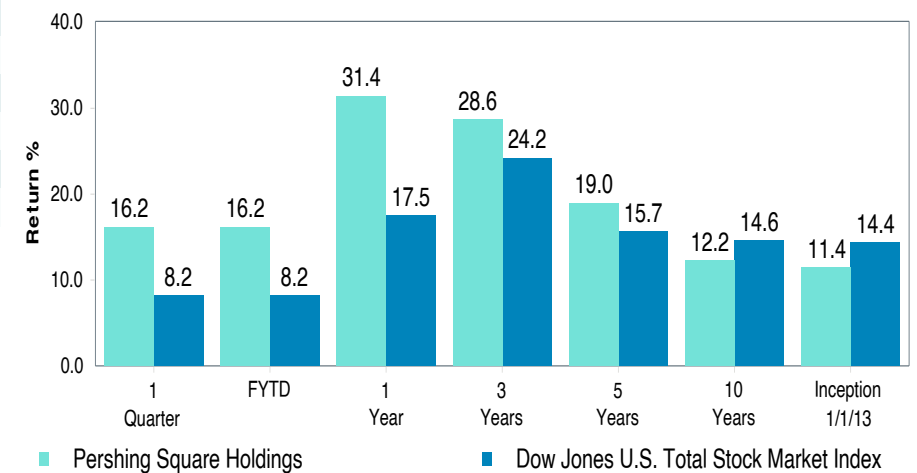
# Manager Performance Summary Pershing Square Holdings

As of September 30, 2025

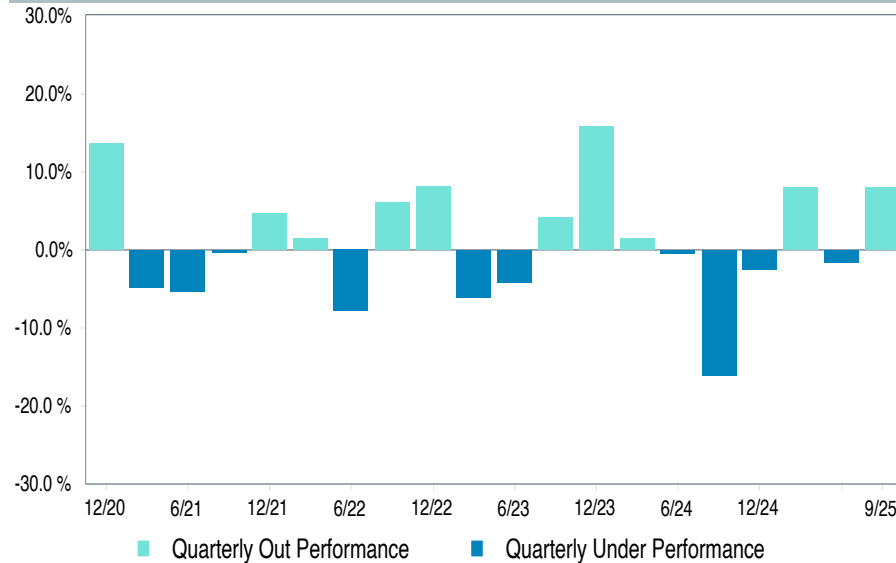
## Account Information

|                   |   |
|-------------------|---|
| Account Name      | Pershing Square Holdings                |
| Inception Date    | 12/31/2012                              |
| Account Structure | Commingled Fund                         |
| Asset Class       | US Equity                               |
| Benchmark         | Dow Jones U.S. Total Stock Market Index |
| Peer Group        | IM U.S. Equity (SA+CF)                  |

## Return Summary



## Quarterly Excess Performance



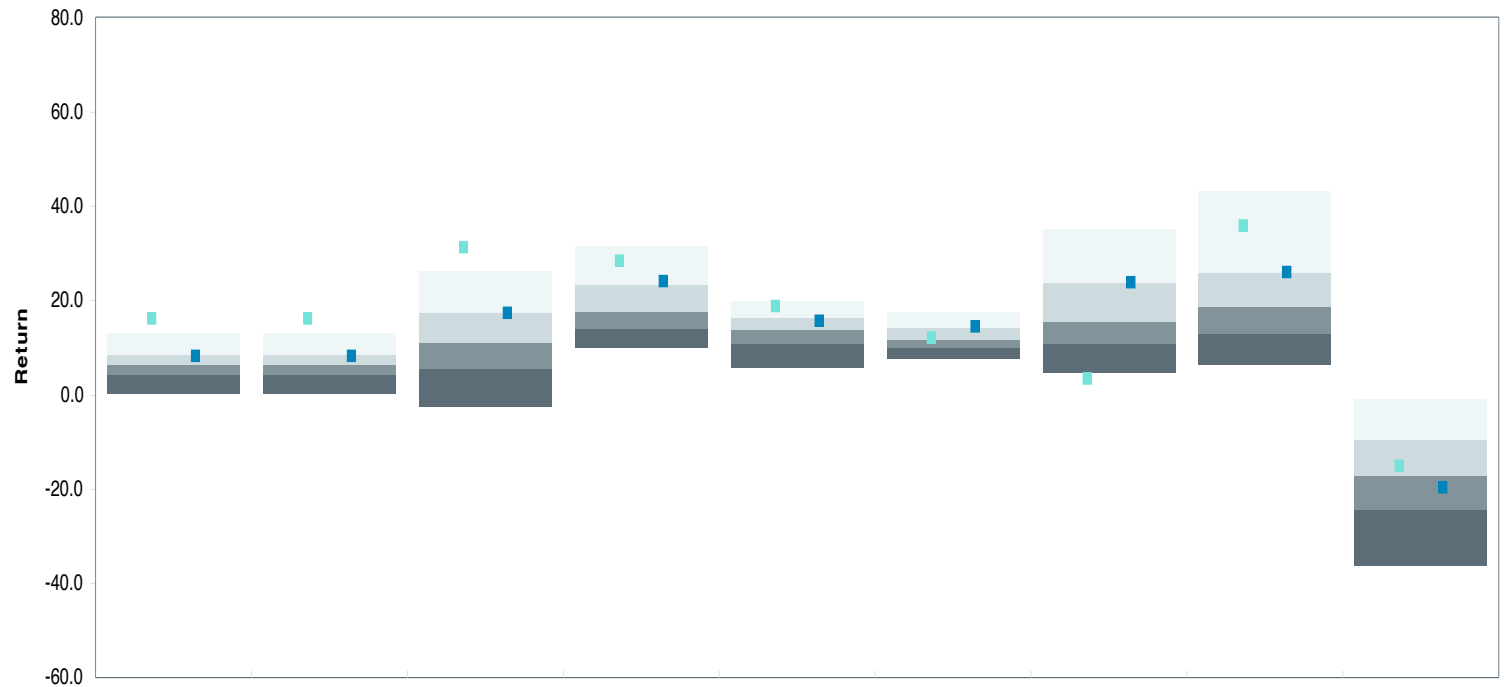
## Ratio of Cumulative Wealth - Since Inception



# Pershing Square Holdings

As of September 30, 2025

IM U.S. Equity (SA+CF)



|   | 1 Quarter | FYTD     | 1 Year    | 3 Years   | 5 Years   | 10 Years  | 2024      | 2023      | 2022       |
|---|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Pershing Square Holdings                | 16.2 (3)  | 16.2 (3) | 31.4 (3)  | 28.6 (10) | 19.0 (7)  | 12.2 (44) | 3.6 (97)  | 36.0 (11) | -15.1 (44) |
| Dow Jones U.S. Total Stock Market Index | 8.2 (28)  | 8.2 (28) | 17.5 (25) | 24.2 (22) | 15.7 (31) | 14.6 (22) | 23.9 (26) | 26.1 (24) | -19.5 (63) |
| 5th Percentile                          | 13.0      | 13.0     | 26.4      | 31.6      | 19.8      | 17.6      | 35.3      | 43.2      | -0.8       |
| 1st Quartile                            | 8.5       | 8.5      | 17.4      | 23.6      | 16.2      | 14.2      | 23.9      | 25.8      | -9.6       |
| Median                                  | 6.5       | 6.5      | 11.1      | 17.7      | 13.8      | 11.6      | 15.4      | 18.6      | -17.1      |
| 3rd Quartile                            | 4.2       | 4.2      | 5.6       | 14.2      | 10.8      | 9.9       | 11.0      | 13.1      | -24.4      |
| 95th Percentile                         | 0.3       | 0.3      | -2.6      | 9.9       | 5.7       | 7.9       | 4.7       | 6.5       | -36.3      |

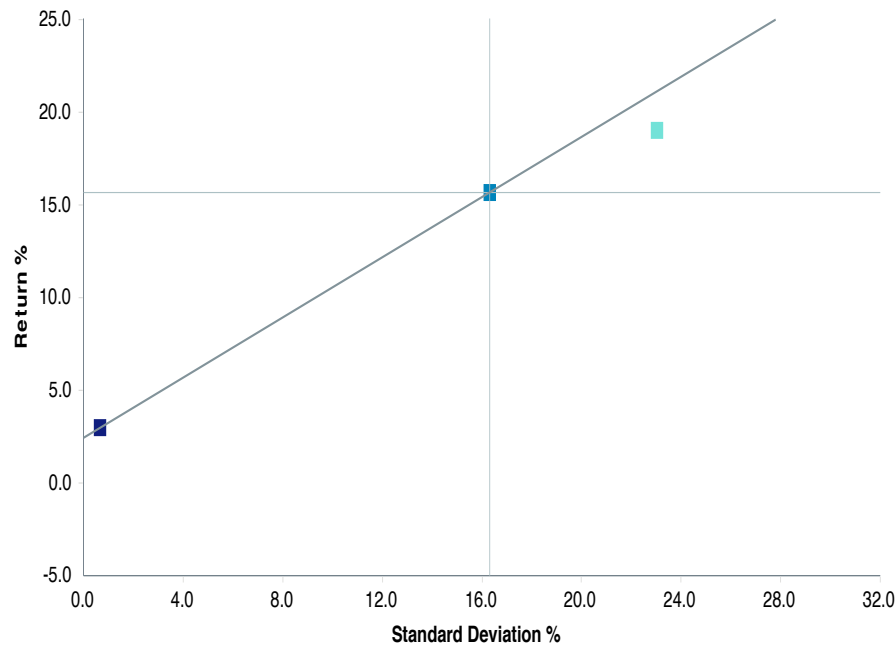
|            |       |       |       |       |       |       |       |       |       |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Population | 1,899 | 1,899 | 1,897 | 1,832 | 1,753 | 1,493 | 2,013 | 2,074 | 2,136 |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

Parentheses contain percentile rankings.

# Risk Profile Pershing Square Holdings

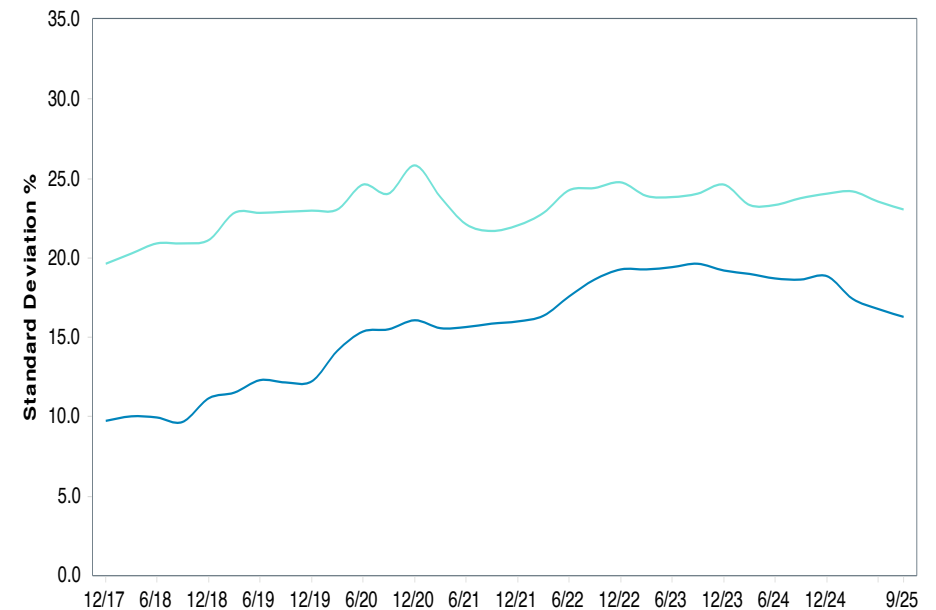
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Pershing Square Holdings
 ■ Dow Jones U.S. Total Stock Market Index
 ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Pershing Square Holdings
 — Dow Jones U.S. Total Stock Market Index

5 Years Historical Statistics

|   | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Pershing Square Holdings                | 4.09          | 13.41          | 0.30              | 0.67      | 0.74         | 1.58  | 1.16 | 19.01  | 23.03              | 0.82               |
| Dow Jones U.S. Total Stock Market Index | 0.00          | 0.00           | -                 | 1.00      | 0.80         | 0.00  | 1.00 | 15.69  | 16.32              | 1.00               |
| 90 Day U.S. Treasury Bill               | -13.03        | 16.29          | -0.80             | 0.00      | -            | 2.93  | 0.00 | 2.98   | 0.65               | 0.07               |

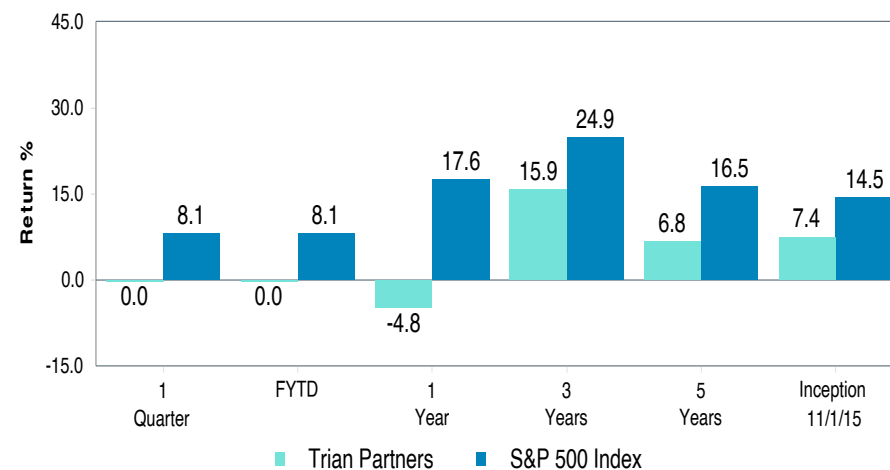
# Manager Performance Summary Trian Partners

As of September 30, 2025

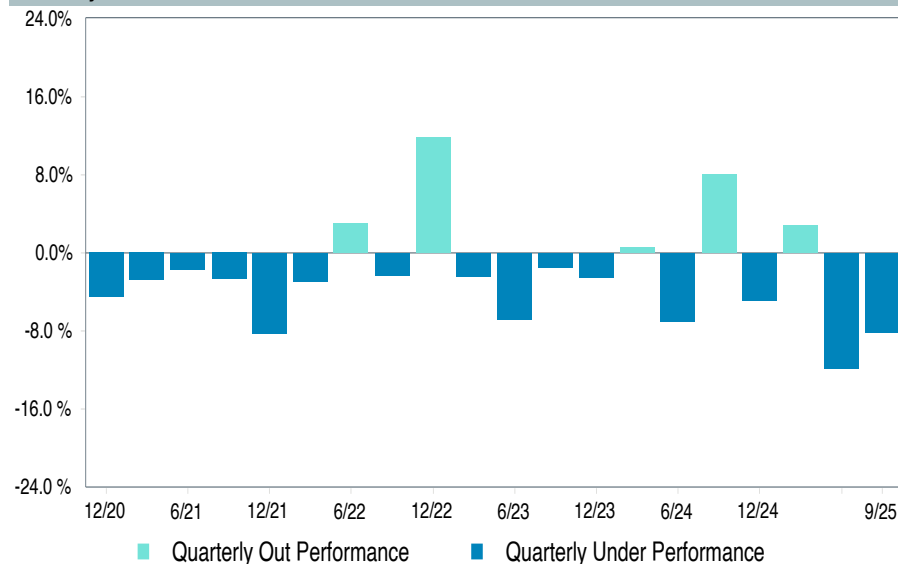
## Account Information

|                   |                        |
|-------------------|------------------------|
| Account Name      | Trian Partners         |
| Inception Date    | 11/01/2015             |
| Account Structure | Commingled Fund        |
| Asset Class       | US Equity              |
| Benchmark         | S&P 500 Index          |
| Peer Group        | IM U.S. Equity (SA+CF) |

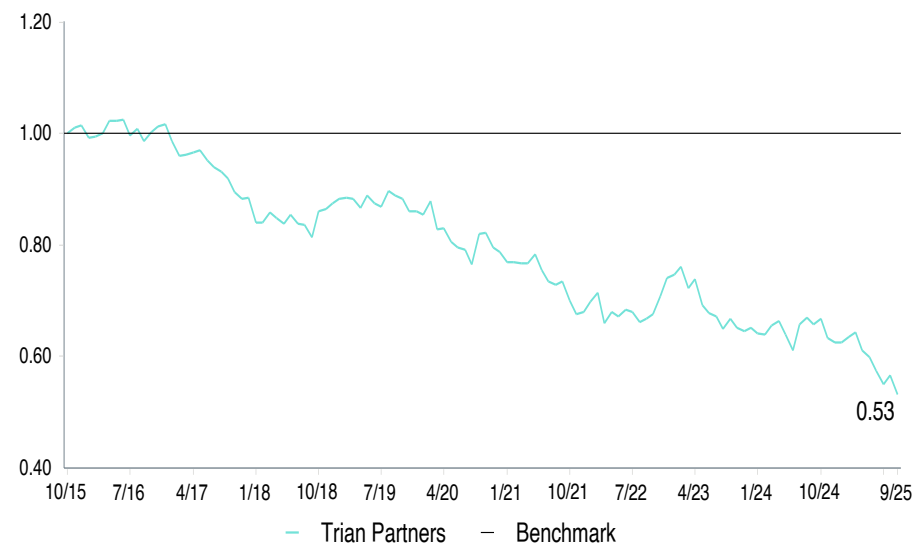
## Return Summary



## Quarterly Excess Performance



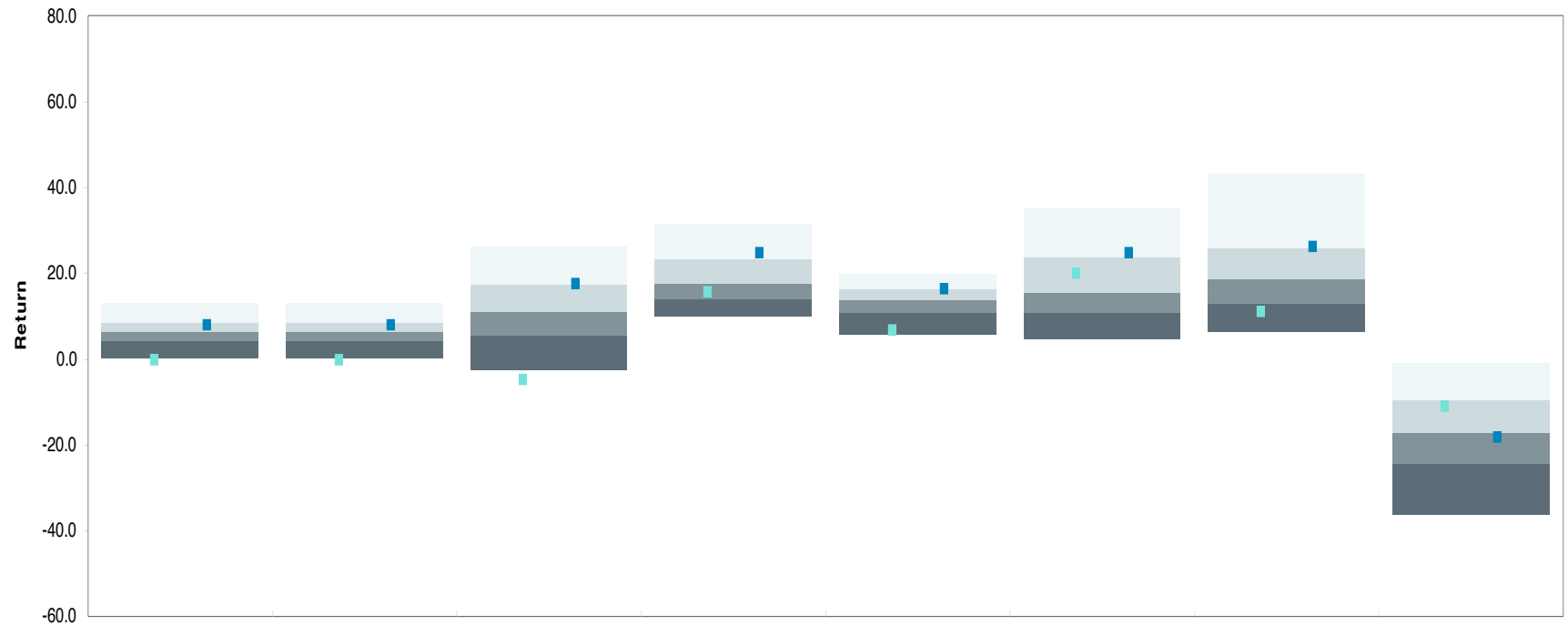
## Ratio of Cumulative Wealth - Since Inception



# Trian Partners

As of September 30, 2025

## IM U.S. Equity (SA+CF)



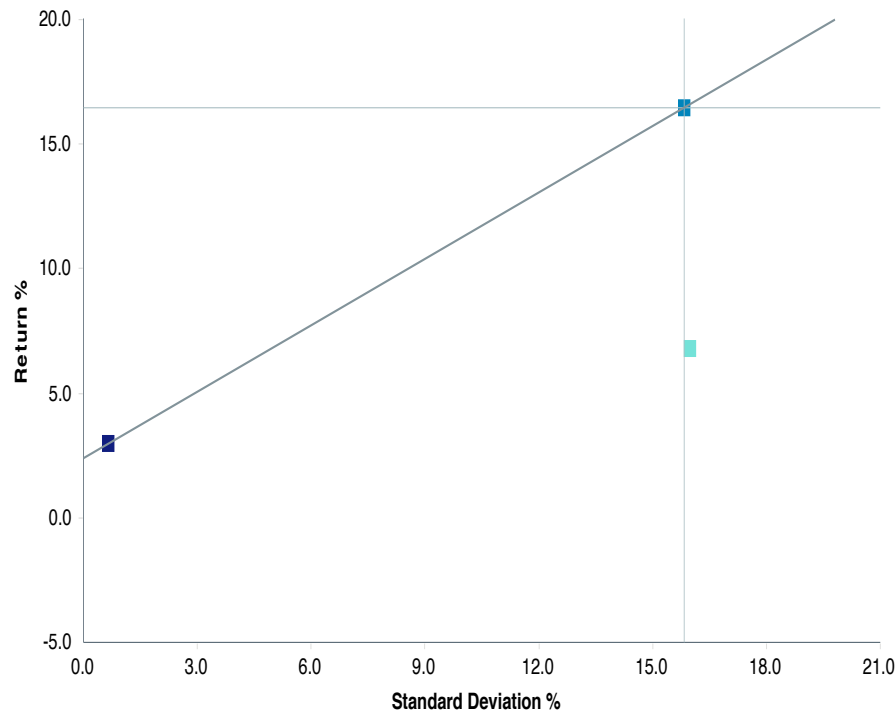
|                 | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 2024      | 2023      | 2022       |
|-----------------|--------------|----------|-----------|------------|------------|-----------|-----------|------------|
| Trian Partners  | 0.0 (96)     | 0.0 (96) | -4.8 (98) | 15.9 (64)  | 6.8 (94)   | 20.0 (35) | 11.2 (83) | -10.9 (29) |
| S&P 500 Index   | 8.1 (30)     | 8.1 (30) | 17.6 (23) | 24.9 (18)  | 16.5 (22)  | 25.0 (20) | 26.3 (23) | -18.1 (55) |
| 5th Percentile  | 13.0         | 13.0     | 26.4      | 31.6       | 19.8       | 35.3      | 43.2      | -0.8       |
| 1st Quartile    | 8.5          | 8.5      | 17.4      | 23.6       | 16.2       | 23.9      | 25.8      | -9.6       |
| Median          | 6.5          | 6.5      | 11.1      | 17.7       | 13.8       | 15.4      | 18.6      | -17.1      |
| 3rd Quartile    | 4.2          | 4.2      | 5.6       | 14.2       | 10.8       | 11.0      | 13.1      | -24.4      |
| 95th Percentile | 0.3          | 0.3      | -2.6      | 9.9        | 5.7        | 4.7       | 6.5       | -36.3      |
| Population      | 1,899        | 1,899    | 1,897     | 1,832      | 1,753      | 2,013     | 2,074     | 2,136      |

Parentheses contain percentile rankings.

# Risk Profile Trian Partners

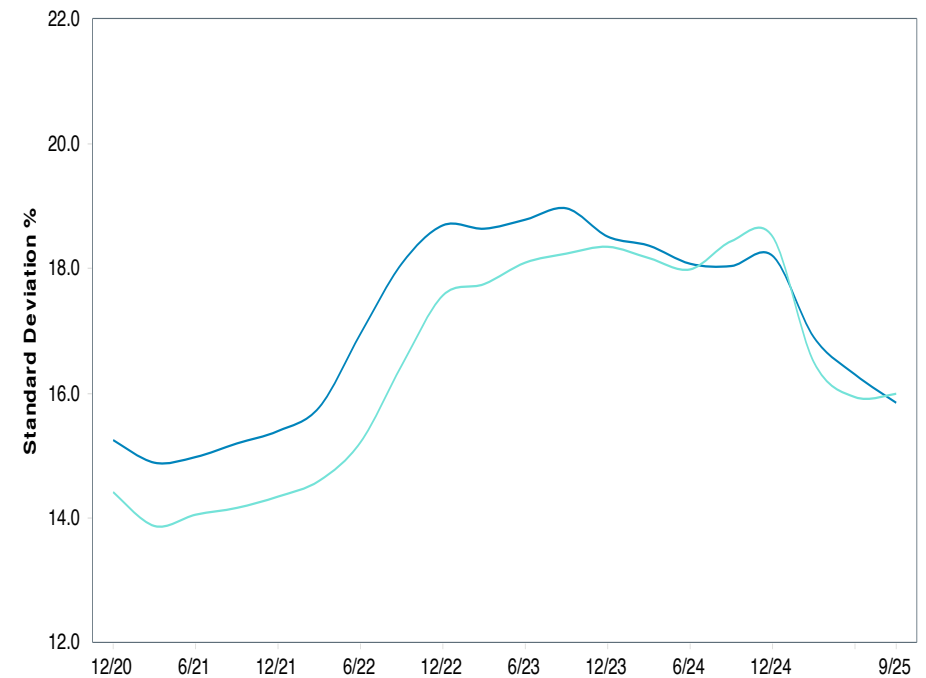
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Trian Partners ■ S&P 500 Index ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Trian Partners — S&P 500 Index

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Trian Partners            | -8.74         | 10.67          | -0.82             | 0.60      | 0.31         | -5.01 | 0.78 | 6.79   | 15.99              | 0.78               |
| S&P 500 Index             | 0.00          | 0.00           | -                 | 1.00      | 0.86         | 0.00  | 1.00 | 16.47  | 15.84              | 1.00               |
| 90 Day U.S. Treasury Bill | -13.64        | 15.81          | -0.86             | 0.00      | -            | 2.93  | 0.00 | 2.98   | 0.65               | 0.07               |

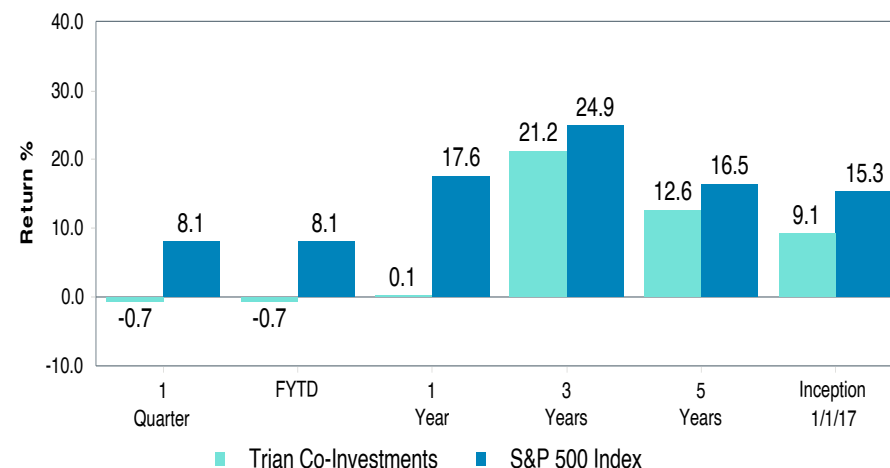
# Manager Performance Summary Trian Co-Investments

As of September 30, 2025

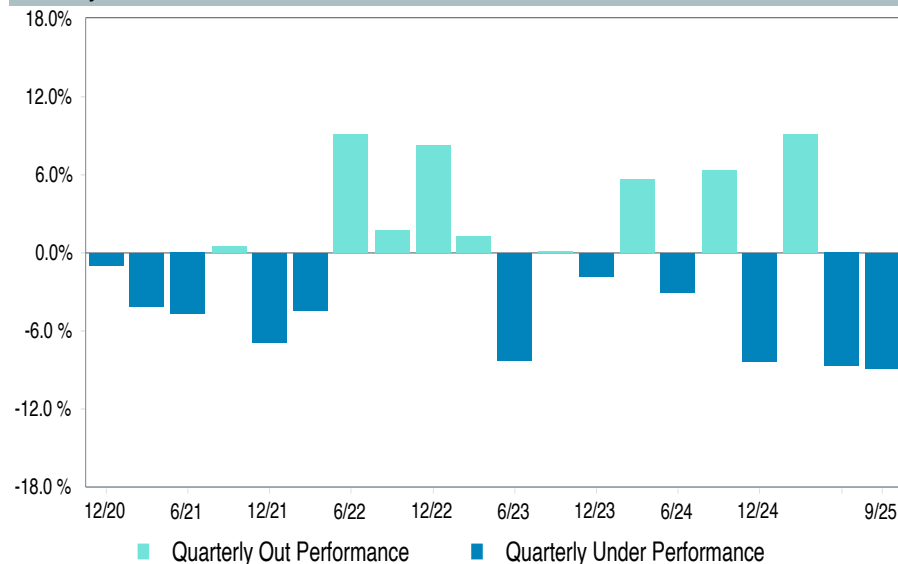
## Account Information

|                   |                        |
|-------------------|------------------------|
| Account Name      | Trian Co-Investments   |
| Inception Date    | 01/01/2017             |
| Account Structure | Commingled Fund        |
| Asset Class       | US Equity              |
| Benchmark         | S&P 500 Index          |
| Peer Group        | IM U.S. Equity (SA+CF) |

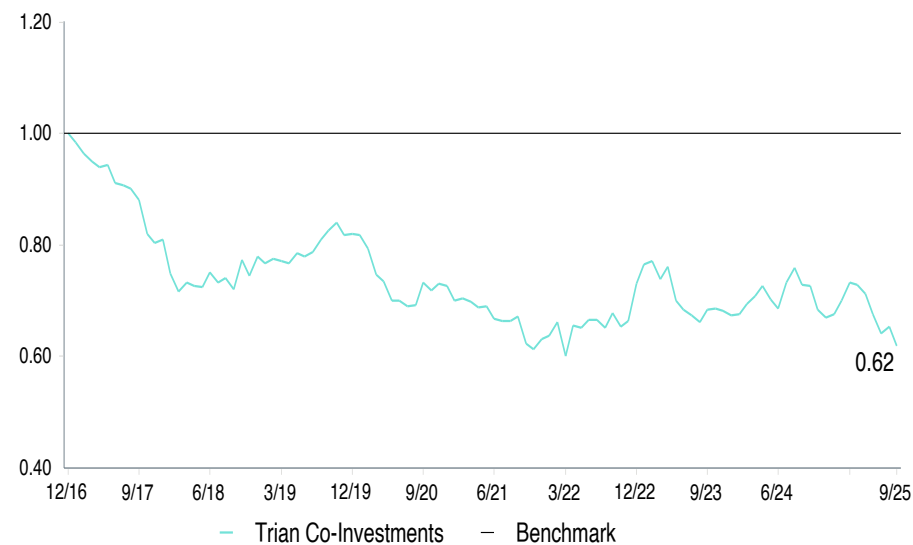
## Return Summary



## Quarterly Excess Performance



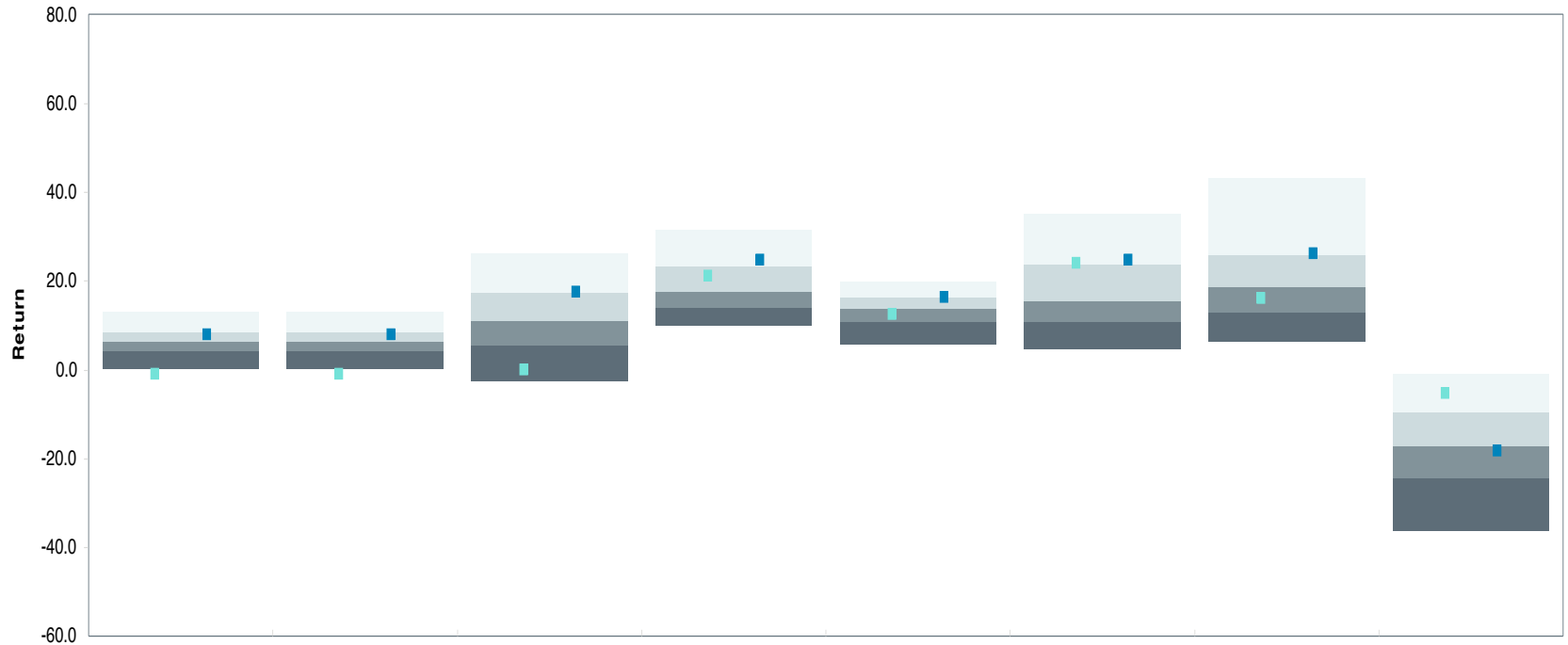
## Ratio of Cumulative Wealth - Since Inception



# Trian Co-Investments

As of September 30, 2025

IM U.S. Equity (SA+CF)



|                      | 1 Quarter | FYTD      | 1 Year    | 3 Years   | 5 Years   | 2024      | 2023      | 2022       |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Trian Co-Investments | -0.7 (97) | -0.7 (97) | 0.1 (92)  | 21.2 (33) | 12.6 (62) | 24.3 (24) | 16.3 (62) | -5.1 (15)  |
| S&P 500 Index        | 8.1 (30)  | 8.1 (30)  | 17.6 (23) | 24.9 (18) | 16.5 (22) | 25.0 (20) | 26.3 (23) | -18.1 (55) |
| 5th Percentile       | 13.0      | 13.0      | 26.4      | 31.6      | 19.8      | 35.3      | 43.2      | -0.8       |
| 1st Quartile         | 8.5       | 8.5       | 17.4      | 23.6      | 16.2      | 23.9      | 25.8      | -9.6       |
| Median               | 6.5       | 6.5       | 11.1      | 17.7      | 13.8      | 15.4      | 18.6      | -17.1      |
| 3rd Quartile         | 4.2       | 4.2       | 5.6       | 14.2      | 10.8      | 11.0      | 13.1      | -24.4      |
| 95th Percentile      | 0.3       | 0.3       | -2.6      | 9.9       | 5.7       | 4.7       | 6.5       | -36.3      |

Population

1,899

1,899

1,897

1,832

1,753

2,013

2,074

2,136

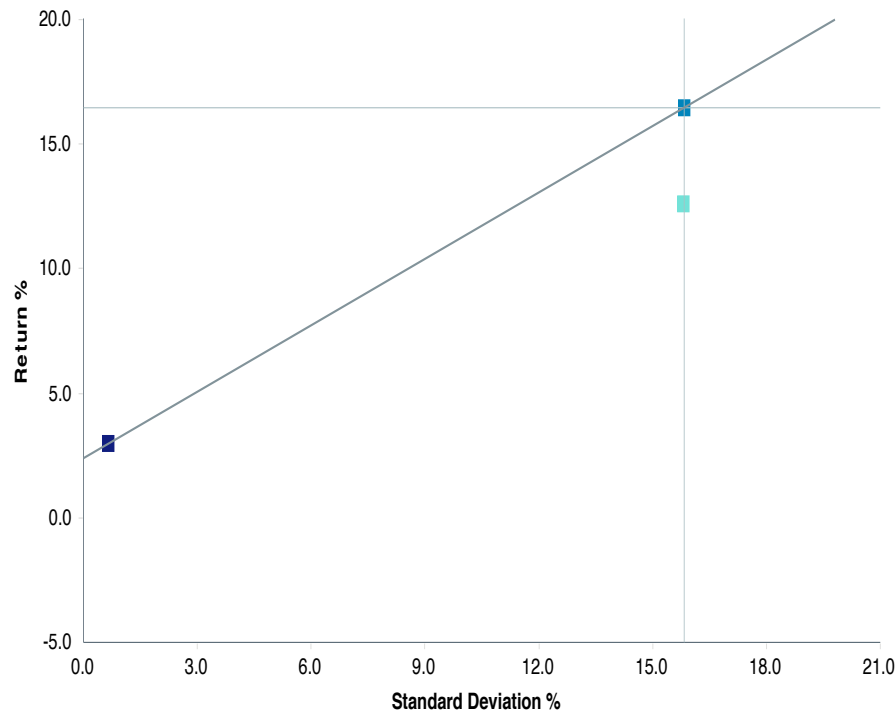
Parentheses contain percentile rankings.



# Risk Profile Trian Co-Investments

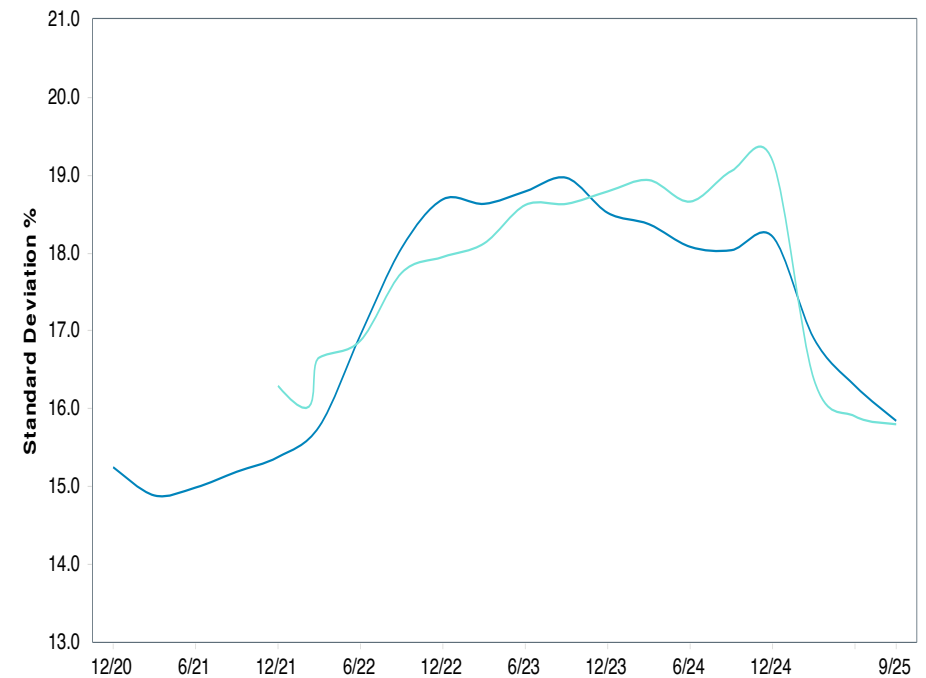
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Trian Co-Investments ■ S&P 500 Index ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Trian Co-Investments — S&P 500 Index

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Trian Co-Investments      | -3.42         | 13.03          | -0.26             | 0.44      | 0.65         | 2.25  | 0.66 | 12.63  | 15.81              | 0.66               |
| S&P 500 Index             | 0.00          | 0.00           | -                 | 1.00      | 0.86         | 0.00  | 1.00 | 16.47  | 15.84              | 1.00               |
| 90 Day U.S. Treasury Bill | -13.64        | 15.81          | -0.86             | 0.00      | -            | 2.93  | 0.00 | 2.98   | 0.65               | 0.07               |

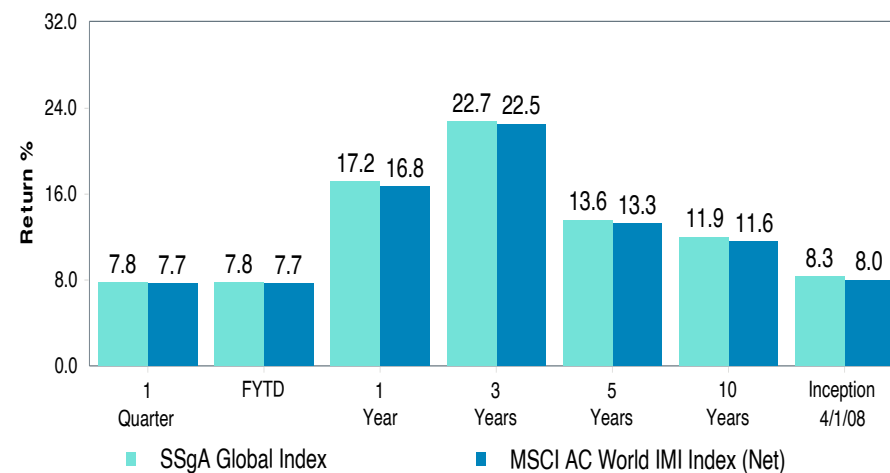
# Manager Performance Summary SSgA Global Index

As of September 30, 2025

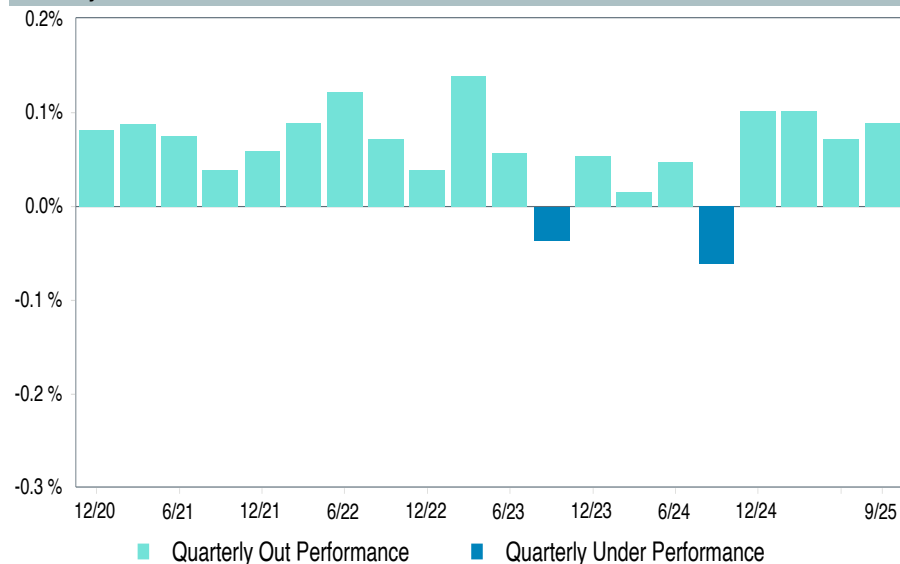
## Account Information

|                   |                               |
|-------------------|-------------------------------|
| Account Name      | SSgA Global Index             |
| Inception Date    | 03/31/2008                    |
| Account Structure | Commingled Fund               |
| Asset Class       | Global Equity                 |
| Benchmark         | MSCI AC World IMI Index (Net) |
| Peer Group        | IM Global Equity (SA+CF)      |

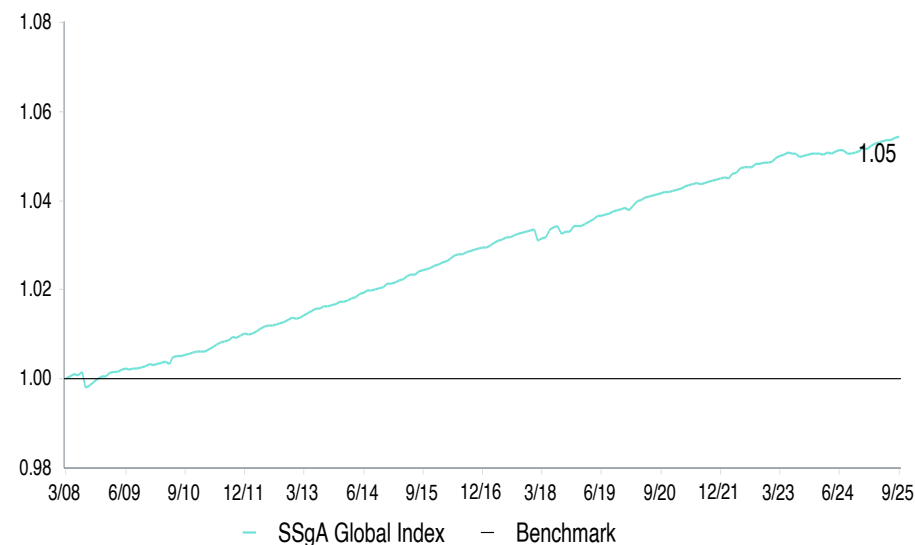
## Return Summary



## Quarterly Excess Performance



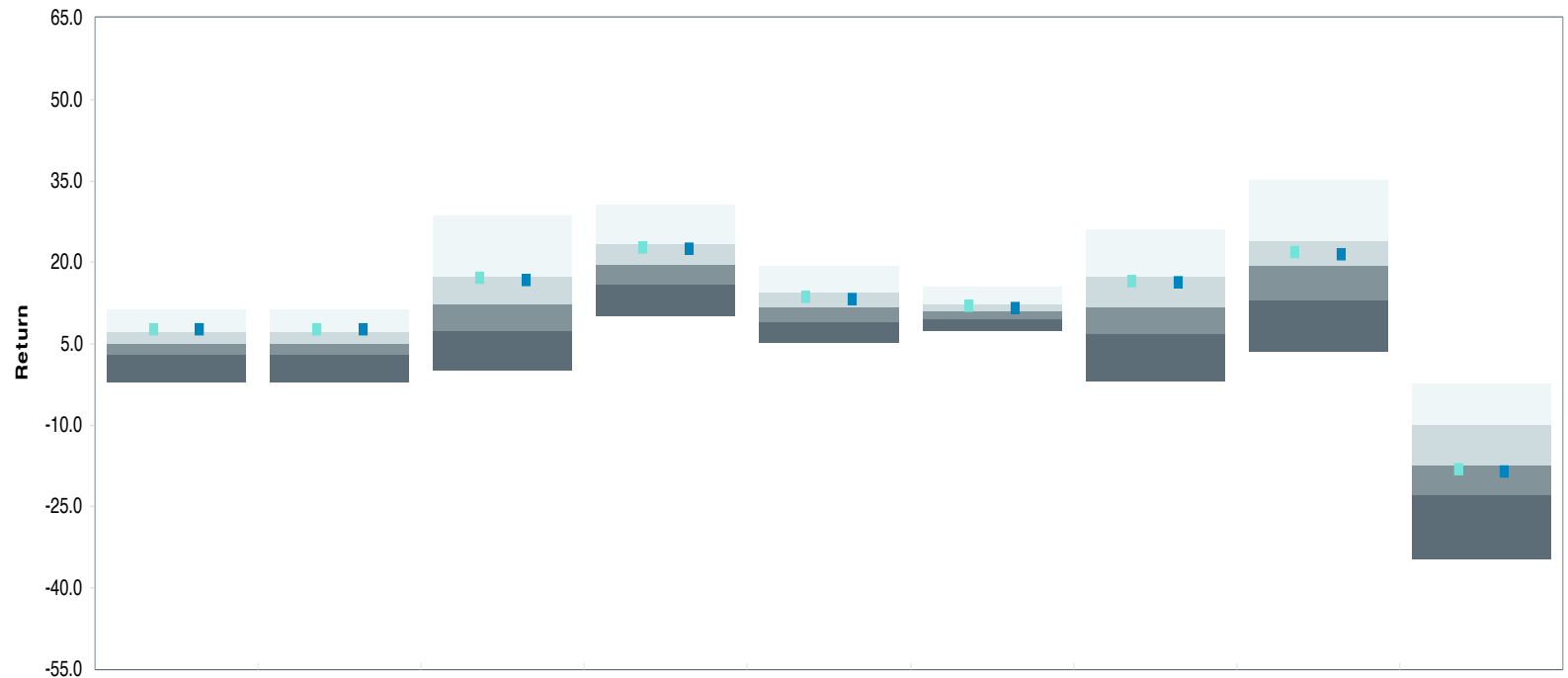
## Ratio of Cumulative Wealth - Since Inception



# SSgA Global Index

As of September 30, 2025

IM Global Equity (SA+CF)



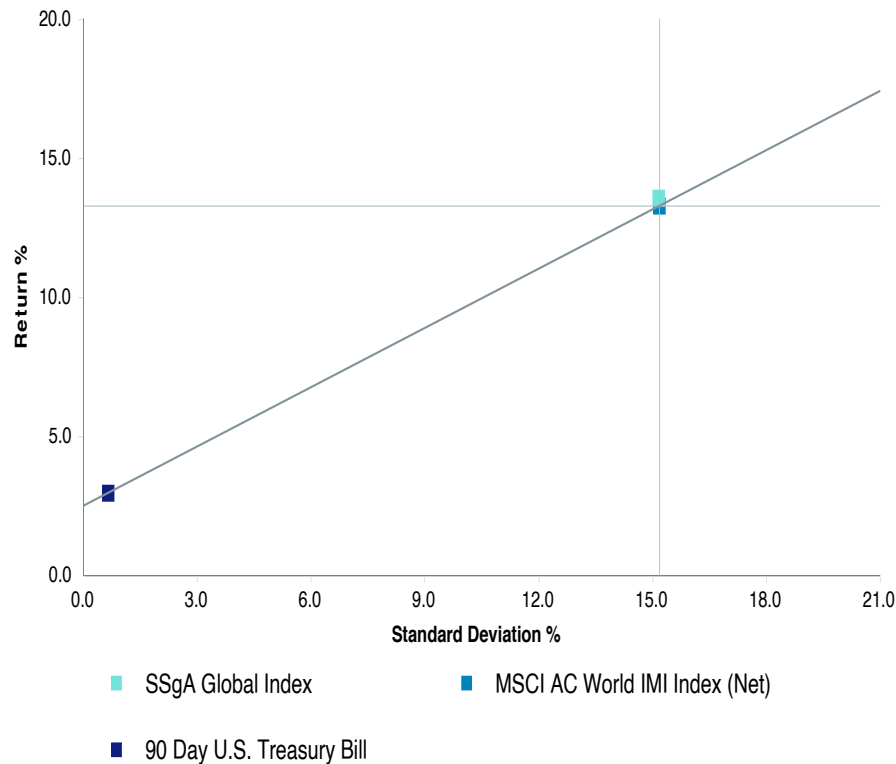
|                               | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | 2024      | 2023      | 2022       |
|-------------------------------|--------------|----------|-----------|------------|------------|-------------|-----------|-----------|------------|
| SSgA Global Index             | 7.8 (20)     | 7.8 (20) | 17.2 (26) | 22.7 (31)  | 13.6 (33)  | 11.9 (33)   | 16.5 (30) | 21.8 (38) | -18.1 (53) |
| MSCI AC World IMI Index (Net) | 7.7 (21)     | 7.7 (21) | 16.8 (28) | 22.5 (33)  | 13.3 (35)  | 11.6 (38)   | 16.4 (30) | 21.6 (39) | -18.4 (54) |
| 5th Percentile                | 11.4         | 11.4     | 28.5      | 30.5       | 19.2       | 15.6        | 26.0      | 35.0      | -2.2       |
| 1st Quartile                  | 7.3          | 7.3      | 17.4      | 23.5       | 14.4       | 12.5        | 17.5      | 23.9      | -9.9       |
| Median                        | 5.0          | 5.0      | 12.4      | 19.6       | 11.8       | 11.0        | 11.8      | 19.4      | -17.4      |
| 3rd Quartile                  | 3.2          | 3.2      | 7.5       | 15.9       | 8.9        | 9.5         | 6.8       | 13.0      | -22.7      |
| 95th Percentile               | -2.1         | -2.1     | 0.1       | 10.2       | 5.3        | 7.6         | -1.8      | 3.5       | -34.6      |
| Population                    | 482          | 482      | 481       | 455        | 423        | 311         | 526       | 546       | 548        |

Parentheses contain percentile rankings.

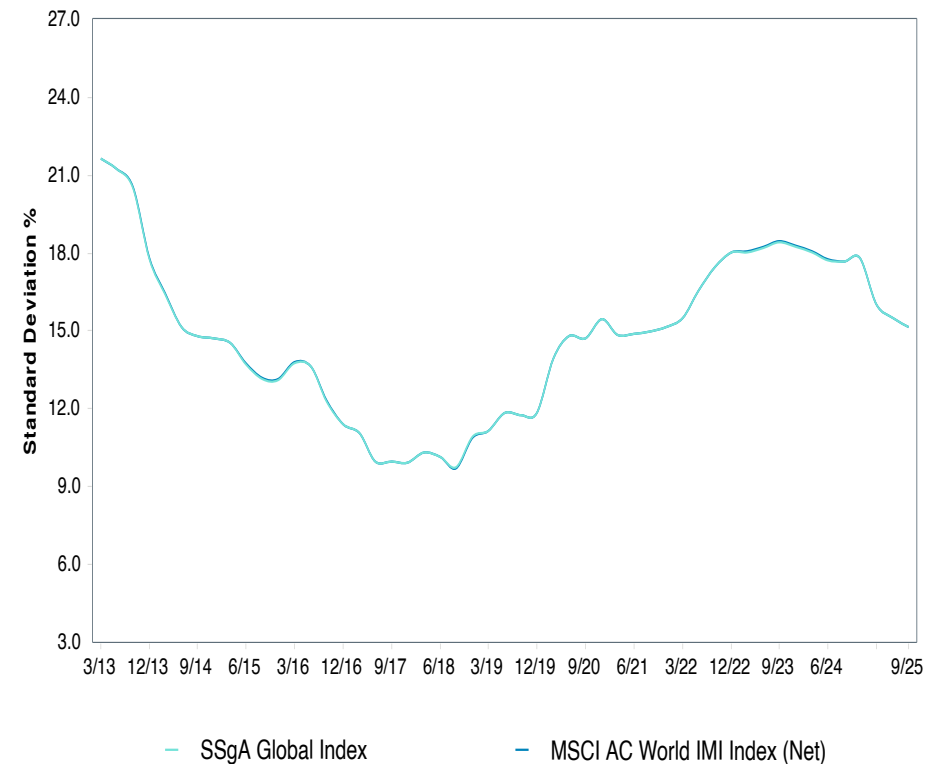
# Risk Profile SSgA Global Index

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



Standard Deviation  
Rolling 5 Years



5 Years Historical Statistics

|                               | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|-------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| SSgA Global Index             | 0.24          | 0.10           | 2.38              | 1.00      | 0.73         | 0.26  | 1.00 | 13.58  | 15.16              | 1.00               |
| MSCI AC World IMI Index (Net) | 0.00          | 0.00           | -                 | 1.00      | 0.71         | 0.00  | 1.00 | 13.30  | 15.17              | 1.00               |
| 90 Day U.S. Treasury Bill     | -10.75        | 15.13          | -0.71             | 0.01      | -            | 2.92  | 0.00 | 2.98   | 0.65               | 0.09               |

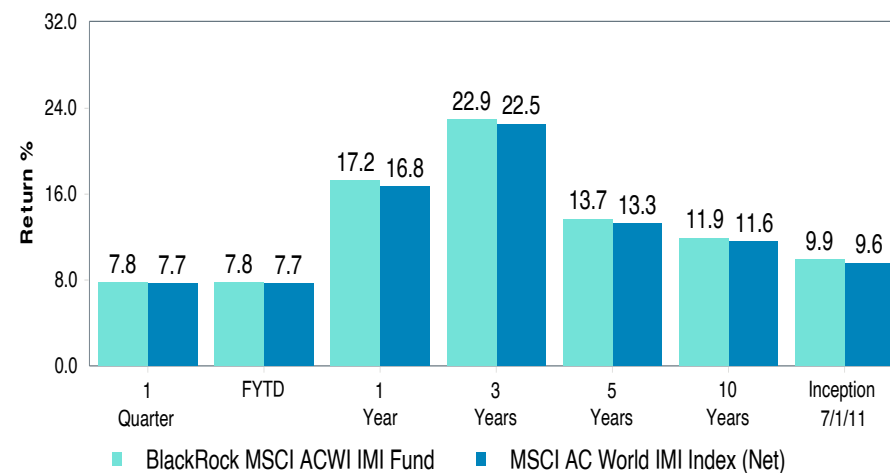
# Manager Performance Summary BlackRock MSCI ACWI IMI Fund

As of September 30, 2025

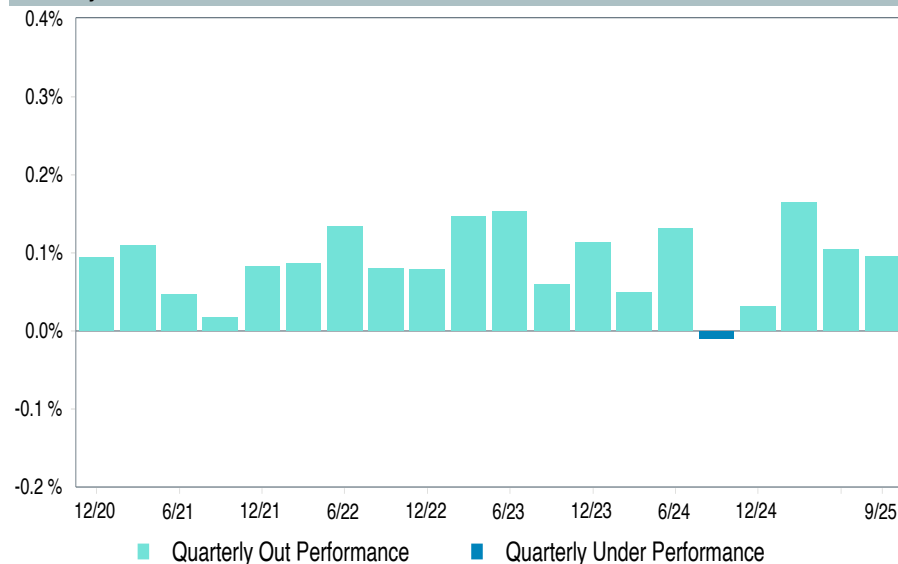
## Account Information

|                   |                               |
|-------------------|-------------------------------|
| Account Name      | BlackRock MSCI ACWI IMI Fund  |
| Inception Date    | 06/30/2011                    |
| Account Structure | Commingled Fund               |
| Asset Class       | Global Equity                 |
| Benchmark         | MSCI AC World IMI Index (Net) |
| Peer Group        | IM Global Equity (SA+CF)      |

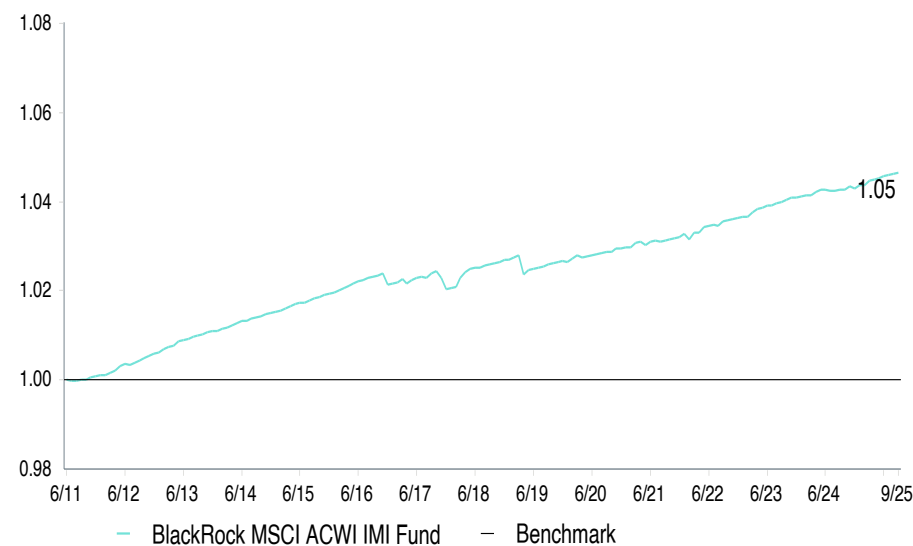
## Return Summary



## Quarterly Excess Performance



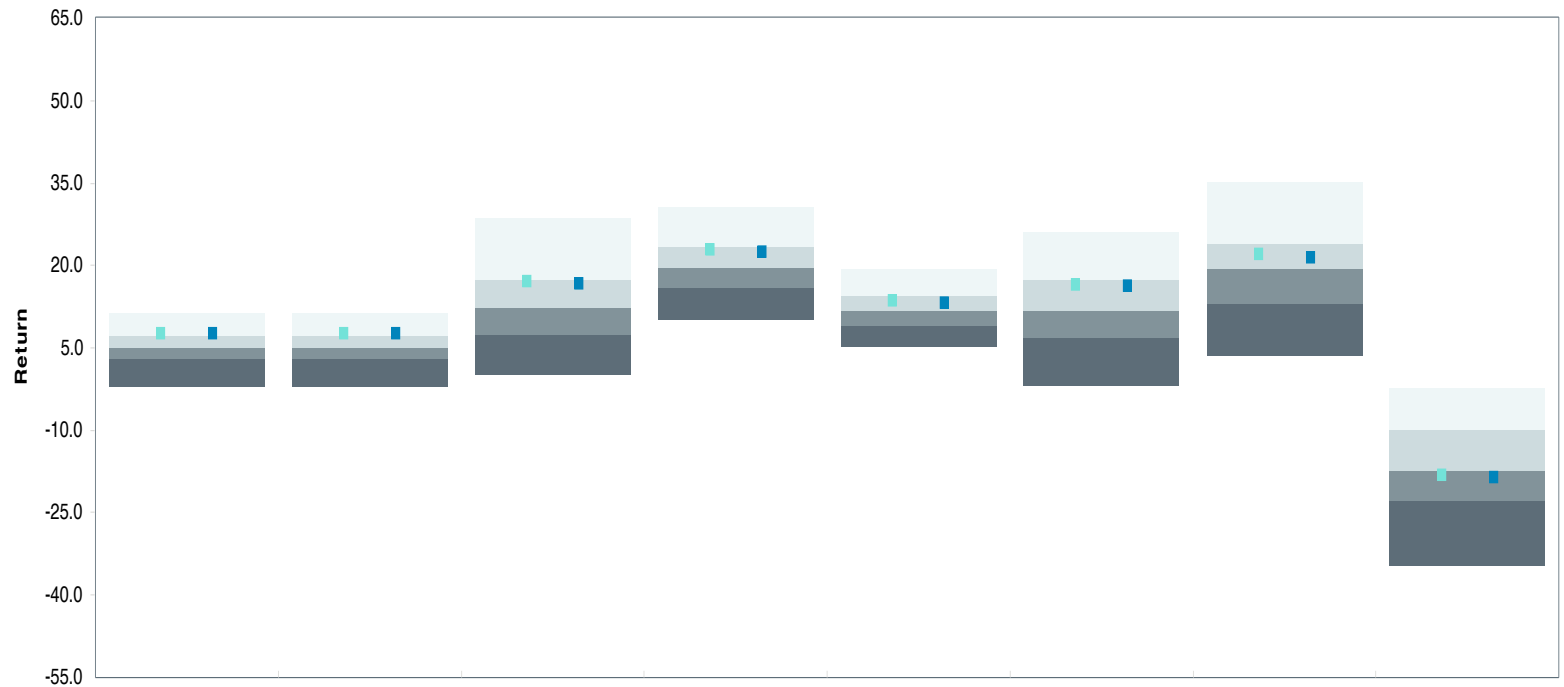
## Ratio of Cumulative Wealth - Since Inception



# BlackRock MSCI ACWI IMI Fund

As of September 30, 2025

IM Global Equity (SA+CF)



|                               | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 2024      | 2023      | 2022       |
|-------------------------------|--------------|----------|-----------|------------|------------|-----------|-----------|------------|
| BlackRock MSCI ACWI IMI Fund  | 7.8 (20)     | 7.8 (20) | 17.2 (26) | 22.9 (30)  | 13.7 (32)  | 16.6 (29) | 22.1 (36) | -18.1 (53) |
| MSCI AC World IMI Index (Net) | 7.7 (21)     | 7.7 (21) | 16.8 (28) | 22.5 (33)  | 13.3 (35)  | 16.4 (30) | 21.6 (39) | -18.4 (54) |
| 5th Percentile                | 11.4         | 11.4     | 28.5      | 30.5       | 19.2       | 26.0      | 35.0      | -2.2       |
| 1st Quartile                  | 7.3          | 7.3      | 17.4      | 23.5       | 14.4       | 17.5      | 23.9      | -9.9       |
| Median                        | 5.0          | 5.0      | 12.4      | 19.6       | 11.8       | 11.8      | 19.4      | -17.4      |
| 3rd Quartile                  | 3.2          | 3.2      | 7.5       | 15.9       | 8.9        | 6.8       | 13.0      | -22.7      |
| 95th Percentile               | -2.1         | -2.1     | 0.1       | 10.2       | 5.3        | -1.8      | 3.5       | -34.6      |

Population

482

482

481

455

423

526

546

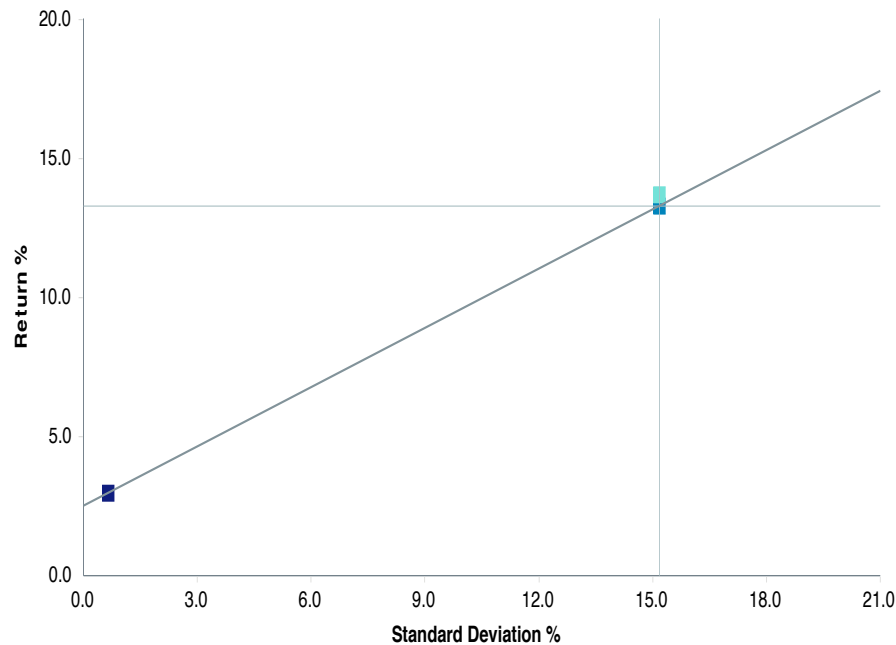
548

Parentheses contain percentile rankings.

# Risk Profile BlackRock MSCI ACWI IMI Fund

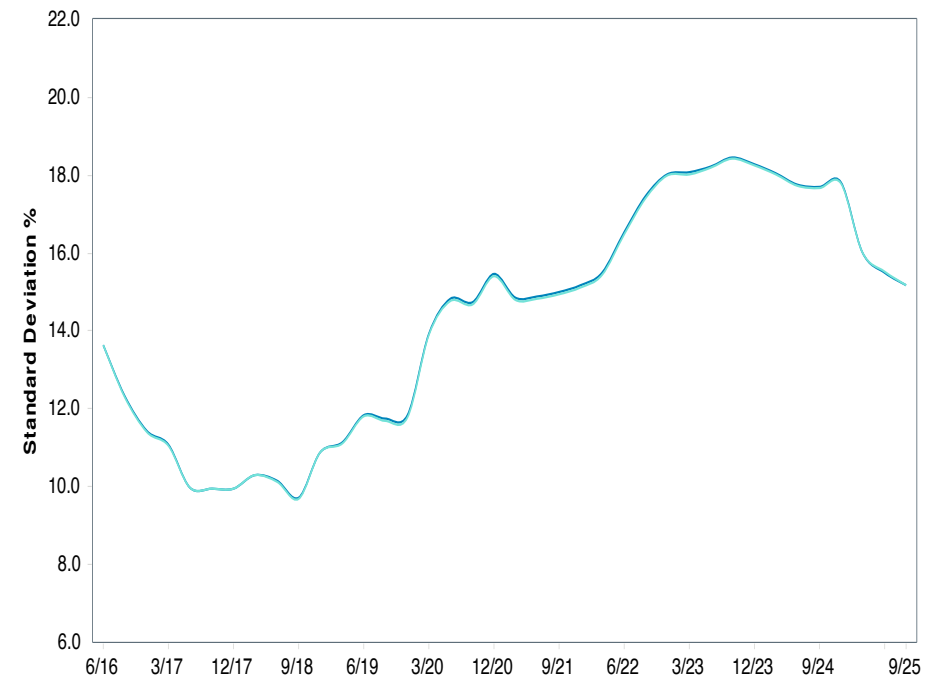
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ BlackRock MSCI ACWI IMI Fund ■ MSCI AC World IMI Index (Net)  
■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— BlackRock MSCI ACWI IMI Fund — MSCI AC World IMI Index (Net)

5 Years Historical Statistics

|                               | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|-------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| BlackRock MSCI ACWI IMI Fund  | 0.35          | 0.14           | 2.43              | 1.00      | 0.73         | 0.34  | 1.00 | 13.69  | 15.18              | 1.00               |
| MSCI AC World IMI Index (Net) | 0.00          | 0.00           | -                 | 1.00      | 0.71         | 0.00  | 1.00 | 13.30  | 15.17              | 1.00               |
| 90 Day U.S. Treasury Bill     | -10.75        | 15.13          | -0.71             | 0.01      | -            | 2.92  | 0.00 | 2.98   | 0.65               | 0.09               |

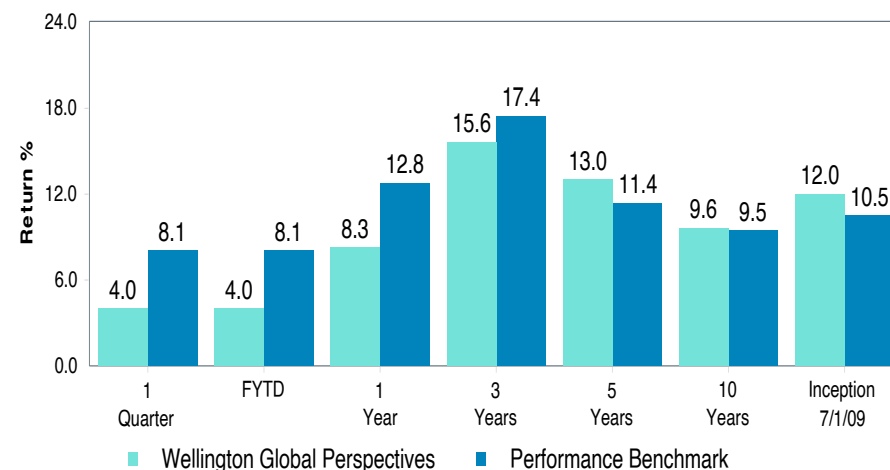
# Manager Performance Summary Wellington Global Perspectives

As of September 30, 2025

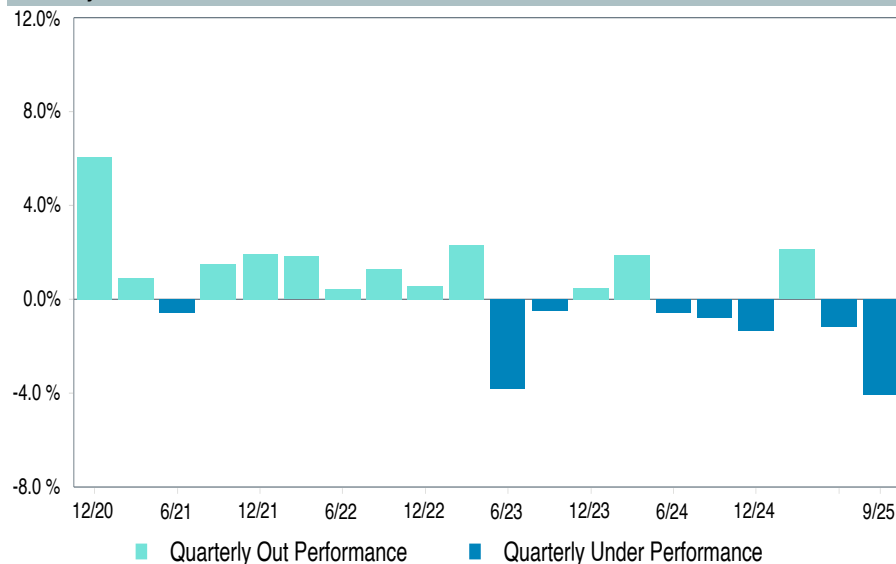
## Account Information

|                   |                                |
|-------------------|--------------------------------|
| Account Name      | Wellington Global Perspectives |
| Inception Date    | 06/30/2009                     |
| Account Structure | Separate Account               |
| Asset Class       | Global Equity                  |
| Benchmark         | Performance Benchmark          |
| Peer Group        | IM Global Equity (SA+CF)       |

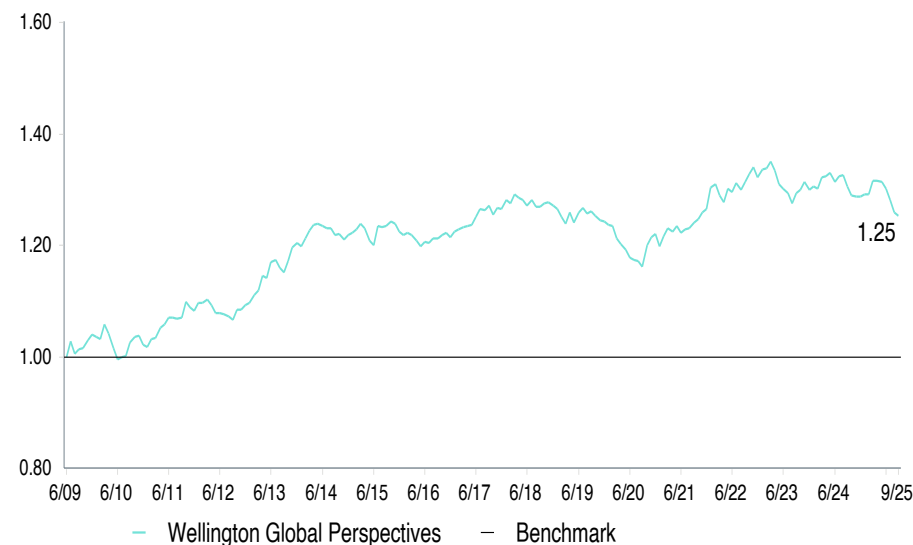
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - Since Inception

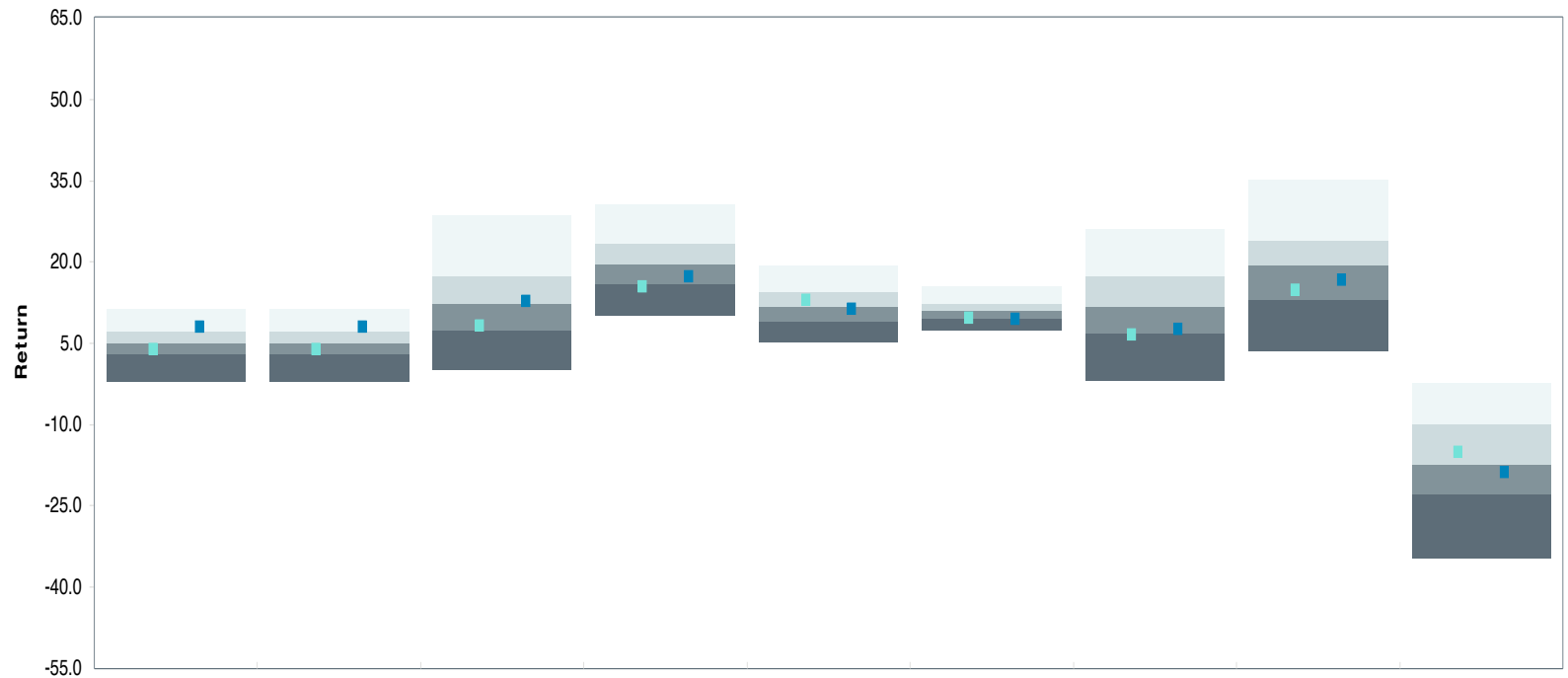




# Wellington Global Perspectives

As of September 30, 2025

IM Global Equity (SA+CF)



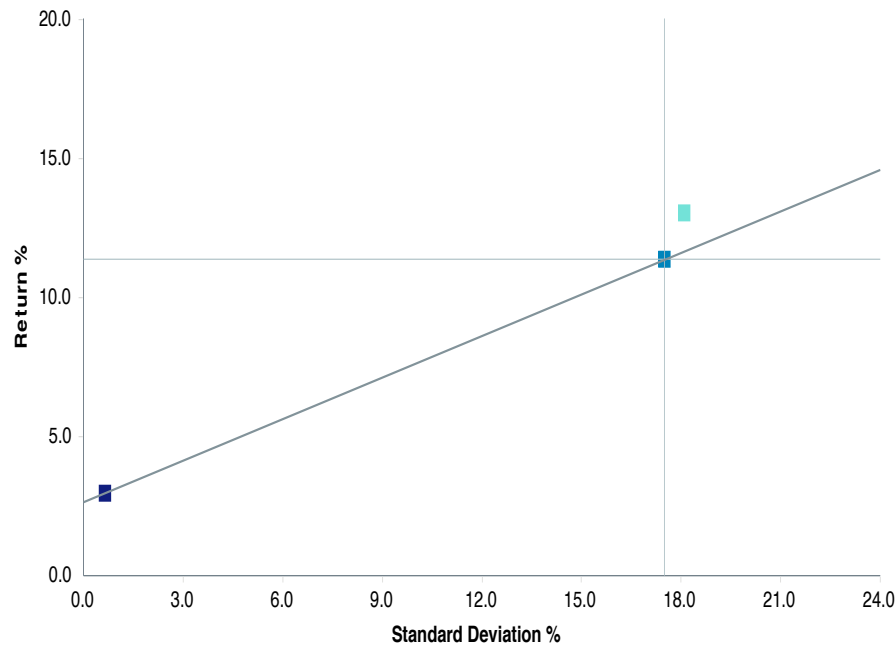
|                                | 1 Quarter | FYTD     | 1 Year    | 3 Years   | 5 Years   | 10 Years | 2024     | 2023      | 2022       |
|--------------------------------|-----------|----------|-----------|-----------|-----------|----------|----------|-----------|------------|
| Wellington Global Perspectives | 4.0 (67)  | 4.0 (67) | 8.3 (73)  | 15.6 (77) | 13.0 (38) | 9.6 (74) | 6.6 (76) | 14.9 (68) | -15.0 (39) |
| Performance Benchmark          | 8.1 (18)  | 8.1 (18) | 12.8 (49) | 17.4 (68) | 11.4 (55) | 9.5 (76) | 7.7 (71) | 16.8 (61) | -18.7 (57) |
| 5th Percentile                 | 11.4      | 11.4     | 28.5      | 30.5      | 19.2      | 15.6     | 26.0     | 35.0      | -2.2       |
| 1st Quartile                   | 7.3       | 7.3      | 17.4      | 23.5      | 14.4      | 12.5     | 17.5     | 23.9      | -9.9       |
| Median                         | 5.0       | 5.0      | 12.4      | 19.6      | 11.8      | 11.0     | 11.8     | 19.4      | -17.4      |
| 3rd Quartile                   | 3.2       | 3.2      | 7.5       | 15.9      | 8.9       | 9.5      | 6.8      | 13.0      | -22.7      |
| 95th Percentile                | -2.1      | -2.1     | 0.1       | 10.2      | 5.3       | 7.6      | -1.8     | 3.5       | -34.6      |
| Population                     | 482       | 482      | 481       | 455       | 423       | 311      | 526      | 546       | 548        |

Parentheses contain percentile rankings.

# Risk Profile Wellington Global Perspectives

As of September 30, 2025

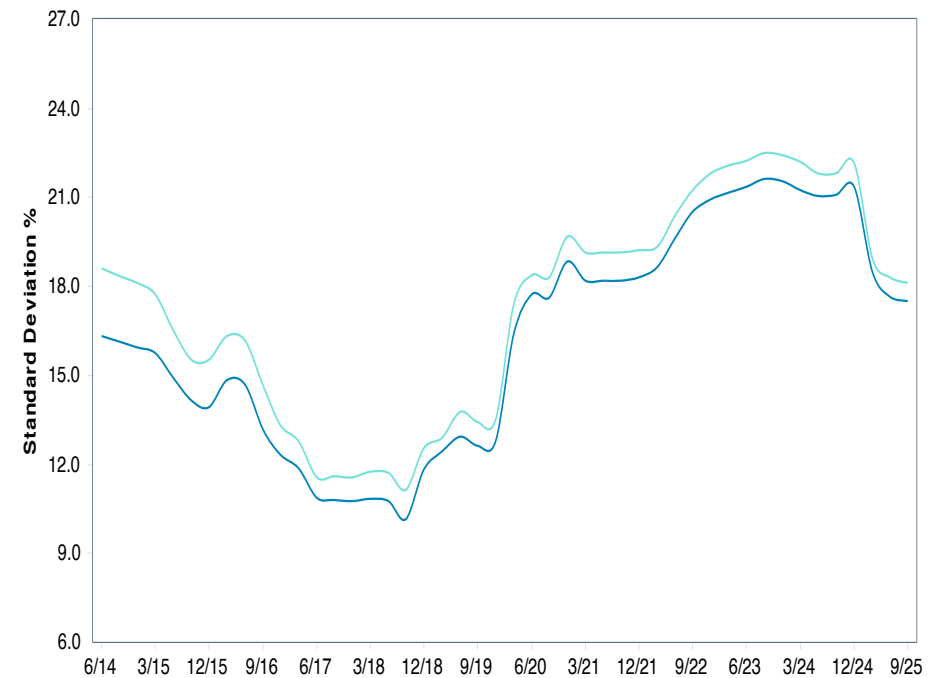
Annualized Return vs. Annualized Standard Deviation  
5 Years



Wellington Global Perspectives Performance Benchmark

90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



Wellington Global Perspectives Performance Benchmark

5 Years Historical Statistics

|                                | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|--------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Wellington Global Perspectives | 1.61          | 3.95           | 0.41              | 0.95      | 0.61         | 1.50  | 1.01 | 13.05  | 18.10              | 0.98               |
| Performance Benchmark          | 0.00          | 0.00           | -                 | 1.00      | 0.54         | 0.00  | 1.00 | 11.37  | 17.49              | 1.00               |
| 90 Day U.S. Treasury Bill      | -9.37         | 17.49          | -0.54             | 0.00      | -            | 2.97  | 0.00 | 2.98   | 0.65               | 0.02               |

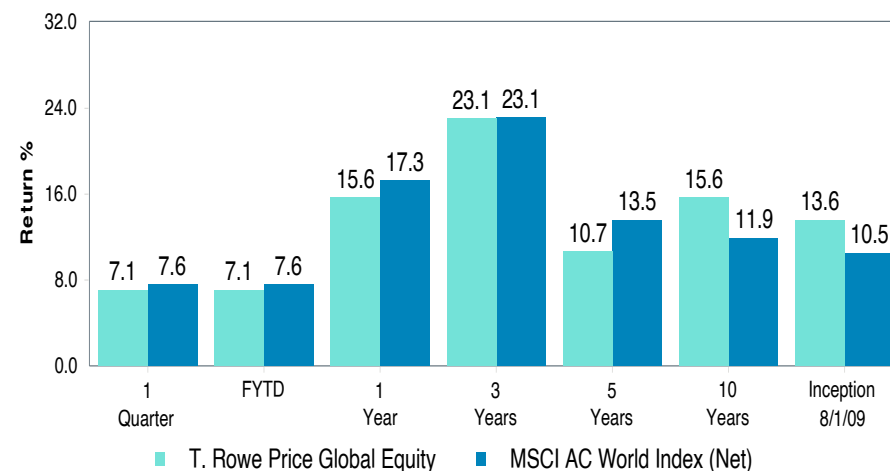
# Manager Performance Summary T. Rowe Price Global Equity

As of September 30, 2025

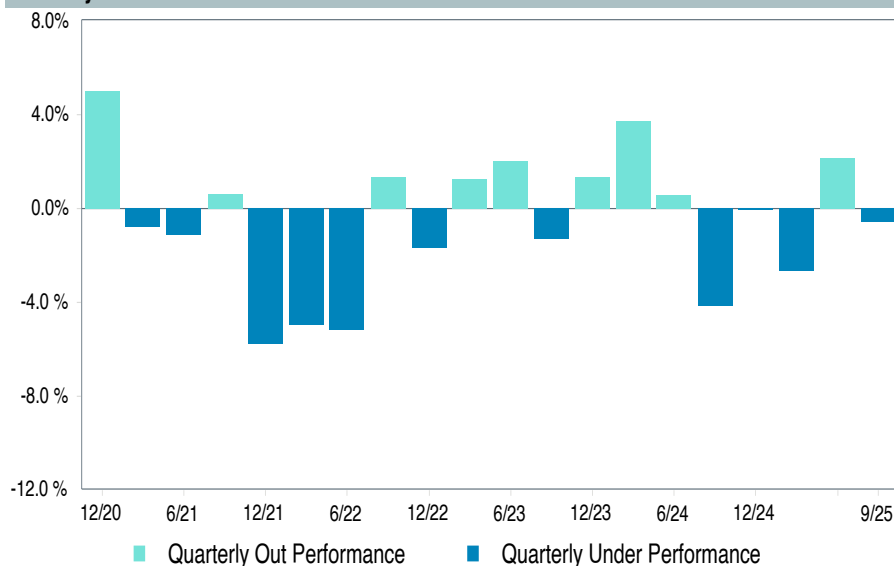
## Account Information

|                   |                             |
|-------------------|-----------------------------|
| Account Name      | T. Rowe Price Global Equity |
| Inception Date    | 08/31/2009                  |
| Account Structure | Separate Account            |
| Asset Class       | Global Equity               |
| Benchmark         | MSCI AC World Index (Net)   |
| Peer Group        | IM Global Equity (SA+CF)    |

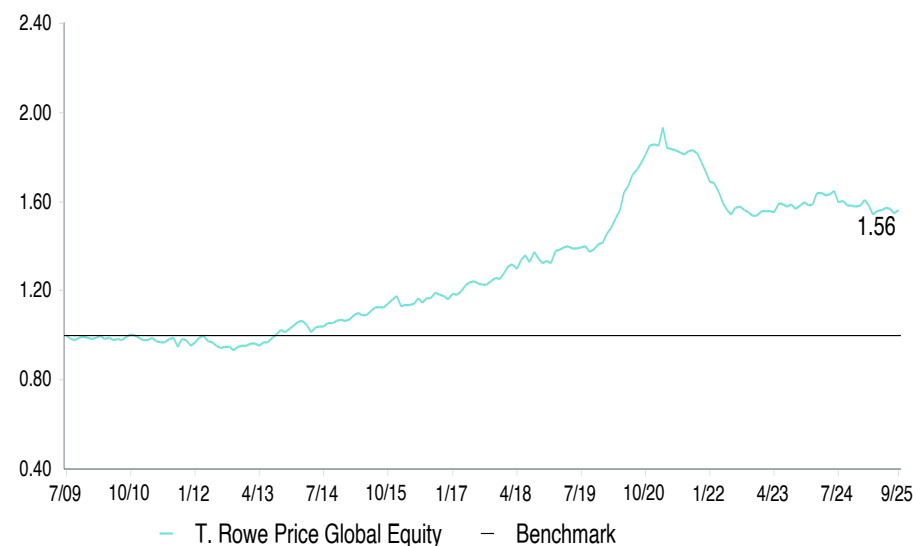
## Return Summary



## Quarterly Excess Performance



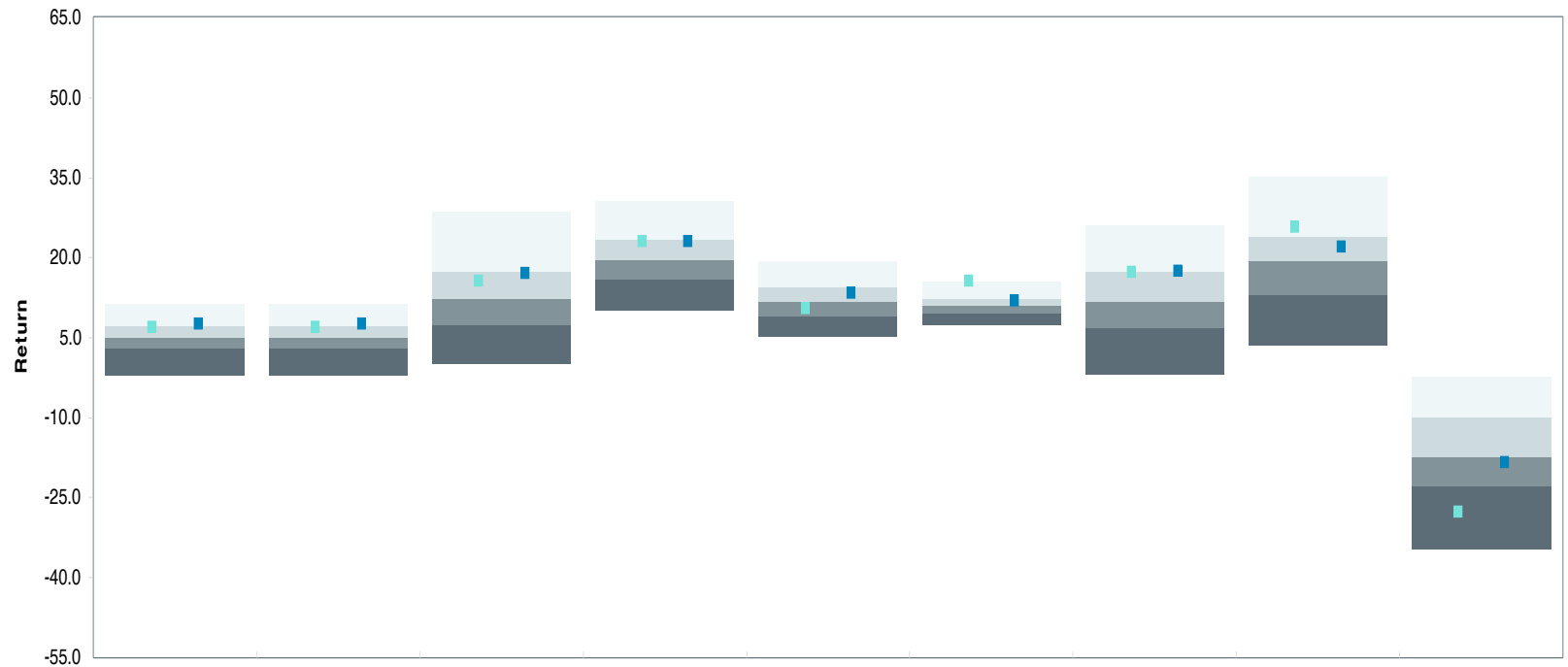
## Ratio of Cumulative Wealth - Since Inception



# T. Rowe Price Global Equity

As of September 30, 2025

IM Global Equity (SA+CF)



|                             | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | 2024      | 2023      | 2022       |
|-----------------------------|--------------|----------|-----------|------------|------------|-------------|-----------|-----------|------------|
| T. Rowe Price Global Equity | 7.1 (27)     | 7.1 (27) | 15.6 (35) | 23.1 (28)  | 10.7 (62)  | 15.6 (5)    | 17.3 (26) | 25.8 (19) | -27.5 (87) |
| MSCI AC World Index (Net)   | 7.6 (21)     | 7.6 (21) | 17.3 (26) | 23.1 (28)  | 13.5 (33)  | 11.9 (33)   | 17.5 (25) | 22.2 (36) | -18.4 (54) |
| 5th Percentile              | 11.4         | 11.4     | 28.5      | 30.5       | 19.2       | 15.6        | 26.0      | 35.0      | -2.2       |
| 1st Quartile                | 7.3          | 7.3      | 17.4      | 23.5       | 14.4       | 12.5        | 17.5      | 23.9      | -9.9       |
| Median                      | 5.0          | 5.0      | 12.4      | 19.6       | 11.8       | 11.0        | 11.8      | 19.4      | -17.4      |
| 3rd Quartile                | 3.2          | 3.2      | 7.5       | 15.9       | 8.9        | 9.5         | 6.8       | 13.0      | -22.7      |
| 95th Percentile             | -2.1         | -2.1     | 0.1       | 10.2       | 5.3        | 7.6         | -1.8      | 3.5       | -34.6      |

Population

482

482

481

455

423

311

526

546

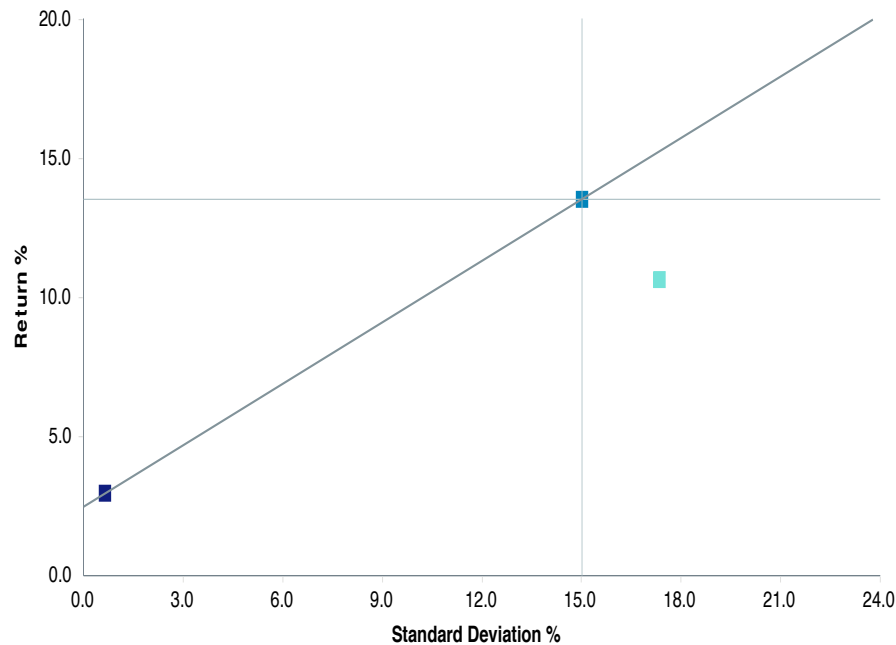
548

Parentheses contain percentile rankings.

# Risk Profile T. Rowe Price Global Equity

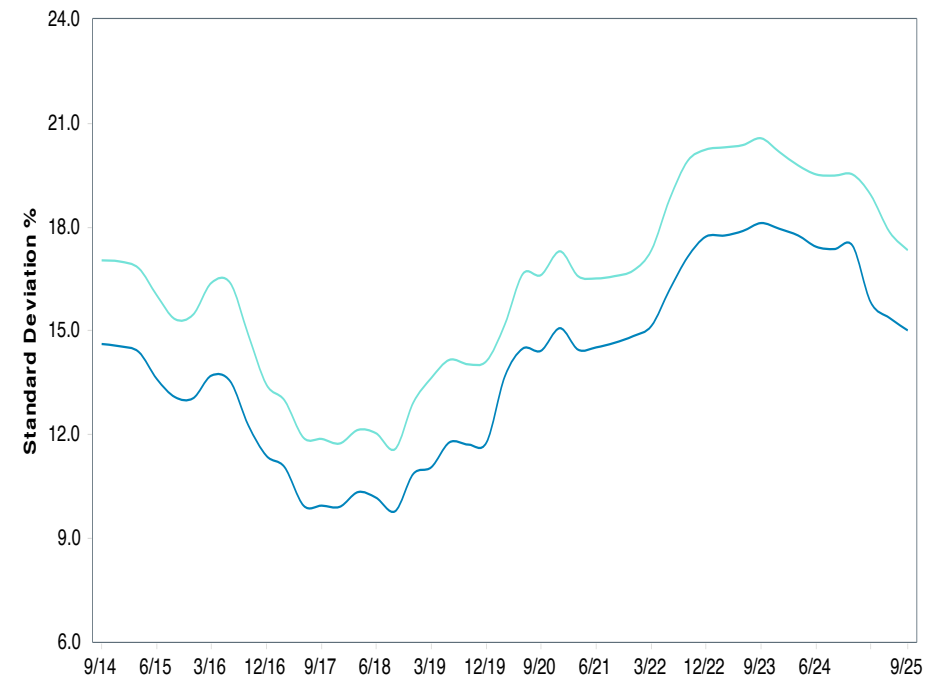
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ T. Rowe Price Global Equity ■ MSCI AC World Index (Net)  
■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— T. Rowe Price Global Equity — MSCI AC World Index (Net)

5 Years Historical Statistics

|                             | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|-----------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| T. Rowe Price Global Equity | -2.23         | 5.62           | -0.40             | 0.90      | 0.50         | -3.53 | 1.10 | 10.65  | 17.35              | 0.95               |
| MSCI AC World Index (Net)   | 0.00          | 0.00           | -                 | 1.00      | 0.73         | 0.00  | 1.00 | 13.54  | 15.01              | 1.00               |
| 90 Day U.S. Treasury Bill   | -10.94        | 14.96          | -0.73             | 0.01      | -            | 2.92  | 0.00 | 2.98   | 0.65               | 0.10               |

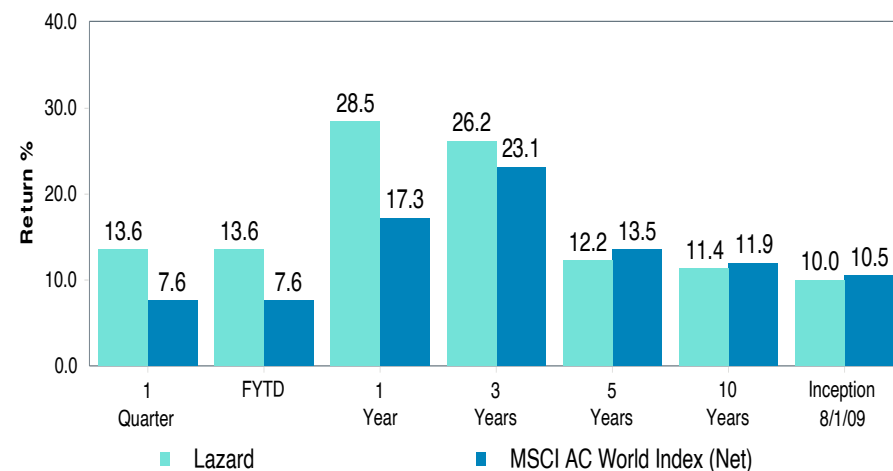
# Manager Performance Summary Lazard

As of September 30, 2025

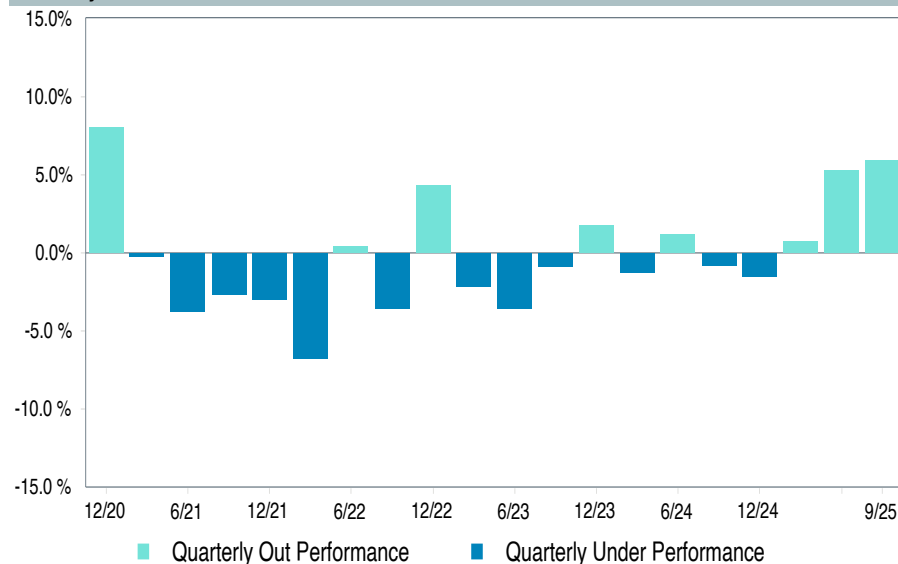
## Account Information

|                   |                           |
|-------------------|---------------------------|
| Account Name      | Lazard                    |
| Inception Date    | 08/31/2009                |
| Account Structure | Separate Account          |
| Asset Class       | Global Equity             |
| Benchmark         | MSCI AC World Index (Net) |
| Peer Group        | IM Global Equity (SA+CF)  |

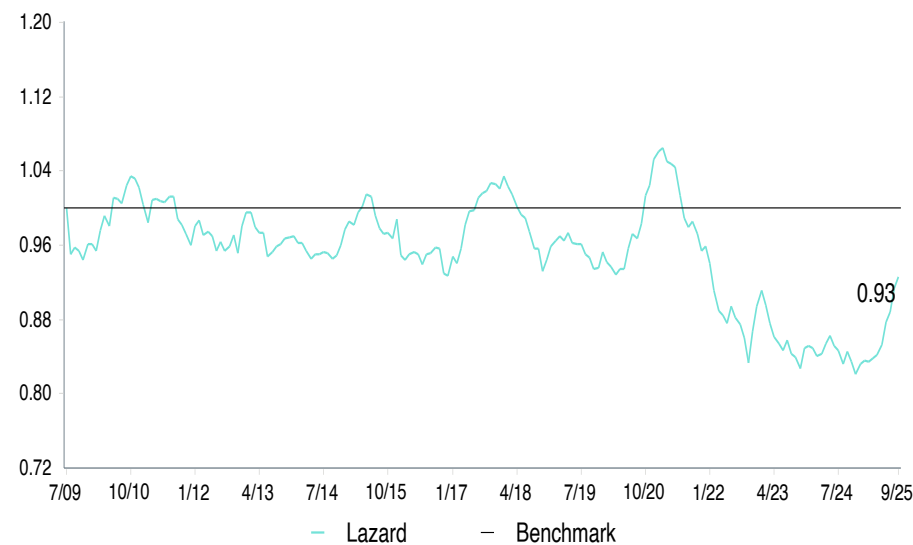
## Return Summary



## Quarterly Excess Performance



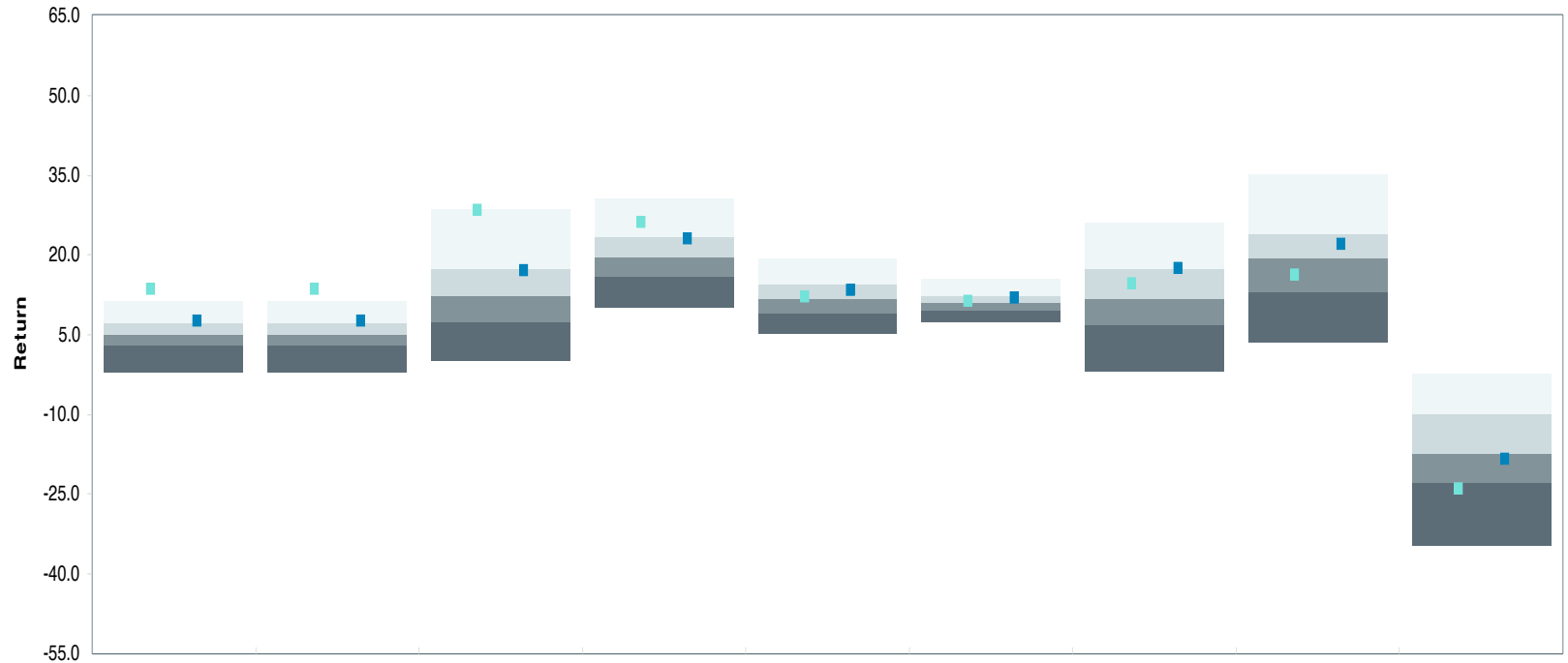
## Ratio of Cumulative Wealth - Since Inception



# Lazard

As of September 30, 2025

IM Global Equity (SA+CF)



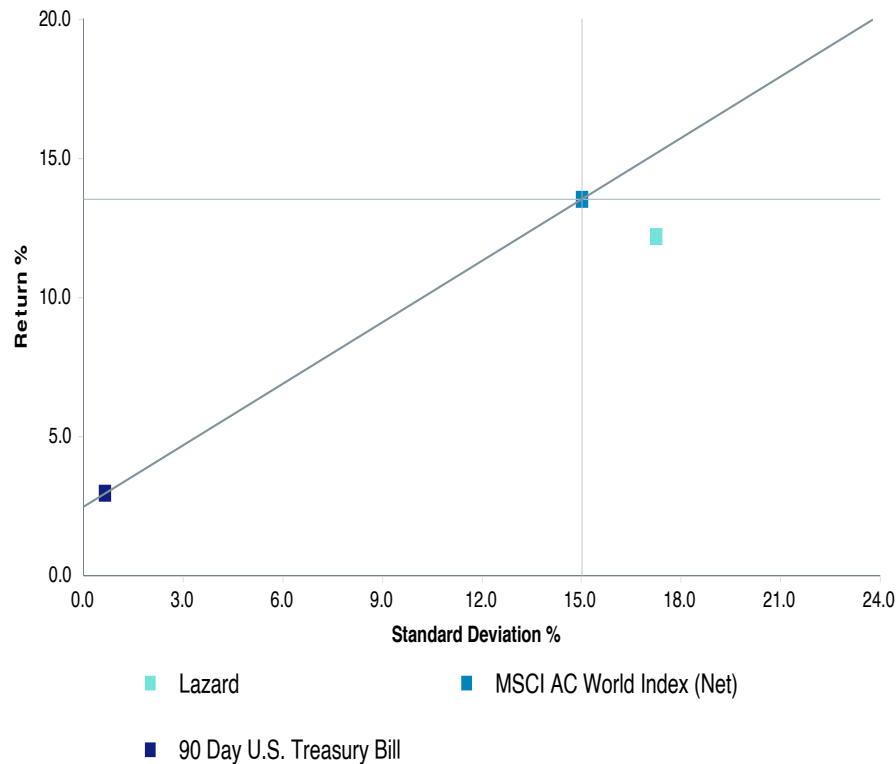
|                           | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | 2024      | 2023      | 2022       |
|---------------------------|--------------|----------|-----------|------------|------------|-------------|-----------|-----------|------------|
| Lazard                    | 13.6 (3)     | 13.6 (3) | 28.5 (6)  | 26.2 (13)  | 12.2 (47)  | 11.4 (42)   | 14.7 (37) | 16.4 (63) | -23.8 (79) |
| MSCI AC World Index (Net) | 7.6 (21)     | 7.6 (21) | 17.3 (26) | 23.1 (28)  | 13.5 (33)  | 11.9 (33)   | 17.5 (25) | 22.2 (36) | -18.4 (54) |
| 5th Percentile            | 11.4         | 11.4     | 28.5      | 30.5       | 19.2       | 15.6        | 26.0      | 35.0      | -2.2       |
| 1st Quartile              | 7.3          | 7.3      | 17.4      | 23.5       | 14.4       | 12.5        | 17.5      | 23.9      | -9.9       |
| Median                    | 5.0          | 5.0      | 12.4      | 19.6       | 11.8       | 11.0        | 11.8      | 19.4      | -17.4      |
| 3rd Quartile              | 3.2          | 3.2      | 7.5       | 15.9       | 8.9        | 9.5         | 6.8       | 13.0      | -22.7      |
| 95th Percentile           | -2.1         | -2.1     | 0.1       | 10.2       | 5.3        | 7.6         | -1.8      | 3.5       | -34.6      |
| Population                | 482          | 482      | 481       | 455        | 423        | 311         | 526       | 546       | 548        |

Parentheses contain percentile rankings.

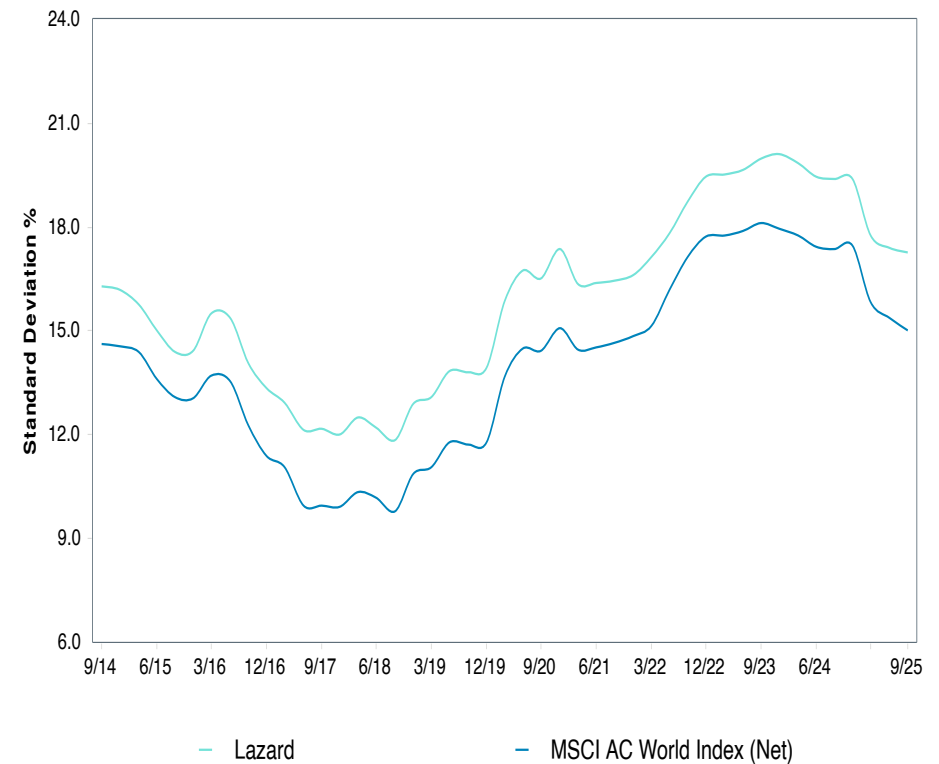
# Risk Profile Lazard

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



Standard Deviation  
Rolling 5 Years



5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Lazard                    | -0.86         | 6.09           | -0.14             | 0.88      | 0.59         | -1.93 | 1.08 | 12.20  | 17.26              | 0.94               |
| MSCI AC World Index (Net) | 0.00          | 0.00           | -                 | 1.00      | 0.73         | 0.00  | 1.00 | 13.54  | 15.01              | 1.00               |
| 90 Day U.S. Treasury Bill | -10.94        | 14.96          | -0.73             | 0.01      | -            | 2.92  | 0.00 | 2.98   | 0.65               | 0.10               |



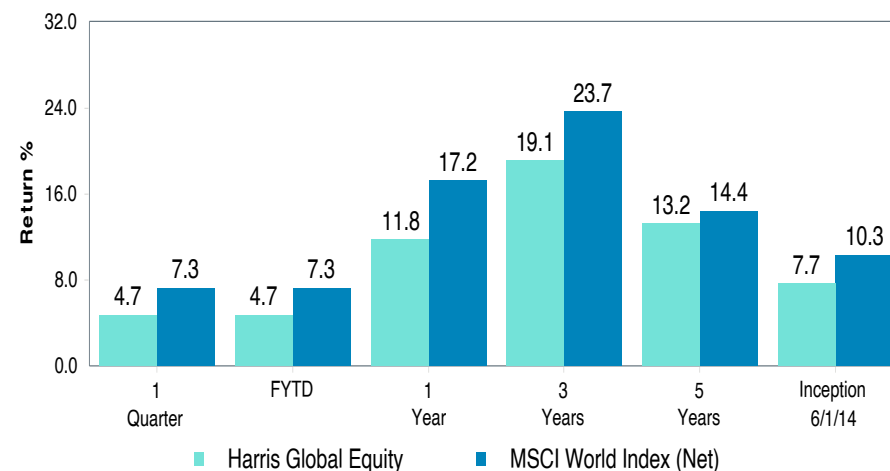
# Manager Performance Summary Harris Global Equity

As of September 30, 2025

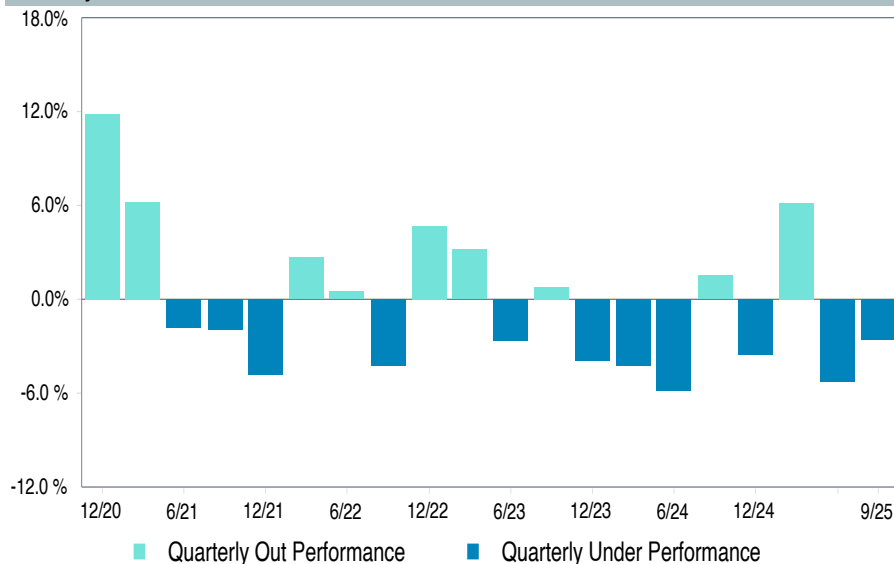
## Account Information

|                   |                          |
|-------------------|--------------------------|
| Account Name      | Harris Global Equity     |
| Inception Date    | 06/01/2014               |
| Account Structure | Separate Account         |
| Asset Class       | Global Equity            |
| Benchmark         | MSCI World Index (Net)   |
| Peer Group        | IM Global Equity (SA+CF) |

## Return Summary



## Quarterly Excess Performance



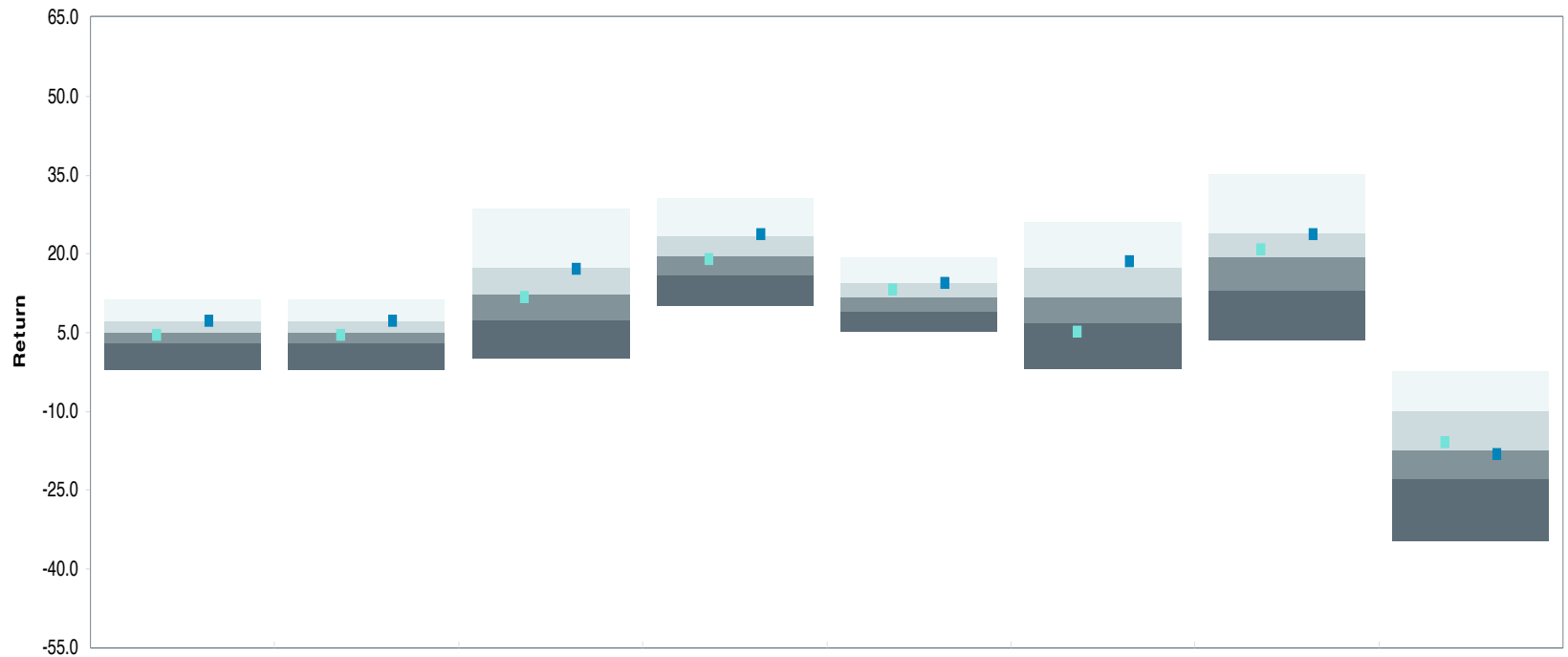
## Ratio of Cumulative Wealth - Since Inception



# Harris Global Equity

As of September 30, 2025

IM Global Equity (SA+CF)



|                        | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 2024      | 2023      | 2022       |
|------------------------|--------------|----------|-----------|------------|------------|-----------|-----------|------------|
| Harris Global Equity   | 4.7 (56)     | 4.7 (56) | 11.8 (54) | 19.1 (54)  | 13.2 (36)  | 5.2 (81)  | 20.9 (43) | -15.7 (41) |
| MSCI World Index (Net) | 7.3 (26)     | 7.3 (26) | 17.2 (26) | 23.7 (24)  | 14.4 (25)  | 18.7 (22) | 23.8 (26) | -18.1 (53) |
| 5th Percentile         | 11.4         | 11.4     | 28.5      | 30.5       | 19.2       | 26.0      | 35.0      | -2.2       |
| 1st Quartile           | 7.3          | 7.3      | 17.4      | 23.5       | 14.4       | 17.5      | 23.9      | -9.9       |
| Median                 | 5.0          | 5.0      | 12.4      | 19.6       | 11.8       | 11.8      | 19.4      | -17.4      |
| 3rd Quartile           | 3.2          | 3.2      | 7.5       | 15.9       | 8.9        | 6.8       | 13.0      | -22.7      |
| 95th Percentile        | -2.1         | -2.1     | 0.1       | 10.2       | 5.3        | -1.8      | 3.5       | -34.6      |

Population

482

482

481

455

423

526

546

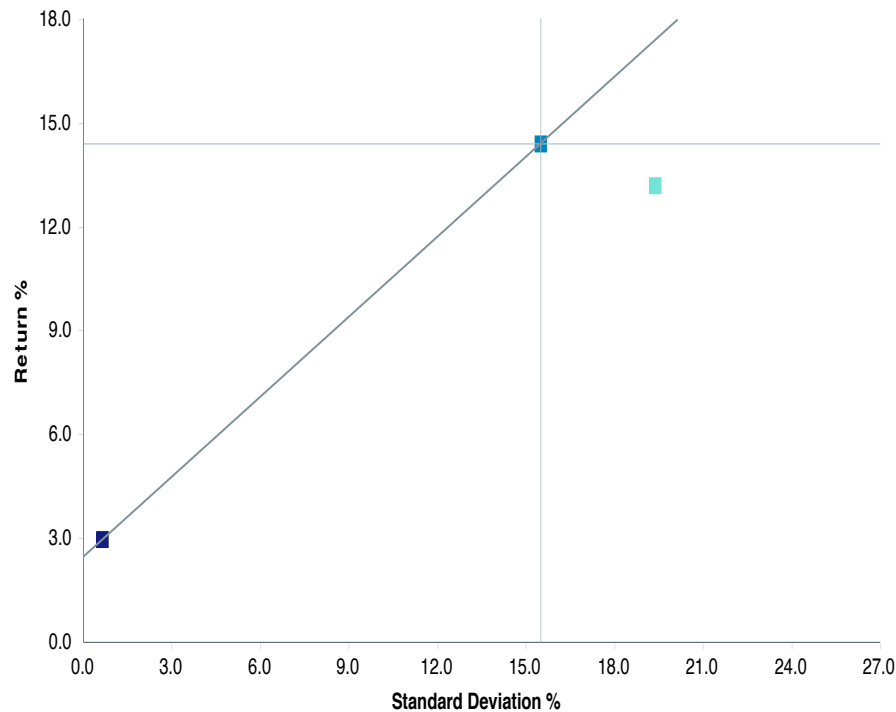
548

Parentheses contain percentile rankings.

# Risk Profile Harris Global Equity

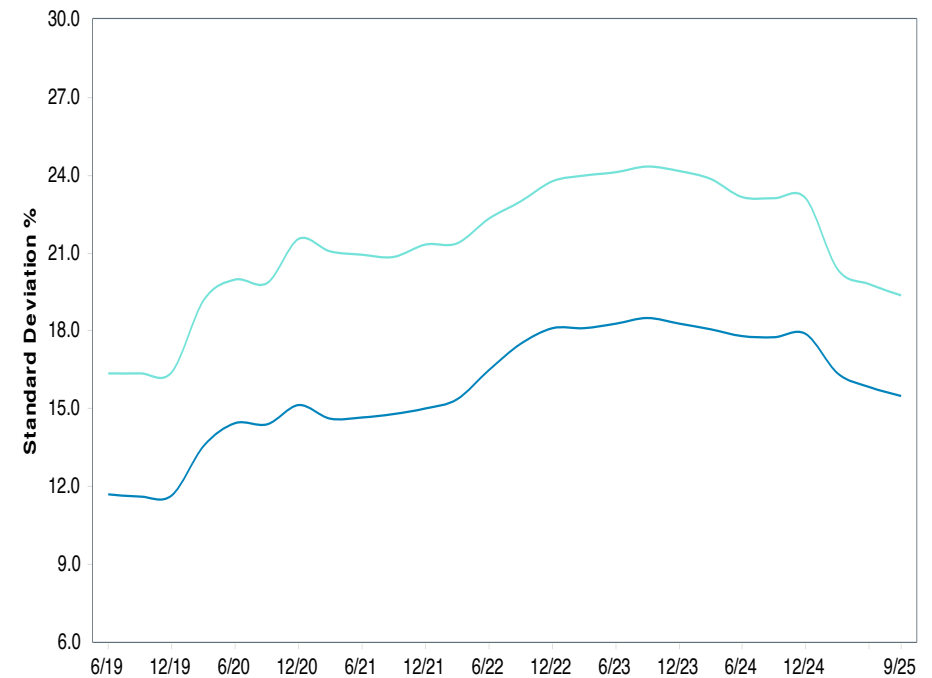
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Harris Global Equity ■ MSCI World Index (Net) ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Harris Global Equity — MSCI World Index (Net)

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Harris Global Equity      | -0.45         | 8.81           | -0.05             | 0.80      | 0.58         | -2.22 | 1.12 | 13.21  | 19.38              | 0.90               |
| MSCI World Index (Net)    | 0.00          | 0.00           | -                 | 1.00      | 0.76         | 0.00  | 1.00 | 14.41  | 15.48              | 1.00               |
| 90 Day U.S. Treasury Bill | -11.78        | 15.44          | -0.76             | 0.01      | -            | 2.92  | 0.00 | 2.98   | 0.65               | 0.08               |

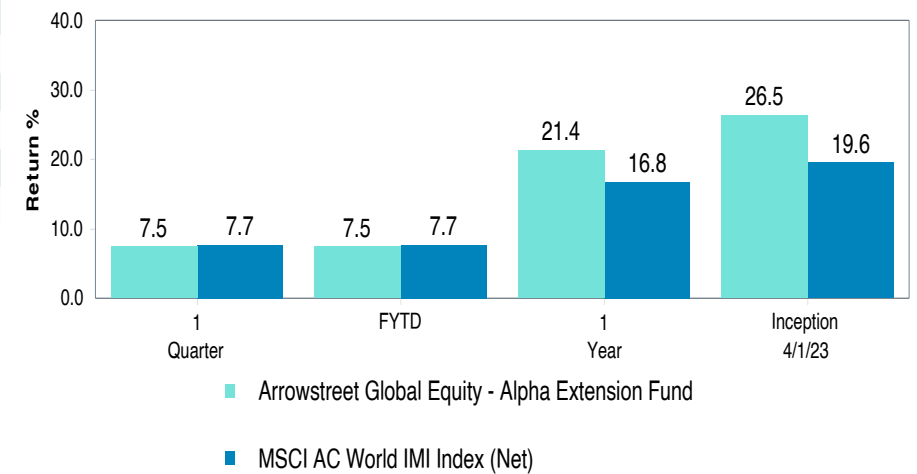
# Manager Performance Summary Arrowstreet Global Equity - Alpha I

As of September 30, 2025

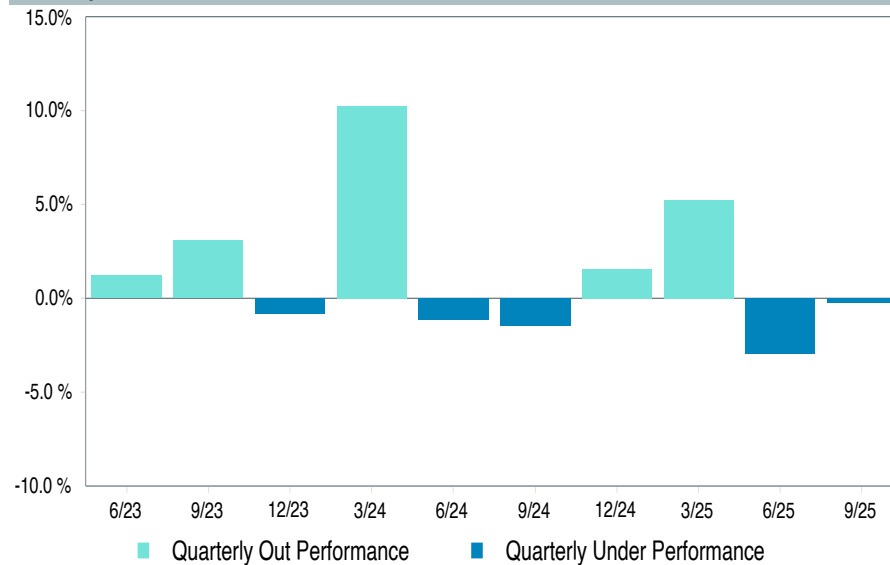
## Account Information

|                   |  |
|-------------------|--|
| Account Name      | Arrowstreet Global Equity - Alpha Extension Fund |
| Inception Date    | 03/01/2023                                       |
| Account Structure | Separate Account                                 |
| Asset Class       | Global Equity                                    |
| Benchmark         | MSCI AC World IMI Index (Net)                    |
| Peer Group        | IM Global Equity (MF)                            |

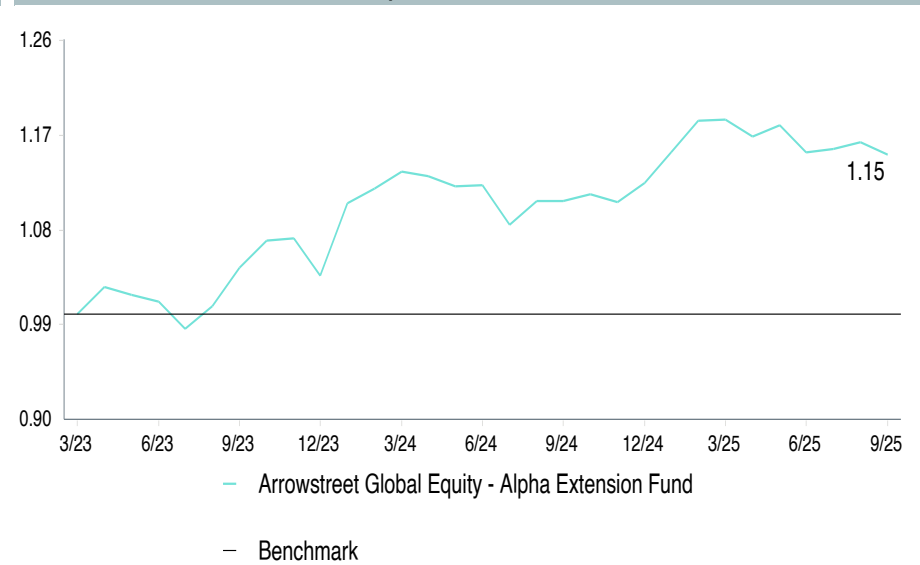
## Return Summary



## Quarterly Excess Performance



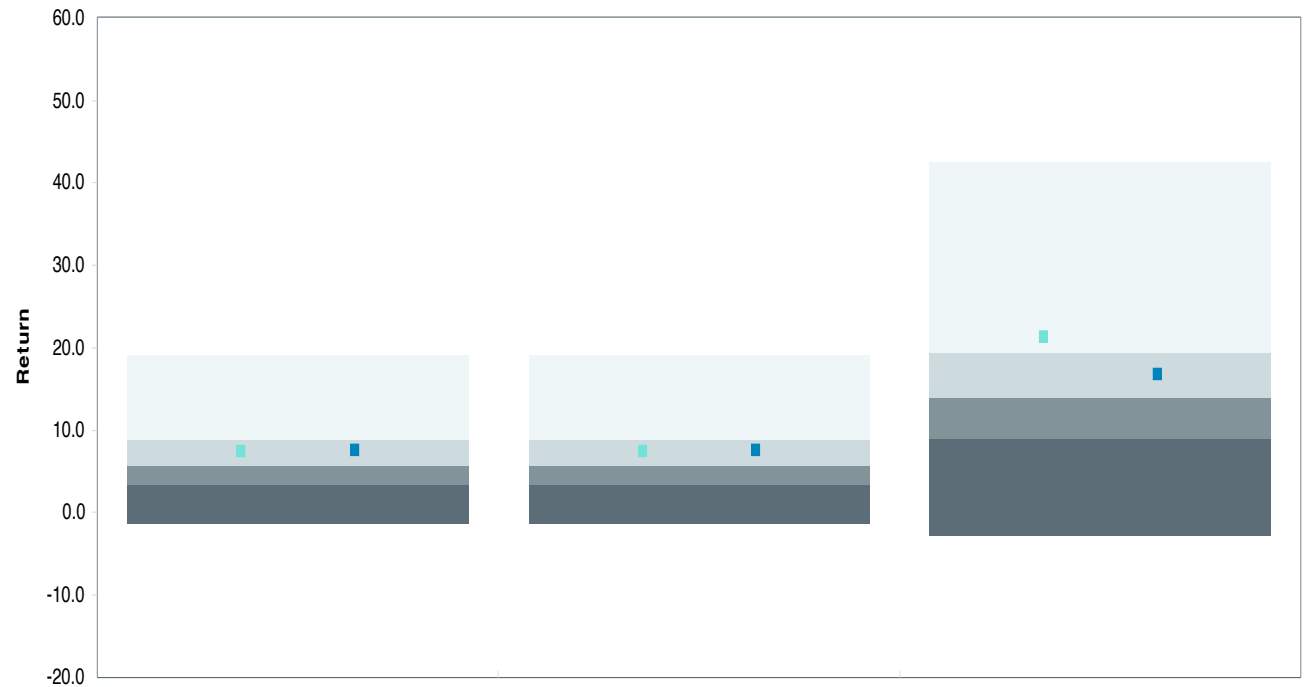
## Ratio of Cumulative Wealth - Since Inception



# Arrowstreet Global Equity - Alpha Extension Fund

As of September 30, 2025

IM Global Equity (MF)



|  | 1<br>Quarter | FYTD     | 1<br>Year |
|--|--------------|----------|-----------|
| Arrowstreet Global Equity - Alpha Extension Fund | 7.5 (33)     | 7.5 (33) | 21.4 (20) |
| MSCI AC World IMI Index (Net)                    | 7.7 (31)     | 7.7 (31) | 16.8 (36) |
| 5th Percentile                                   | 19.1         | 19.1     | 42.6      |
| 1st Quartile                                     | 8.9          | 8.9      | 19.5      |
| Median   | 5.7          | 5.7      | 13.9      |
| 3rd Quartile                                     | 3.3          | 3.3      | 9.0       |
| 95th Percentile                                  | -1.3         | -1.3     | -2.8      |

Population

424

424

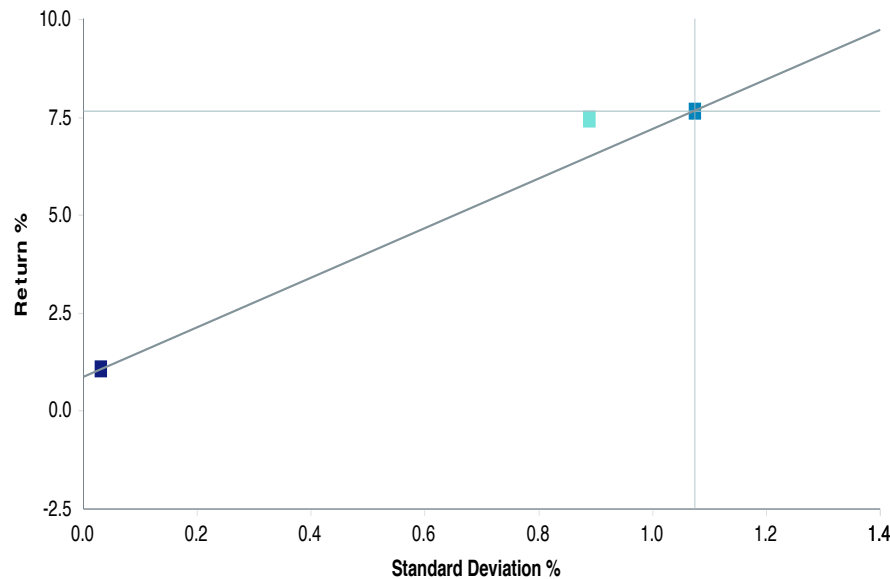
424

Parentheses contain percentile rankings.

# Risk Profile Arrowstreet Global Equity - Alpha Extension

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
1 Quarter

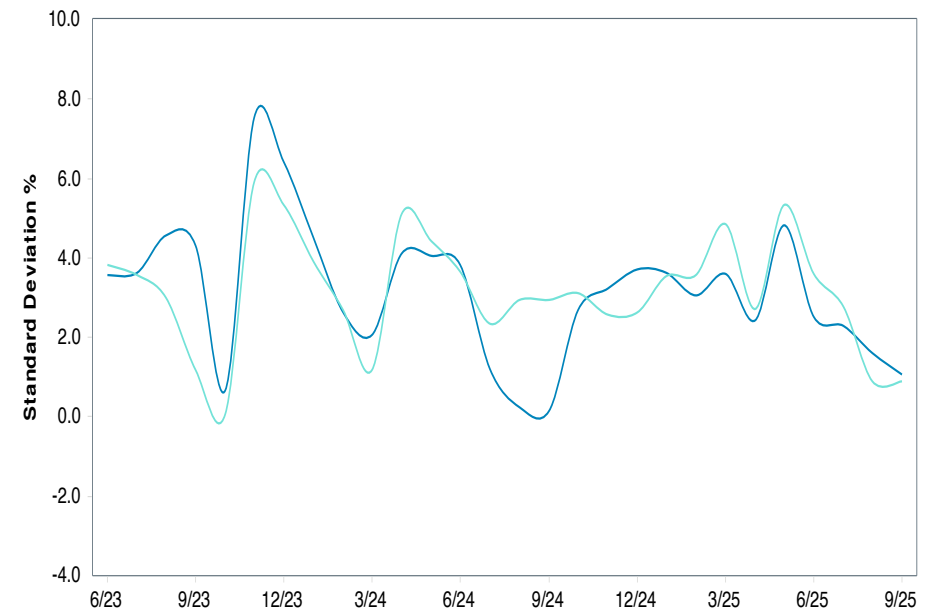


■ Arrowstreet Global Equity - Alpha Extension Fund

■ MSCI AC World IMI Index (Net)

■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 0.25 Year



— Arrowstreet Global Equity - Alpha Extension Fund

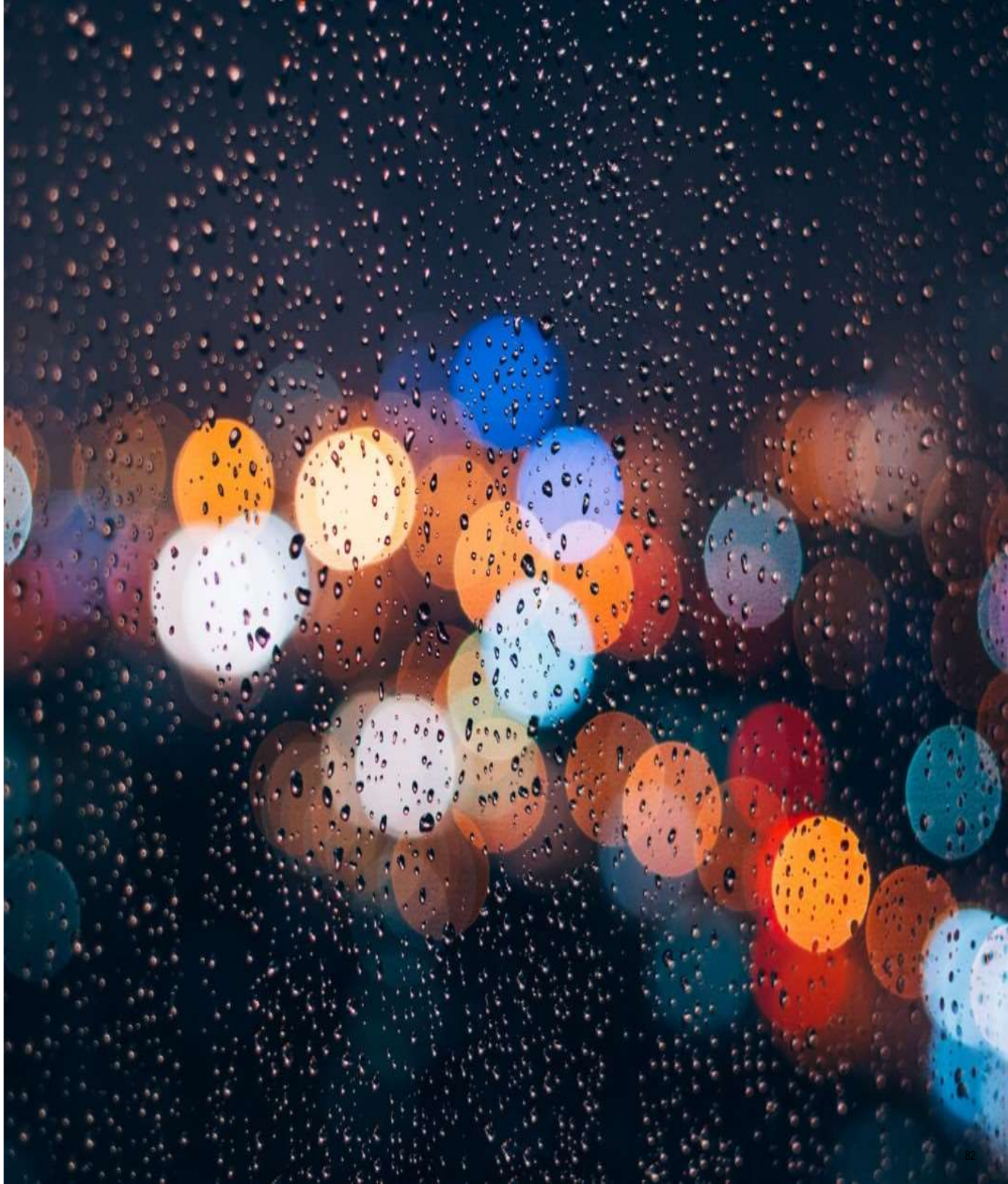
— MSCI AC World IMI Index (Net)

1 Quarter Historical Statistics

|  | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|--|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Arrowstreet Global Equity - Alpha Extension Fund | -0.07         | 0.94           | -0.07             | 0.31      | 2.40         | 1.28  | 0.46 | 7.46   | 0.89               | 0.56               |
| MSCI AC World IMI Index (Net)                    | 0.00          | 0.00           | -                 | 1.00      | 1.99         | 0.00  | 1.00 | 7.67   | 1.07               | 1.00               |
| 90 Day U.S. Treasury Bill                        | -2.14         | 1.07           | -1.99             | 0.00      | -            | 0.36  | 0.00 | 1.08   | 0.03               | 0.01               |

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Fixed Income



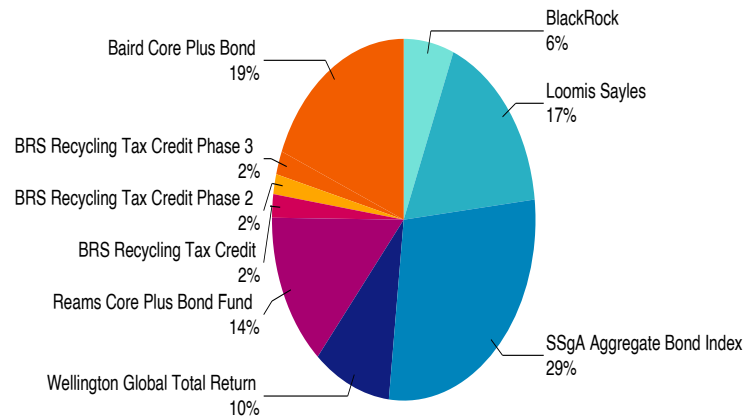


# Composite Portfolio Overview Fixed Income

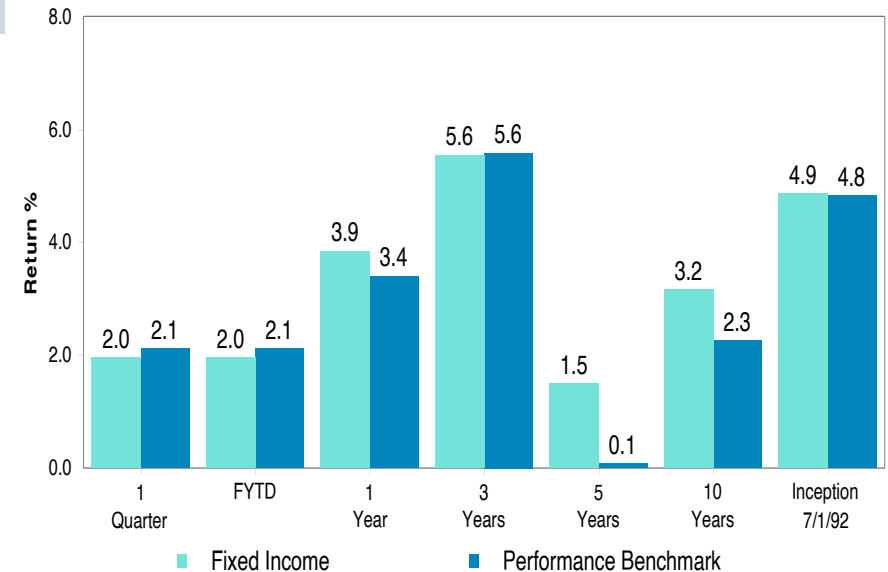
As of September 30, 2025

## Current Allocation

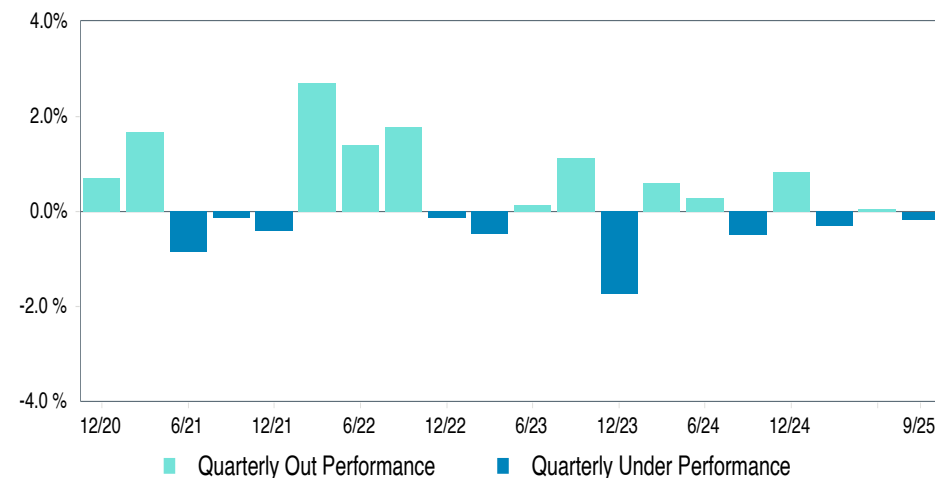
September 30, 2025 : \$4,595,512,352



## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - 10 Years

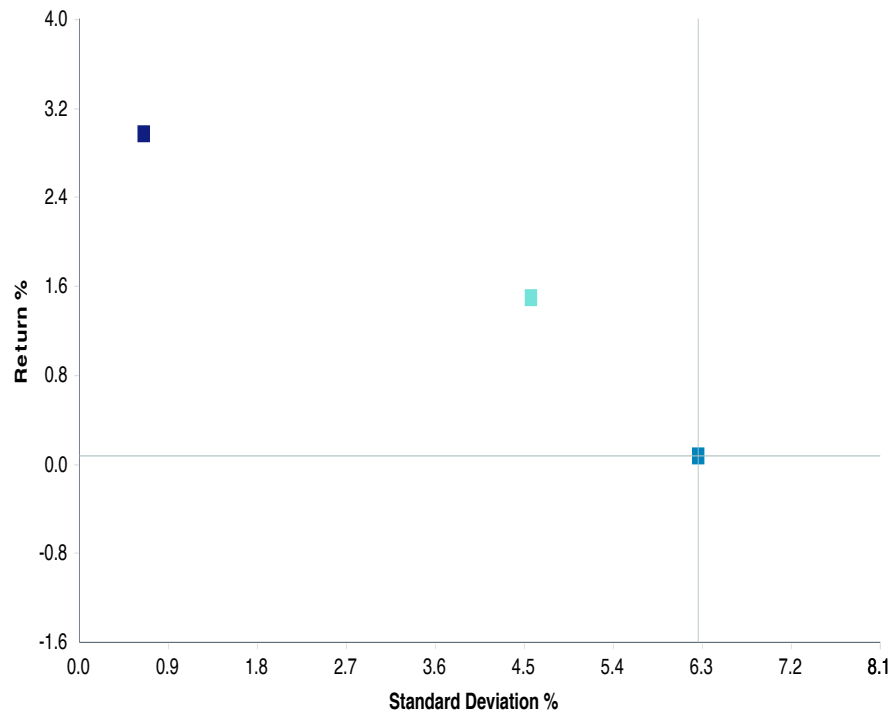


Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.

# Risk Profile Fixed Income

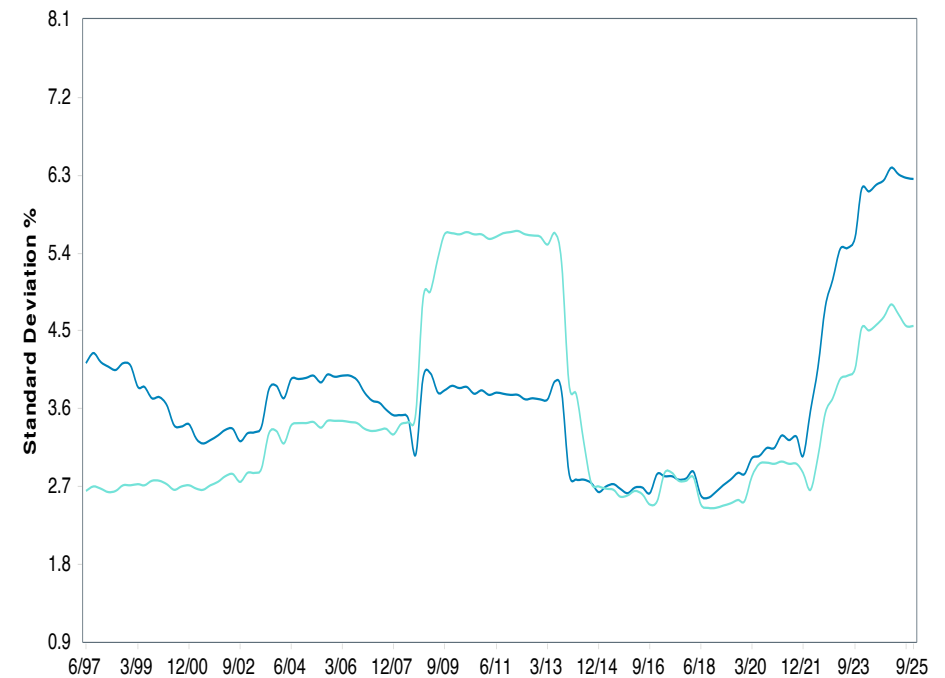
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Fixed Income ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Fixed Income — Performance Benchmark

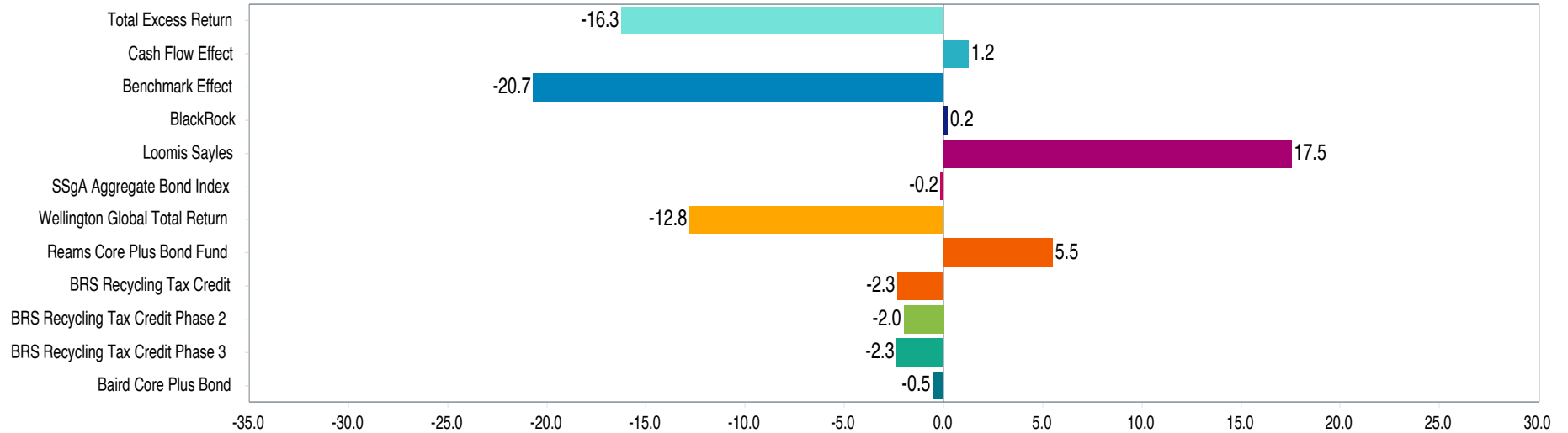
5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Fixed Income              | 1.33          | 1.89           | 0.70              | 0.97      | -0.30        | 1.41  | 0.72 | 1.50   | 4.56               | 0.99               |
| Performance Benchmark     | 0.00          | 0.00           | -                 | 1.00      | -0.44        | 0.00  | 1.00 | 0.08   | 6.25               | 1.00               |
| 90 Day U.S. Treasury Bill | 2.67          | 6.12           | 0.44              | 0.06      | -            | 2.97  | 0.03 | 2.98   | 0.65               | 0.25               |

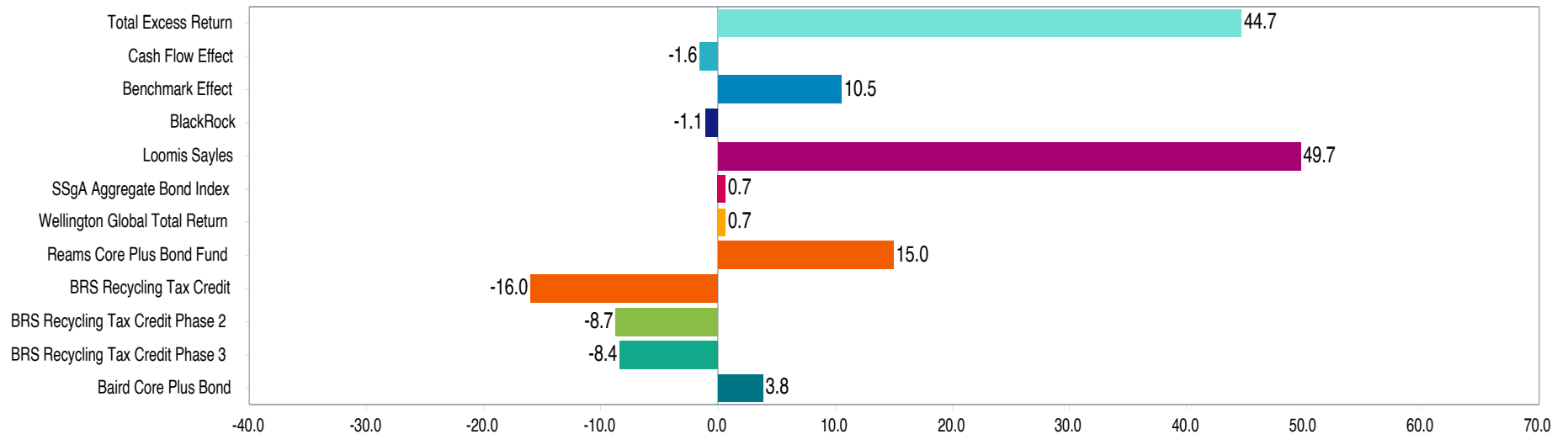
# Asset Class Attribution

As of September 30, 2025

## 1 Quarter



## 1 Year



\*The BRS Recycling Tax Credit represents an annual income stream of \$16 million dollars over the next 14 years, which ATRS purchased for approximately \$162 million. This represents an approximate 9.9% yield for the 2017 fiscal year. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income, and has been incorporated into Total Fixed Income and Total Fund performance.

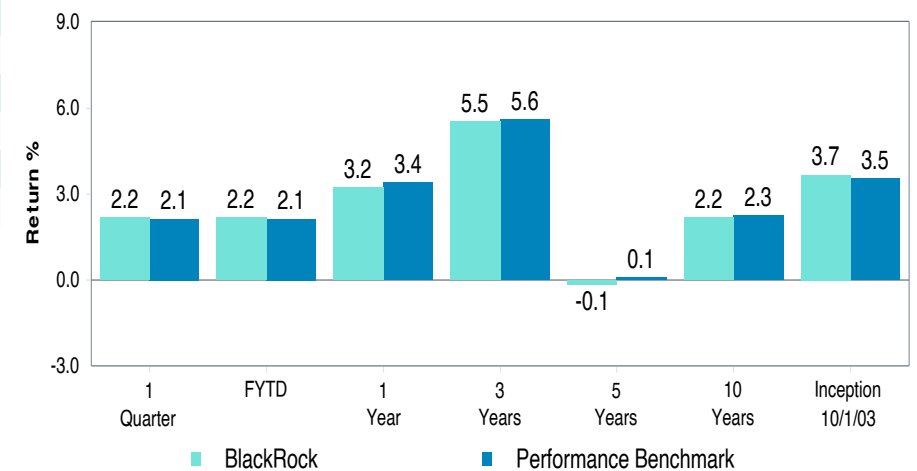
# Manager Performance Summary BlackRock

As of September 30, 2025

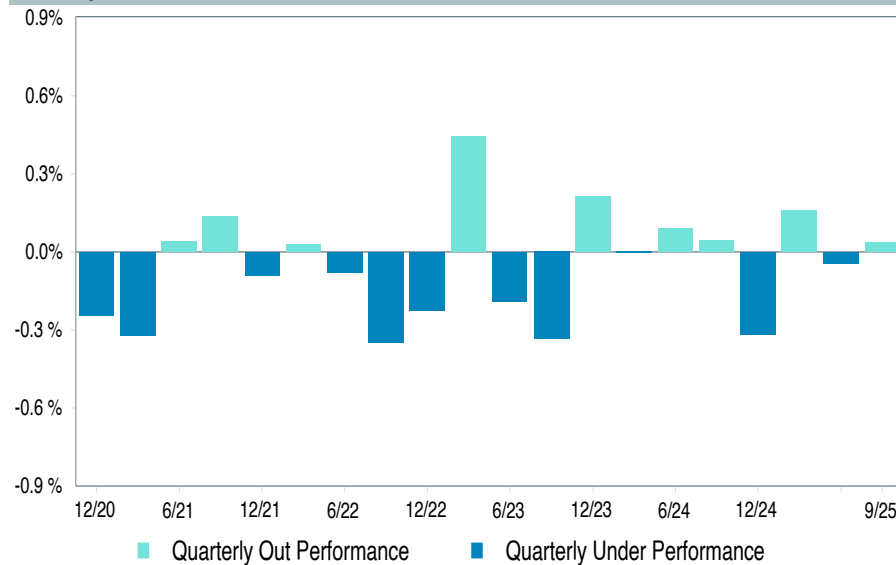
## Account Information

|                   |                              |
|-------------------|------------------------------|
| Account Name      | BlackRock                    |
| Inception Date    | 09/30/2003                   |
| Account Structure | Separate Account             |
| Asset Class       | US Fixed Income              |
| Benchmark         | Performance Benchmark        |
| Peer Group        | IM U.S. Fixed Income (SA+CF) |

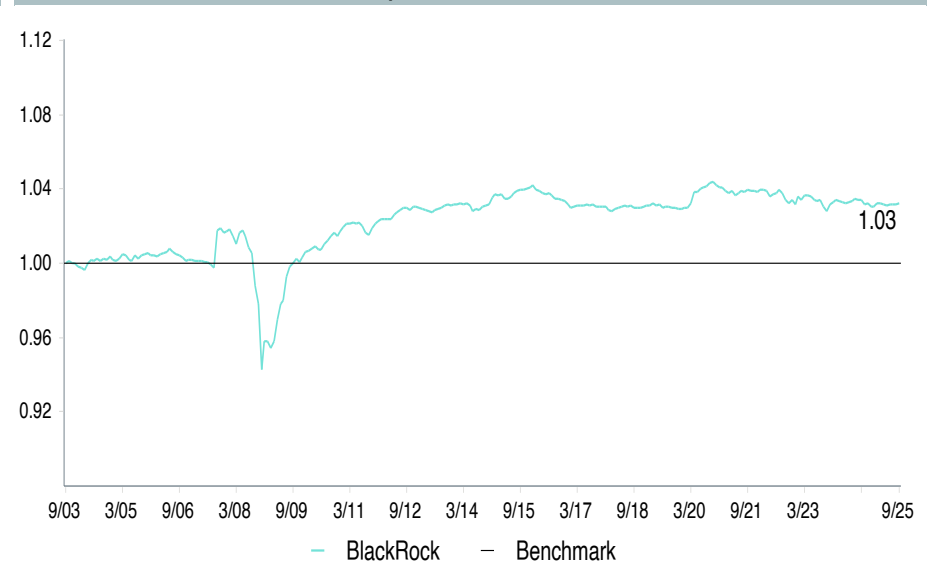
## Return Summary



## Quarterly Excess Performance



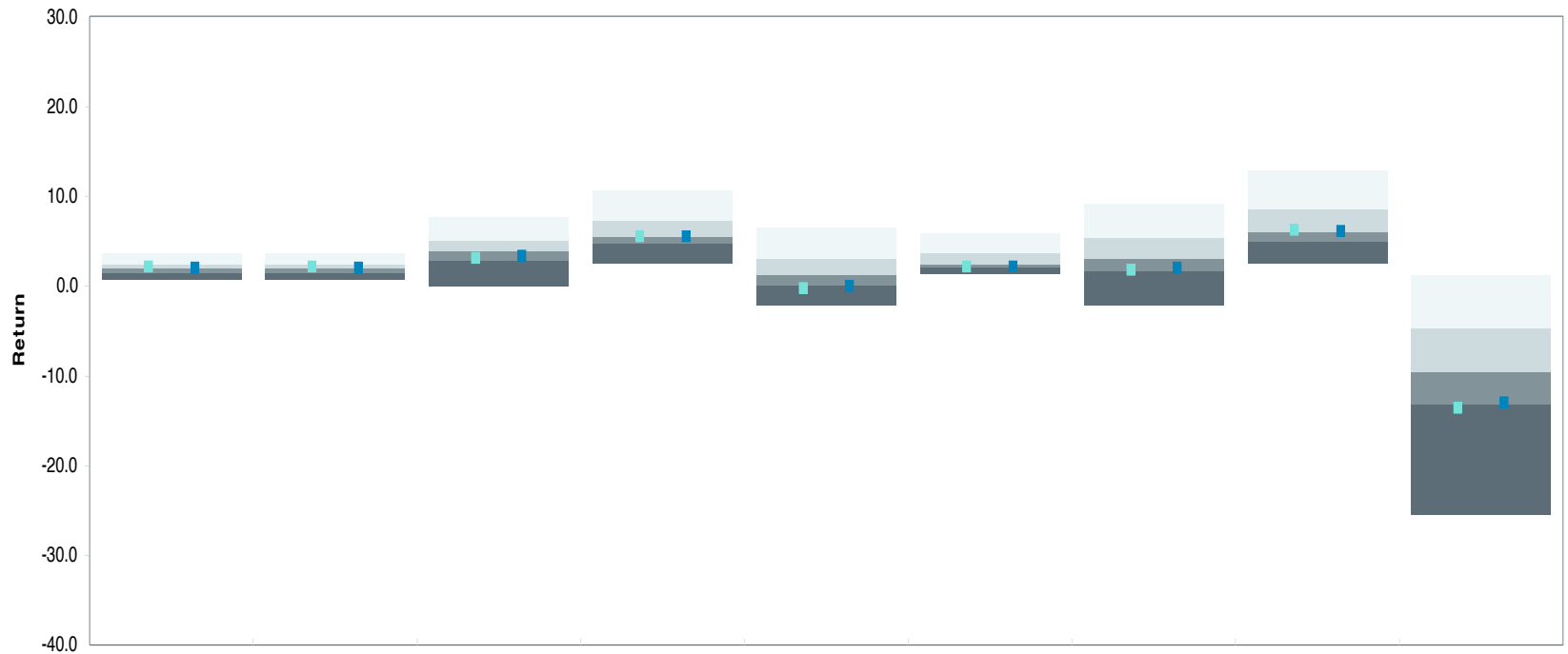
## Ratio of Cumulative Wealth - Since Inception



# BlackRock

As of September 30, 2025

## IM U.S. Fixed Income (SA+CF)



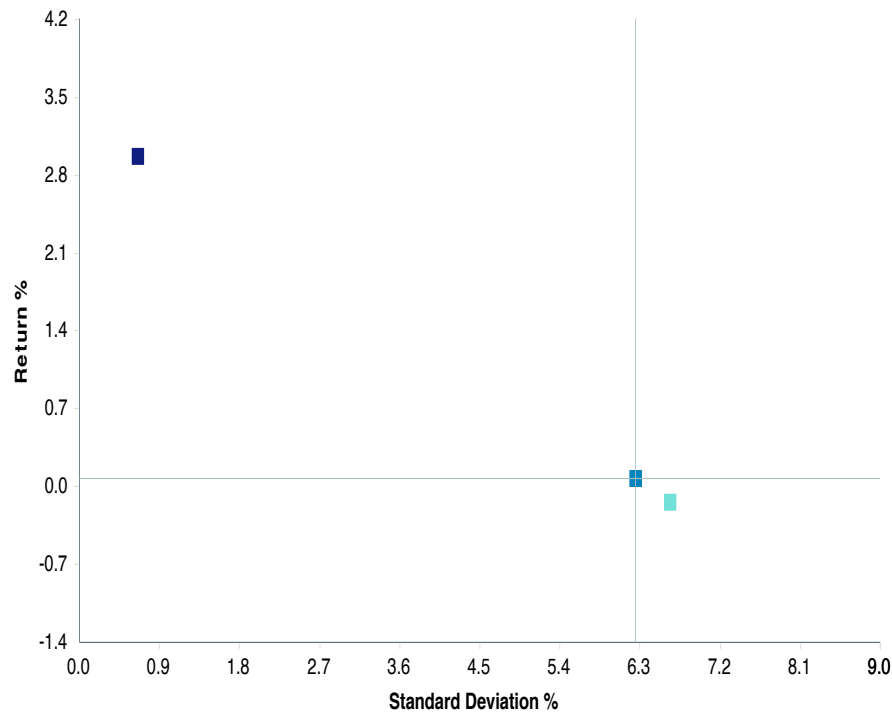
|                       | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | 2024     | 2023     | 2022       |
|-----------------------|--------------|----------|-----------|------------|------------|-------------|----------|----------|------------|
| BlackRock             | 2.2 (38)     | 2.2 (38) | 3.2 (66)  | 5.5 (48)   | -0.1 (82)  | 2.2 (64)    | 1.8 (74) | 6.3 (46) | -13.5 (79) |
| Performance Benchmark | 2.1 (41)     | 2.1 (41) | 3.4 (62)  | 5.6 (47)   | 0.1 (77)   | 2.3 (60)    | 2.0 (70) | 6.2 (48) | -13.0 (72) |
| 5th Percentile        | 3.7          | 3.7      | 7.7       | 10.6       | 6.6        | 5.9         | 9.2      | 12.9     | 1.3        |
| 1st Quartile          | 2.4          | 2.4      | 5.1       | 7.2        | 3.1        | 3.7         | 5.4      | 8.6      | -4.7       |
| Median                | 2.0          | 2.0      | 3.9       | 5.4        | 1.3        | 2.5         | 3.0      | 6.0      | -9.6       |
| 3rd Quartile          | 1.5          | 1.5      | 2.9       | 4.8        | 0.2        | 2.0         | 1.7      | 5.0      | -13.2      |
| 95th Percentile       | 0.8          | 0.8      | 0.0       | 2.5        | -2.1       | 1.3         | -2.1     | 2.5      | -25.4      |
| Population            | 1,276        | 1,276    | 1,265     | 1,228      | 1,159      | 1,023       | 1,333    | 1,405    | 1,432      |

Parentheses contain percentile rankings.

# Risk Profile BlackRock

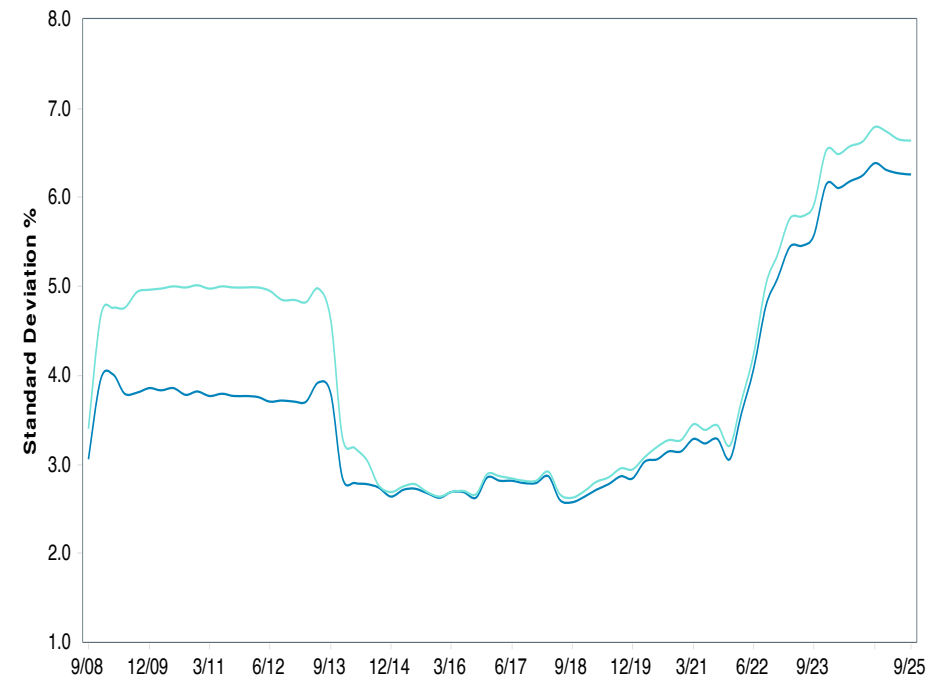
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ BlackRock ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— BlackRock — Performance Benchmark

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| BlackRock                 | -0.19         | 0.52           | -0.37             | 1.00      | -0.44        | -0.21 | 1.06 | -0.14  | 6.64               | 1.00               |
| Performance Benchmark     | 0.00          | 0.00           | -                 | 1.00      | -0.44        | 0.00  | 1.00 | 0.08   | 6.25               | 1.00               |
| 90 Day U.S. Treasury Bill | 2.67          | 6.12           | 0.44              | 0.06      | -            | 2.97  | 0.03 | 2.98   | 0.65               | 0.25               |

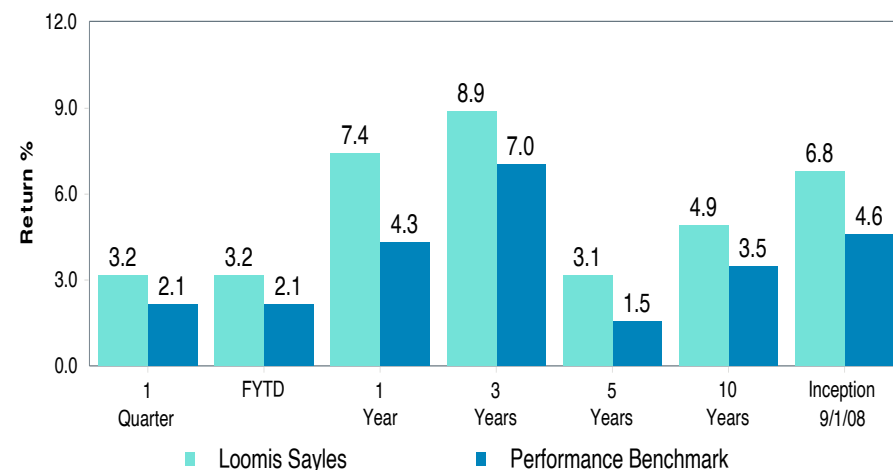
# Manager Performance Summary Loomis Sayles

As of September 30, 2025

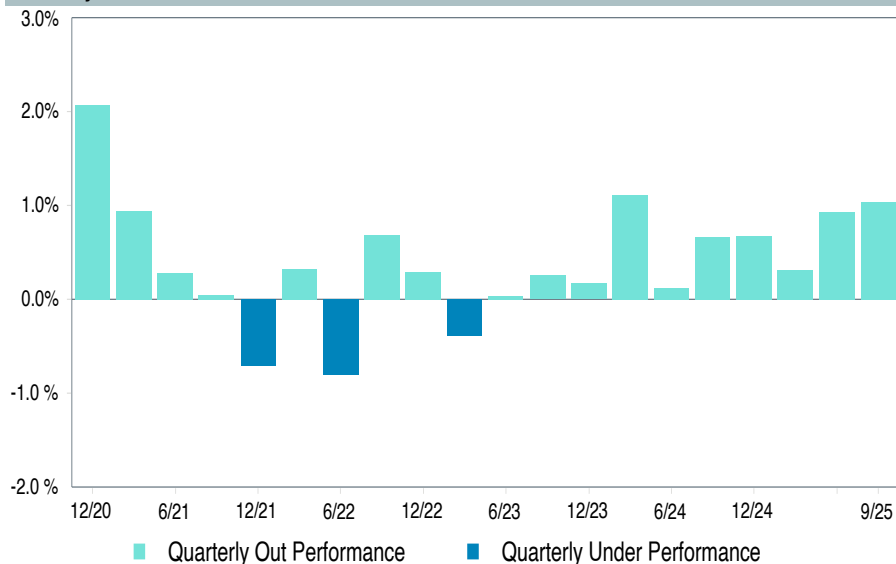
## Account Information

|                   |                              |
|-------------------|------------------------------|
| Account Name      | Loomis Sayles                |
| Inception Date    | 06/30/2008                   |
| Account Structure | Separate Account             |
| Asset Class       | US Fixed Income              |
| Benchmark         | Performance Benchmark        |
| Peer Group        | IM U.S. Fixed Income (SA+CF) |

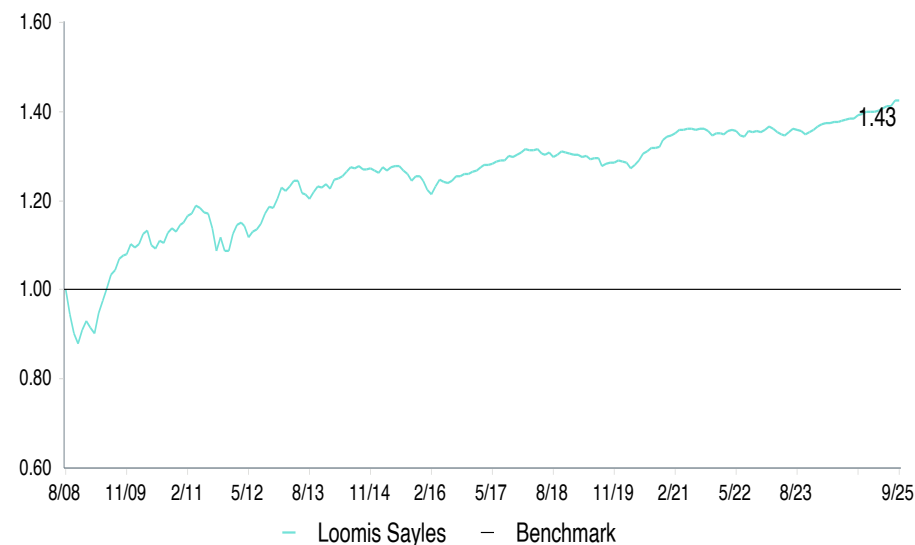
## Return Summary



## Quarterly Excess Performance



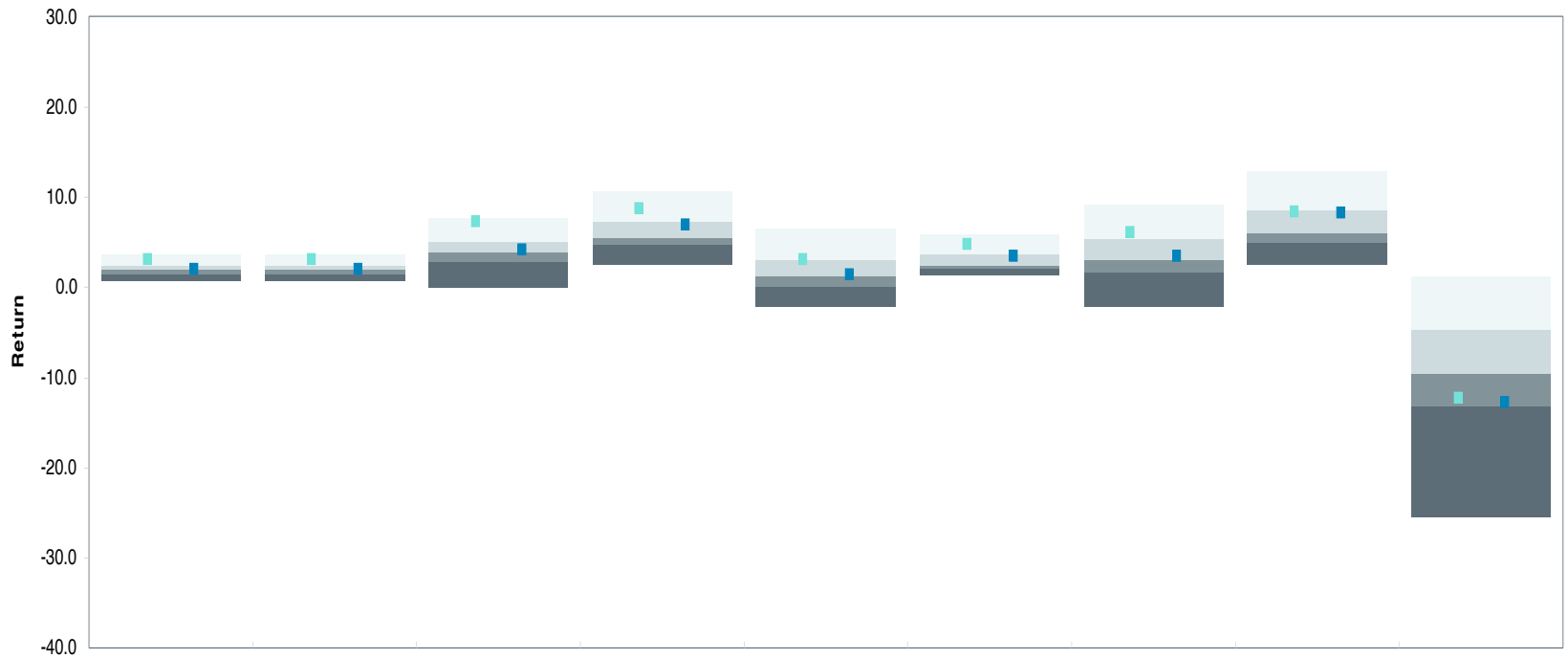
## Ratio of Cumulative Wealth - Since Inception



# Loomis Sayles

As of September 30, 2025

IM U.S. Fixed Income (SA+CF)



|                       | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | 2024     | 2023     | 2022       |
|-----------------------|--------------|----------|-----------|------------|------------|-------------|----------|----------|------------|
| Loomis Sayles         | 3.2 (9)      | 3.2 (9)  | 7.4 (7)   | 8.9 (16)   | 3.1 (25)   | 4.9 (16)    | 6.2 (21) | 8.5 (26) | -12.3 (65) |
| Performance Benchmark | 2.1 (41)     | 2.1 (41) | 4.3 (38)  | 7.0 (28)   | 1.5 (46)   | 3.5 (28)    | 3.6 (42) | 8.4 (27) | -12.7 (69) |
| 5th Percentile        | 3.7          | 3.7      | 7.7       | 10.6       | 6.6        | 5.9         | 9.2      | 12.9     | 1.3        |
| 1st Quartile          | 2.4          | 2.4      | 5.1       | 7.2        | 3.1        | 3.7         | 5.4      | 8.6      | -4.7       |
| Median                | 2.0          | 2.0      | 3.9       | 5.4        | 1.3        | 2.5         | 3.0      | 6.0      | -9.6       |
| 3rd Quartile          | 1.5          | 1.5      | 2.9       | 4.8        | 0.2        | 2.0         | 1.7      | 5.0      | -13.2      |
| 95th Percentile       | 0.8          | 0.8      | 0.0       | 2.5        | -2.1       | 1.3         | -2.1     | 2.5      | -25.4      |
| Population            | 1,276        | 1,276    | 1,265     | 1,228      | 1,159      | 1,023       | 1,333    | 1,405    | 1,432      |

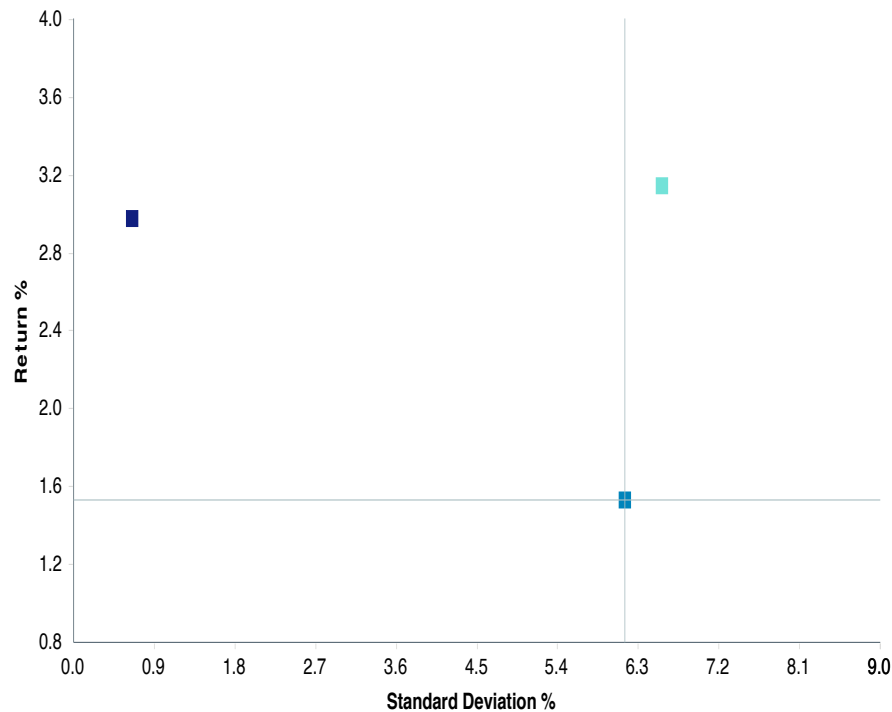
Parentheses contain percentile rankings.



# Risk Profile Loomis Sayles

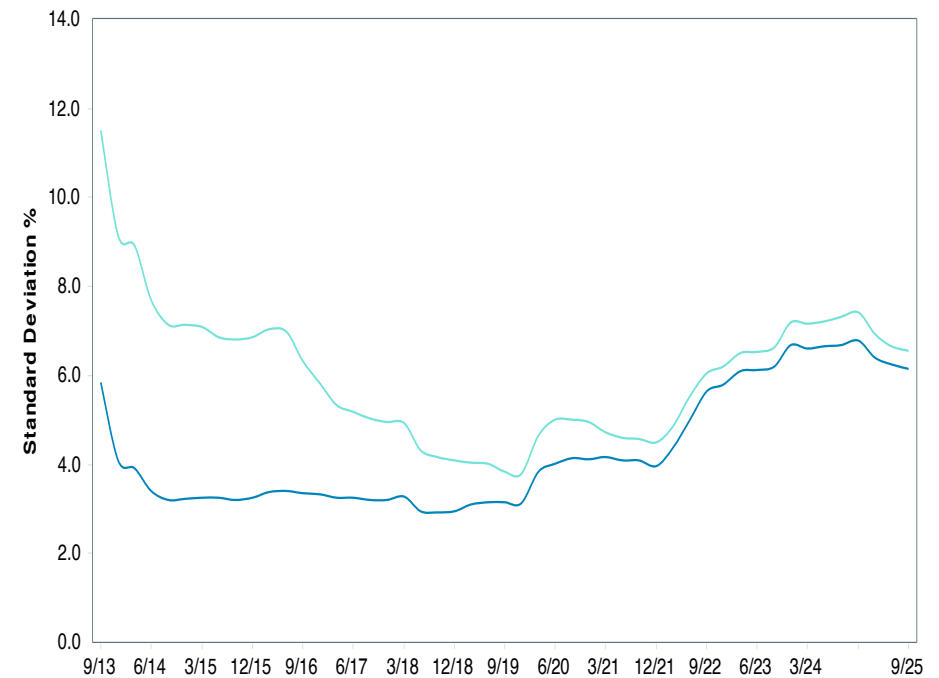
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Loomis Sayles ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Loomis Sayles — Performance Benchmark

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Loomis Sayles             | 1.61          | 1.34           | 1.20              | 0.96      | 0.06         | 1.54  | 1.05 | 3.15   | 6.56               | 0.98               |
| Performance Benchmark     | 0.00          | 0.00           | -                 | 1.00      | -0.20        | 0.00  | 1.00 | 1.53   | 6.15               | 1.00               |
| 90 Day U.S. Treasury Bill | 1.23          | 6.02           | 0.20              | 0.06      | -            | 2.93  | 0.03 | 2.98   | 0.65               | 0.24               |

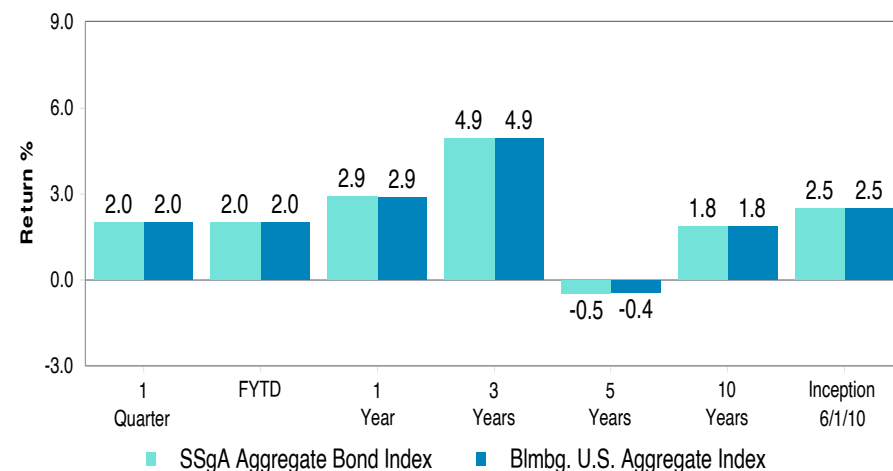
# Manager Performance Summary SSgA Aggregate Bond Index

As of September 30, 2025

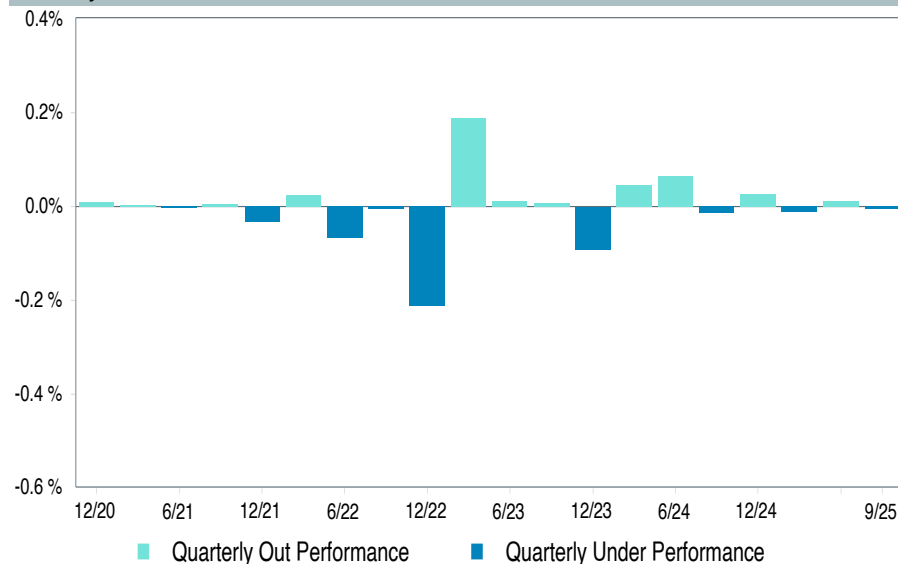
## Account Information

|                   |                              |
|-------------------|------------------------------|
| Account Name      | SSgA Aggregate Bond Index    |
| Inception Date    | 01/01/1901                   |
| Account Structure | Commingled Fund              |
| Asset Class       | US Fixed Income              |
| Benchmark         | Blmbg. U.S. Aggregate Index  |
| Peer Group        | IM U.S. Fixed Income (SA+CF) |

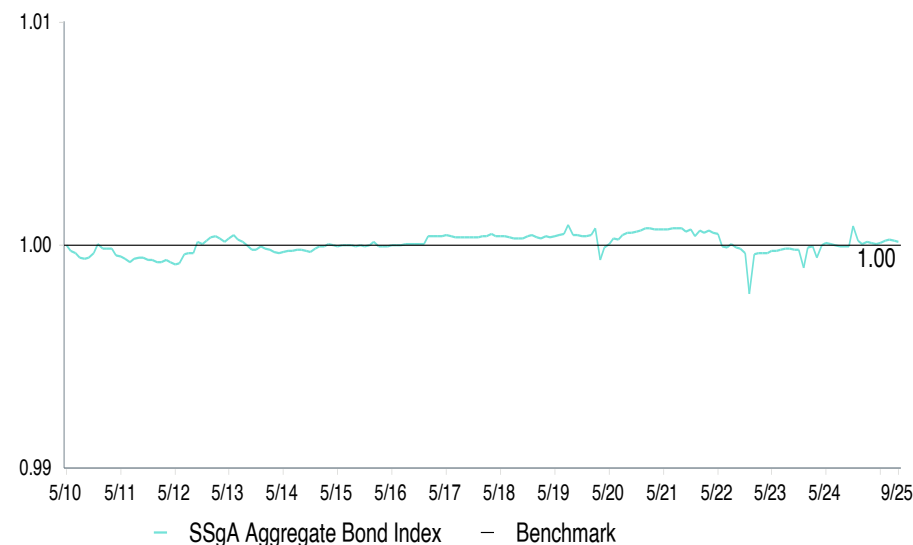
## Return Summary



## Quarterly Excess Performance



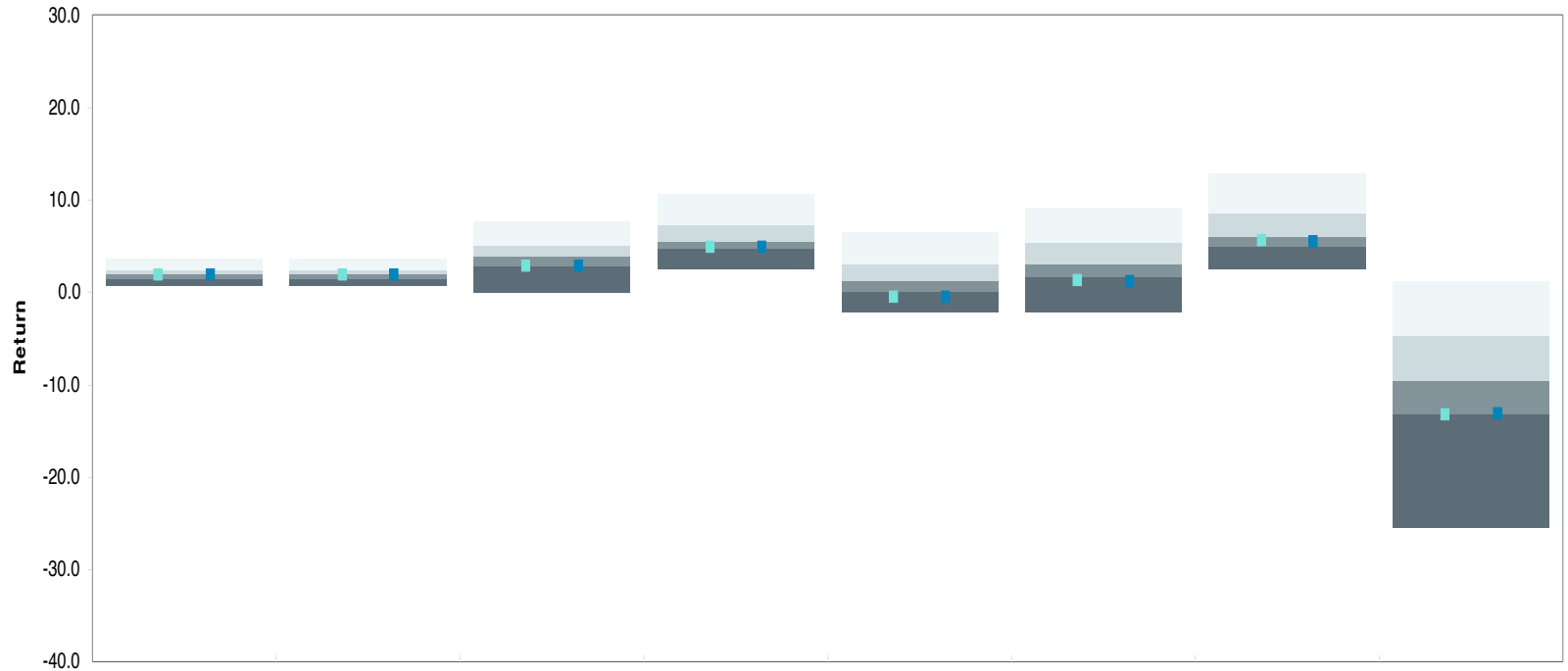
## Ratio of Cumulative Wealth - Since Inception



# SSgA Aggregate Bond Index

As of September 30, 2025

IM U.S. Fixed Income (SA+CF)



|                             | 1 Quarter | FYTD     | 1 Year   | 3 Years  | 5 Years   | 2024     | 2023     | 2022       |
|-----------------------------|-----------|----------|----------|----------|-----------|----------|----------|------------|
| SSgA Aggregate Bond Index   | 2.0 (50)  | 2.0 (50) | 2.9 (76) | 4.9 (69) | -0.5 (88) | 1.4 (83) | 5.7 (59) | -13.2 (76) |
| Blmbg. U.S. Aggregate Index | 2.0 (50)  | 2.0 (50) | 2.9 (77) | 4.9 (70) | -0.4 (88) | 1.3 (85) | 5.5 (63) | -13.0 (72) |
| 5th Percentile              | 3.7       | 3.7      | 7.7      | 10.6     | 6.6       | 9.2      | 12.9     | 1.3        |
| 1st Quartile                | 2.4       | 2.4      | 5.1      | 7.2      | 3.1       | 5.4      | 8.6      | -4.7       |
| Median                      | 2.0       | 2.0      | 3.9      | 5.4      | 1.3       | 3.0      | 6.0      | -9.6       |
| 3rd Quartile                | 1.5       | 1.5      | 2.9      | 4.8      | 0.2       | 1.7      | 5.0      | -13.2      |
| 95th Percentile             | 0.8       | 0.8      | 0.0      | 2.5      | -2.1      | -2.1     | 2.5      | -25.4      |

Population

1,276

1,276

1,265

1,228

1,159

1,333

1,405

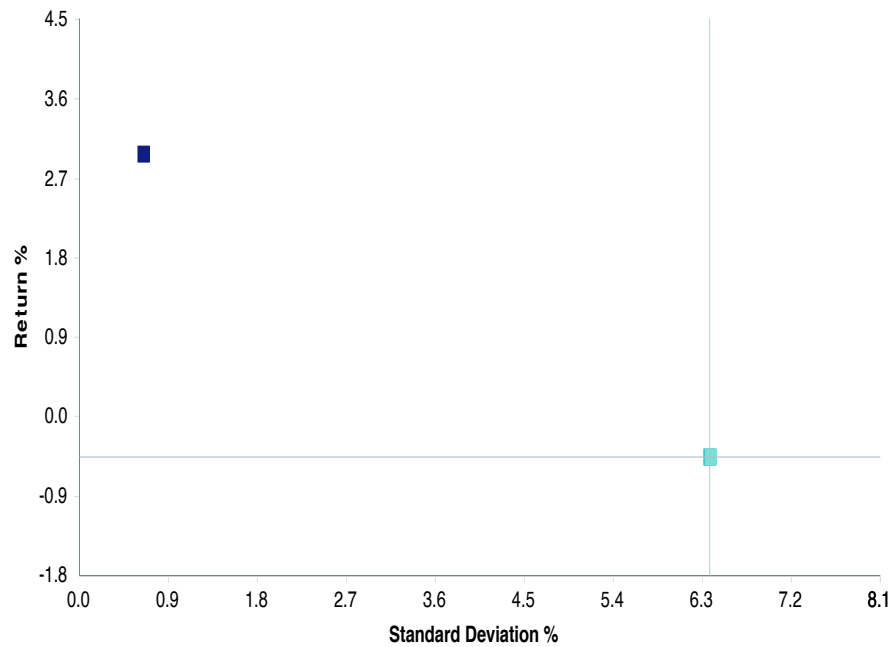
1,432

Parentheses contain percentile rankings.

# Risk Profile SSgA Aggregate Bond Index

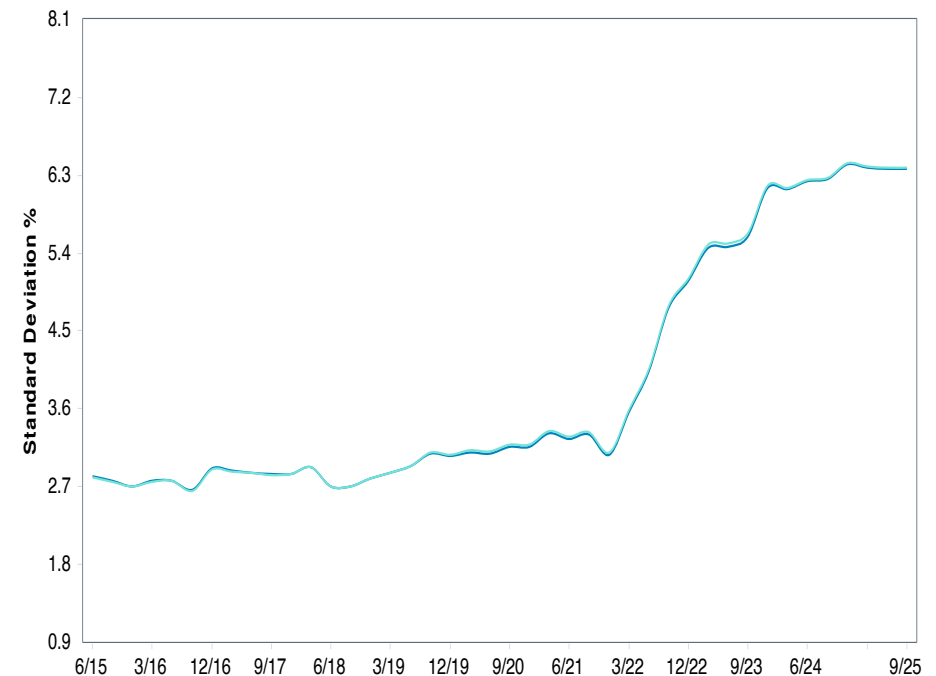
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ SSgA Aggregate Bond Index ■ Blmbg. U.S. Aggregate Index  
■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— SSgA Aggregate Bond Index — Blmbg. U.S. Aggregate Index

5 Years Historical Statistics

|                             | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|-----------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| SSgA Aggregate Bond Index   | -0.01         | 0.15           | -0.05             | 1.00      | -0.51        | -0.01 | 1.00 | -0.46  | 6.38               | 1.00               |
| Blmbg. U.S. Aggregate Index | 0.00          | 0.00           | -                 | 1.00      | -0.51        | 0.00  | 1.00 | -0.45  | 6.37               | 1.00               |
| 90 Day U.S. Treasury Bill   | 3.19          | 6.25           | 0.51              | 0.06      | -            | 2.98  | 0.02 | 2.98   | 0.65               | 0.24               |

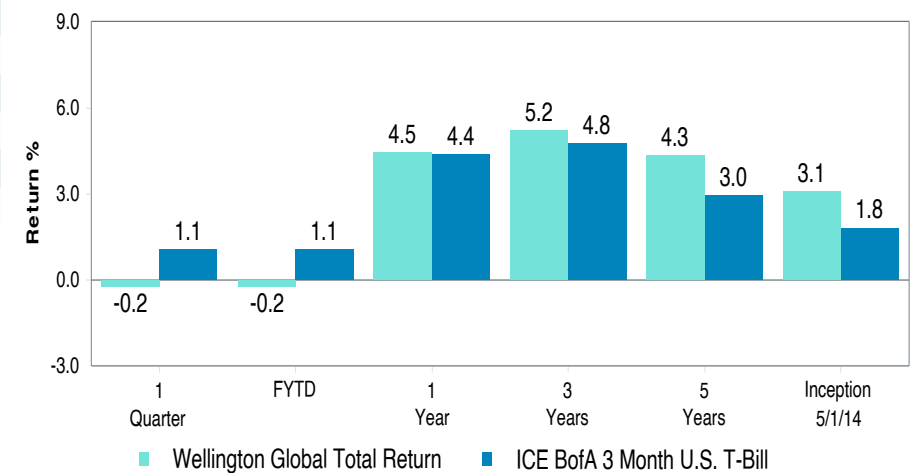
# Manager Performance Summary Wellington Global Total Return

As of September 30, 2025

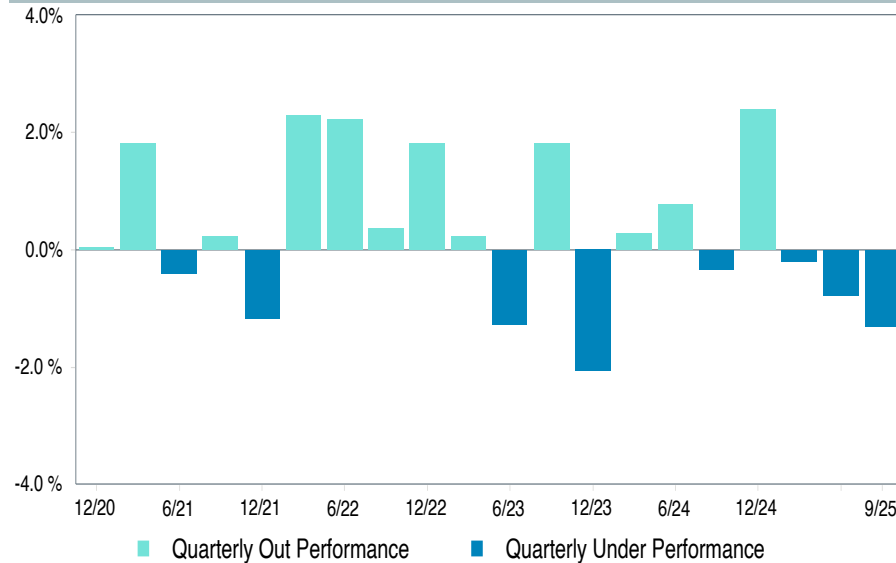
## Account Information

|                   |                                |
|-------------------|--------------------------------|
| Account Name      | Wellington Global Total Return |
| Inception Date    | 05/13/2014                     |
| Account Structure | Commingled Fund                |
| Asset Class       | Global Fixed Income            |
| Benchmark         | ICE BofA 3 Month U.S. T-Bill   |
| Peer Group        | IM Absolute Return (MF)        |

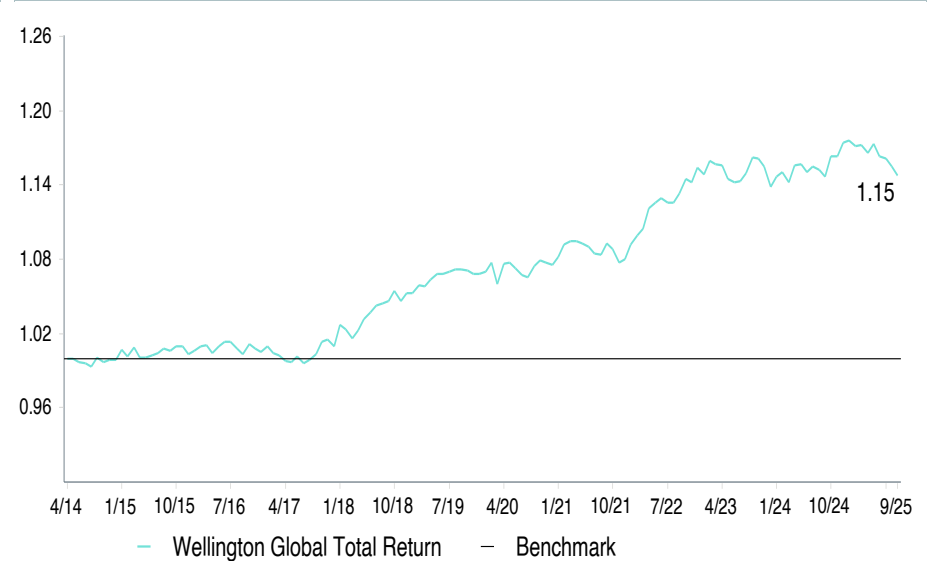
## Return Summary



## Quarterly Excess Performance



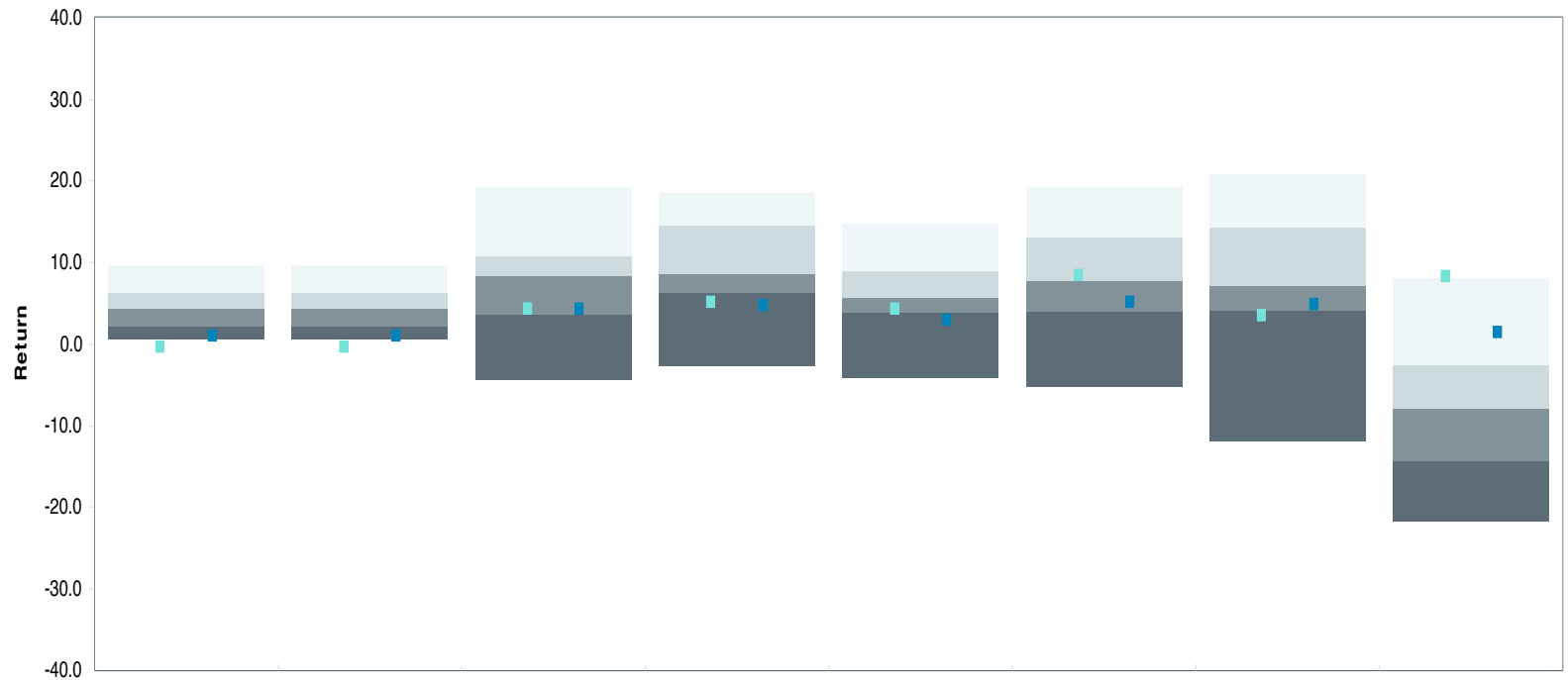
## Ratio of Cumulative Wealth - Since Inception



# Wellington Global Total Return

As of September 30, 2025

IM Absolute Return (MF)



|                                | 1<br>Quarter | FYTD      | 1<br>Year | 3<br>Years | 5<br>Years | 2024     | 2023     | 2022     |
|--------------------------------|--------------|-----------|-----------|------------|------------|----------|----------|----------|
| Wellington Global Total Return | -0.2 (99)    | -0.2 (99) | 4.5 (74)  | 5.2 (85)   | 4.3 (66)   | 8.5 (43) | 3.6 (77) | 8.4 (5)  |
| ICE BofA 3 Month U.S. T-Bill   | 1.1 (92)     | 1.1 (92)  | 4.4 (74)  | 4.8 (86)   | 3.0 (85)   | 5.3 (69) | 5.0 (65) | 1.5 (13) |
| 5th Percentile                 | 9.7          | 9.7       | 19.3      | 18.6       | 14.7       | 19.2     | 20.7     | 8.2      |
| 1st Quartile                   | 6.4          | 6.4       | 10.8      | 14.6       | 9.0        | 13.1     | 14.4     | -2.5     |
| Median                         | 4.4          | 4.4       | 8.3       | 8.6        | 5.8        | 7.9      | 7.2      | -7.9     |
| 3rd Quartile                   | 2.2          | 2.2       | 3.8       | 6.3        | 3.9        | 3.9      | 4.1      | -14.3    |
| 95th Percentile                | 0.7          | 0.7       | -4.4      | -2.6       | -4.2       | -5.2     | -11.8    | -21.8    |

Population

32

32

32

32

32

36

39

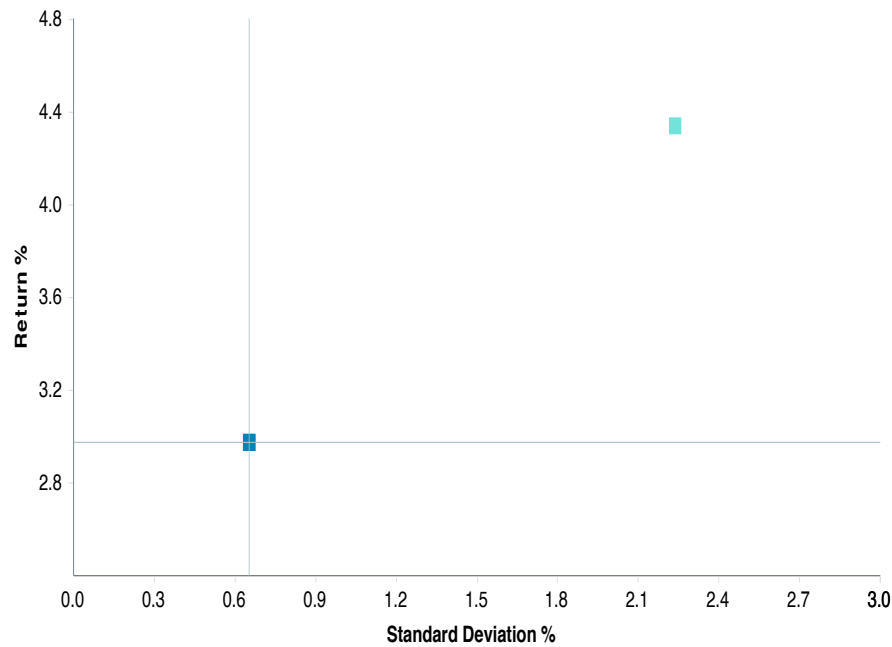
45

Parentheses contain percentile rankings.

# Risk Profile Wellington Global Total Return

As of September 30, 2025

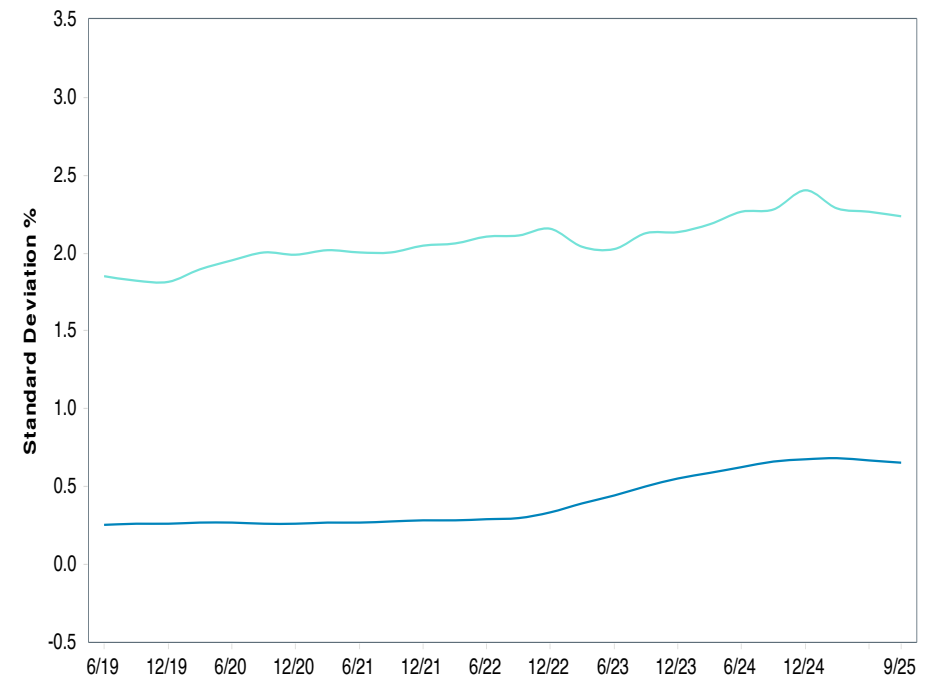
Annualized Return vs. Annualized Standard Deviation  
5 Years



Wellington Global Total Return ICE BofA 3 Month U.S. T-Bill

90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



Wellington Global Total Return ICE BofA 3 Month U.S. T-Bill

5 Years Historical Statistics

|                                | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|--------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Wellington Global Total Return | 1.34          | 2.24           | 0.60              | 0.02      | 0.60         | 2.87  | 0.49 | 4.34   | 2.24               | 0.14               |
| ICE BofA 3 Month U.S. T-Bill   | 0.00          | 0.00           | -                 | 1.00      | -            | 0.00  | 1.00 | 2.98   | 0.65               | 1.00               |
| 90 Day U.S. Treasury Bill      | 0.00          | 0.00           | -                 | 1.00      | -            | 0.00  | 1.00 | 2.98   | 0.65               | 1.00               |

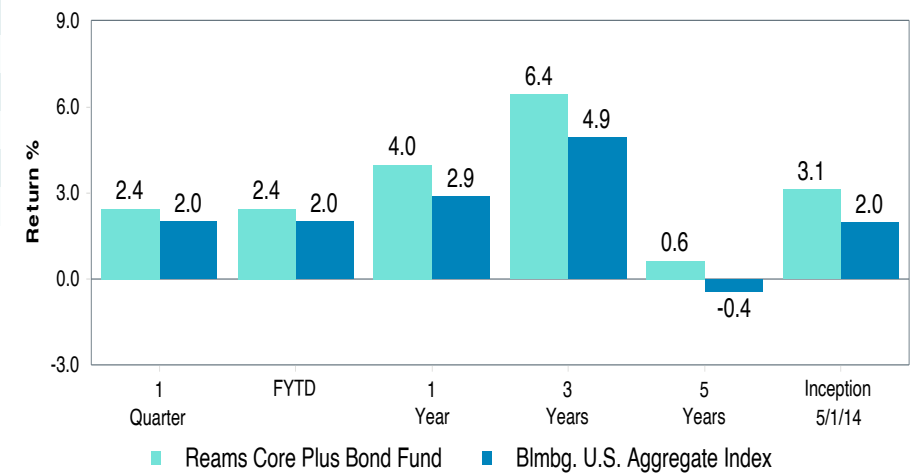
# Manager Performance Summary Reams Core Plus Bond Fund

As of September 30, 2025

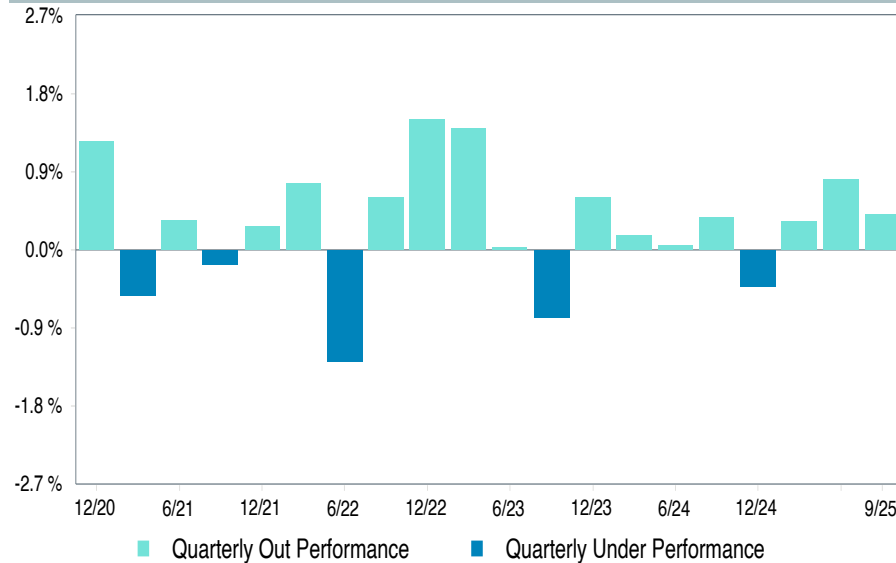
## Account Information

|                   |                              |
|-------------------|------------------------------|
| Account Name      | Reams Core Plus Bond Fund    |
| Inception Date    | 05/08/2014                   |
| Account Structure | Commingled Fund              |
| Asset Class       | US Fixed Income              |
| Benchmark         | Blmbg. U.S. Aggregate Index  |
| Peer Group        | IM U.S. Fixed Income (SA+CF) |

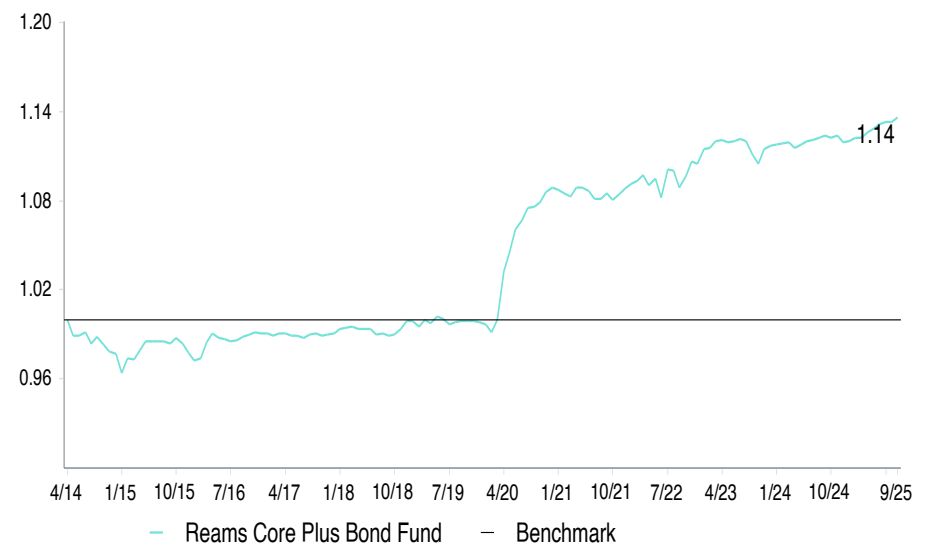
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - Since Inception

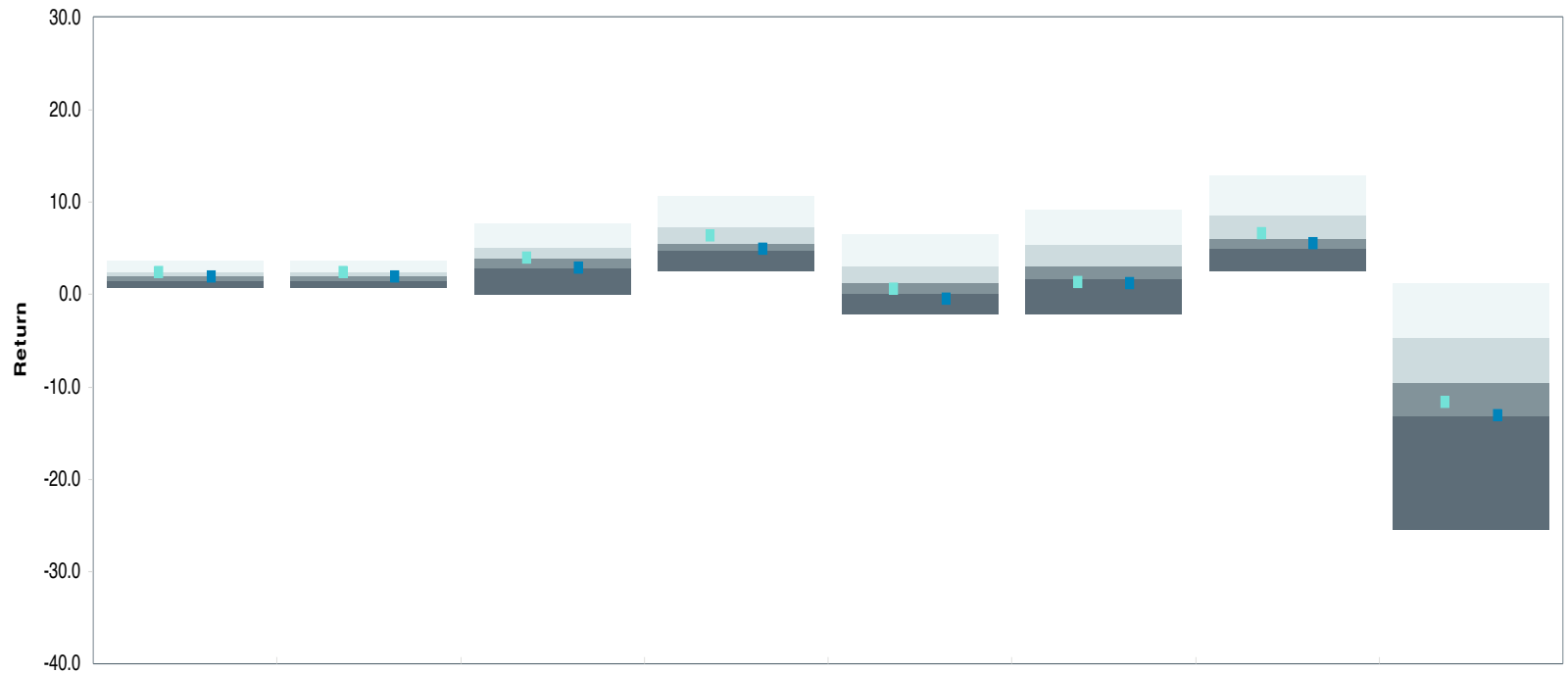




# Reams Core Plus Bond Fund

As of September 30, 2025

IM U.S. Fixed Income (SA+CF)



|                             | 1<br>Quarter | FYTD     | 1<br>Year | 3<br>Years | 5<br>Years | 2024     | 2023     | 2022       |
|-----------------------------|--------------|----------|-----------|------------|------------|----------|----------|------------|
| Reams Core Plus Bond Fund   | 2.4 (24)     | 2.4 (24) | 4.0 (46)  | 6.4 (34)   | 0.6 (65)   | 1.4 (82) | 6.7 (40) | -11.7 (61) |
| Blmbg. U.S. Aggregate Index | 2.0 (50)     | 2.0 (50) | 2.9 (77)  | 4.9 (70)   | -0.4 (88)  | 1.3 (85) | 5.5 (63) | -13.0 (72) |
| 5th Percentile              | 3.7          | 3.7      | 7.7       | 10.6       | 6.6        | 9.2      | 12.9     | 1.3        |
| 1st Quartile                | 2.4          | 2.4      | 5.1       | 7.2        | 3.1        | 5.4      | 8.6      | -4.7       |
| Median                      | 2.0          | 2.0      | 3.9       | 5.4        | 1.3        | 3.0      | 6.0      | -9.6       |
| 3rd Quartile                | 1.5          | 1.5      | 2.9       | 4.8        | 0.2        | 1.7      | 5.0      | -13.2      |
| 95th Percentile             | 0.8          | 0.8      | 0.0       | 2.5        | -2.1       | -2.1     | 2.5      | -25.4      |

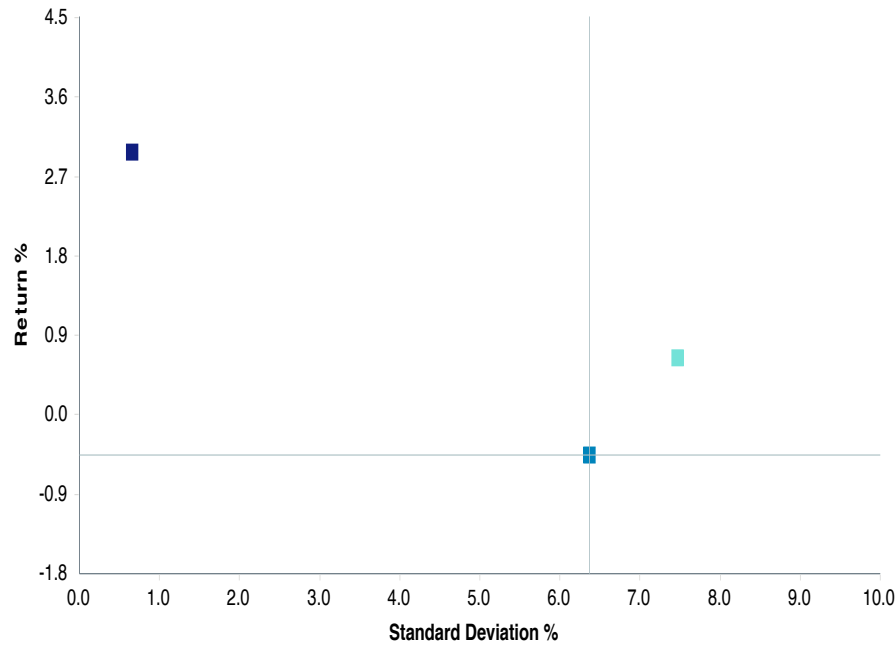
|            |       |       |       |       |       |       |       |       |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Population | 1,276 | 1,276 | 1,265 | 1,228 | 1,159 | 1,333 | 1,405 | 1,432 |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|

Parentheses contain percentile rankings.

# Risk Profile Reams Core Plus Bond Fund

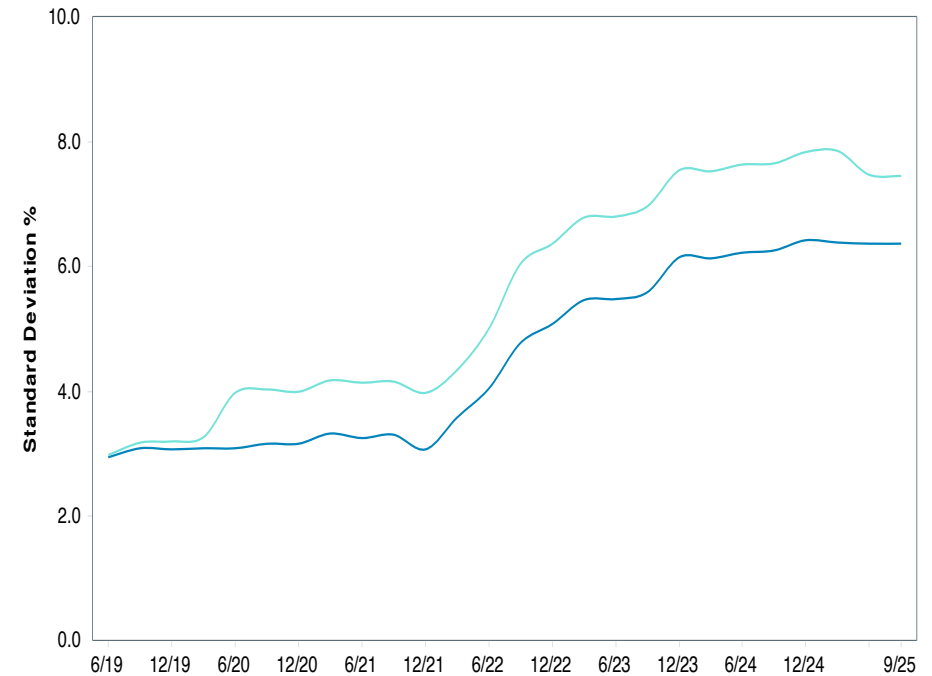
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Reams Core Plus Bond Fund ■ Blmbg. U.S. Aggregate Index  
■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Reams Core Plus Bond Fund — Blmbg. U.S. Aggregate Index

5 Years Historical Statistics

|                             | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|-----------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Reams Core Plus Bond Fund   | 1.17          | 1.60           | 0.73              | 0.97      | -0.27        | 1.21  | 1.16 | 0.64   | 7.47               | 0.99               |
| Blmbg. U.S. Aggregate Index | 0.00          | 0.00           | -                 | 1.00      | -0.51        | 0.00  | 1.00 | -0.45  | 6.37               | 1.00               |
| 90 Day U.S. Treasury Bill   | 3.19          | 6.25           | 0.51              | 0.06      | -            | 2.98  | 0.02 | 2.98   | 0.65               | 0.24               |

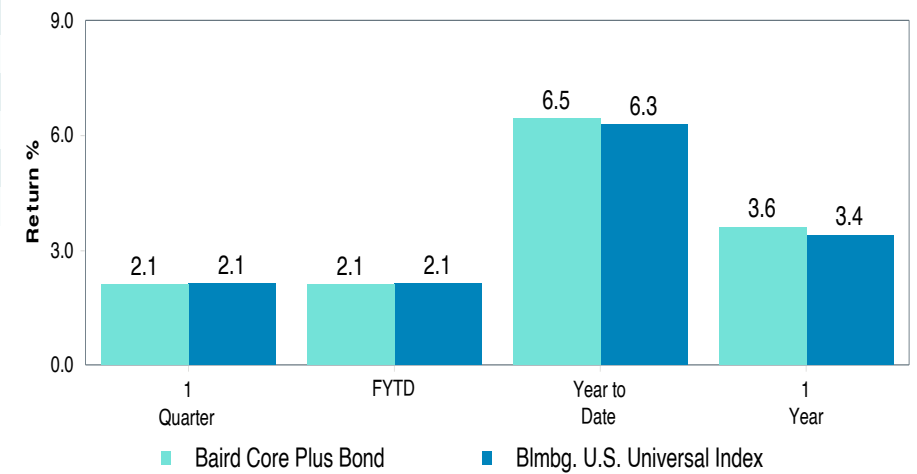
# Manager Performance Summary Baird Core Plus Bond

As of September 30, 2025

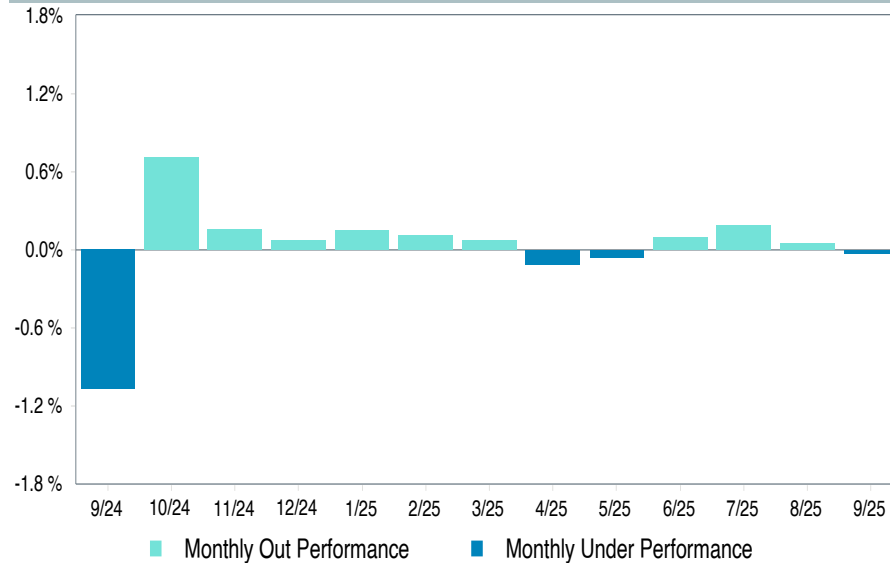
## Account Information

|                   |   |
|-------------------|---|
| Account Name      | Baird Core Plus Bond                            |
| Inception Date    | 07/01/2024                                      |
| Account Structure | Separate Account                                |
| Asset Class       | US Fixed Income                                 |
| Benchmark         | Blmbg. U.S. Universal Index                     |
| Peer Group        | IM U.S. Broad Market Core+ Fixed Income (SA+CF) |

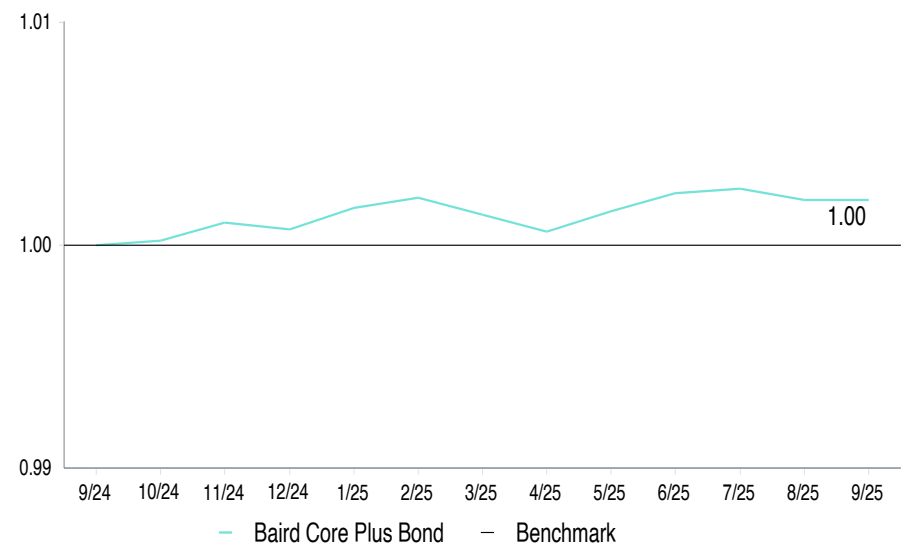
## Return Summary



## Quarterly Excess Performance



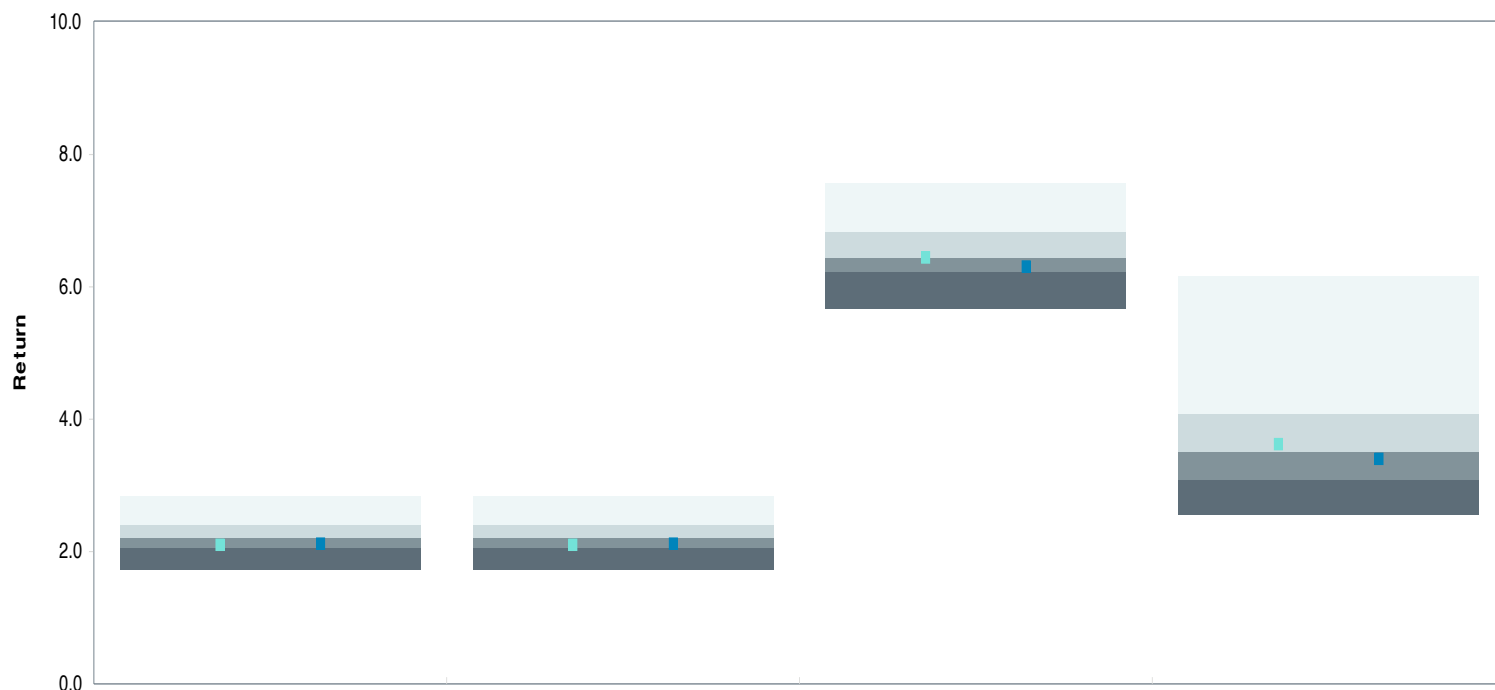
## Ratio of Cumulative Wealth - 1 Year



# Peer Group Analysis Baird Core Plus Bond

As of September 30, 2025

IM U.S. Broad Market Core+ Fixed Income (SA+CF)

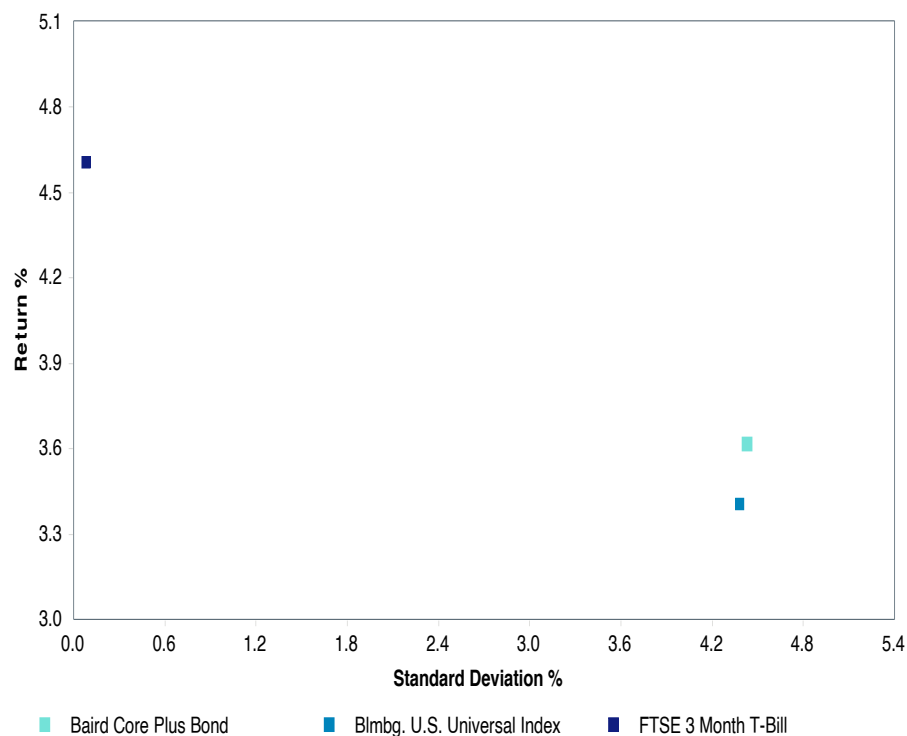


|                             | 1<br>Quarter | Jul-2025<br>To<br>Sep-2025 | Year to<br>Date | 1<br>Year |
|-----------------------------|--------------|----------------------------|-----------------|-----------|
| Baird Core Plus Bond        | 2.10 (70)    | 2.10 (70)                  | 6.45 (50)       | 3.62 (44) |
| Bimbg. U.S. Universal Index | 2.13 (65)    | 2.13 (65)                  | 6.31 (67)       | 3.40 (57) |
| 5th Percentile              | 2.84         | 2.84                       | 7.58            | 6.18      |
| 1st Quartile                | 2.42         | 2.42                       | 6.83            | 4.09      |
| Median                      | 2.20         | 2.20                       | 6.45            | 3.50      |
| 3rd Quartile                | 2.07         | 2.07                       | 6.22            | 3.09      |
| 95th Percentile             | 1.73         | 1.73                       | 5.68            | 2.56      |

# Risk Profile Baird Core Plus Bond

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
1 Year



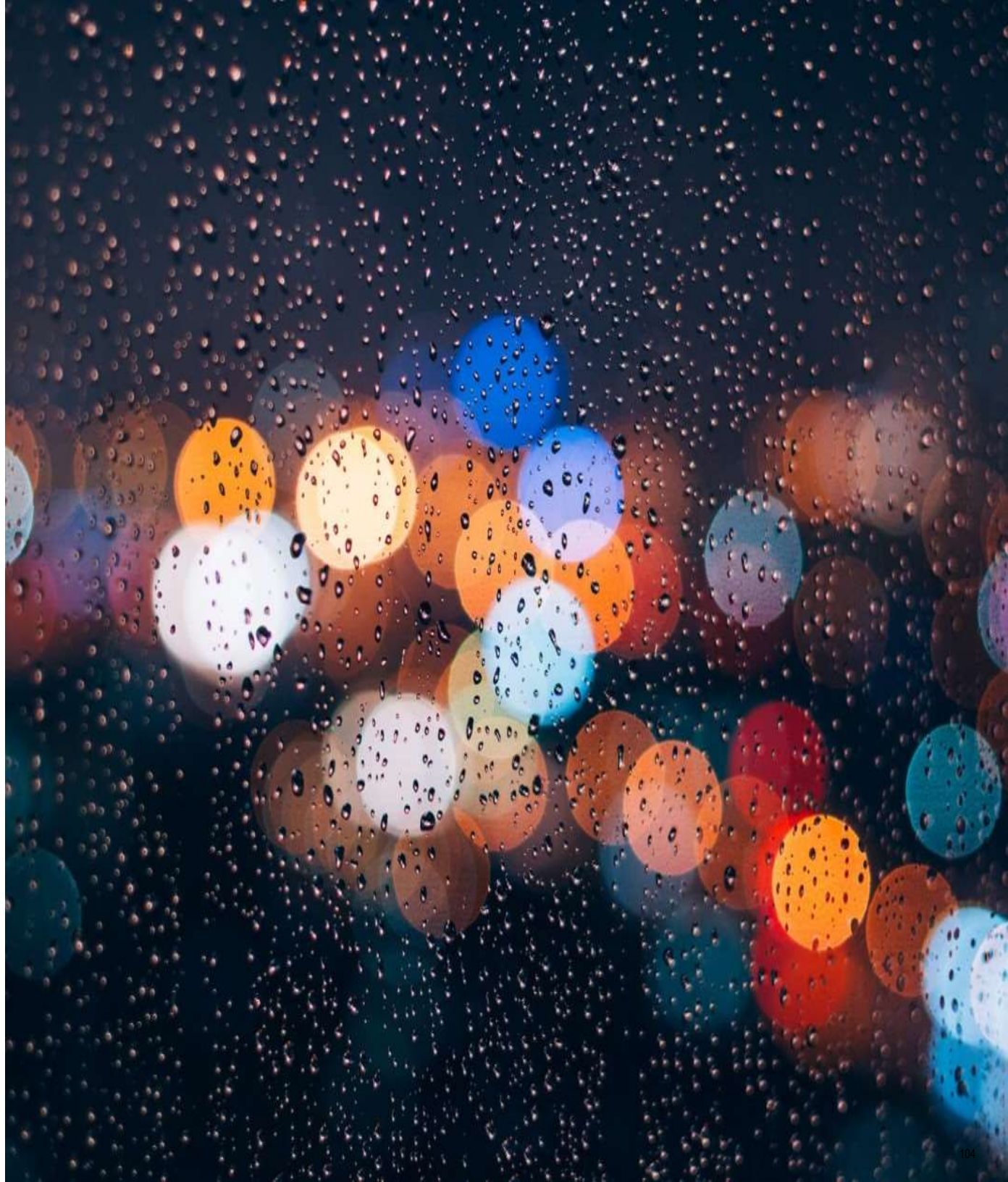
Standard Deviation  
Rolling 0.25 Year



1 Year Historical Statistics

|                             | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta  | Return | Standard Deviation | Actual Correlation |
|-----------------------------|---------------|----------------|-------------------|-----------|--------------|-------|-------|--------|--------------------|--------------------|
| Baird Core Plus Bond        | 0.21          | 0.22           | 0.92              | 1.00      | -0.19        | 0.17  | 1.01  | 3.62   | 4.43               | 1.00               |
| Blmbg. U.S. Universal Index | 0.00          | 0.00           | -                 | 1.00      | -0.24        | 0.00  | 1.00  | 3.40   | 4.38               | 1.00               |
| FTSE 3 Month T-Bill         | 1.07          | 4.44           | 0.24              | 0.57      | -            | 4.66  | -0.01 | 4.61   | 0.08               | -0.75              |

Opportunistic/Alternatives

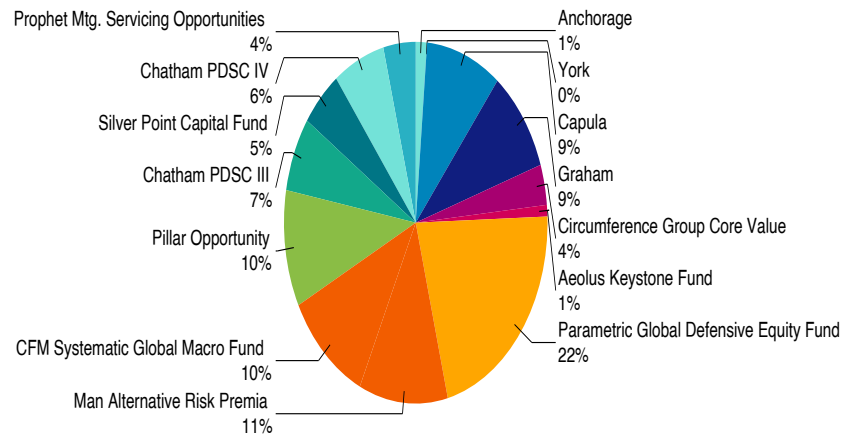


# Composite Portfolio Overview Opportunistic/Alternatives

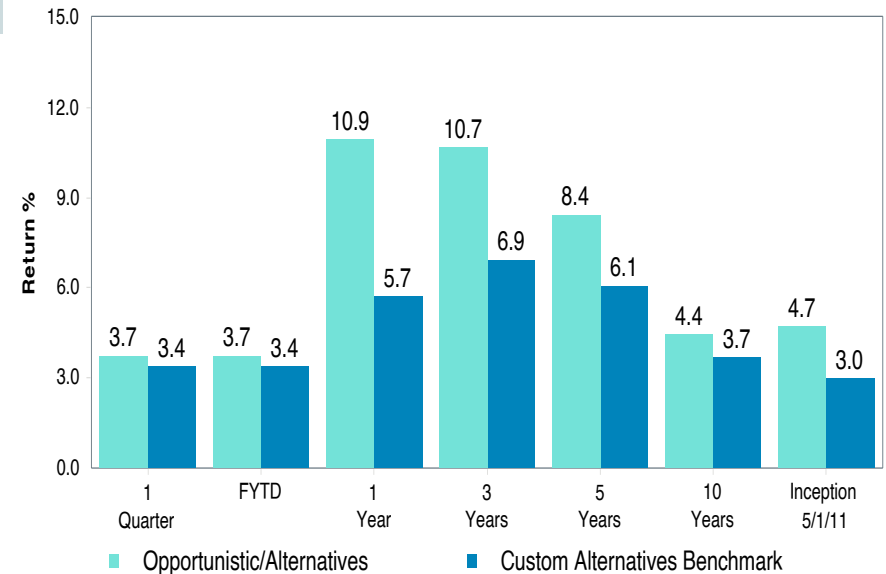
As of September 30, 2025

## Current Allocation

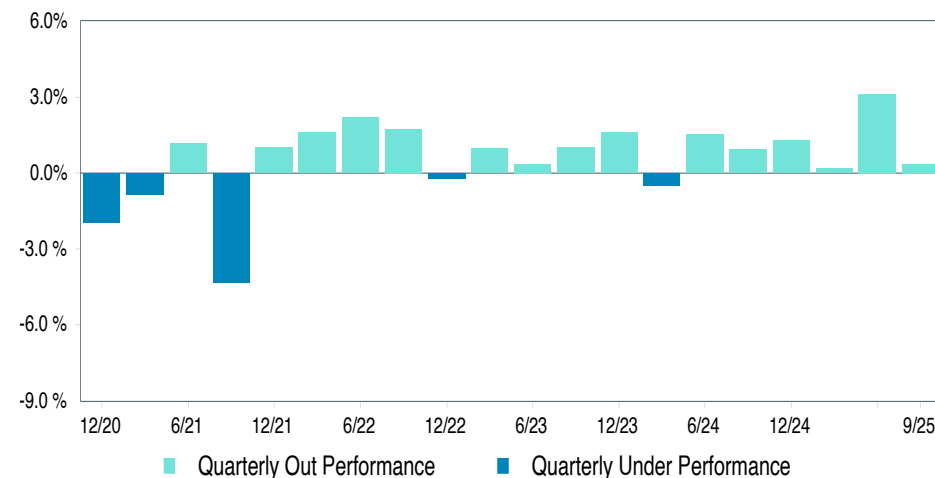
September 30, 2025 : \$1,248,884,625



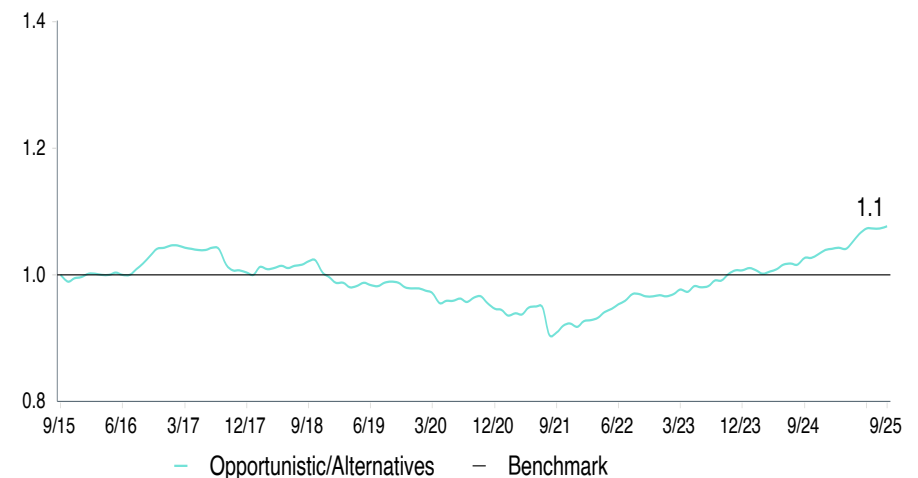
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - 10 Years



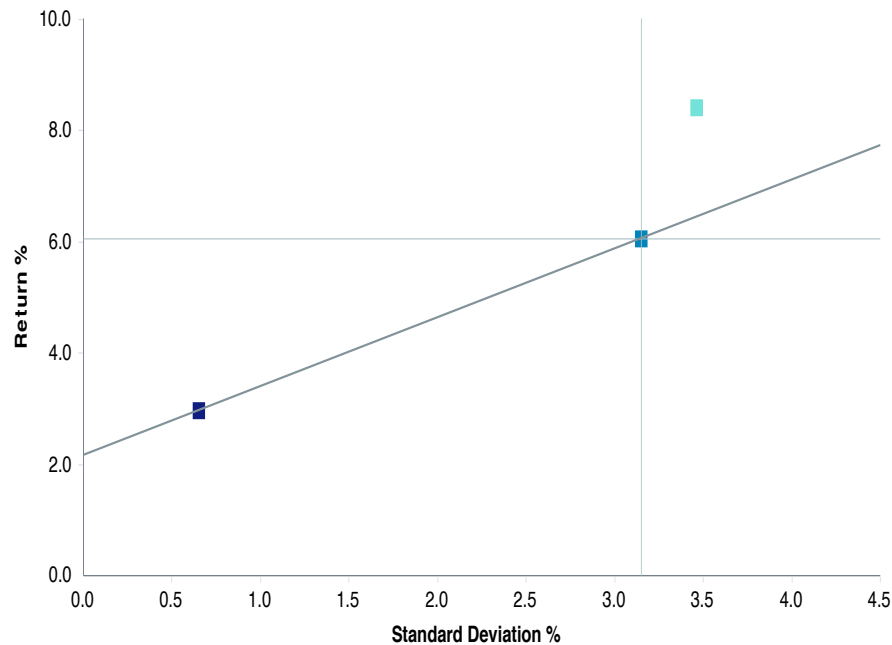
Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.



# Risk Profile Opportunistic/Alternatives

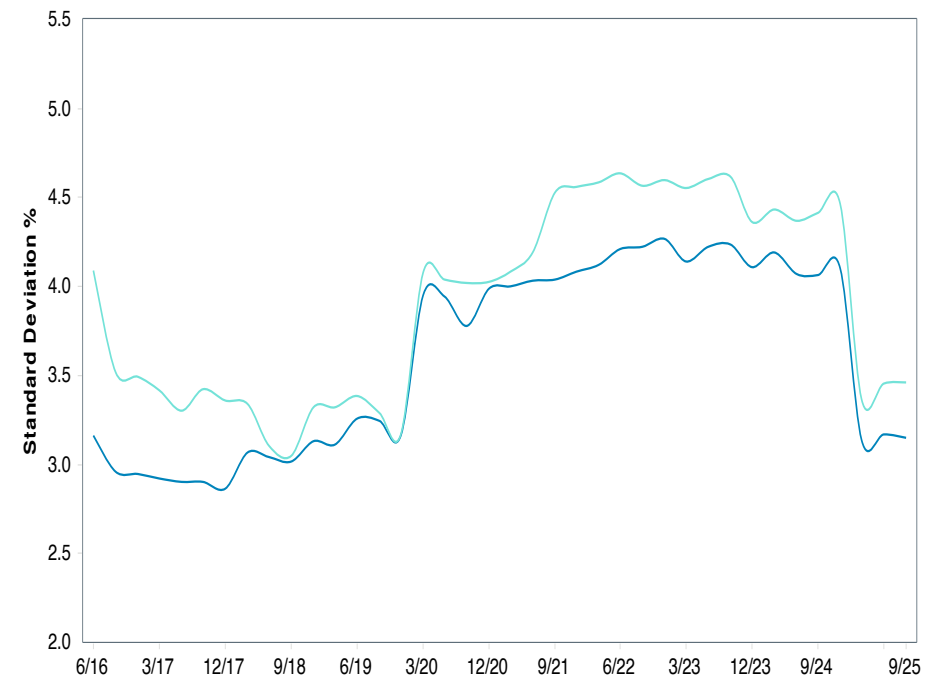
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Opportunistic/Alternatives ■ Custom Alternatives Benchmark  
■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Opportunistic/Alternatives — Custom Alternatives Benchmark

5 Years Historical Statistics

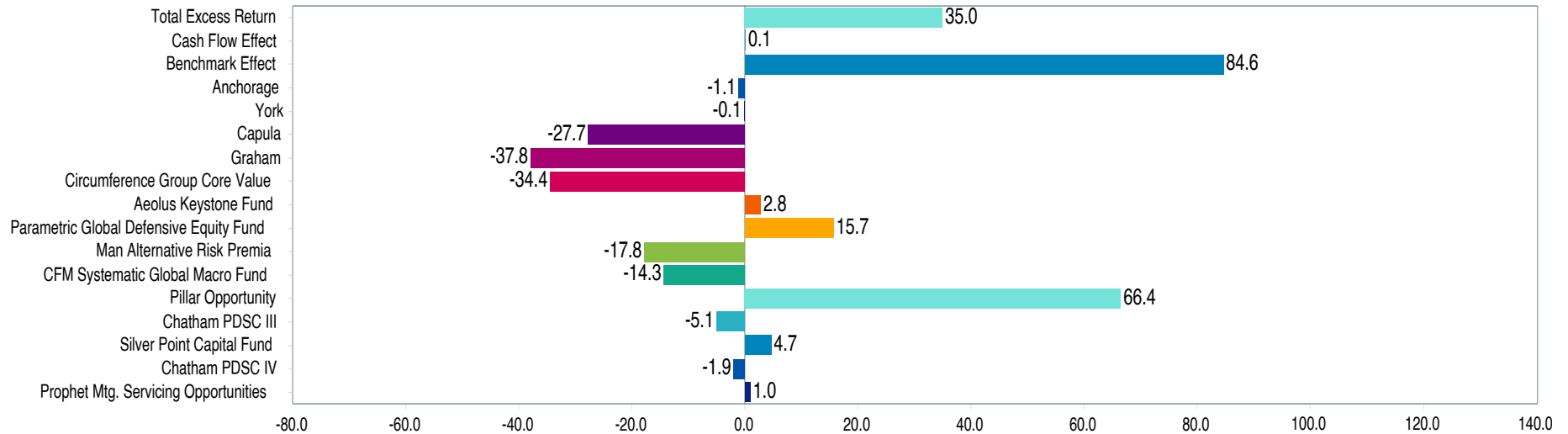
|                               | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|-------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Opportunistic/Alternatives    | 2.21          | 2.91           | 0.76              | 0.38      | 1.54         | 4.21  | 0.68 | 8.41   | 3.46               | 0.62               |
| Custom Alternatives Benchmark | 0.00          | 0.00           | -                 | 1.00      | 0.95         | 0.00  | 1.00 | 6.07   | 3.15               | 1.00               |
| 90 Day U.S. Treasury Bill     | -3.02         | 3.19           | -0.95             | 0.00      | -            | 2.92  | 0.01 | 2.98   | 0.65               | 0.05               |



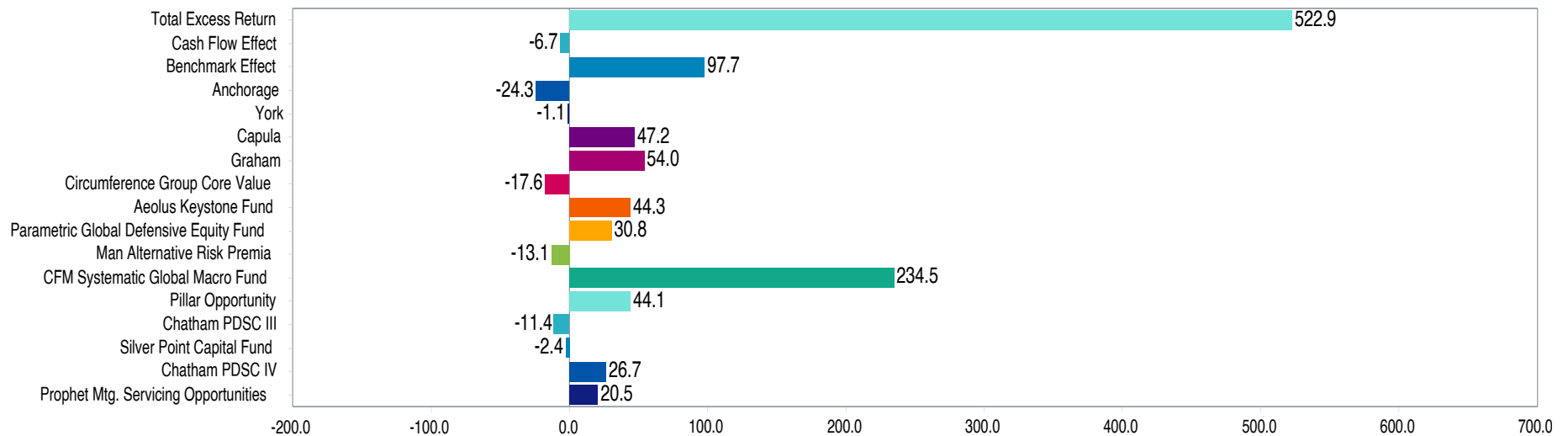
# Asset Class Attribution

As of September 30, 2025

## 1 Quarter



## 1 Year



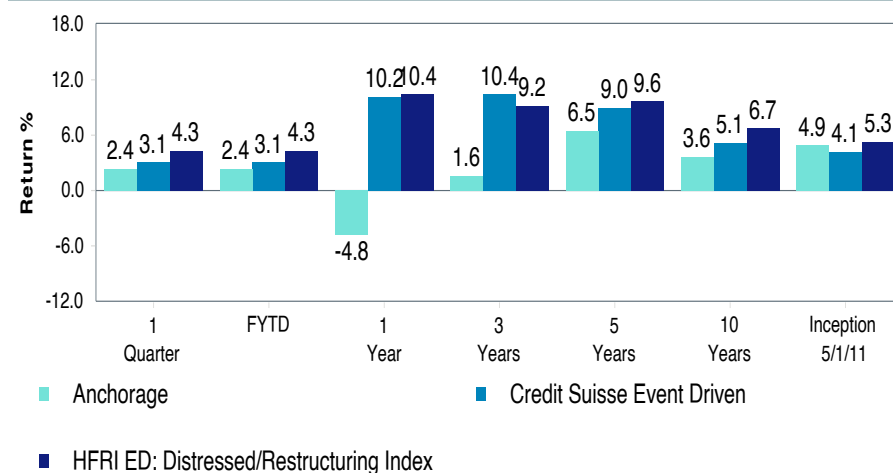
# Manager Performance Summary Anchorage

As of September 30, 2025

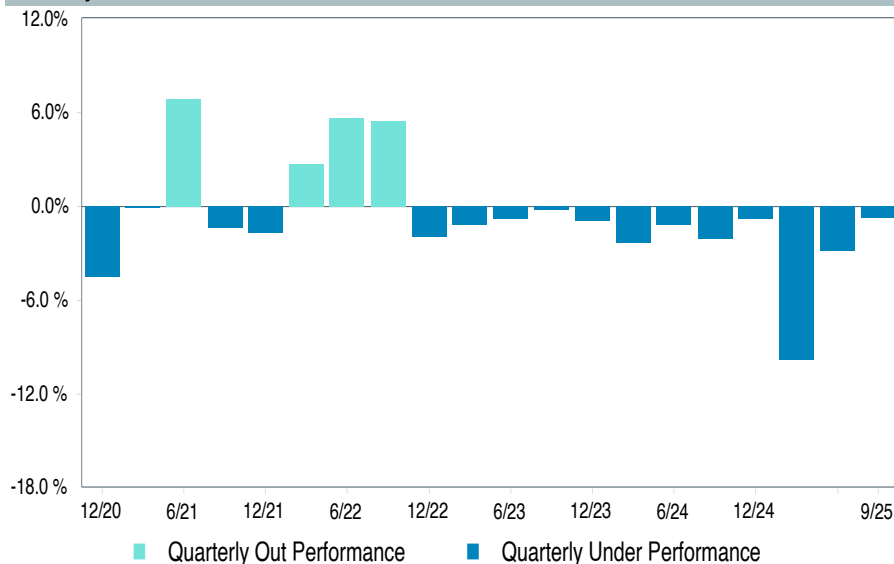
## Account Information

|                   |                            |
|-------------------|----------------------------|
| Account Name      | Anchorage                  |
| Inception Date    | 05/01/2011                 |
| Account Structure | Hedge Fund                 |
| Asset Class       | US Hedge Fund              |
| Benchmark         | Credit Suisse Event Driven |
| Peer Group        |                            |

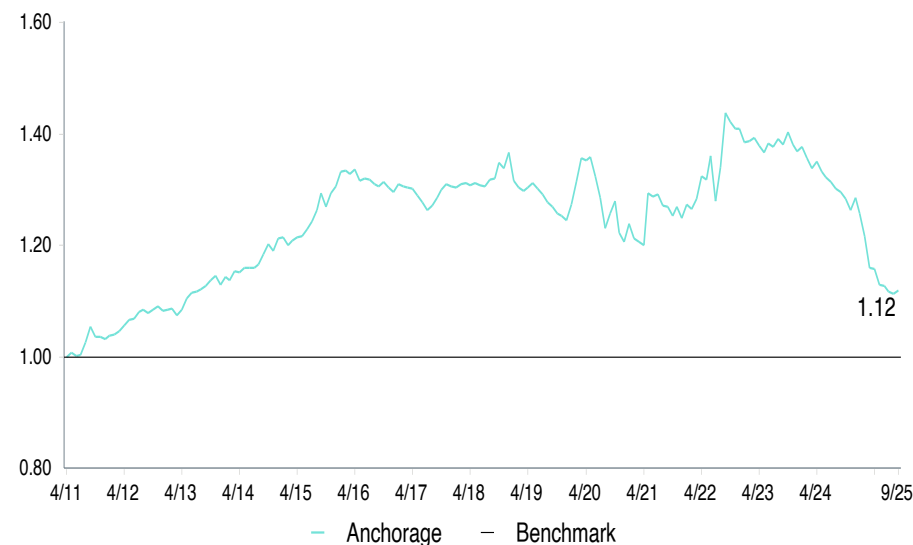
## Return Summary



## Quarterly Excess Performance



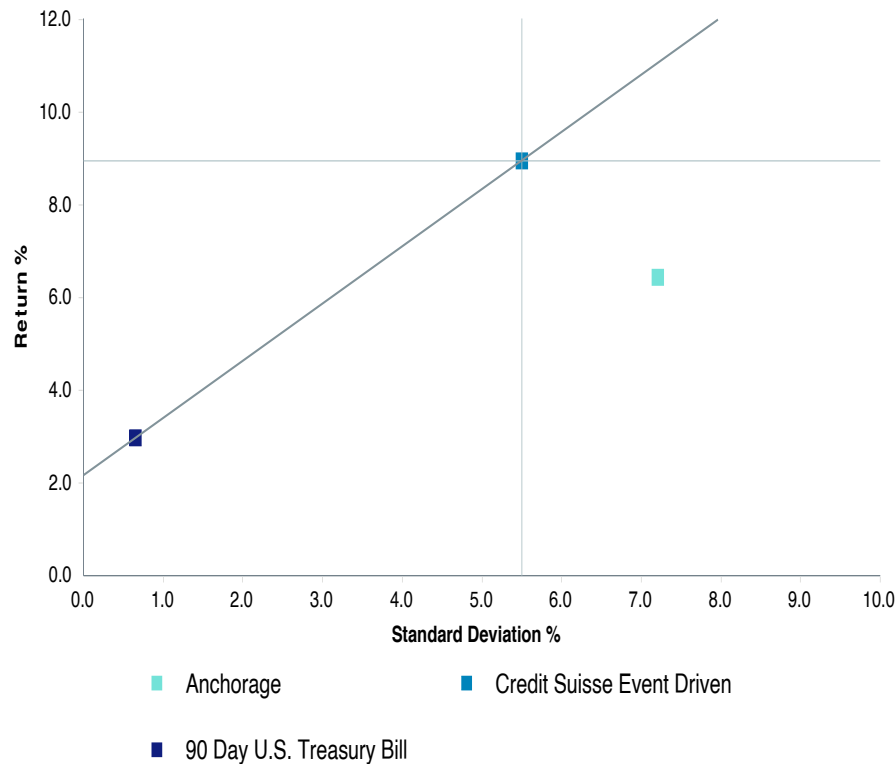
## Ratio of Cumulative Wealth - Since Inception



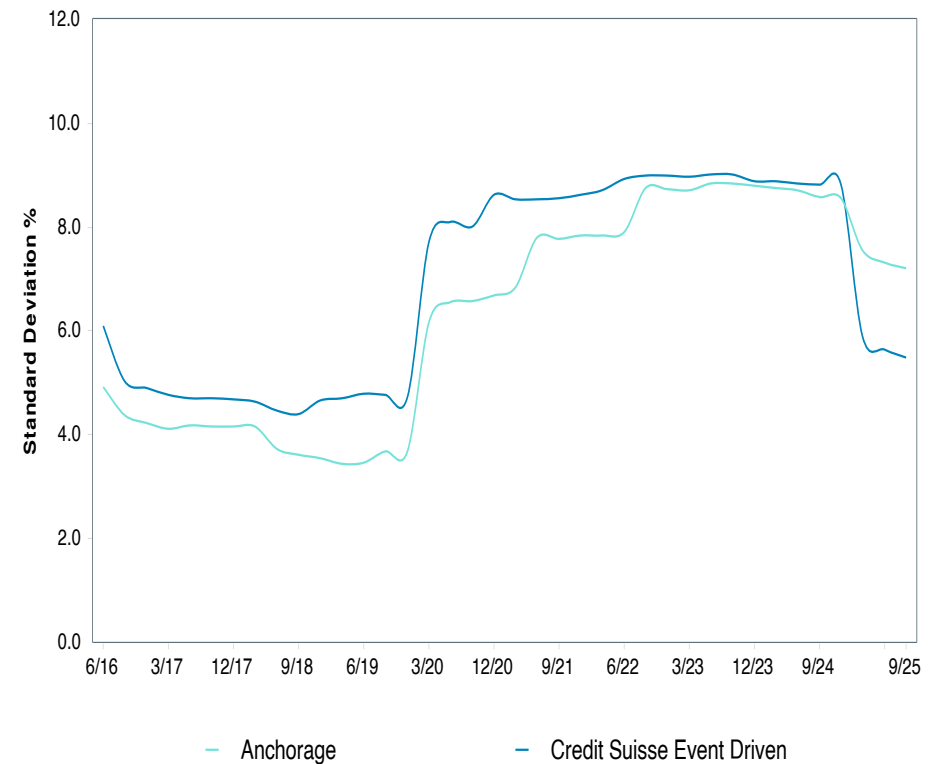
# Risk Profile Anchorage

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



Standard Deviation  
Rolling 5 Years



5 Years Historical Statistics

|                            | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|----------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Anchorage                  | -2.24         | 8.06           | -0.28             | 0.05      | 0.49         | 4.09  | 0.29 | 6.45   | 7.21               | 0.22               |
| Credit Suisse Event Driven | 0.00          | 0.00           | -                 | 1.00      | 1.06         | 0.00  | 1.00 | 8.96   | 5.50               | 1.00               |
| 90 Day U.S. Treasury Bill  | -5.82         | 5.51           | -1.06             | 0.00      | -            | 2.94  | 0.00 | 2.98   | 0.65               | 0.04               |

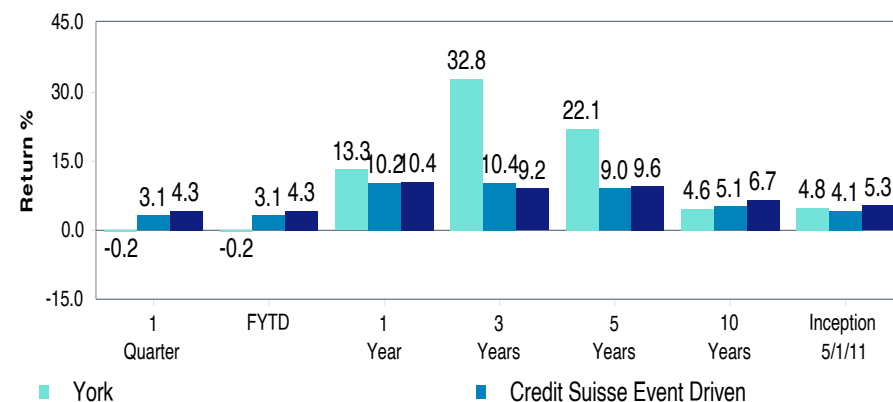
# Manager Performance Summary York

As of September 30, 2025

## Account Information

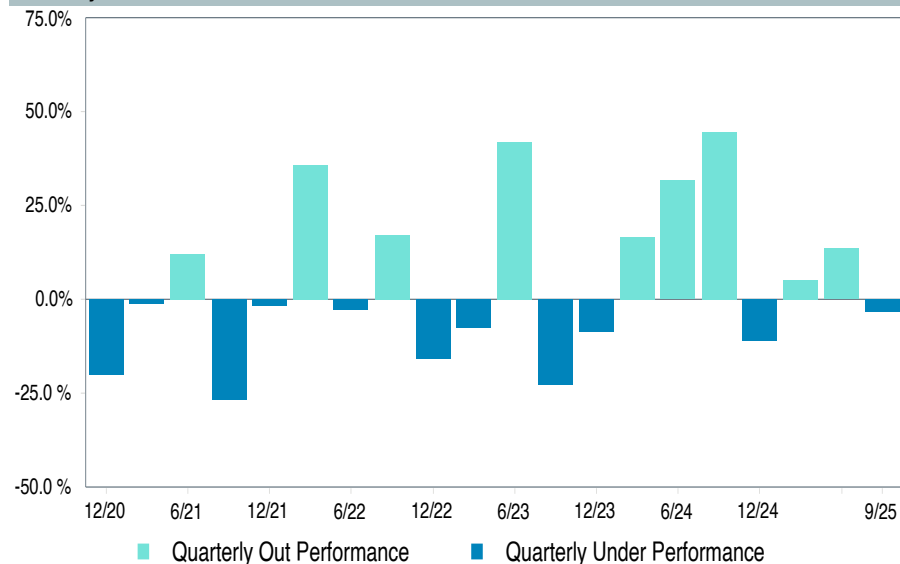
|                   |                            |
|-------------------|----------------------------|
| Account Name      | York                       |
| Inception Date    | 05/01/2011                 |
| Account Structure | Hedge Fund                 |
| Asset Class       | US Hedge Fund              |
| Benchmark         | Credit Suisse Event Driven |
| Peer Group        |                            |

## Return Summary

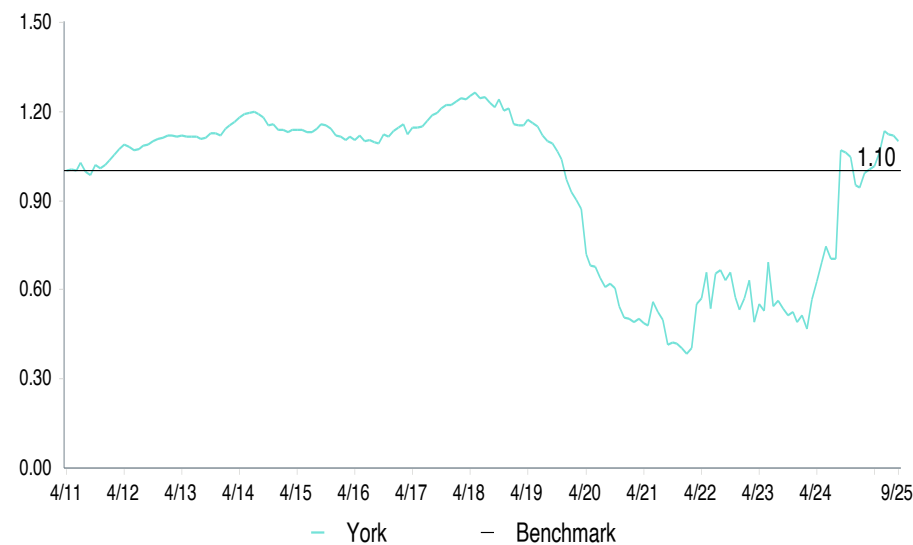


HFRI ED: Distressed/Restructuring Index

## Quarterly Excess Performance



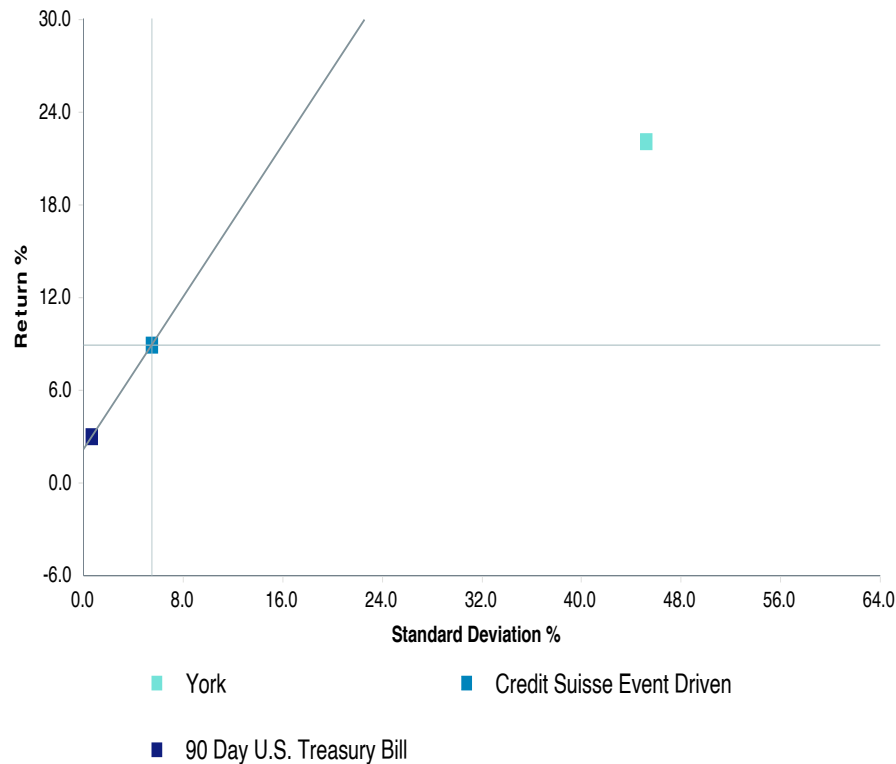
## Ratio of Cumulative Wealth - Since Inception



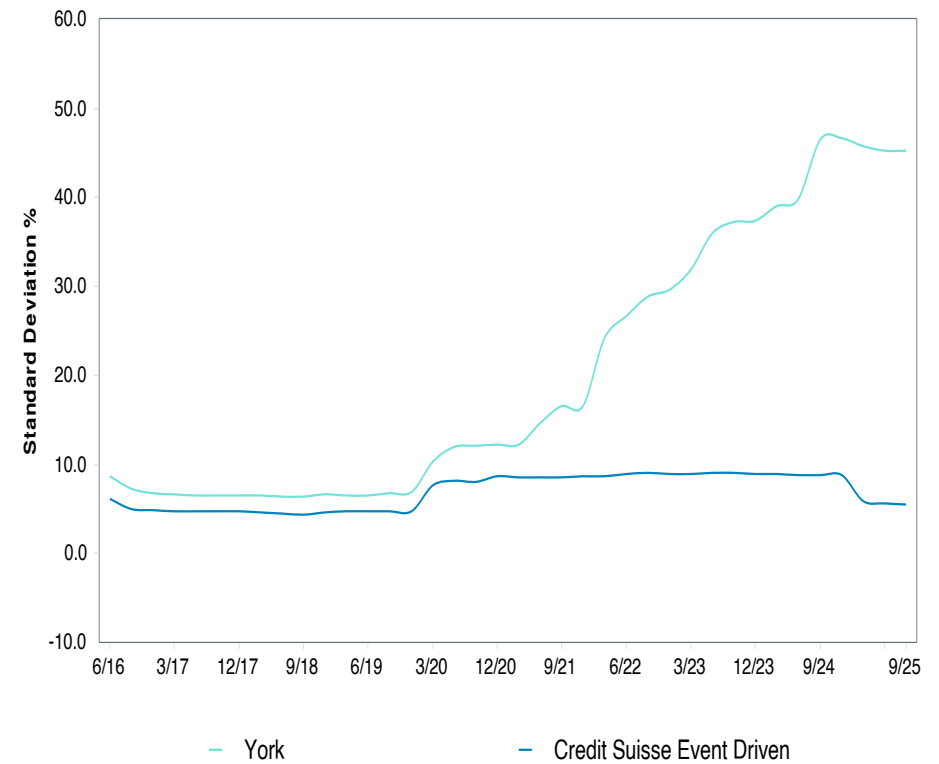
# Risk Profile York

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



Standard Deviation  
Rolling 5 Years



5 Years Historical Statistics

|                            | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|----------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| York                       | 20.46         | 44.49          | 0.46              | 0.04      | 0.58         | 16.42 | 1.59 | 22.13  | 45.22              | 0.19               |
| Credit Suisse Event Driven | 0.00          | 0.00           | -                 | 1.00      | 1.06         | 0.00  | 1.00 | 8.96   | 5.50               | 1.00               |
| 90 Day U.S. Treasury Bill  | -5.82         | 5.51           | -1.06             | 0.00      | -            | 2.94  | 0.00 | 2.98   | 0.65               | 0.04               |

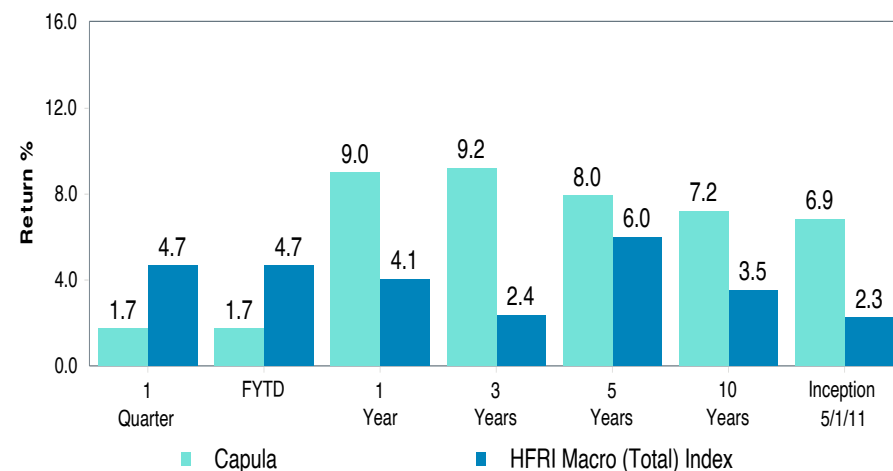
# Manager Performance Summary Capula

As of September 30, 2025

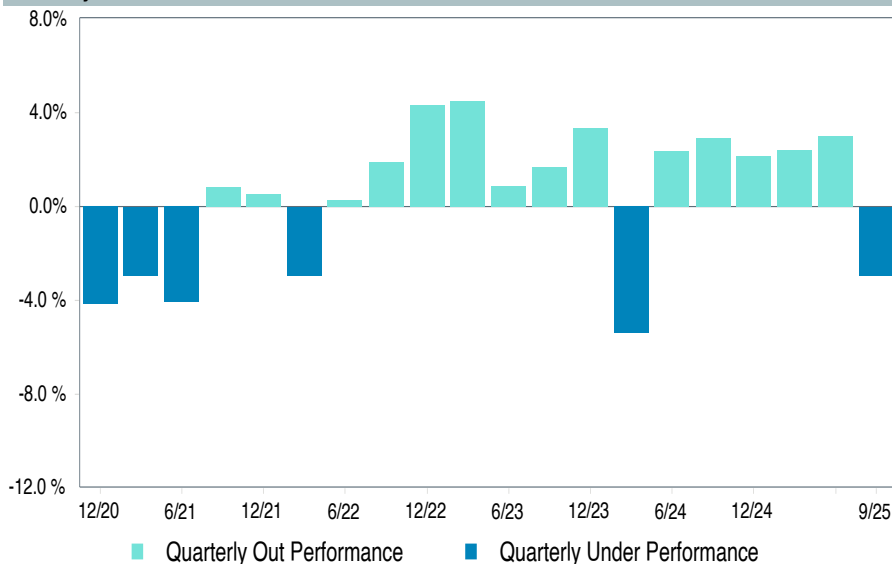
## Account Information

|                   |                          |
|-------------------|--------------------------|
| Account Name      | Capula                   |
| Inception Date    | 05/01/2011               |
| Account Structure | Hedge Fund               |
| Asset Class       | US Hedge Fund            |
| Benchmark         | HFRI Macro (Total) Index |
| Peer Group        |                          |

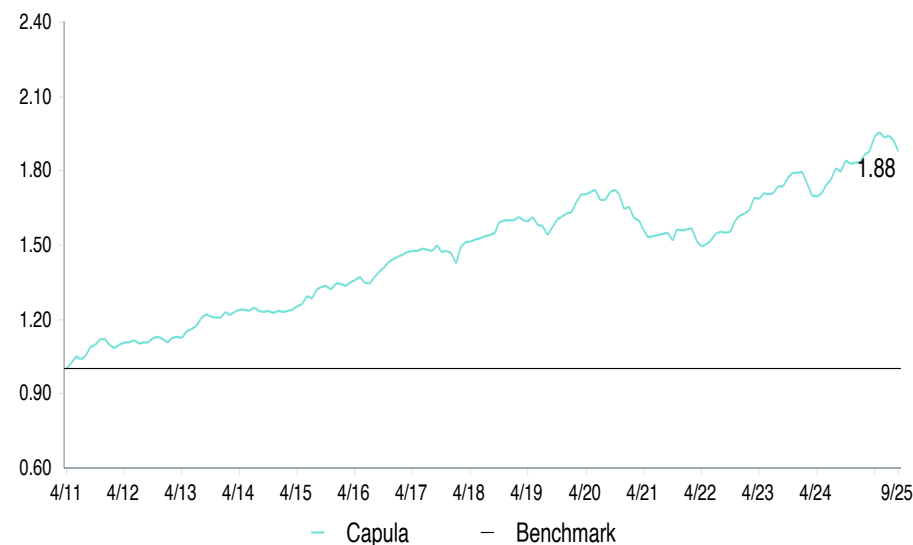
## Return Summary



## Quarterly Excess Performance



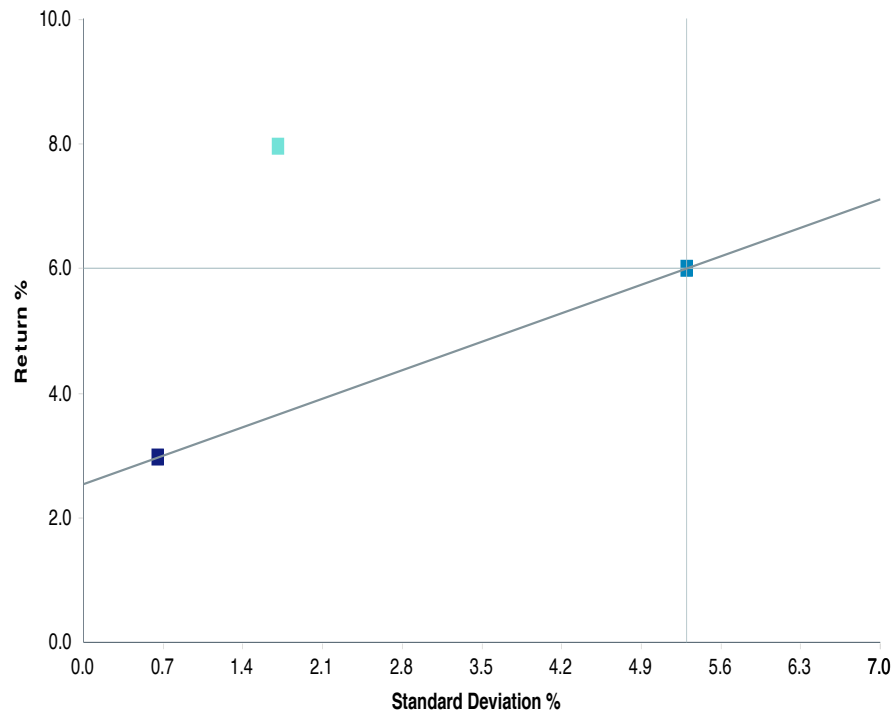
## Ratio of Cumulative Wealth - Since Inception



# Risk Profile Capula

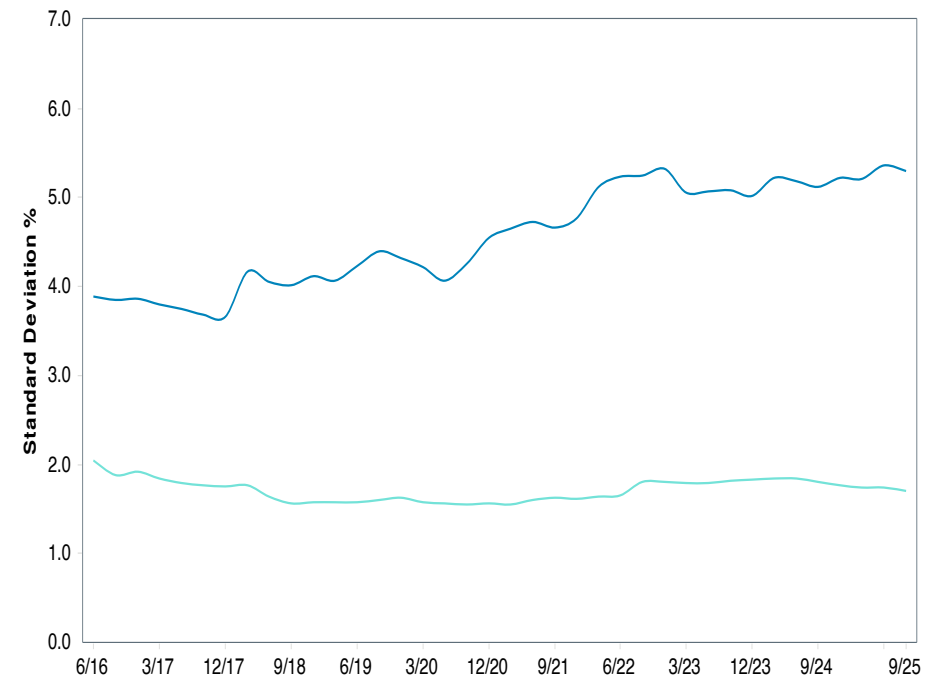
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Capula ■ HFRI Macro (Total) Index ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Capula — HFRI Macro (Total) Index

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta  | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|-------|--------|--------------------|--------------------|
| Capula                    | 1.73          | 5.65           | 0.31              | 0.00      | 2.89         | 8.09  | -0.02 | 7.97   | 1.71               | -0.05              |
| HFRI Macro (Total) Index  | 0.00          | 0.00           | -                 | 1.00      | 0.55         | 0.00  | 1.00  | 6.00   | 5.30               | 1.00               |
| 90 Day U.S. Treasury Bill | -3.04         | 5.48           | -0.55             | 0.05      | -            | 3.14  | -0.03 | 2.98   | 0.65               | -0.22              |

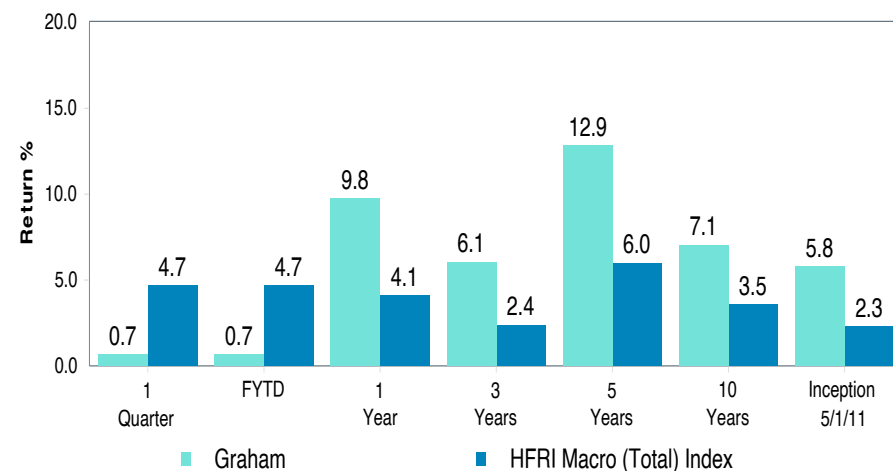
# Manager Performance Summary Graham

As of September 30, 2025

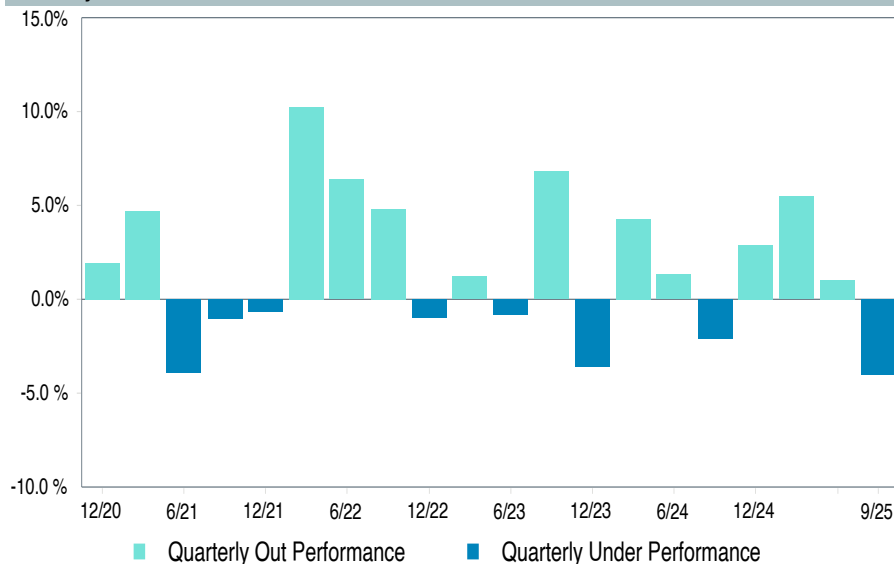
## Account Information

|                   |                          |
|-------------------|--------------------------|
| Account Name      | Graham                   |
| Inception Date    | 05/01/2011               |
| Account Structure | Hedge Fund               |
| Asset Class       | Hedge Fund               |
| Benchmark         | HFRI Macro (Total) Index |
| Peer Group        |                          |

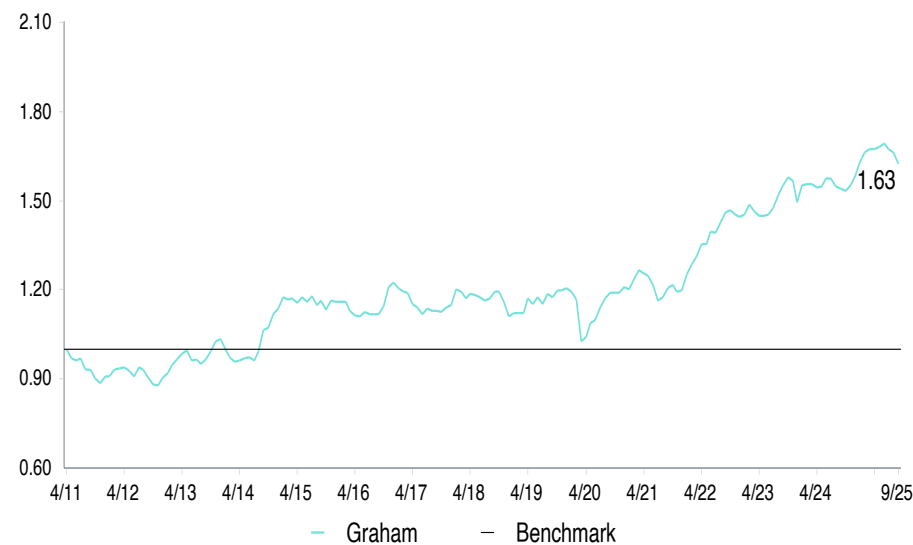
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - Since Inception

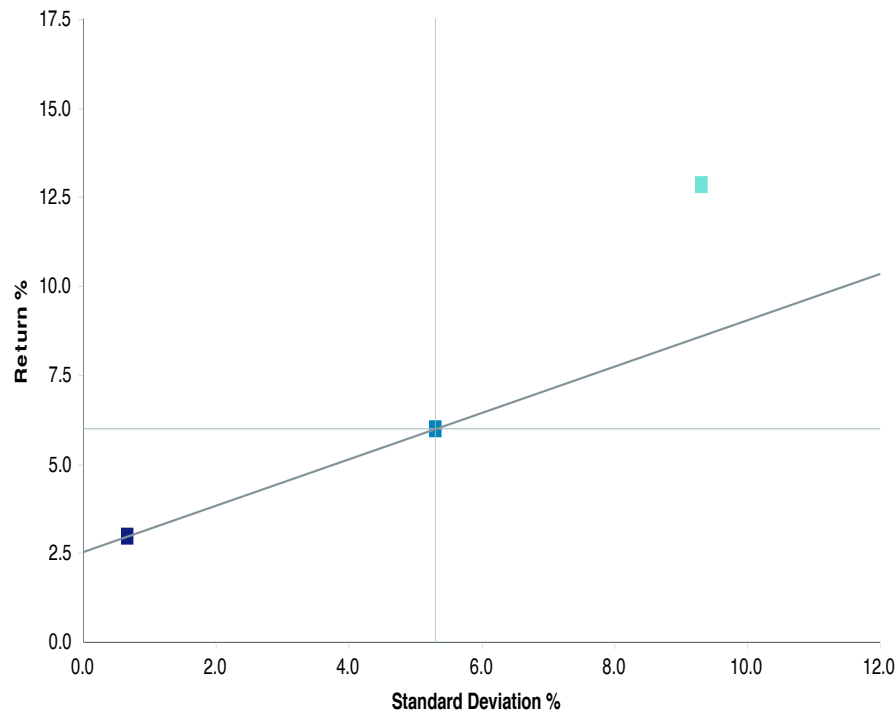




# Risk Profile Graham

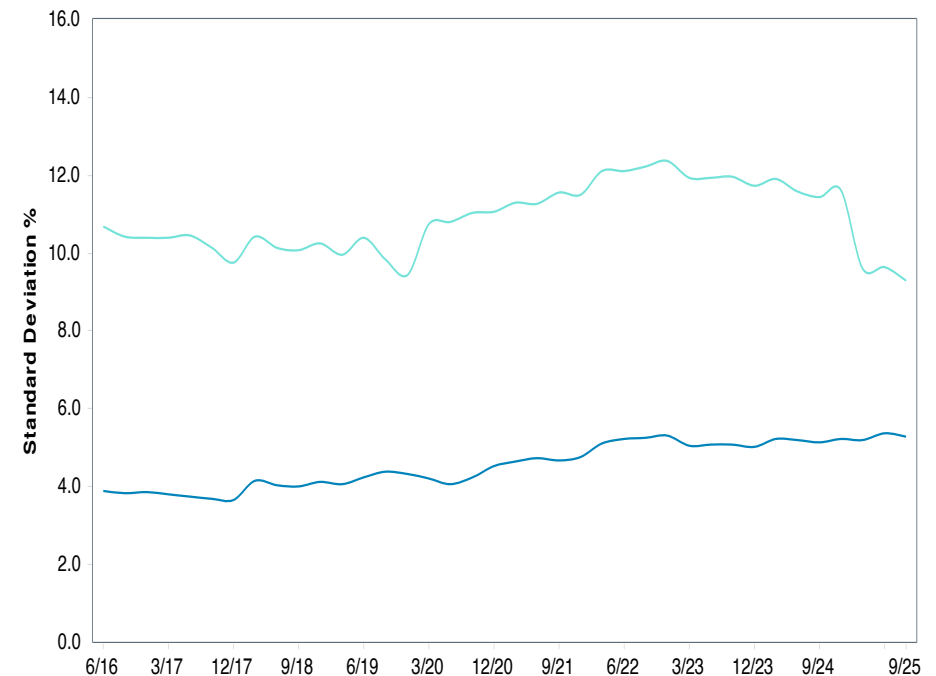
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Graham ■ HFRI Macro (Total) Index ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 5 Years



— Graham — HFRI Macro (Total) Index

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta  | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|-------|--------|--------------------|--------------------|
| Graham                    | 6.60          | 6.45           | 1.02              | 0.55      | 1.02         | 4.91  | 1.30  | 12.85  | 9.30               | 0.74               |
| HFRI Macro (Total) Index  | 0.00          | 0.00           | -                 | 1.00      | 0.55         | 0.00  | 1.00  | 6.00   | 5.30               | 1.00               |
| 90 Day U.S. Treasury Bill | -3.04         | 5.48           | -0.55             | 0.05      | -            | 3.14  | -0.03 | 2.98   | 0.65               | -0.22              |

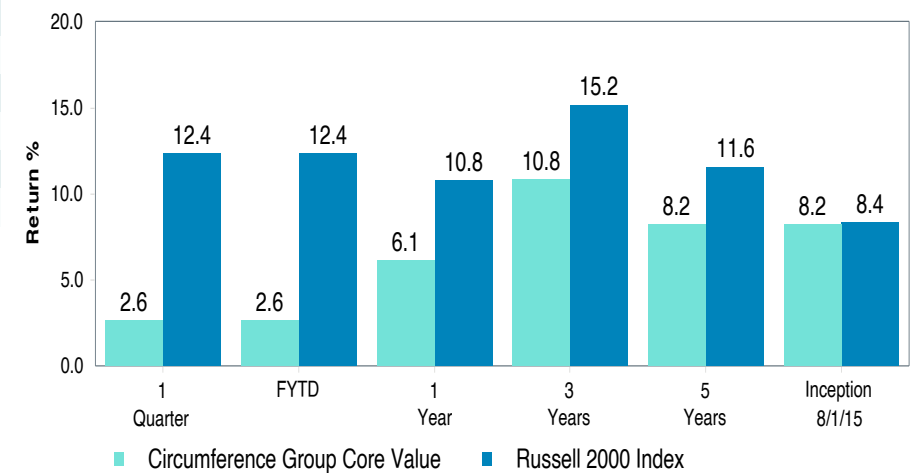
# Manager Performance Summary Circumference Group Core Value

As of September 30, 2025

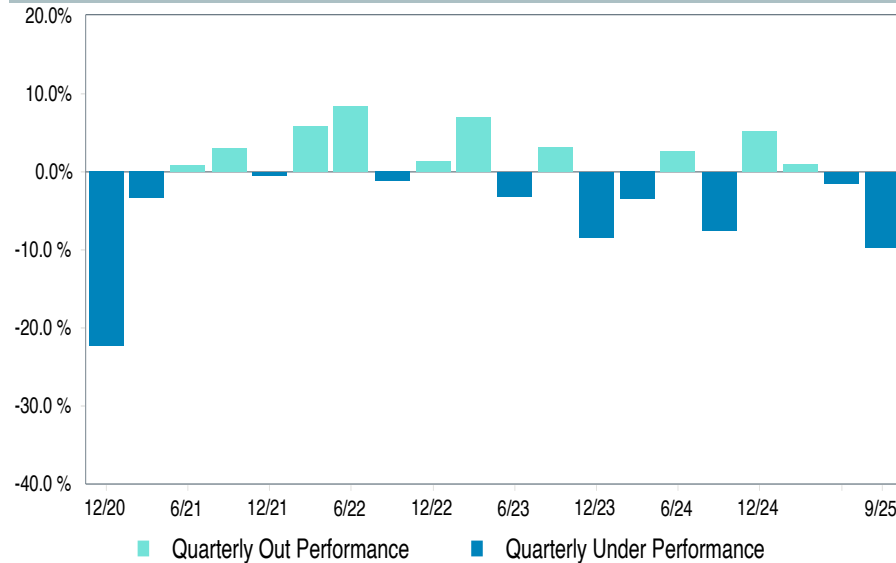
## Account Information

|                   |                                |
|-------------------|--------------------------------|
| Account Name      | Circumference Group Core Value |
| Inception Date    | 08/31/2015                     |
| Account Structure | Hedge Fund                     |
| Asset Class       | US Hedge Fund                  |
| Benchmark         | Russell 2000 Index             |
| Peer Group        |                                |

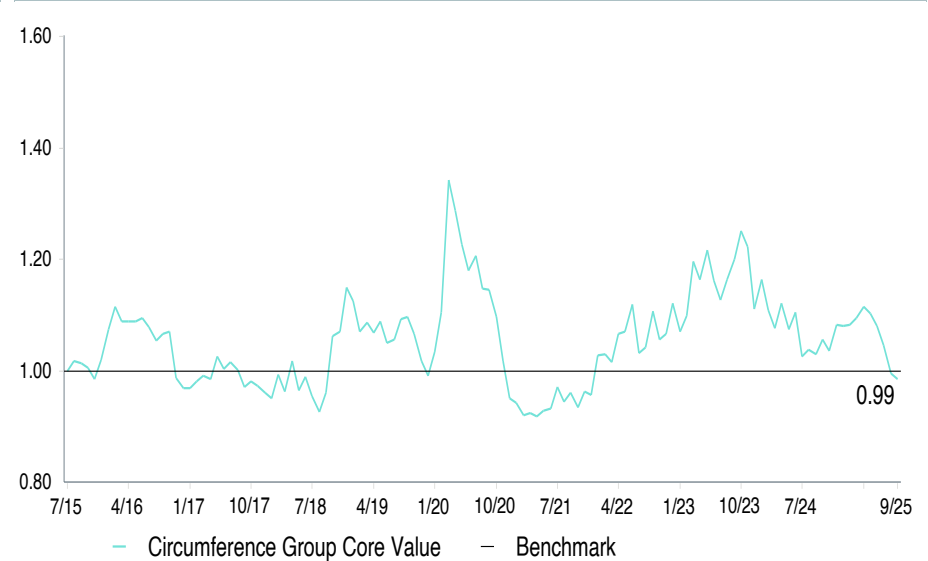
## Return Summary



## Quarterly Excess Performance



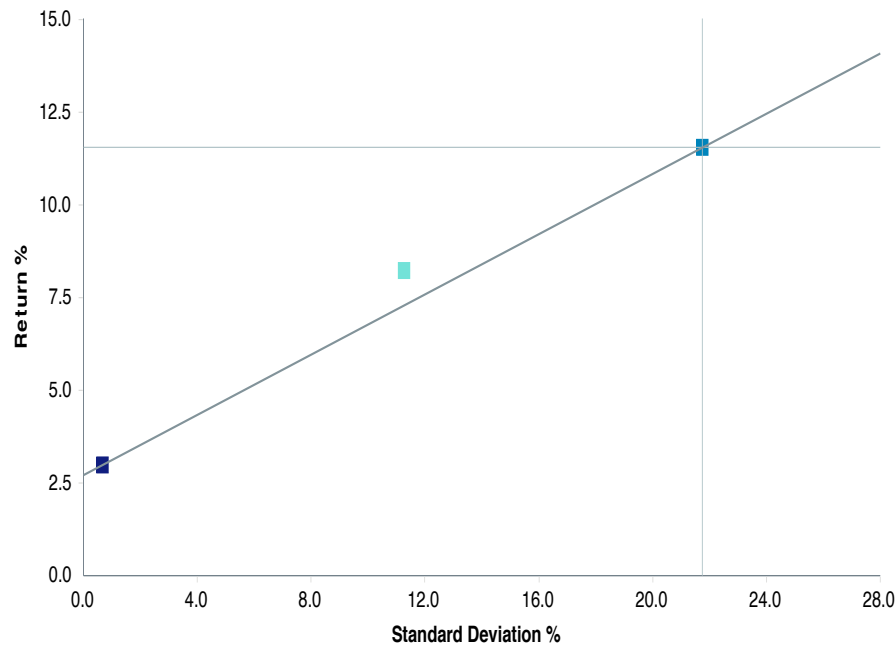
## Ratio of Cumulative Wealth - Since Inception



# Risk Profile Circumference Group Core Value

As of September 30, 2025

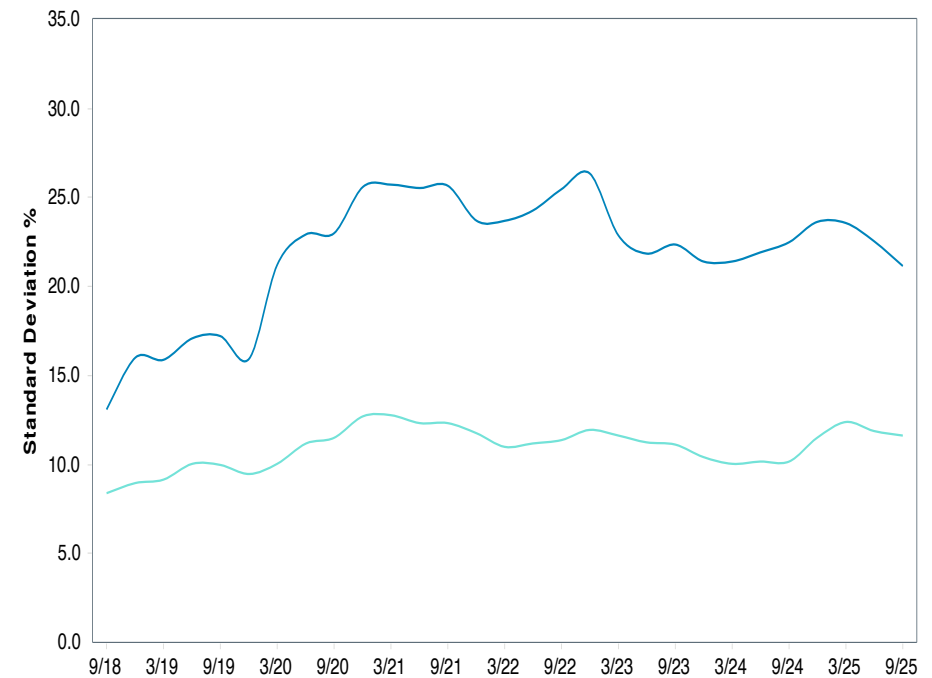
Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Circumference Group Core Value ■ Russell 2000 Index

■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 3 Years



— Circumference Group Core Value — Russell 2000 Index

5 Years Historical Statistics

|                                | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|--------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Circumference Group Core Value | -4.71         | 14.11          | -0.33             | 0.67      | 0.50         | 2.98  | 0.42 | 8.24   | 11.27              | 0.82               |
| Russell 2000 Index             | 0.00          | 0.00           | -                 | 1.00      | 0.47         | 0.00  | 1.00 | 11.56  | 21.76              | 1.00               |
| 90 Day U.S. Treasury Bill      | -10.34        | 21.78          | -0.47             | 0.00      | -            | 2.98  | 0.00 | 2.98   | 0.65               | -0.01              |

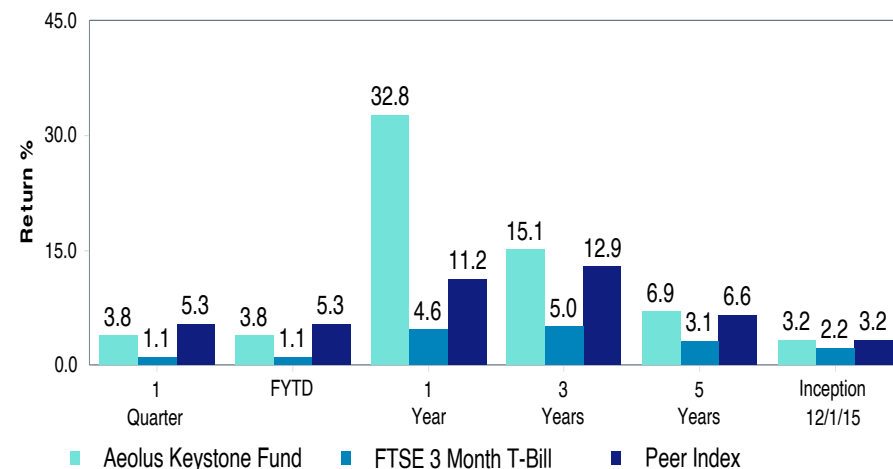
# Manager Performance Summary Aeolus Keystone Fund

As of September 30, 2025

## Account Information

|                   |                      |
|-------------------|----------------------|
| Account Name      | Aeolus Keystone Fund |
| Inception Date    | 12/01/2015           |
| Account Structure | Hedge Fund           |
| Asset Class       | Hedge Fund           |
| Benchmark         | FTSE 3 Month T-Bill  |
| Peer Group        |                      |

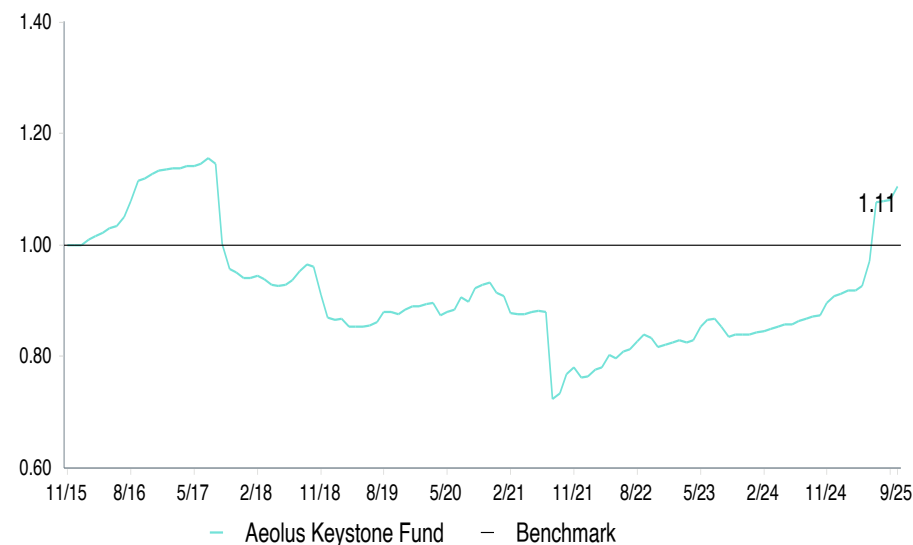
## Return Summary



## Quarterly Excess Performance



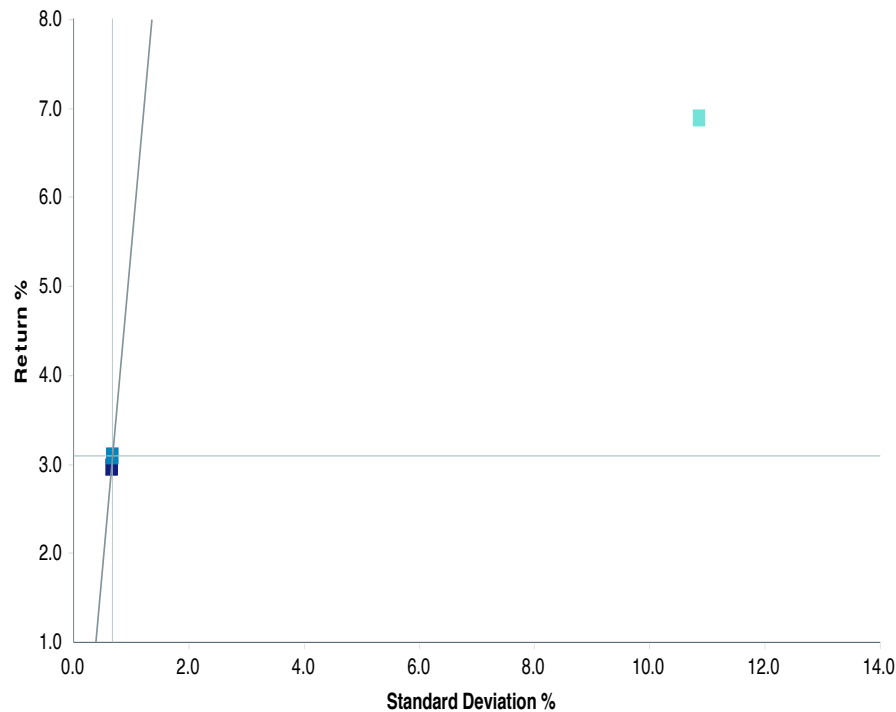
## Ratio of Cumulative Wealth - Since Inception



# Risk Profile

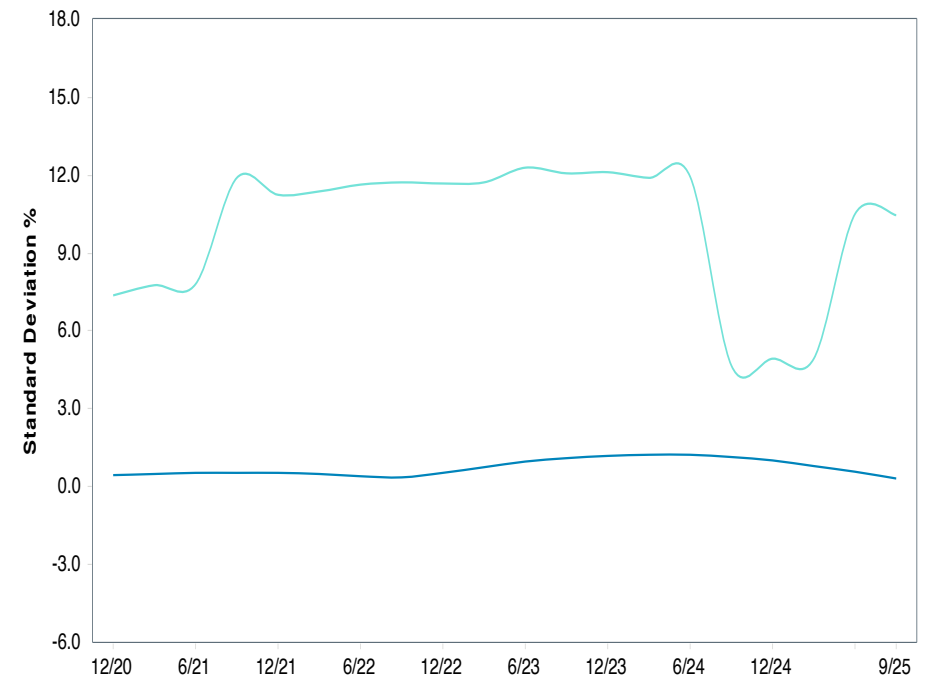
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Aeolus Keystone Fund   ■ FTSE 3 Month T-Bill   ■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 3 Years



— Aeolus Keystone Fund   — FTSE 3 Month T-Bill

5 Years Historical Statistics

|                           | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Aeolus Keystone Fund      | 4.24          | 10.71          | 0.40              | 0.06      | 0.41         | -4.44 | 3.87 | 6.90   | 10.85              | 0.24               |
| FTSE 3 Month T-Bill       | 0.00          | 0.00           | -                 | 1.00      | 1.30         | 0.00  | 1.00 | 3.10   | 0.67               | 1.00               |
| 90 Day U.S. Treasury Bill | -0.12         | 0.09           | -1.30             | 0.98      | -            | -0.01 | 0.96 | 2.98   | 0.65               | 0.99               |

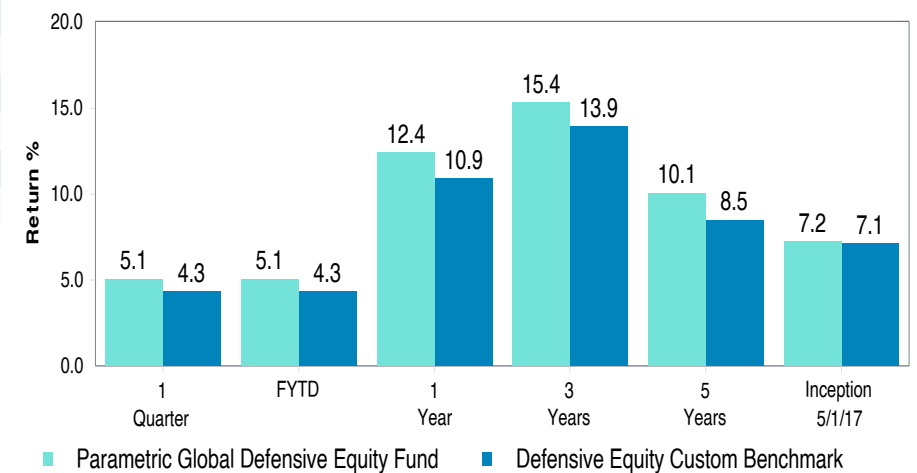
# Manager Performance Summary Parametric Global Defensive Equity

As of September 30, 2025

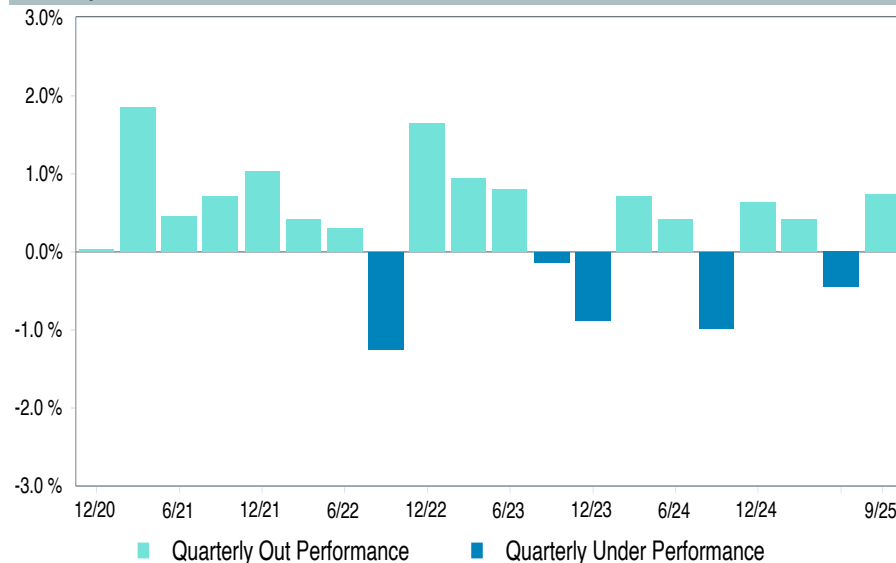
## Account Information

|                   |   |
|-------------------|---|
| Account Name      | Parametric Global Defensive Equity Fund |
| Inception Date    | 06/01/2017                              |
| Account Structure | Commingled Fund                         |
| Asset Class       | Global Equity                           |
| Benchmark         | Defensive Equity Custom Benchmark       |
| Peer Group        |   |

## Return Summary



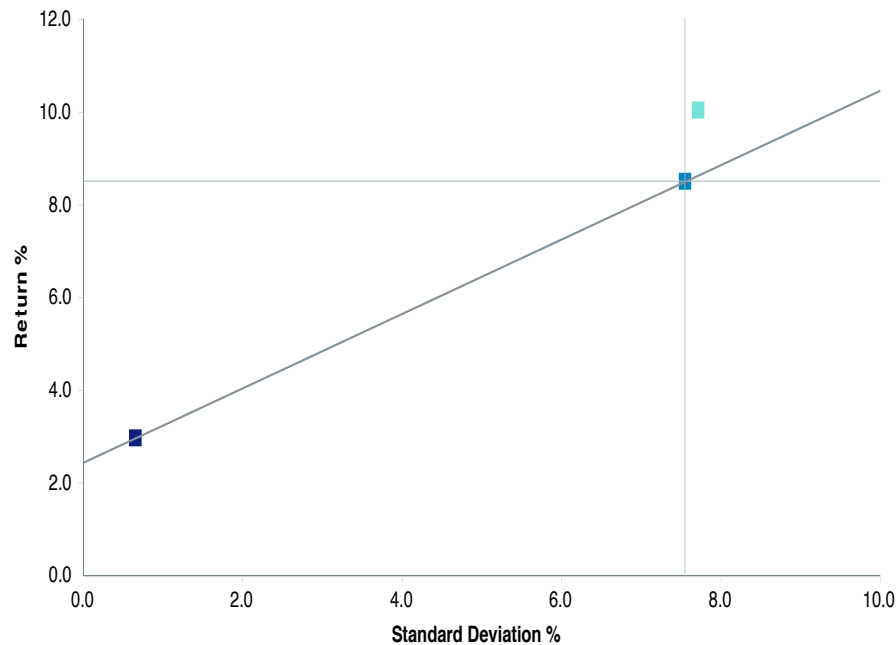
## Quarterly Excess Performance



# Risk Profile Parametric Global Defensive Equity Fund

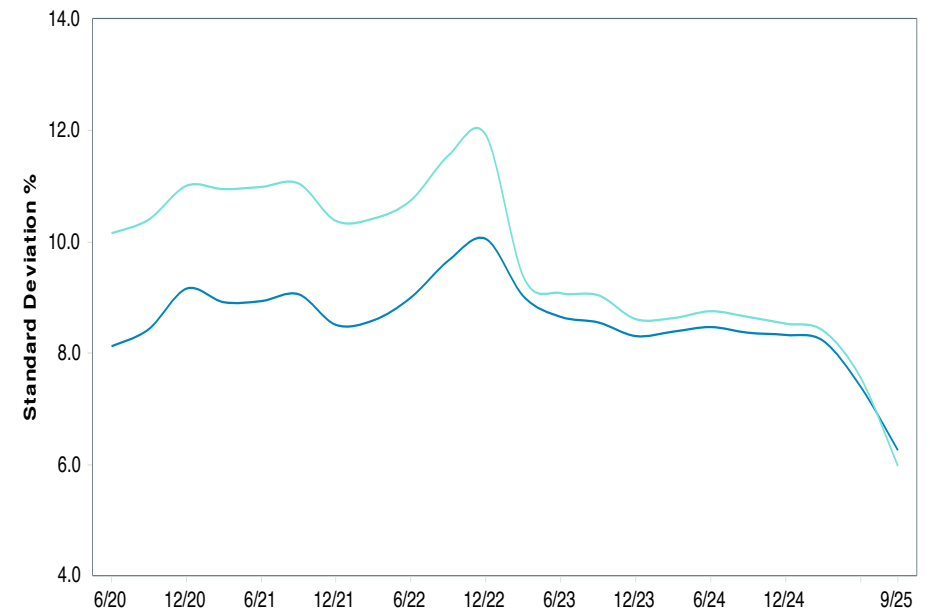
As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
5 Years



■ Parametric Global Defensive Equity Fund ■ Defensive Equity Custom Benchmark  
■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 3 Years



— Parametric Global Defensive Equity Fund  
— Defensive Equity Custom Benchmark

5 Years Historical Statistics

|   | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Parametric Global Defensive Equity Fund | 1.45          | 1.46           | 0.99              | 0.96      | 0.91         | 1.43  | 1.00 | 10.06  | 7.71               | 0.98               |
| Defensive Equity Custom Benchmark       | 0.00          | 0.00           | -                 | 1.00      | 0.74         | 0.00  | 1.00 | 8.50   | 7.55               | 1.00               |
| 90 Day U.S. Treasury Bill               | -5.53         | 7.48           | -0.74             | 0.02      | -            | 2.87  | 0.01 | 2.98   | 0.65               | 0.14               |

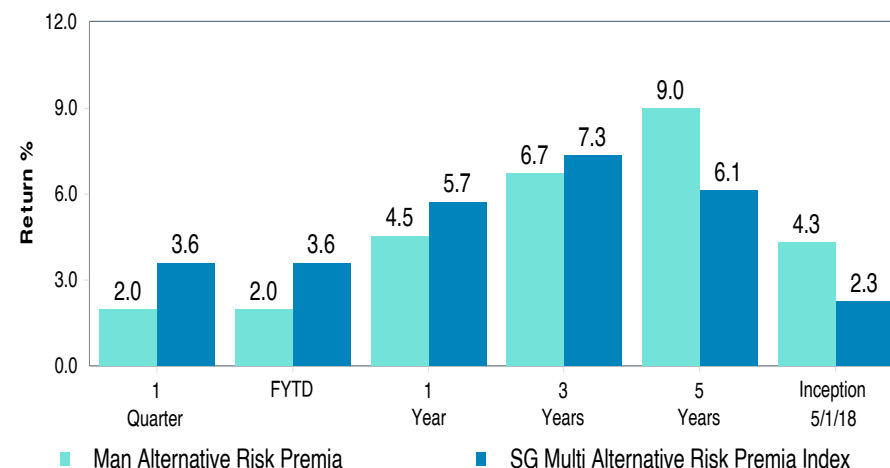
# Manager Performance Summary Man Alternative Risk Premia

As of September 30, 2025

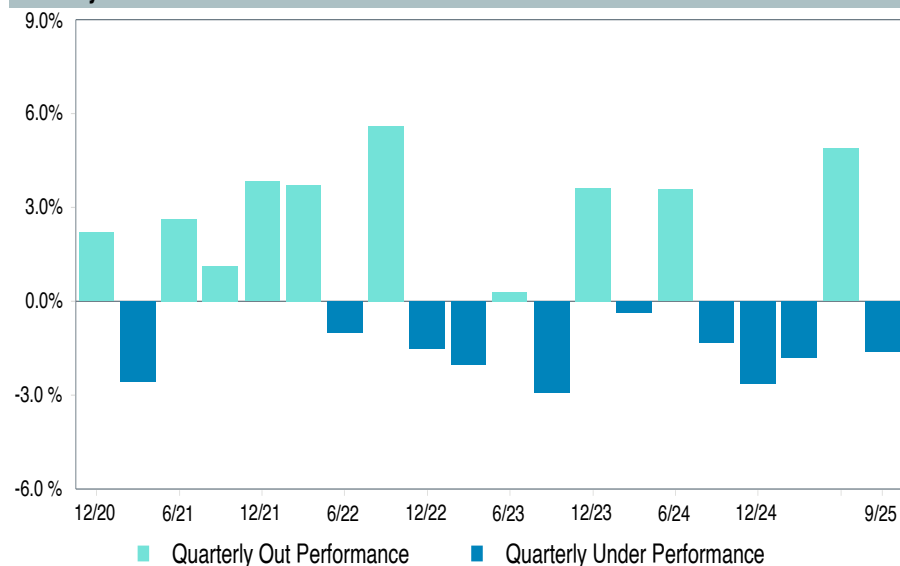
## Account Information

|                   |  |
|-------------------|--|
| Account Name      | Man Alternative Risk Premia            |
| Inception Date    | 06/01/2018                             |
| Account Structure | Commingled Fund                        |
| Asset Class       | US Equity                              |
| Benchmark         | SG Multi Alternative Risk Premia Index |
| Peer Group        |  |

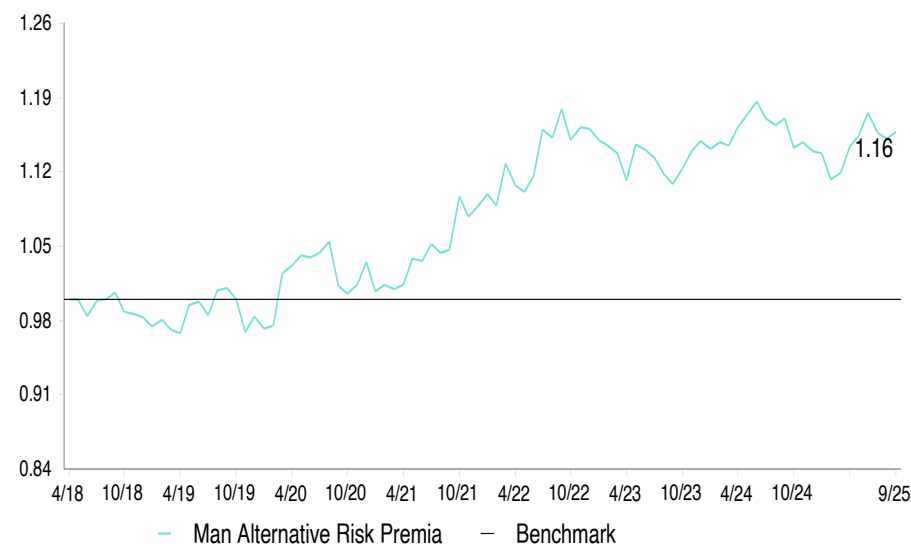
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - Since Inception

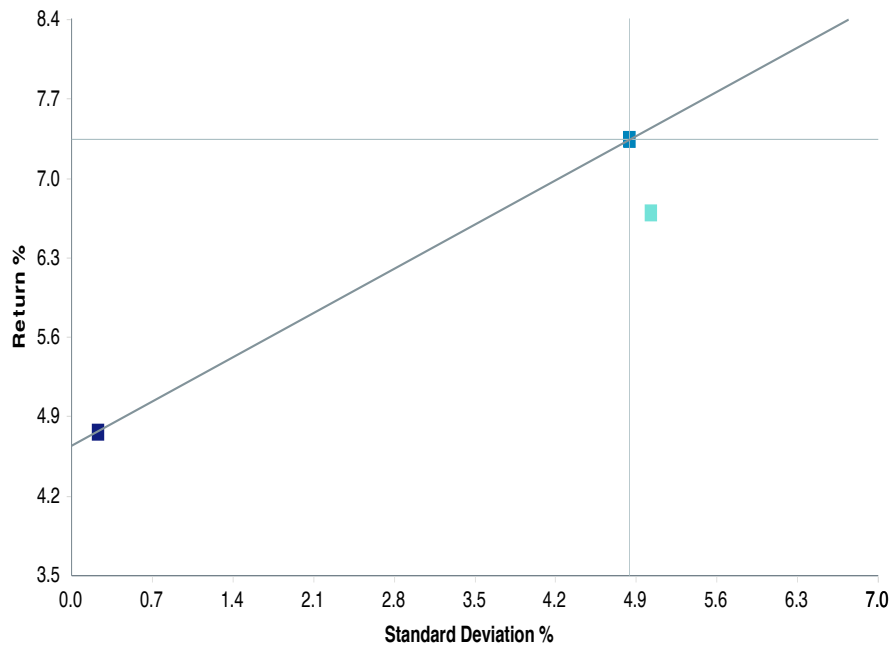




# Risk Profile Man Alternative Risk Premia

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
3 Years

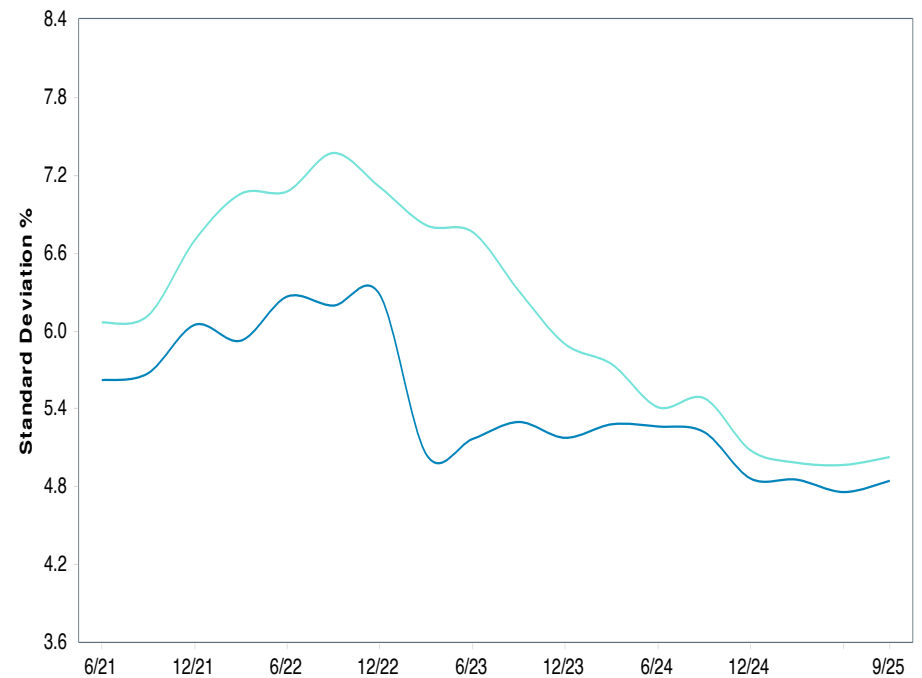


Man Alternative Risk Premia

SG Multi Alternative Risk Premia Index

90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 3 Years



Man Alternative Risk Premia

SG Multi Alternative Risk Premia Index

3 Years Historical Statistics

|  | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|--|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Man Alternative Risk Premia            | -0.60         | 4.55           | -0.13             | 0.33      | 0.39         | 2.34  | 0.60 | 6.70   | 5.03               | 0.58               |
| SG Multi Alternative Risk Premia Index | 0.00          | 0.00           | -                 | 1.00      | 0.53         | 0.00  | 1.00 | 7.34   | 4.84               | 1.00               |
| 90 Day U.S. Treasury Bill              | -2.55         | 4.86           | -0.53             | 0.00      | -            | 4.78  | 0.00 | 4.77   | 0.23               | -0.05              |

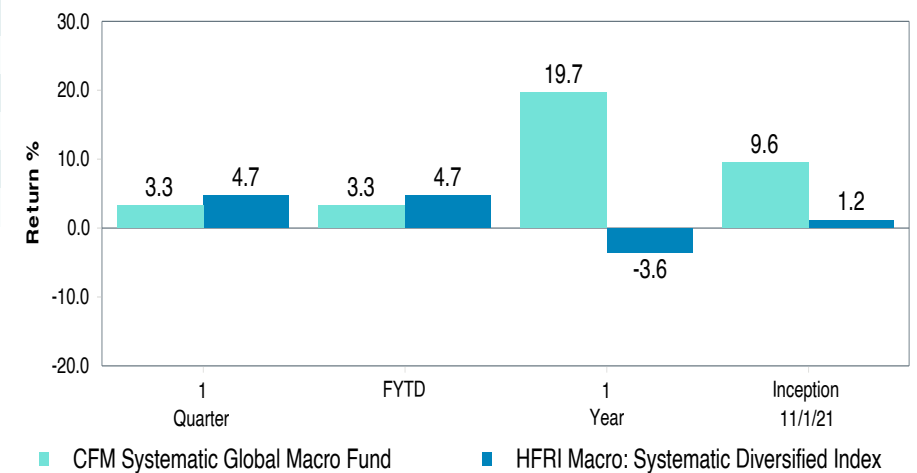
# Manager Performance Summary CFM Systematic Global Macro Fund

As of September 30, 2025

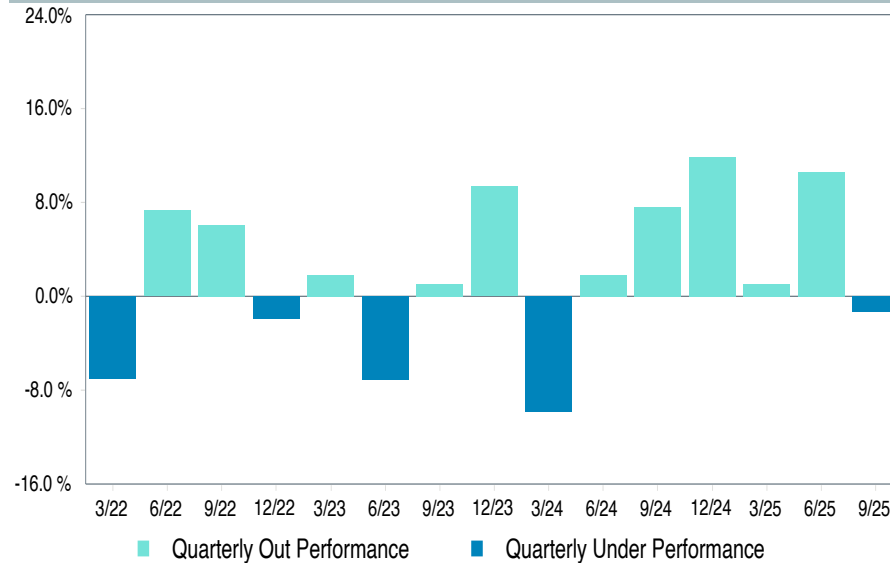
## Account Information

|                   |  |
|-------------------|--|
| Account Name      | CFM Systematic Global Macro Fund         |
| Inception Date    | 11/01/2021                               |
| Account Structure | Commingled Fund                          |
| Asset Class       | US Equity                                |
| Benchmark         | HFRI Macro: Systematic Diversified Index |
| Peer Group        |  |

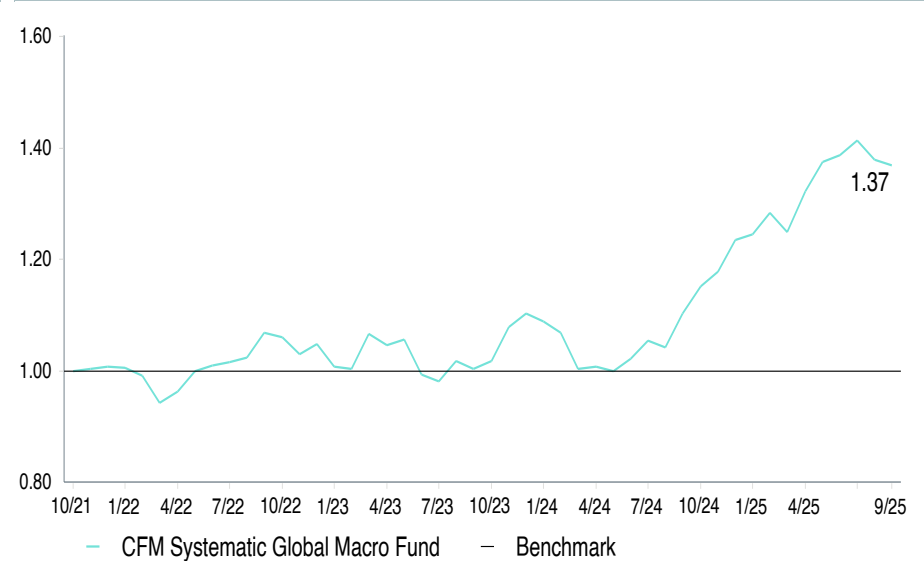
## Return Summary



## Quarterly Excess Performance



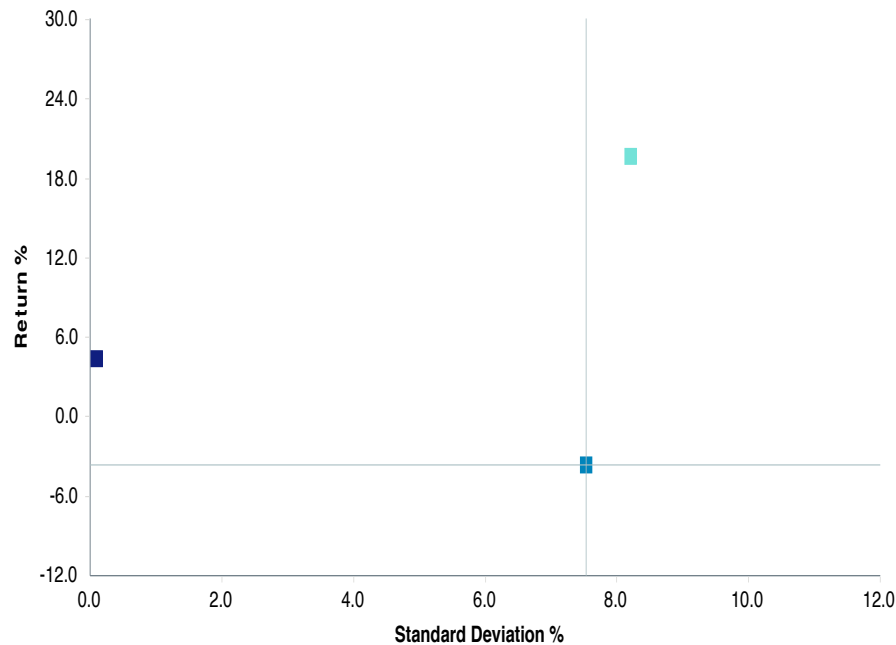
## Ratio of Cumulative Wealth - Since Inception



# Risk Profile CFM Systematic Global Macro Fund

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
1 Year



■ CFM Systematic Global Macro Fund    ■ HFRI Macro: Systematic Diversified Index  
■ 90 Day U.S. Treasury Bill

Standard Deviation  
Rolling 1 Year



— CFM Systematic Global Macro Fund  
— HFRI Macro: Systematic Diversified Index

1 Year Historical Statistics

|  | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|--|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| CFM Systematic Global Macro Fund         | 21.79         | 9.50           | 2.29              | 0.08      | 1.72         | 21.23 | 0.30 | 19.66  | 8.21               | 0.27               |
| HFRI Macro: Systematic Diversified Index | 0.00          | 0.00           | -                 | 1.00      | -1.03        | 0.00  | 1.00 | -3.61  | 7.53               | 1.00               |
| 90 Day U.S. Treasury Bill                | 7.70          | 7.51           | 1.03              | 0.04      | -            | 4.39  | 0.00 | 4.38   | 0.10               | 0.21               |

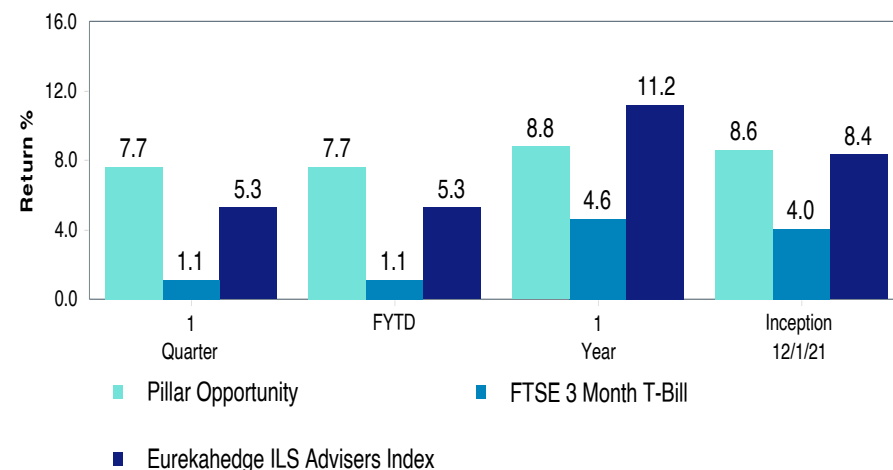
# Manager Performance Summary Pillar Opportunity

As of September 30, 2025

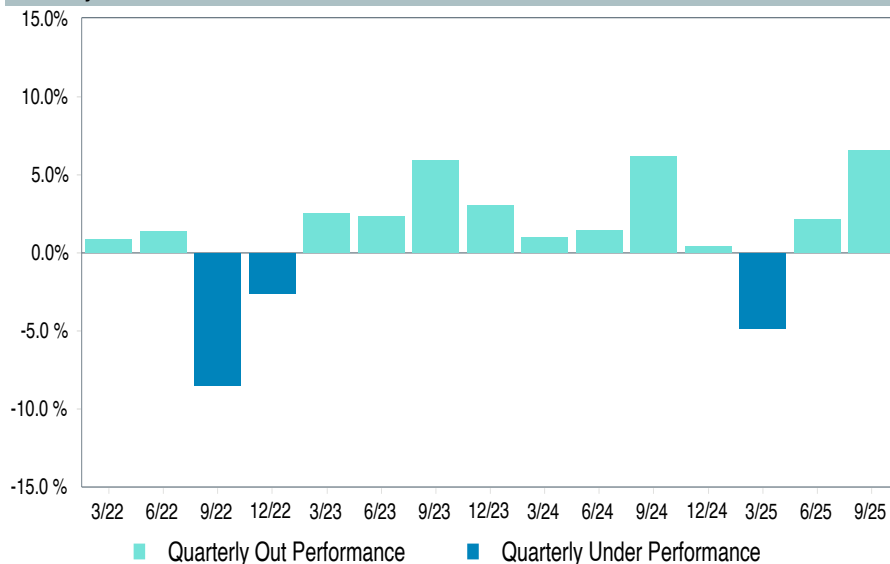
## Account Information

|                   |                     |
|-------------------|---------------------|
| Account Name      | Pillar Opportunity  |
| Inception Date    | 12/01/2021          |
| Account Structure | Commingled Fund     |
| Asset Class       | US Equity           |
| Benchmark         | FTSE 3 Month T-Bill |
| Peer Group        |                     |

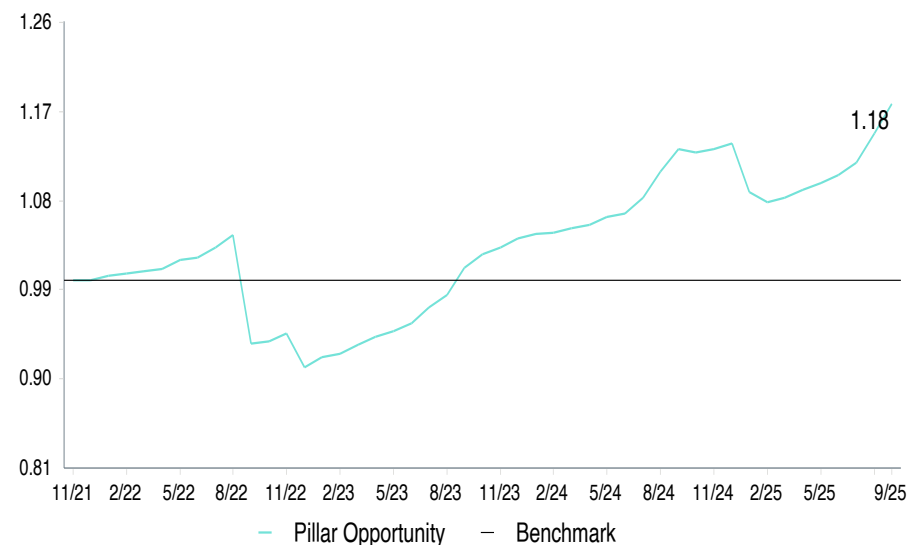
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - Since Inception



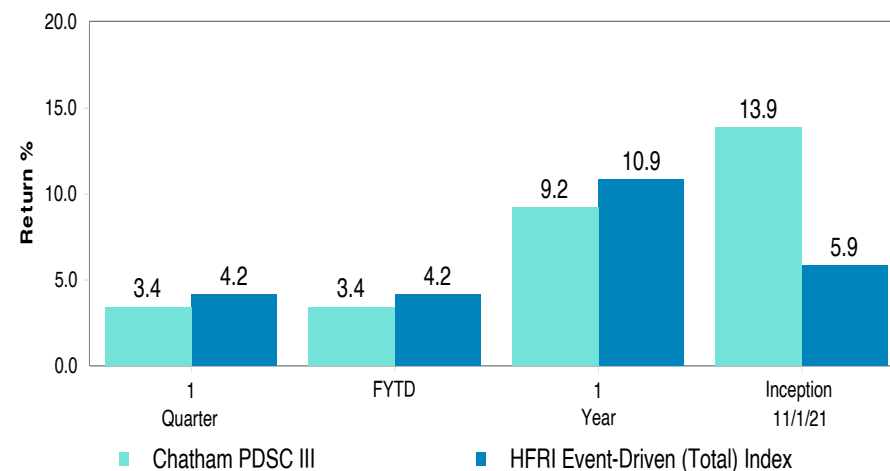
# Manager Performance Summary Chatham PDSC III

As of September 30, 2025

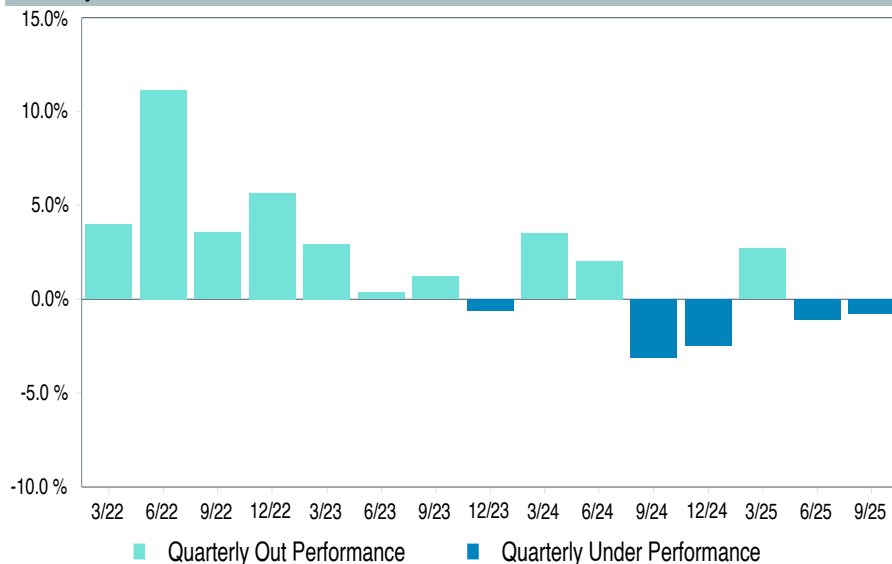
## Account Information

|                   |                                 |
|-------------------|---------------------------------|
| Account Name      | Chatham PDSC III                |
| Inception Date    | 11/01/2021                      |
| Account Structure | Separate Account                |
| Asset Class       | Hedge Fund                      |
| Benchmark         | HFRI Event-Driven (Total) Index |
| Peer Group        |                                 |

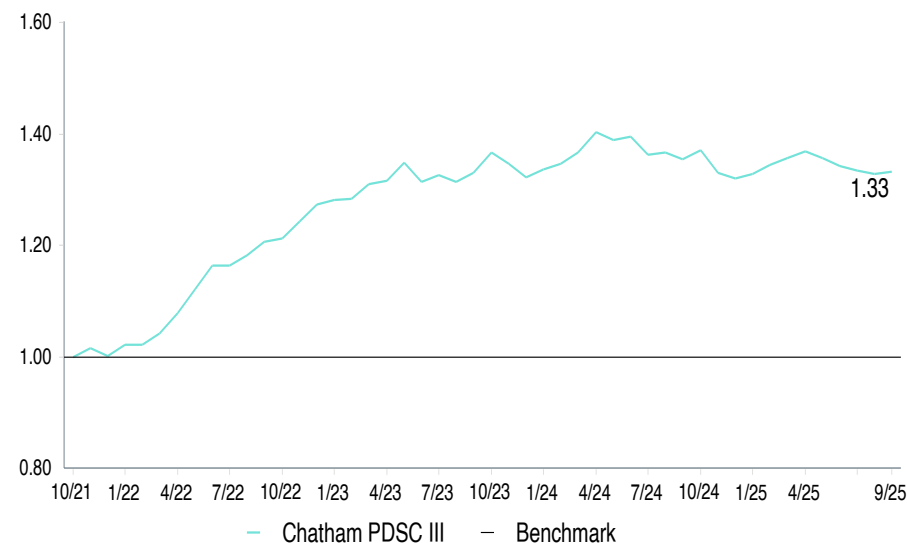
## Return Summary



## Quarterly Excess Performance



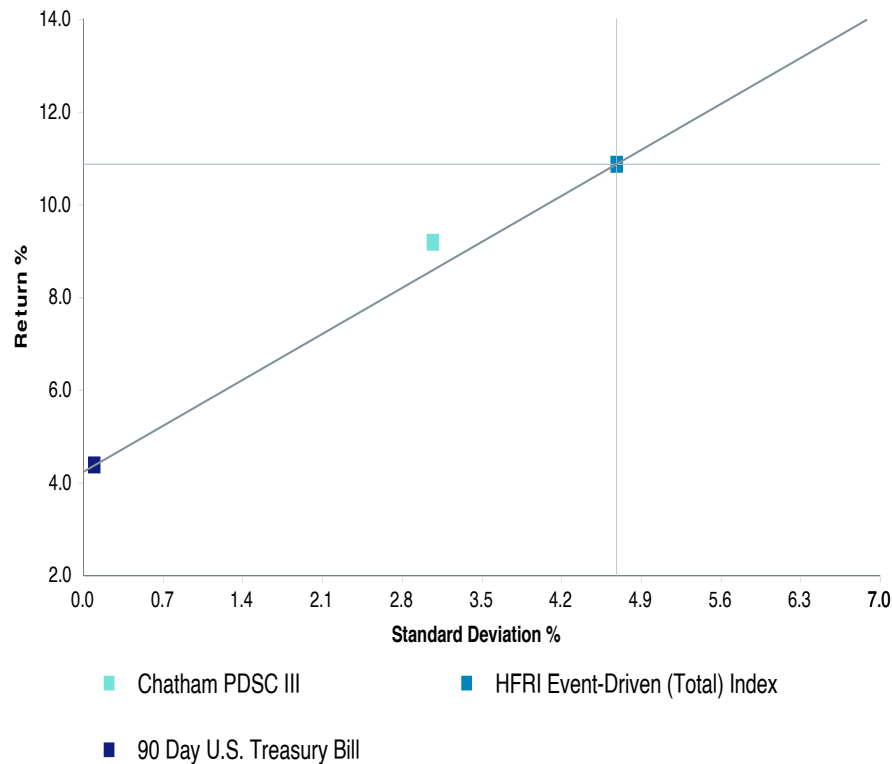
## Ratio of Cumulative Wealth - Since Inception



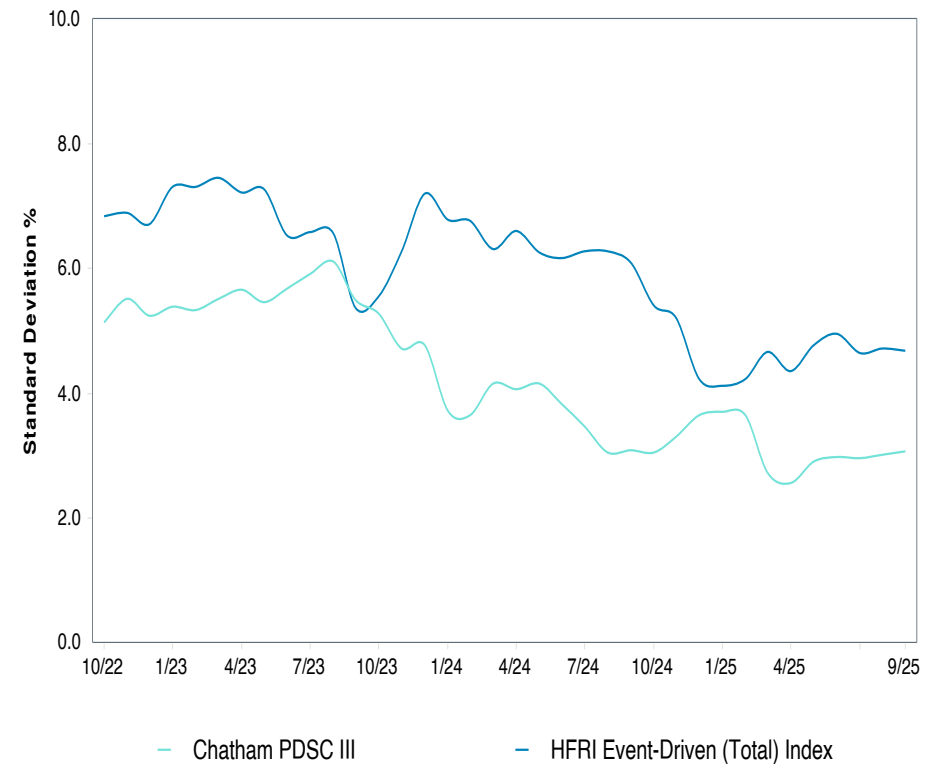
# Risk Profile Chatham PDSC III

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
1 Year



Standard Deviation  
Rolling 1 Year



1 Year Historical Statistics

|                                 | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Chatham PDSC III                | -1.61         | 4.30           | -0.37             | 0.20      | 1.47         | 5.95  | 0.29 | 9.18   | 3.07               | 0.45               |
| HFRI Event-Driven (Total) Index | 0.00          | 0.00           | -                 | 1.00      | 1.32         | 0.00  | 1.00 | 10.88  | 4.68               | 1.00               |
| 90 Day U.S. Treasury Bill       | -6.18         | 4.67           | -1.32             | 0.02      | -            | 4.35  | 0.00 | 4.38   | 0.10               | 0.15               |

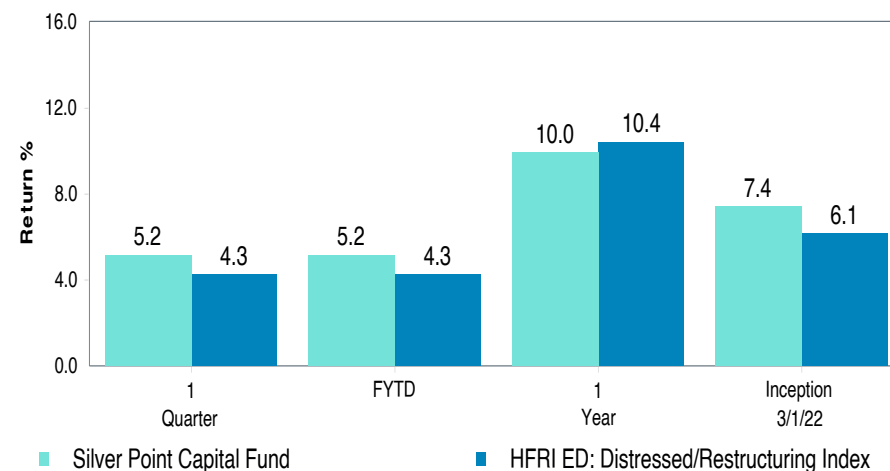
# Manager Performance Summary Silver Point Capital Fund

As of September 30, 2025

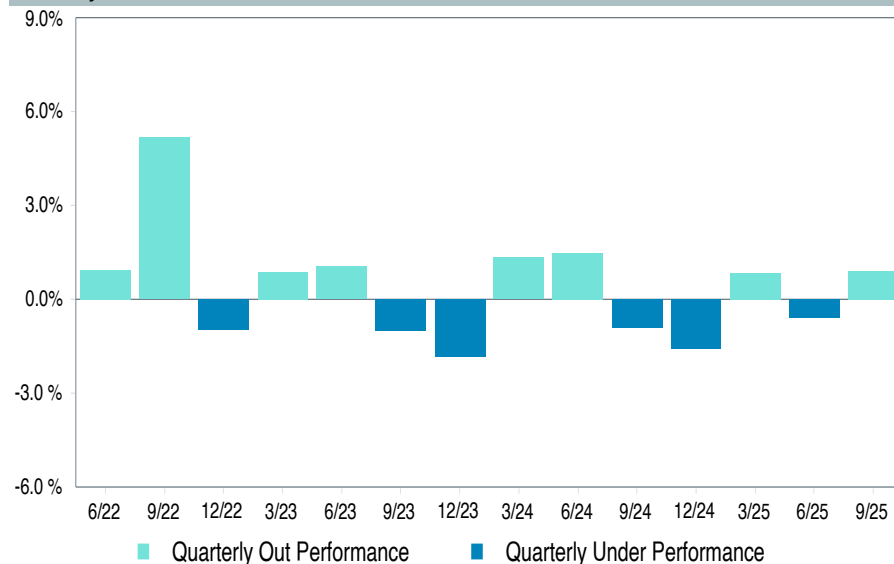
## Account Information

|                   |   |
|-------------------|---|
| Account Name      | Silver Point Capital Fund               |
| Inception Date    | 03/01/2022                              |
| Account Structure | Separate Account                        |
| Asset Class       | Hedge Fund                              |
| Benchmark         | HFRI ED: Distressed/Restructuring Index |
| Peer Group        |   |

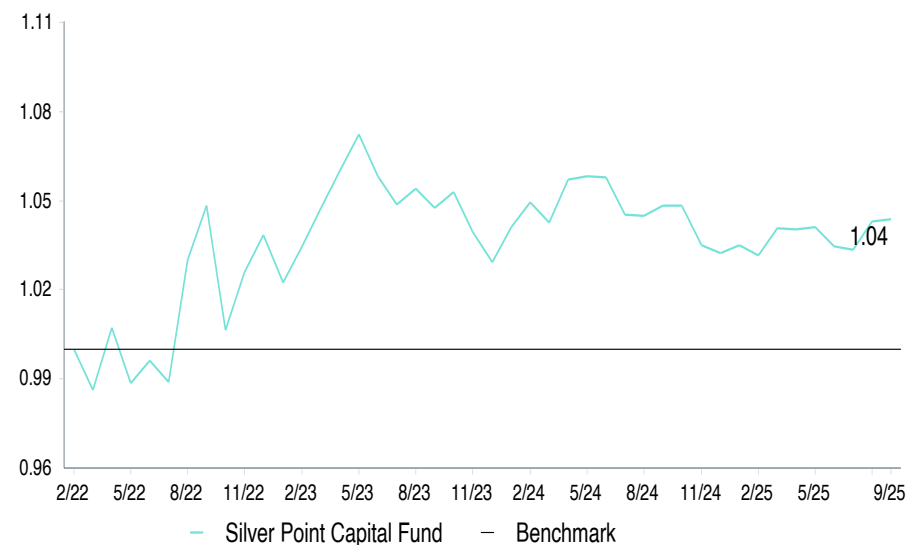
## Return Summary



## Quarterly Excess Performance



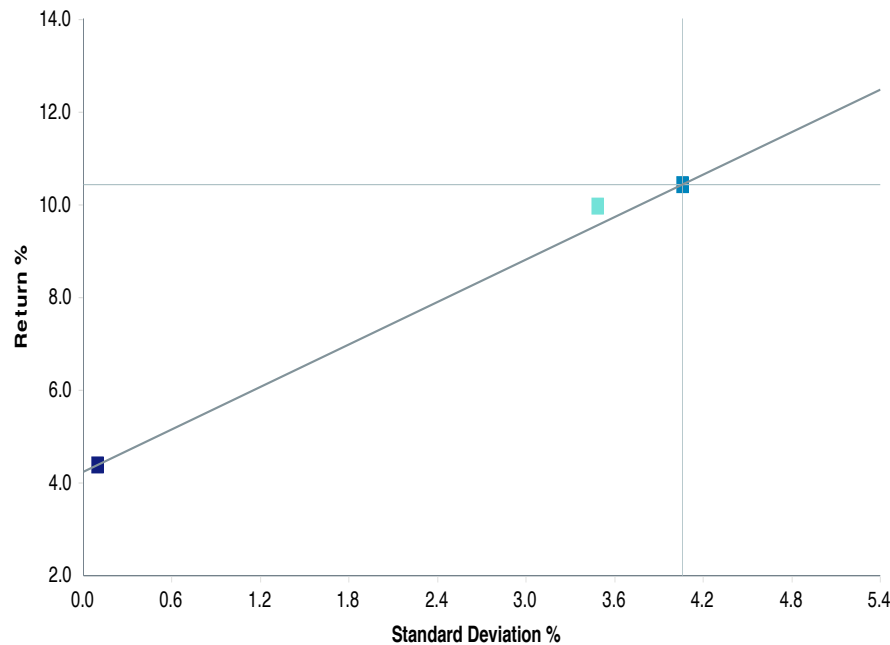
## Ratio of Cumulative Wealth - Since Inception



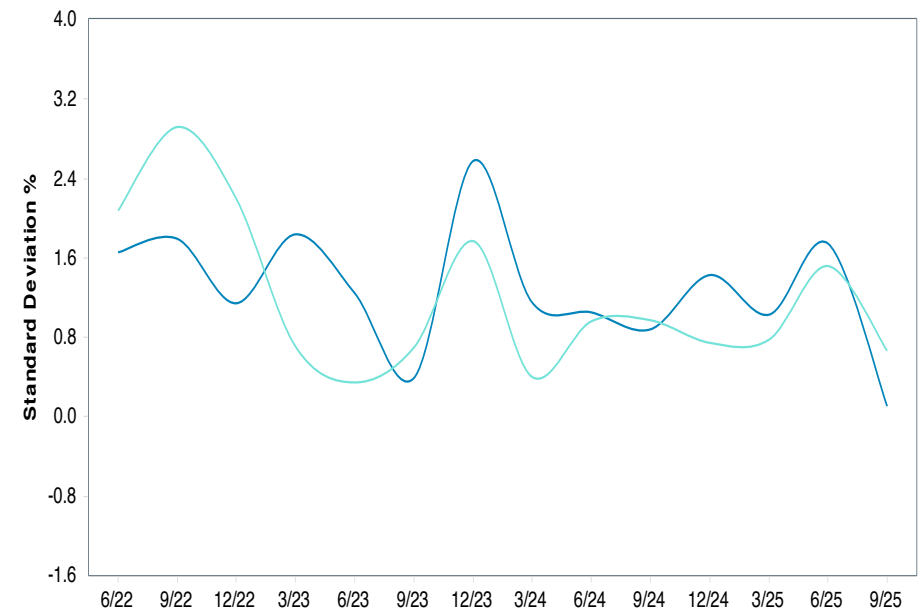
# Risk Profile Silver Point Capital Fund

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
1 Year



Standard Deviation  
Rolling 0.25 Year



1 Year Historical Statistics

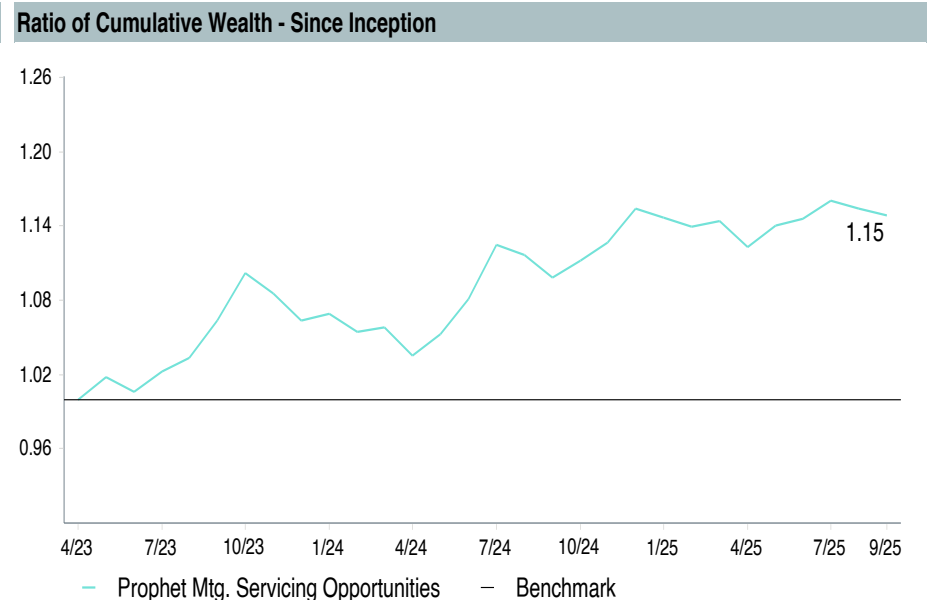
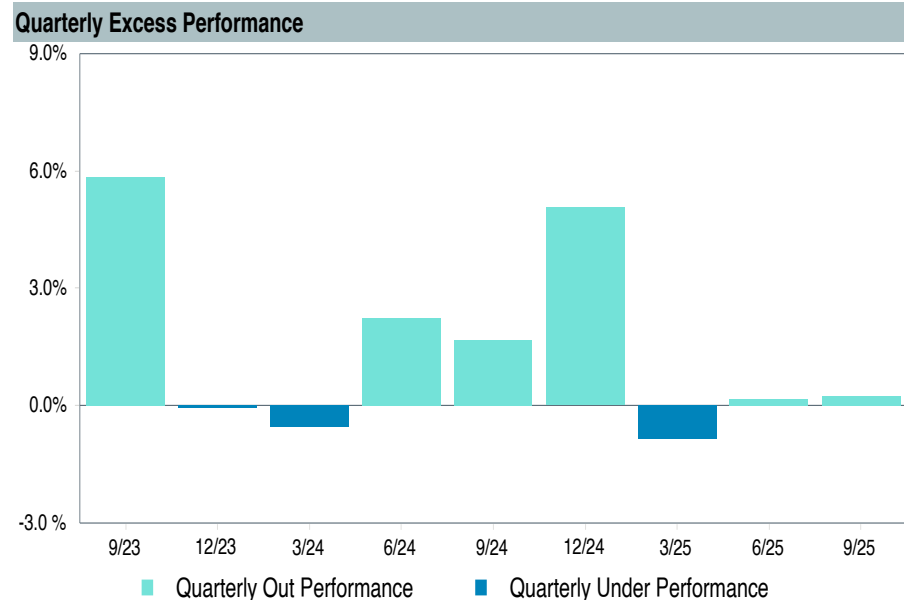
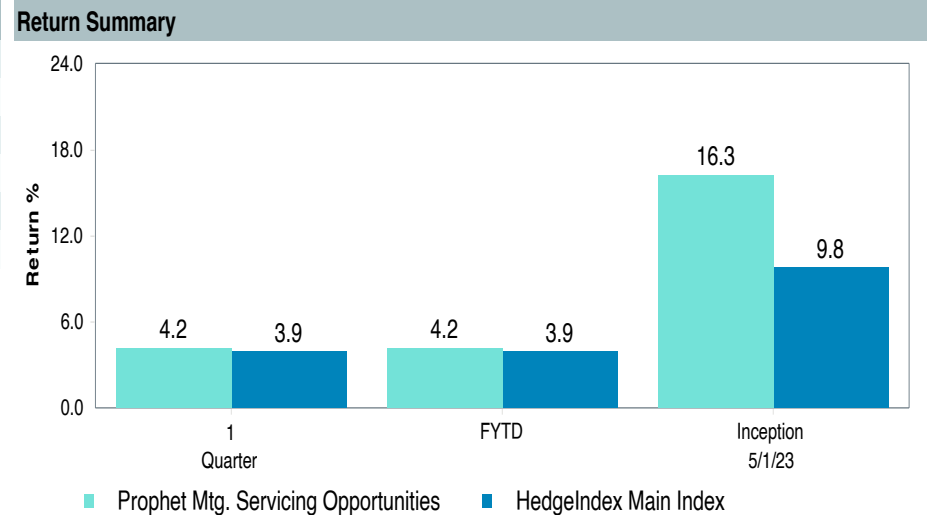
|   | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta | Return | Standard Deviation | Actual Correlation |
|---|---------------|----------------|-------------------|-----------|--------------|-------|------|--------|--------------------|--------------------|
| Silver Point Capital Fund               | -0.46         | 2.08           | -0.22             | 0.74      | 1.53         | 2.20  | 0.74 | 9.96   | 3.48               | 0.86               |
| HFRI ED: Distressed/Restructuring Index | 0.00          | 0.00           | -                 | 1.00      | 1.42         | 0.00  | 1.00 | 10.45  | 4.06               | 1.00               |
| 90 Day U.S. Treasury Bill               | -5.76         | 4.04           | -1.42             | 0.05      | -            | 4.33  | 0.01 | 4.38   | 0.10               | 0.22               |



# Manager Performance Summary Prophet Mtg. Servicing Opportuniti

## As of September 30, 2025

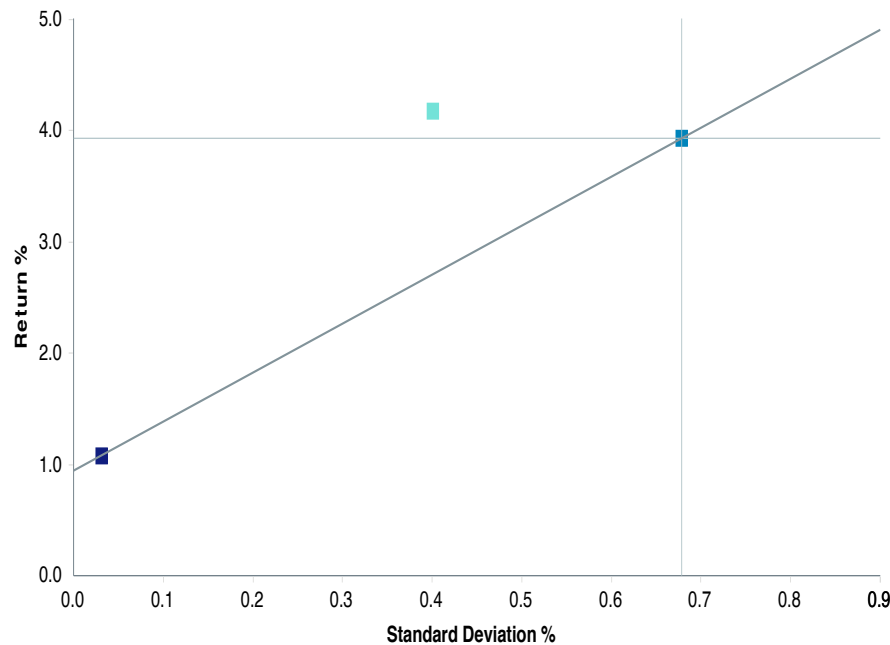
| Account Information |                                      |
|---------------------|--------------------------------------|
| Account Name        | Prophet Mtg. Servicing Opportunities |
| Inception Date      | 04/01/2023                           |
| Account Structure   | Separate Account                     |
| Asset Class         | Hedge Fund                           |
| Benchmark           | HedgeIndex Main Index                |
| Peer Group          |                                      |



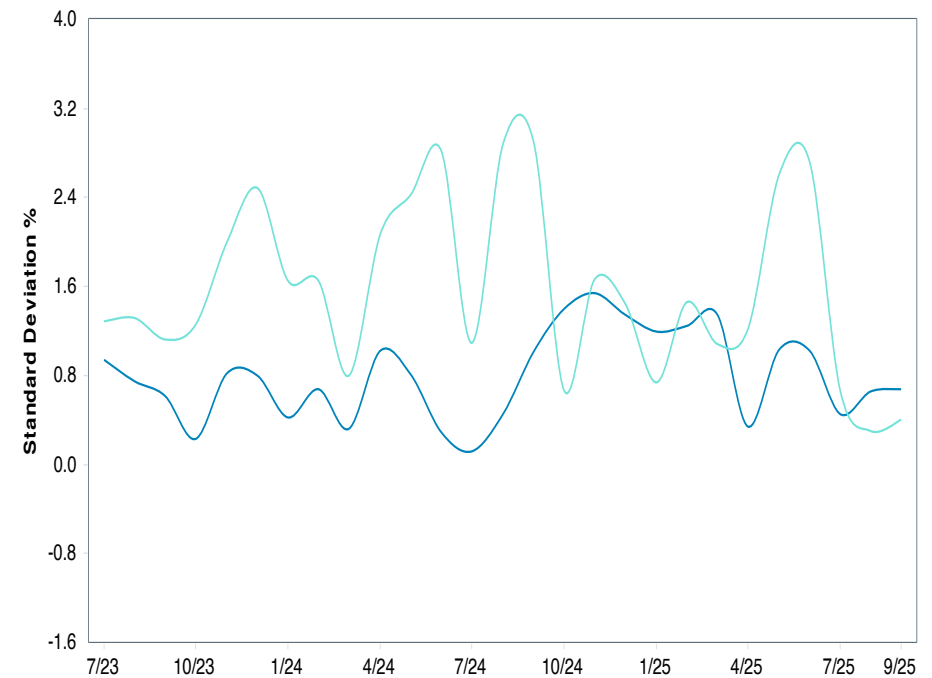
# Risk Profile Prophet Mtg. Servicing Opportunities

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
1 Quarter



Standard Deviation  
Rolling 0.25 Year



1 Quarter Historical Statistics

|                                      | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta  | Return | Standard Deviation | Actual Correlation |
|--------------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|-------|--------|--------------------|--------------------|
| Prophet Mtg. Servicing Opportunities | 0.08          | 1.04           | 0.07              | 0.73      | 2.51         | 2.02  | -0.50 | 4.17   | 0.40               | -0.85              |
| HedgeIndex Main Index                | 0.00          | 0.00           | -                 | 1.00      | 1.42         | 0.00  | 1.00  | 3.93   | 0.68               | 1.00               |
| 90 Day U.S. Treasury Bill            | -0.94         | 0.66           | -1.42             | 0.35      | -            | 0.32  | 0.03  | 1.08   | 0.03               | 0.59               |

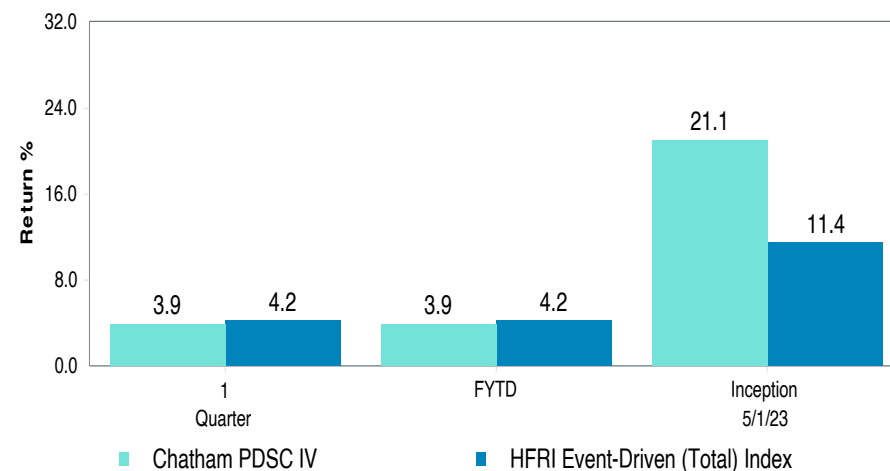
# Manager Performance Summary Chatham PDSC IV

As of September 30, 2025

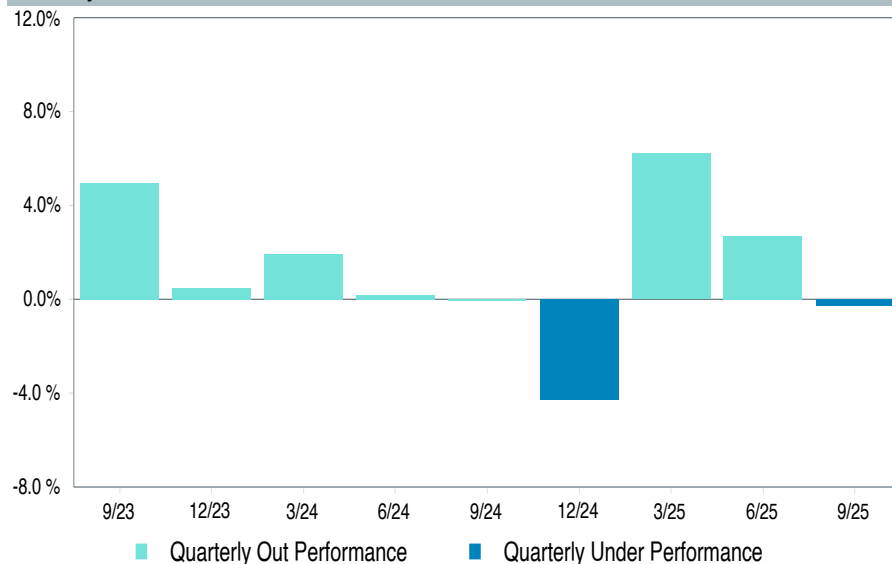
## Account Information

|                   |                                 |
|-------------------|---------------------------------|
| Account Name      | Chatham PDSC IV                 |
| Inception Date    | 05/01/2023                      |
| Account Structure | Separate Account                |
| Asset Class       | Hedge Fund                      |
| Benchmark         | HFRI Event-Driven (Total) Index |
| Peer Group        |                                 |

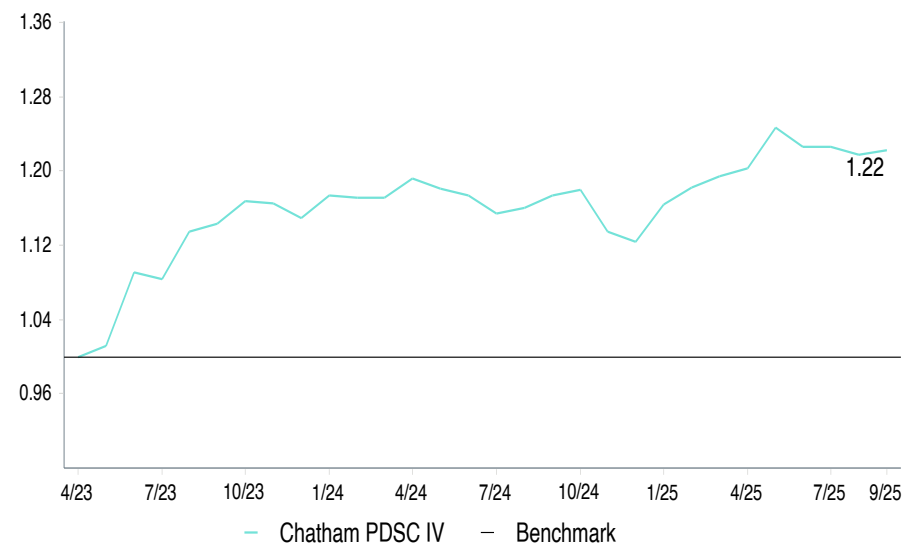
## Return Summary



## Quarterly Excess Performance



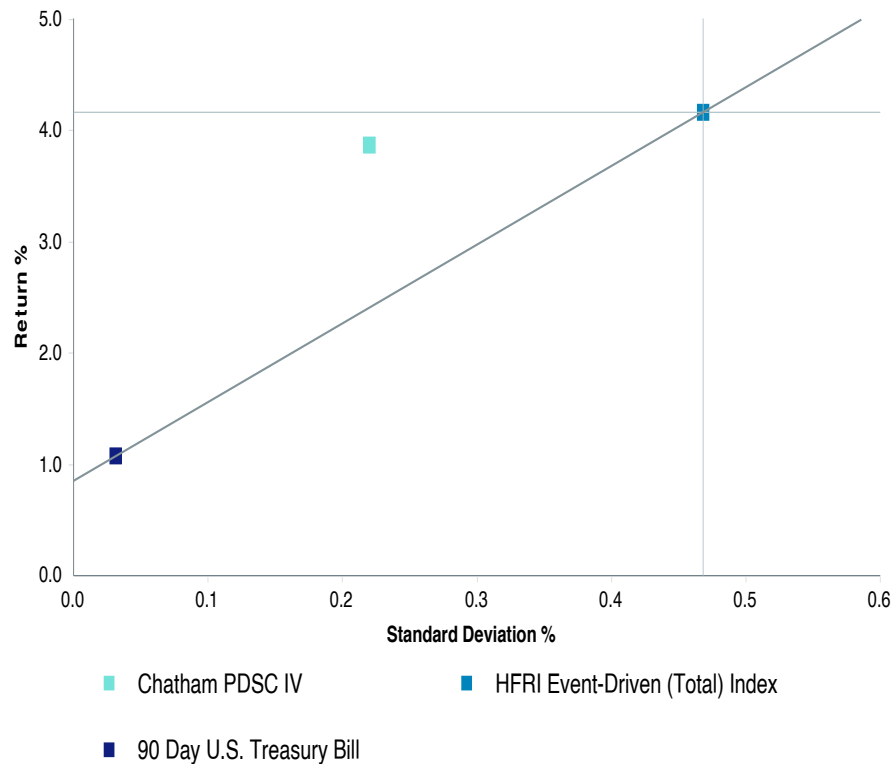
## Ratio of Cumulative Wealth - Since Inception



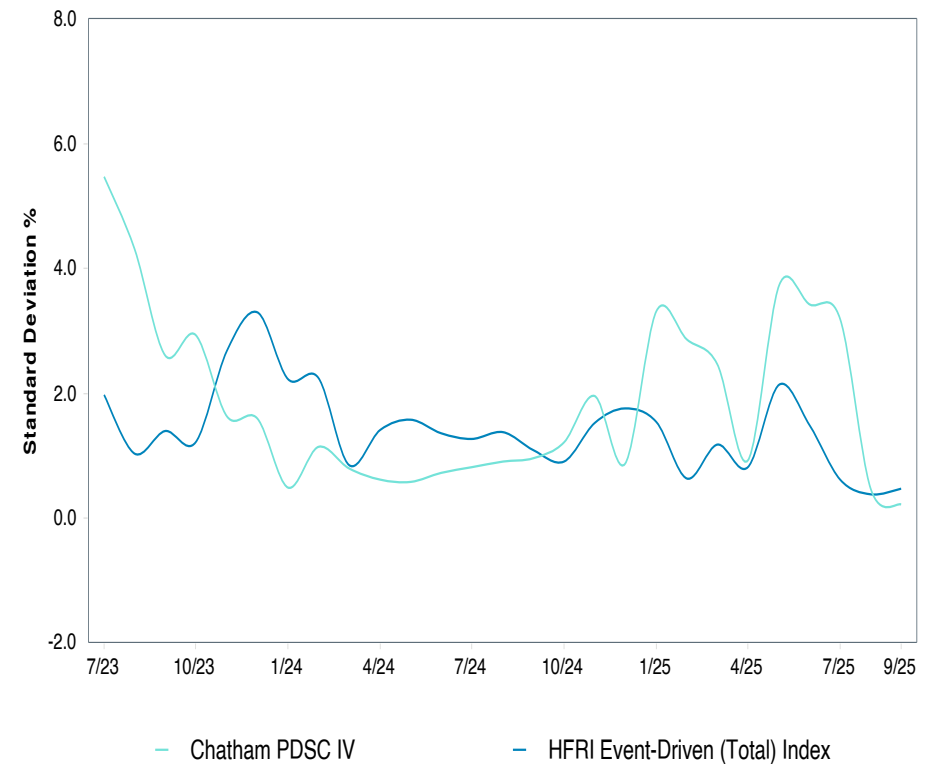
# Risk Profile Chatham PDSC IV

As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation  
1 Quarter



Standard Deviation  
Rolling 0.25 Year



1 Quarter Historical Statistics

|                                 | Active Return | Tracking Error | Information Ratio | R-Squared | Sharpe Ratio | Alpha | Beta  | Return | Standard Deviation | Actual Correlation |
|---------------------------------|---------------|----------------|-------------------|-----------|--------------|-------|-------|--------|--------------------|--------------------|
| Chatham PDSC IV                 | -0.10         | 0.55           | -0.17             | 0.04      | 3.77         | 1.40  | -0.09 | 3.87   | 0.22               | -0.19              |
| HFRI Event-Driven (Total) Index | 0.00          | 0.00           | -                 | 1.00      | 2.29         | 0.00  | 1.00  | 4.17   | 0.47               | 1.00               |
| 90 Day U.S. Treasury Bill       | -1.01         | 0.44           | -2.29             | 0.66      | -            | 0.28  | 0.05  | 1.08   | 0.03               | 0.81               |

Private Equity

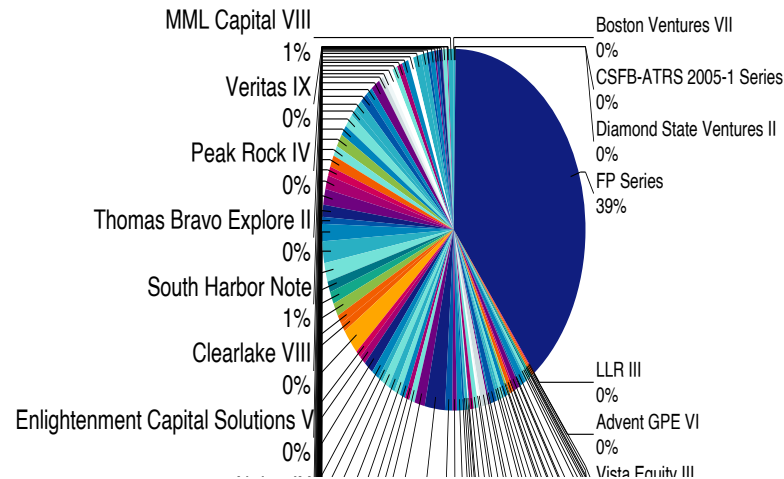


# Composite Portfolio Overview Private Equity

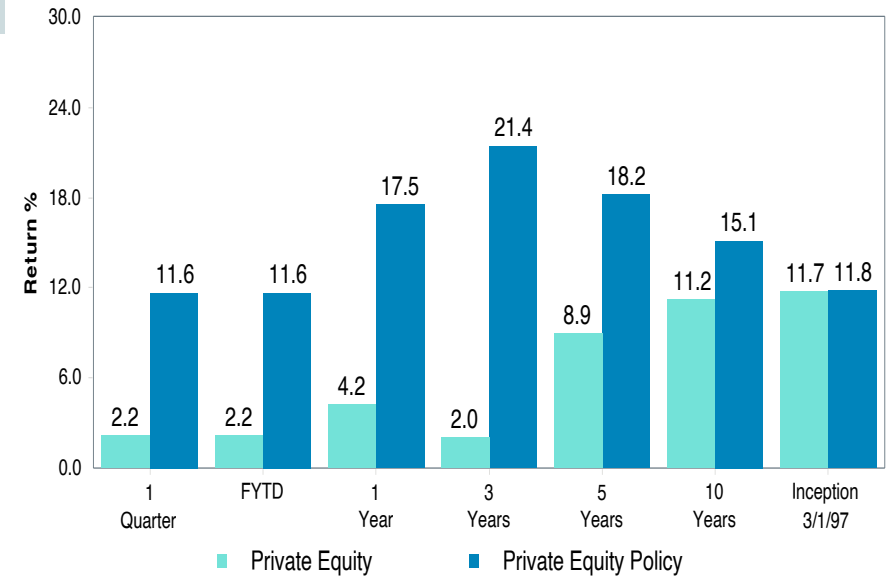
As of September 30, 2025

## Current Allocation

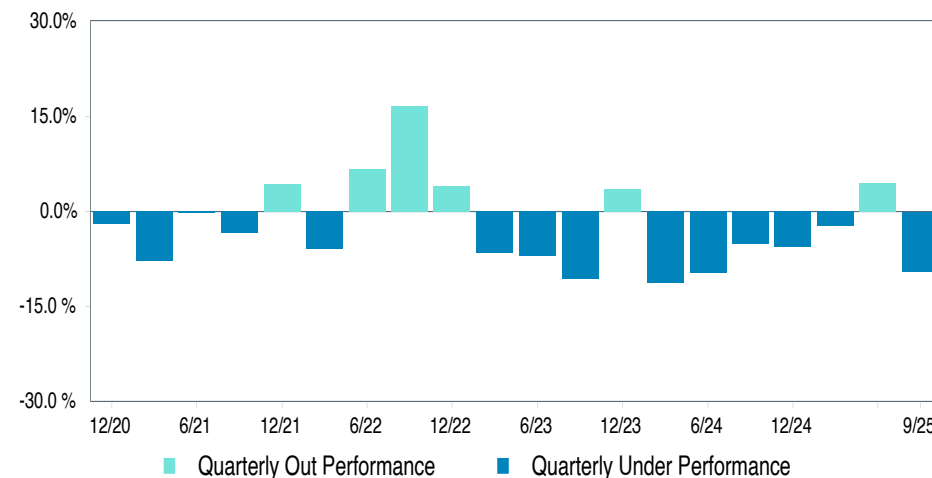
September 30, 2025 : \$3,035,789,124



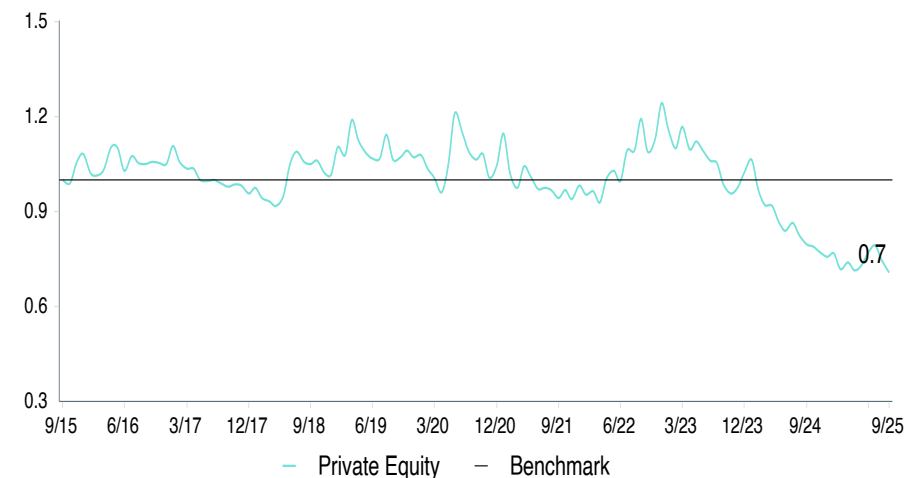
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - 10 Years



Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.



Real Assets

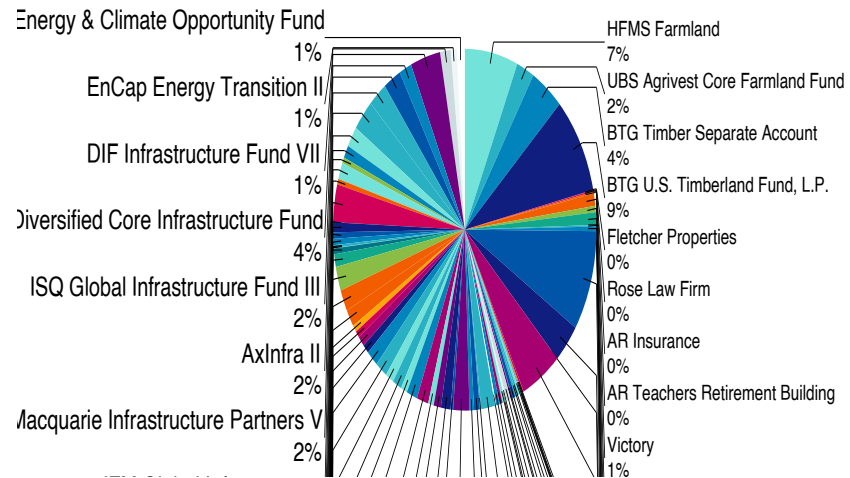


# Composite Portfolio Overview Real Assets

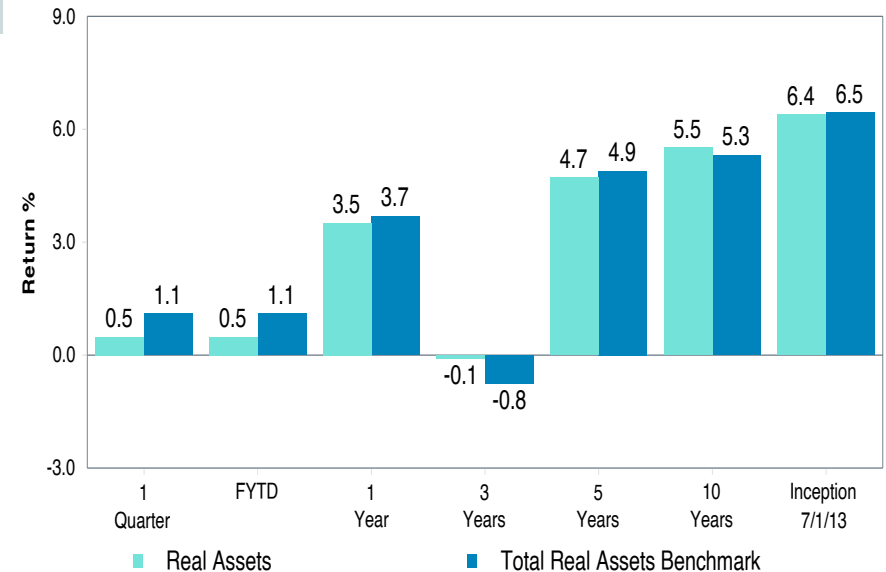
As of September 30, 2025

## Current Allocation

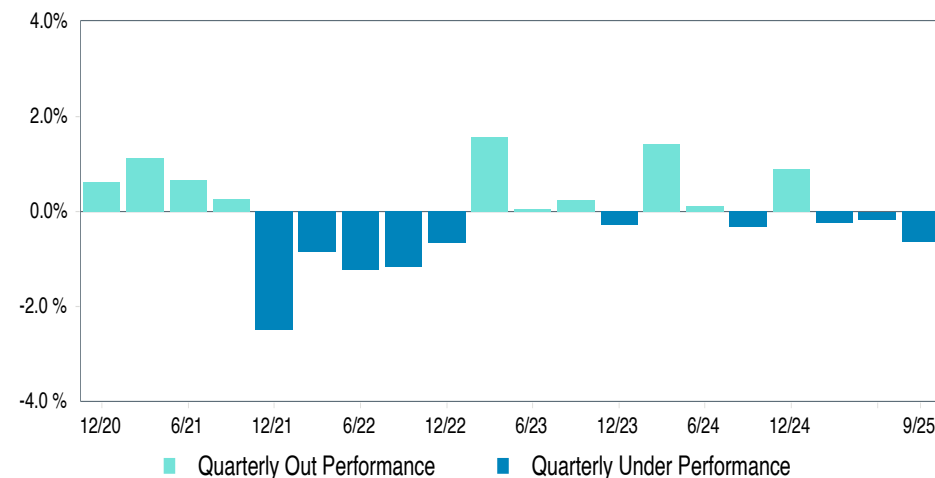
September 30, 2025 : \$2,954,757,721



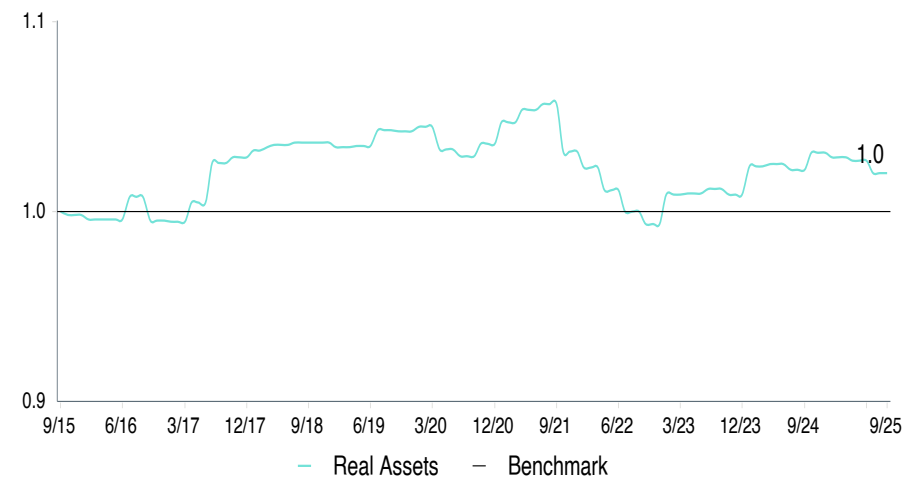
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - 10 Years



Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.



Fee Schedule



# Fee Schedule

As of September 30, 2025

|  | Fee Schedule   | Market Value<br>\$000 | Estimated<br>Annual Fee<br>\$000 | Estimated<br>Annual Fee<br>% |
|--|--|-----------------------|----------------------------------|------------------------------|
| <b>Total Equity</b>                              |  | <b>12,489,156</b>     | <b>52,259</b>                    | <b>0.42</b>                  |
| Jacobs Levy 130/30                               | 0.60 % of First \$200 M<br>0.35 % of Next \$300 M<br>0.30 % Thereafter                           | 1,403,583             | 4,961                            | 0.35                         |
| Kennedy Capital Management                       | Minimum Fee: \$30  | 462,888               | -                                | 0.00                         |
| Stephens   | 0.75 % of First \$150 M<br>0.70 % of Next \$50 M<br>0.65 % Thereafter                            | 496,736               | 3,404                            | 0.69                         |
| Voya Absolute Return                             | 0.60 % of First \$250 M<br>0.40 % Thereafter   | 1,171,472             | 5,186                            | 0.44                         |
| Voya U.S. Convertibles                           | 0.40 % of First \$100 M<br>0.30 % of Next \$100 M<br>0.25 % of Next \$100 M<br>0.20 % Thereafter | 1,054,919             | 2,460                            | 0.23                         |
| Pershing Square Holdings                         | 1.50 % of Assets   | 442,034               | 6,631                            | 1.50                         |
| Triun Partners                                   | 1.50 % of Assets   | 101,861               | 1,528                            | 1.50                         |
| Triun Co-Investments                             | 0.50 % of Assets   | 79,443                | 397                              | 0.50                         |
| SSgA Global Index                                | 0.04 % of First \$1000 M<br>0.03 % Thereafter  | 792,554               | 317                              | 0.04                         |
| BlackRock MSCI ACWI IMI Fund                     | 0.04 % of First \$250 M<br>0.03 % Thereafter   | 758,932               | 227                              | 0.03                         |
| Wellington Global Perspectives                   | 0.80 % of Assets   | 835,962               | 6,688                            | 0.80                         |
| T. Rowe Price Global Equity                      | 0.43 % of First \$500 M<br>0.40 % Thereafter   | 1,478,747             | 6,040                            | 0.41                         |
| Lazard   | 0.68 % of First \$300 M<br>0.65 % Thereafter   | 1,166,994             | 7,675                            | 0.66                         |
| Harris Global Equity                             | 0.60 % of First \$100 M<br>0.50 % of Next \$100 M<br>0.45 % Thereafter                           | 833,466               | 3,951                            | 0.47                         |
| Arrowstreet Global Equity - Alpha Extension Fund | Performance Based 0.20 % and 20.00 %   | 1,397,414             | 2,795                            | 0.20                         |

Above fees reflect only the current base management fee and excludes any performance fee arrangement.

# Fee Schedule

As of September 30, 2025

|   | Fee Schedule   | Market Value<br>\$000 | Estimated<br>Annual Fee<br>\$000 | Estimated<br>Annual Fee<br>% |
|---|--|-----------------------|----------------------------------|------------------------------|
| <b>Fixed Income</b>                     |  | <b>4,595,512</b>      | <b>7,309</b>                     | <b>0.16</b>                  |
| BlackRock                               | 0.20 % of First \$200 M<br>0.15 % of Next \$200 M<br>0.10 % of Next \$400 M<br>0.08 % Thereafter | 282,525               | 524                              | 0.19                         |
| Loomis Sayles                           | 0.50 % of First \$20 M<br>0.40 % of Next \$30 M<br>0.30 % Thereafter                             | 784,405               | 2,423                            | 0.31                         |
| SSgA Aggregate Bond Index               | 0.04 % of First \$100 M<br>0.02 % Thereafter   | 1,313,771             | 278                              | 0.02                         |
| Wellington Global Total Return          | 0.30 % of Assets   | 437,471               | 1,312                            | 0.30                         |
| Reams Core Plus Bond Fund               | 0.20 % of Assets   | 636,533               | 1,273                            | 0.20                         |
| Baird Core Plus Bond                    | 0.30 % of First \$100 M<br>0.20 % of Next \$100 M<br>0.15 % Thereafter                           | 865,607               | 1,498                            | 0.17                         |
| BRS Recycling Tax Credit                |  | 96,000                | -                                | -                            |
| BRS Recycling Tax Credit Phase 2        |  | 82,400                | -                                | -                            |
| BRS Recycling Tax Credit Phase 3        |  | 96,801                | -                                | -                            |
| <b>Opportunistic/Alternatives</b>       |  | <b>1,248,885</b>      | <b>11,687</b>                    | <b>0.94</b>                  |
| Anchorage                               | 2.00 % of Assets   | 16,873                | 337                              | 2.00                         |
| York                                    | 1.50 % of Assets   | 367                   | 6                                | 1.50                         |
| Capula                                  | 2.00 % of Assets   | 115,577               | 2,312                            | 2.00                         |
| Graham                                  | 2.00 % of Assets   | 114,635               | 2,293                            | 2.00                         |
| Circumference Group Core Value          | 1.50 % of Assets   | 45,091                | 676                              | 1.50                         |
| Aeolus Keystone Fund                    | 2.00 % of Assets   | 12,836                | 257                              | 2.00                         |
| Parametric Global Defensive Equity Fund | 0.40 % of First \$150 M<br>0.35 % Thereafter   | 270,121               | 1,020                            | 0.38                         |
| Man Alternative Risk Premia             | 0.85 % of Assets   | 136,050               | 1,156                            | 0.85                         |
| CFM Systematic Global Macro Fund        | 0.36 % of Assets   | 130,961               | 471                              | 0.36                         |
| Pillar Opportunity                      | 1.30 % of Assets   | 130,291               | 1,694                            | 1.30                         |
| Chatham PDSC III                        | 0.33 % of Assets   | 83,126                | 274                              | 0.33                         |
| Prophet Mtg. Servicing Opportunities    | 0.84 % of Assets   | 49,572                | 416                              | 0.84                         |
| Chatham PDSC IV                         | 0.33 % of Assets   | 79,366                | 262                              | 0.33                         |

Above fees reflect only the current base management fee and excludes any performance fee arrangement.

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## Disclaimers and Notes



# Arkansas Teacher Retirement System

## Description of Benchmarks

**Total Fund** - The Performance Benchmark for the Total Fund reflects a weighted average of the underlying asset class benchmarks, weighted as follows: Fixed Income, Private Equity and Opportunistic/Alternatives at its long-term Policy Target, Total Equity at its long-term Policy Target plus the balance of the unfunded or uncommitted assets of the Real Assets, and Real Assets at the weight of the previous month's ending market values. These targets can be found on the Asset Allocation Compliance page of this report. From October 2007 to July 2013, the Performance Benchmark was the performance of the asset class benchmarks as a weighted average of the previous month's ending market values. The historical components of the benchmark are shown in the table below. Returns prior to September 30, 1996, consist of the actual allocations to the seven different asset classes included in the Arkansas Teacher Retirement System over time.

| Date            | DJ Total Stock Market Index | Russell 3000 Index | MSCI ACWI ex-U.S. Index | MSCI All Country World Index | BC Universal Bond Index | BC Aggregate Bond Index | Alternative Policy* |
|-----------------|-----------------------------|--------------------|-------------------------|------------------------------|-------------------------|-------------------------|---------------------|
| 03/2004-9/2007  | 40.0 %                      | --                 | 17.5 %                  | --                           | 25.0 %                  | --                      | 17.5 %              |
| 06/2003-02/2004 | 40.0                        | --                 | 17.5                    | --                           | --                      | 25.0 %                  | 17.5                |
| 10/2001-07/2003 | --                          | 40.0 %             | 17.5                    | --                           | --                      | 25.0                    | 17.5                |
| 08/1998-09/2001 | --                          | 40.0               | 17.0                    | --                           | --                      | 28.0                    | 15.0                |
| 10/1996-07/1998 | --                          | 40.0               | 20.0                    | --                           | --                      | 28.0                    | 12.0                |

\*Historically, the Alternative Policy was comprised of the weighted averages of the Private Equity, Real Estate, and Alternatives policy benchmarks. Prior to July 31, 2003 the alternative benchmark consisted of 57.0% of the Russell 3000 + a 2% Premium per year, 8.5% of the NCREIF Southeast Timberland Index, 28.5% of the Real Estate Index, 6% of the EnnisKnupp STIF Index.

# Benchmark Descriptions

**Total Equity** - A weighted average of the Dow Jones U.S. Total Stock Market Index and the MSCI All Country World IMI Index based on weights of the underlying investment manager allocations. As of March 1, 2024, the Total Equity Performance Benchmark was comprised of 32.0% DJ U.S. Total Stock Market Index and 68.0% MSCI ACWI IMI.

**Fixed Income** - The Barclays U.S. Universal Bond Index as of March 1, 2004.

**Opportunistic/Alternatives** - A custom benchmark consisting of 25% DJ/CS Event-Driven Index, 25% HFR Macro Index, and 50% South Timberland NCREIF Index until June 30, 2013; 60% HFRI Macro Index and 40% DJ/CS Event-Driven Index until July 31, 2015; 56% HFRI Macro Index, 38% DJ/CS Event-Driven Index, and 6% Russell 2000 Index until March 31, 2016; 45% HFRI Macro Index, 30% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 20% Citigroup 3 Month T-bill until May 31, 2016; 37% HFRI Macro Index, 25% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 33% Citigroup 3 Month T-bill until May 31, 2017; 28% HFRI Macro Index, 20% DJ/CS Event-Driven Index, 4% Russell 2000 Index, 25% Citigroup 3 Month T-bill, and 23% Parametric Performance Benchmark thereafter.

**Real Assets** - A custom benchmark consisting of a weighted average of the net asset values at previous month's end of the sub-categories' benchmarks, defined as Real Estate Benchmark, Timber Benchmark, Agriculture Benchmark and Infrastructure Benchmark.

**Real Estate**- NFI-ODCE - NCREIF Fund Index Open-end Diversified Core Equity Index is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy; underlying funds are leveraged with gross and net returns available.

**Timber Property Benchmark** - NCREIF Timberland Property Index (NTPI) weighted according to ATRS' regional exposure based on net asset value.

**Agriculture Benchmark** - NCREIF Farmland Index (NFI) weighted according to ATRS' regional and crop type exposure based on net asset value.

**Infrastructure Benchmark** - Consumer Price Index (CPI) plus 500 basis points annually.

**Private Equity** - The Dow Jones U.S. Total Stock Market Index + a 2% premium per year.

**Cash Equivalents** - The Citigroup 90 day T-bill.

# Benchmark Descriptions

**BlackRock Performance Benchmark** - The Barclays Universal Bond Index as of March 1, 2004. Previously it was the Barclays Aggregate Bond Index.

**Jacobs Levy Performance Benchmark** - On January 1, 2008, the benchmark for the portfolio was changed to the Russell 3000 Index. Prior to January 1, 2008, the portfolio benchmark was the Russell 1000 Growth Index.

**Loomis Sayles Performance Benchmark** - An Index that splices 65% of the Barclays Government/Credit Index and 35% Barclays High Yield Index.

**Voya U.S. Convertibles Performance Benchmark** - On January 1, 2005, the benchmark for the portfolio was changed to the Merrill Lynch Convertible Bond (All Quality) Index. Prior to January 1, 2005, the performance benchmark for the Voya U.S. Convertibles portfolio was the CSFB Convertible Securities Index. Prior to May 1, 2004, the performance benchmark consisted of 90% CSFB Convertible Securities Index and 10% Salomon High Yield Index.

**Parametric Performance Benchmark** - 50% MSCI All Country World Index (net) and 50% Citigroup 90 day T-Bill Index as of June 1, 2017.

**Wellington Global Performance Benchmark** - As of July 1, 2012 the benchmark was changed to MSCI All Country World Small Cap Index. Prior to July 1, 2012, the benchmark was MSCI All Country World Small/Mid Cap Index.

**Voya Absolute Return Performance Benchmark** - As of December 1, 2015 the benchmark was changed to MSCI All Country World Index. Prior to December 1, 2015, the benchmark was the S&P 500 Stock Index.

**Barclays Aggregate Bond Index** - A market-value weighted index consisting of the Barclays Corporate, Government and Mortgage-Backed Securities Indices. The Index also includes credit card-, auto- and home equity loan-backed securities, and is the broadest available measure of the aggregate U.S. fixed income market.

**Barclays Government/Credit Index** - The Barclays Government/Credit Index measures the investment return of all medium and larger public issues of U.S. Treasury, agency, investment-grade corporate, and investment-grade international dollar-denominated bonds.

**Barclays High Yield Index** - The Barclays High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

**Barclays U.S. Universal Bond Index** - A market-value weighted index consisting of the components of the Barclays Aggregate Bond Index, plus EuroDollar bonds, emerging markets bonds, 144A fixed income securities, and U.S. corporate high yield securities.



# Benchmark Descriptions

**Barclays Mortgage Index** - A market value-weighted index consisting of the mortgage pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).

**Citigroup 90 day T-bill Index** - Treasury bill rates of return, as reported by Citigroup (Salomon Smith Barney), for bills with a maximum time remaining to maturity of 90 days.

**Dow Jones U.S. Total Stock Market Index** - A capitalization-weighted stock index representing all U.S. common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate U.S. stock market.

**FTSE Europe** - A tradable index, designed to represent the performance of the 100 most highly capitalized blue chip companies in Europe.

**Merrill Lynch Convertible Bond (All Quality) Index** - The Merrill Lynch All Convertibles All Qualities Index is a widely used index that measures convertible securities' performance. It measures the performance of U.S. dollar-denominated convertible securities not currently in bankruptcy with a total market value greater than \$50 million at issuance.

**MSCI All Country World ex-U.S. Index** - A capitalization-weighted index consisting of 22 developed and 23 emerging countries, but excluding the U.S. Covers approximately 85% of global equity opportunity set outside of the U.S.

**MSCI All Country World Index** - A capitalization-weighted index of stocks representing 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

**MSCI All Country World IMI Index** - A capitalization-weighted index representing large and small cap stock from 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

**MSCI Europe, Australasia, Far East (EAFE) Non-U.S. Stock Index** - A capitalization-weighted index of stocks representing 21 developed and emerging country markets in Europe, Australia, Asia and the Far East.

**MSCI World Index** - A capitalization-weighted index of stocks representing 22 developed stock markets in Europe, Asia and Canada.

**NFI-ODCE Index** - NCREIF Fund Index Open-end Diversified Core Equity Index is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy; underlying funds are leveraged with gross and net returns available

**DJ/CS Event-Driven Index** - Event driven funds typically invest in various asset classes and seek to profit from potential mispricing of securities related to a specific corporate or market event. Such events can include: mergers, bankruptcies, financial or operational stress, restructurings, asset sales, recapitalizations, spin-offs, litigation, regulatory and legislative changes as well as other types of corporate events. Event driven funds can invest in equities, fixed income instruments (investment grade, high yield, bank debt, convertible debt and distressed), options and various other derivatives. Many event driven fund managers use a combination of strategies and adjust exposures based on the opportunity sets in each subsector.

# Benchmark Descriptions

**LIBOR Index** - London Interbank Offered Rate. A filtered average of the world's most creditworthy banks' interbank deposit rates with maturities between overnight and one full year.

**Russell 3000 Index** - An index that measures the performance of the 3,000 stocks that make up the Russell 1000 and Russell 2000 Indices.

**Russell 1000 Index** - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

**Russell 1000 Value Index** - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

**Russell 2000 Index** - An index that measures the performance of the smallest 2,000 companies contained in the Russell 3000 Index.

**Russell 2000 Growth Index** - An index that measures the performance of those Russell 2000 companies with greater price-to-book ratios and greater I/B/E/S growth forecasts.

**Russell 2000 Value Index** - An index that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

**Russell Mid Cap Value Index** - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

**S&P 500 Stock Index** - A capitalization-weighted stock index consisting of the 500 largest publicly traded U.S. stocks.

**South Timberland Index** - The largest regional subindex of the NCREIF Timberland Index, consisting of timberland properties held in the U.S. South. This includes close to 300 properties with more than 10 million cumulative acres of timberland in the following states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Calculations are based on quarterly returns at the individual property level. Performance is reported on an all-cash, unlevered basis, gross of investment management fees.

**HFR Macro Index** - Macro: Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Primary investment thesis is predicated on predicted or future movements in the underlying instruments.

**HFR Distressed/Restructuring Index** - Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. Distressed Strategies employ primarily debt (greater than 60%) but also may maintain related equity exposure. Hedge Fund Research, Inc. (HFR) utilizes a UCITSIII compliant methodology to construct the HFR Hedge Fund Indices. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe.

# Arkansas Teacher Retirement System

## Historical U.S. Equity and Global Equity composite returns

| As of June 30, 2015                     | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | Since<br>Inception | Inception<br>Date |
|---|-----------|------------|------------|-------------|--------------------|-------------------|
| U.S. Equity                             | 6.7       | 18.1       | 16.4       | 9.4         | 10.5               | 04/01/1986        |
| Dow Jones U.S. Total Stock Market Index | 7.2       | 17.6       | 17.5       | 8.3         | -                  |                   |
| Global Equity                           | 1.8       | 14.6       | 12.1       | -           | 2.5                | 11/01/2007        |
| MSCI AC World Index (Net)               | 0.7       | 13.0       | 11.9       | 6.4         | 2.1                |                   |

In June 2015, the ATRS Board approved the combination of the U.S. and Global equity asset classes to a single Total Equity asset class. Total Equity performance reporting began in July 2015. In the table above, we show the historical returns for the U.S. Equity and Global Equity asset classes since inception through June 2015. Performance for the Total Equity asset class prior to July 2015 represents a weighted average of the U.S. Equity and Global Equity historical performance.

# Index Definitions

| Name   | Description  |
|--|--|
| <b>Bloomberg U.S. Corporate High Yield Bond Index</b>      | An index that covers the USD-dominated, non-investment grade, fixed rate, taxable corporate bond market. Debt issues from emerging market countries are excluded. Securities are classified as high-yield if the middle rating is Ba1/BB+ or below.  |
| <b>Bloomberg Emerging Markets Index</b>                    | An unmanaged index that tracks total returns for external-currency-denominated debt instruments of the emerging markets.   |
| <b>Bloomberg Global Aggregate</b>                          | Provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities. |
| <b>Bloomberg Global Treasury Ex-US</b>                     | The Global Treasury ex US Index is a subset of the flagship Global Treasury Index that does not have any exposure to US debt. This multi-currency benchmark includes investment grade, fixed-rate bonds issued by governments in their native currencies.  |
| <b>Bloomberg Universal Index</b>                           | A market value-weighted index which is the union of the U.S. Aggregate Index, U.S. High Yield Corporate Index, Eurodollar Index, U.S. Emerging Markets Index and the CMBS High Yield Index. The Index is appropriate for core plus fixed income mandates.  |
| <b>Bloomberg U.S. Government Index</b>                     | A market value weighted index of U.S. government and government agency securities (other than mortgage securities) with maturities of one year or more.  |
| <b>Bloomberg U.S. Government/Credit Index</b>              | A subcomponent of the Capital Aggregate Index, this benchmark includes treasury securities, government related issues, and high-quality corporate bonds with an outstanding par value of \$250 million or greater and at least one year of maturity remaining.   |
| <b>Bloomberg U.S. High Yield Index</b>                     | An index composed of non-investment grade corporate debt denominated in U.S. dollars. The issues have to have an outstanding par value of \$150 million or greater and at least one year of maturity remaining.  |
| <b>Bloomberg U.S. Inflation Index</b>                      | Measures the performance of the U.S. Treasury Inflation Protected Securities ("TIPS") market.  |
| <b>Bloomberg U.S. Intermediate Aggregate Bond Index</b>    | A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater  |
| <b>Bloomberg U.S. Intermediate Government/Credit Index</b> | A market-value weighted index consisting of government bonds and SEC-registered corporate bonds with one to ten years to maturity and an outstanding par value of \$150 million or greater.  |
| <b>Bloomberg U.S. Intermediate Government Bond Index</b>   | An unmanaged index considered representative of intermediate- term fixed-income obligations issued by the U.S. treasury, government agencies and quasi-federal corporations.   |

# Index Definitions

| Name   | Description   |
|--|---|
| <b>Bloomberg U.S. Intermediate Treasury</b>            | An unmanaged index considered representative of intermediate-term fixed- income obligations issued by the U.S. treasury.  |
| <b>Bloomberg U.S. Aggregate Bond Index</b>             | A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.                                       |
| <b>Bloomberg U.S. Long Credit Bond Index</b>           | An unmanaged index considered representative of long-term fixed-income obligations issued by U.S. corporate, specified foreign debentures, and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.   |
| <b>Bloomberg U.S. Long Government/Credit Index</b>     | The Capital U.S. Government/ Credit Bond Index measures performance of U.S. dollar denominated U.S. treasuries, government-related, and investment grade U.S. corporate securities that have a remaining maturity of greater than or equal to 1 year. In addition, the securities have \$250 million or more of outstanding face value, and must be fixed rate and non-convertible. |
| <b>Bloomberg U.S. Long-Term Government Bond Index</b>  | An unmanaged index considered representative of long-term fixed- income obligations issued by the U.S. treasury, government agencies and quasi-federal corporations.  |
| <b>Bloomberg U.S. TIPS</b>                             | A market value-weighted index consisting of U.S. Treasury Inflation Protected Securities with one or more years remaining until maturity with total outstanding issue size of \$500m or more.   |
| <b>Bloomberg U.S. Treasury 20-30 Year STRIPS Index</b> | A subcomponent of the Aggregate Index, this benchmark includes long-term treasury STRIPS.   |
| <b>Bloomberg Commodity Index</b>                       | Consists of 22 exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity. Performance is calculated on an excess return basis and reflects commodity future price movements.  |
| <b>BofA Merrill Lynch 3 Month Treasury Bill</b>        | An index that measures the average return of the last three-month U.S. Treasury Bill issues .   |
| <b>BofA Merrill Lynch High Yield Master</b>            | A market capitalization-weighted index that tracks the performance of U.S. dollar- denominated, below investment grade corporate debt publicly issued in the U.S. domestic market.  |

# Index Definitions

| Name   | Description  |
|--|--|
| <b>Citigroup 90-Day T-Bill Index</b>               | An index that measures the average return of the last three-month U.S. Treasury Bill issues  |
| <b>CRSP US Large Growth Cap Index</b>              | An index comprised of nearly 330 US large cap growth companies and includes securities traded on NYSE, NYSEMarket, NASDAQ, or ARCA, representing nearly 45% of the U.S. investable equity market. The index is reconstituted quarterly after the market close on the third Fridays of March, June, September, and December. CRSP classifies growth securities using the following factors: future long-term growth in earnings per share (EPS), future short-term growth in EPS, 3-year historical growth in EPS, 3-year historical growth in sales per share, current investment-to-assets ratio, and return on assets. |
| <b>CRSP US Total Market Index</b>                  | An index comprised of nearly 4,000 constituents across mega, large, small, and micro capitalizations and includes securities traded on NYSE, NYSE Market, NASDAQ, or ARCA, representing nearly 100% of the U.S. investable equity market. The index is reconstituted quarterly after the market close on the third Fridays of March, June, September, and December.  |
| <b>Credit Suisse Leveraged Loan Index</b>          | Designed to mirror the investable universe of the U.S. dollar denominated leveraged loan market.   |
| <b>DJ U.S. Completion Total Stock Market Index</b> | A capitalization-weighted index that consists of the stocks in the Dow Jones U.S. Total Stock Market Index less the stocks in the S&P 500 Stock Index.   |
| <b>DJ U.S. Total Stock Market Index</b>            | A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The index is the broadest measure of the aggregate domestic stock market and includes approximately 5,000 stocks.   |
| <b>FTSE 4Good U.S. Select Index</b>                | A socially responsible investment (SRI) index of US stocks that excludes companies with certain business activities such as weapons, tobacco, gambling, alcohol, nuclear power, and adult entertainment  |
| <b>FTSE All-World ex-U.S. Index</b>                | A capitalization-weighted stock index representing 46 developed market countries and emerging market countries excluding the U.S.  |
| <b>FTSE EPRA NAREIT Global ex-U.S. Index</b>       | Designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate.   |
| <b>FTSE Global All Cap ex US Index</b>             | A market-capitalization weighted index representing the performance of roughly 5350 large, mid and small cap companies in 46 Developed and Emerging markets worldwide, excluding the USA.  |
| <b>FTSE Global Core Infrastructure Index</b>       | Represents the performance of infrastructure and infrastructure-related securities companies in a set of industries that FTSE defines as being involved in infrastructure. The series is based on the FTSE Global Equity Index Series and both developed and emerging markets are included.  |

# Index Definitions

| Name  | Description   |
|---|---|
| <b>FTSE NAREIT U.S. Equity REITS</b>              | Free float adjusted, market capitalization weighted index of US based equity real estate investment trusts (REITs).   |
| <b>Goldman Sachs Commodity Index</b>              | A composite index of commodity sector returns which represents a broadly diversified, unleveraged, long-only position in commodity futures.   |
| <b>HFR Fund-of-Fund Index.</b>                    | This index is equity-weighted including 800 constituents. It includes both domestic and offshore accounts and is valued in U.S. dollars. Only fund-of-fund products are included in the index that have at least \$50 million under managements and have been actively trading for at least one year. All funds report net returns on a monthly basis.  |
| <b>HFRI Fund Weighted Composite Index</b>         | The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds. |
| <b>Hueler Stable Value Index</b>                  | The Hueler Analytics Stable Value Pooled Fund Comparative Universe represents investment strategies of \$96 billion in stable value assets, across 24 pooled funds, invested in contracts universe across a universe of 16 general account issuers and 14 synthetic wrap providers. The allocation of pooled fund assets is dominated by synthetic contracts issued by insurance companies and banks.           |
| <b>J.P. Morgan EMBI Global Diversified</b>        | Comprised of dollar-denominated Brady bonds, traded loans and Eurobonds issued by emerging market sovereign and quasi-sovereign entities. The Diversified version limits the weights of the index countries by only including a specified portion of those countries' eligible current face amounts of debt outstanding, providing for a more even distribution of weights within the countries in the index.   |
| <b>iMoneyNet All Taxable Money Funds Index</b>    | An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.  |
| <b>iMoneyNet Money Fund Average.</b>              | An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.  |
| <b>MSCI All Country World ex-U.S. Index</b>       | A capitalization-weighted index of stocks representing 44 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America. Index consists of 23 developed and 21 emerging countries, but excludes the U.S.   |
| <b>MSCI All Country World ex-U.S. Index IMI-.</b> | A capitalization-weighted index of large, mid and small cap stocks representing 22 developed (excluding the United States) and 24 emerging market countries. The index is the broadest measure of the aggregate non-US stock market, covering approximately 99% of the global equity investment opportunity set outside of the United States.   |

# Index Definitions

| Name  | Description  |
|---|--|
| <b>MSCI All Country World ex-U.S. Small Cap Index</b> | Covers all investable small cap securities with a market capitalization below that of the companies in the MSCI Standard Indices (excluding U.S.), and target approximately 14% of each market's free-float adjusted market capitalization.  |
| <b>MSCI All Country World Index IMI</b>               | A capitalization-weighted index of large, mid and small cap stocks representing 23 developed and 24 emerging market countries. The index is the broadest measure of the aggregate global stock market, covering approximately 99% of the global equity investment opportunity set. |
| <b>MSCI All Country World Index</b>                   | A capitalization-weighted index of stocks representing 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.  |
| <b>MSCI EAFE Growth Index</b>                         | A capitalization-weighted index of 21 stock markets in Europe, Australia, Asia and the Far East designed to capture the growth-oriented companies.   |
| <b>MSCI EAFE Small Cap Index</b>                      | A capitalization-weighted index of small cap stocks representing 23 developed country markets in Europe, Australia, Asia, and the Far East.  |
| <b>MSCI EAFE Value Index</b>                          | A capitalization-weighted index of 21 stock markets in Europe, Australia, Asia and the Far East designed to capture the value-oriented companies.  |
| <b>MSCI Emerging Markets Index</b>                    | A capitalization-weighted index of stocks representing 22 emerging country markets.  |
| <b>MSCI U.S. Broad Market Index</b>                   | A capitalization-weighted stock index that aggregates the MSCI U.S. Large Cap 300, Mid Cap 450, Small Cap 1,750 and Micro-Cap Indices. This index represents approximately 99.5% of the capitalization of the U.S. Equity market and includes approximately 3,562 companies.       |
| <b>MSCI U.S. REIT Index</b>                           | A broad index that fairly represents the equity REIT opportunity set with proper invest ability screens to ensure that the index is investable and replicable. The index represents approximately 85% of the U.S. REIT universe  |
| <b>MSCI World Index</b>                               | A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, representing 24 developed market country indices.   |
| <b>NCREIF Property Index</b>                          | NCREIF Property Index - A capitalization-weighted index of privately owned investment grade income-producing properties representing approximately \$269 billion in assets.  |



# Index Definitions

| Name   | Description   |
|--|---|
| <b>NFI ODCE Index</b>                                  | NFI ODCE Index - A capitalization weighted index comprised of open-end, Core funds investing in commercial real estate properties. The funds that constitute the index are subject to certain geographic and property type diversification requirements as well as leverage restrictions. The index reflects the impact of leverage on investment results. The returns shown in this report are net of management fees of the respective funds included in the index. |
| <b>Rolling 3-year Constant Maturity Treasury Index</b> | An index published by the Federal Reserve Board based on the monthly average yield of a range of Treasury securities, all adjusted to the equivalent of a three-year maturity.  |
| <b>Russell 1000 Growth Index</b>                       | An index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.  |
| <b>Russell 1000 Index</b>                              | A capitalization-weighted index of the 1,000 largest publicly traded U.S. stocks by capitalization.   |
| <b>Russell 1000 Value Index.</b>                       | An index that measures the performance of those stocks included in the Russell 1000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.  |
| <b>Russell 2000 Growth Index</b>                       | A capitalization-weighted index of those stocks in the Russell 2000 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.  |
| <b>Russell 2000 Index</b>                              | A capitalization-weighted index of the smallest 2,000 stocks in the Russell 3000 Index. The index excludes the largest- and smallest-capitalization issues in the domestic stock market.  |
| <b>Russell 2000 Value Index</b>                        | An index that measures the performance of those stocks included in the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.  |
| <b>Russell 2500 Growth Index</b>                       | A capitalization-weighted index representing those companies within the Russell 2500 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.   |
| <b>Russell 2500 Index</b>                              | The Index is constructed by first identifying the 3,000 largest-capitalization U.S. stocks and ranking them by market capitalizations, choosing the bottom 2,500 names on the list.   |
| <b>Russell 2500 Value Index.</b>                       | an index that measures the performance of those stocks included in the Russell 2500 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.  |

# Index Definitions

| Name                                | Description   |
|-------------------------------------|---|
| <b>Russell 3000 Growth Index</b>    | A capitalization-weighted index consisting of those Russell 3000 Index stocks that have higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.   |
| <b>Russell 3000 Index</b>           | A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.  |
| <b>Russell 3000 Value Index</b>     | A capitalization-weighted index consisting of those Russell 3000 Index stocks that have lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.   |
| <b>Russell Mid Cap Growth Index</b> | A capitalization-weighted index representing those stocks in the Russell MidCap Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.  |
| <b>Russell Mid Cap Value Index</b>  | A capitalization-weighted index consisting of those Russell MidCap Index stocks that have lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.   |
| <b>S&amp;P 500 Index</b>            | A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. The companies in the S&P 500 Index are generally among the largest in their industries.   |
| <b>S&amp;P Completion Index</b>     | The S&P Completion Index is a sub-index of the S&P Total Market Index, including all stocks eligible for the S&P TMI and excluding all current constituents of the S&P 500. The index covers approximately 4,000 constituents, offering investors broad exposure to mid, small, and micro-cap companies.  |
| <b>S&amp;P GSCI®</b>                | Both the first major investable commodity index and one of the most widely recognized benchmarks, the S&P GSCI® is broad-based, production weighted, and meant to be representative of the global commodity market beta.  |
| <b>S&amp;P Leverage Loan Index</b>  | A daily total return index that uses LSTA/LPC Mark-to-Market Pricing to calculate market value change.  |
| <b>S&amp;P Midcap 400 Index</b>     | A market-capitalization-weighted index of stocks in all major industries in the mid-range of the U.S. stock market.   |
| <b>Wilshire REIT</b>                | A measure of the types of U.S. real estate securities that represent the ownership and operation of commercial or residential real estate. To be included in the index, a company must have a market capitalization of \$200 million and have at least 75% of the total revenue derived from the ownership and operation of the real estate assets. |

- Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect our fees or expenses.
- Past performance is no guarantee of future results.

# Thought Leadership Highlights

## Public Funds

| Topic                   | Article   | Link  |
|-------------------------|---|---|
| <b>Annual Themes</b>    | 2025 Key Investment Themes for Public Funds   | <a href="#">Link to Article</a> <a href="#">Link to Video</a> |
| <b>Market View</b>      | Quarterly Market Review and Outlook Video (access code 'aon!')  | <a href="#">Link to Video</a>                                 |
|                         | Navigating Today's Real Estate Market   | <a href="#">Link</a>  |
| <b>Governance</b>       | Mastering Governance: The Role of Strategic Delegation in Investment Programs of Public Pension Plans   | <a href="#">Link</a>  |
|                         | Outsourced Chief Investment Officer: The Key to Navigating Volatility                                   | <a href="#">Link</a>  |
|                         | Unlock the Potential of Alternative Investments with an Outsourced Chief Investment Officer             | <a href="#">Link</a>  |
|                         | How an Outsourced Chief Investment Officer Can Help Improve Governance and Manage Complexity            | <a href="#">Link</a>  |
| <b>Asset Allocation</b> | Managing Through Today's Environment for Illiquid Assets: 3Qs with Eric Friedman                        | <b>Request from consultant</b>                                |
|                         | Evolution and Growth: How Public Pension Plans Have Diversified Their Investments Amid Changing Markets | <a href="#">Link</a>  |
| <b>Strategy Review</b>  | Private Credit 101 (access code 'aon!')   | <a href="#">Link to Video</a>                                 |

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## Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

# Disclaimer

## **Past performance is not necessarily indicative of future results.**

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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Aon Investments USA Inc.  
200 East Randolph Street  
Suite 700  
Chicago, IL 60601  
ATTN: Aon Investments Compliance Officer

# Memo

## Investment Manager Fund Update: BlackRock

Date: December 1, 2025  
 To: Arkansas Teacher Retirement System (ATRS)  
 From: PJ Kelly, Katie Comstock

### Background

During the 2025 legislative session, the Arkansas Legislature passed a bill prohibiting the Arkansas Teacher Retirement System (ATRS), along with other Arkansas public retirement systems, from investing in China and Hong Kong. To comply with the legislation, ATRS must divest from existing China and Hong Kong investment exposure and modify certain investment mandates to comply with the law going forward. Currently, ATRS has exposure to China and Hong Kong within its public markets portfolio, primarily via the global equity mandates.

At the September meeting, the Board approved mandate changes for three fund investments and guideline changes for the separately managed accounts to comply with the law. At the time of the last meeting, the new BlackRock index fund did not yet have an official name for ATRS to approve. This memo provides the recommendation to update the current BlackRock MSCI ACWI IMI Index Fund to the ARTRS MSCI ACWI Ex-China Ex-HK IMI U/A managed as a unitized account by BlackRock to support compliance with the new legislation going forward.

### Recommendation

Aon recommends transitioning the current BlackRock global equity index fund to the ex-China ex Hong Kong version noted below. BlackRock is currently working towards setting up the new fund for ATRS's investment, which will comply with the Arkansas legislation. Expectations are for the new fund to be ready in Q1 2026.

| Current Fund   | Recommended Fund   | Comments  |
|--|--|---|
| <i>Current Benchmark</i>   | <i>Recommended Benchmark</i>   |   |
| Blackrock MSCI ACWI IMI Index Fund<br><i>MSCI ACWI IMI Index</i> | ARTRS MSCI ACWI Ex-China Ex-HK IMI U/A<br><i>MSCI ACWI IMI ex China ex Hong Kong Index</i> | New fund that will take approximately 4-6 months to get up and running. |

ATRS and Aon's research team vetted the fund change and believe it offers the most efficient and prudent path for compliance with the new legislation, while maintaining the intended investment role in the ATRS portfolio. There will be minor transition costs associated with these moves; however, there will be no change to the ongoing investment management fees charged as a result of the new fund.

**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**1400 West Third Street**  
**Little Rock, Arkansas 72201**

**RESOLUTION**  
**2025-48**

**Approving Termination of the BlackRock MSCI ACWI IMI Index Fund and  
Redeployment of Assets to the ARTRS MSCI ACWI Ex-China Ex-Hong Kong  
IMI U/A**

**WHEREAS**, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefit of its plan participants; and

**WHEREAS**, the ATRS Board has reviewed the recommendation of its general investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding the termination of the BlackRock MSCI ACWI IMI Index Fund and redeployment of assets to the **ARTRS MSCI ACWI Ex-China Ex-Hong Kong IMI U/A** in order to ensure compliance with Act 937 of 2025.

**THEREFORE, BE IT RESOLVED**, that the ATRS Board approves this termination of the BlackRock MSCI ACWI IMI Index Fund and redeployment of assets to the **ARTRS MSCI ACWI Ex-China Ex-Hong Kong IMI U/A**; and

**FURTHER, BE IT RESOLVED**, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment, if acceptable terms are reached.

**Adopted this 1st day of December, 2025**

---

**Dr. Mike Hernandez, Chair**  
**Arkansas Teacher Retirement System**



# Private Credit Discussion & Recommendation

Arkansas Teacher Retirement  
System

December 1, 2025





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1

**Private Credit Policy Recommendation**

2

**Private Credit Structure & Implementation  
Discussion**

3

**Summary Recommendation & Next Steps**

# 1

## Private Credit Policy Recommendation

# Executive Summary

- Private Credit is a diverse and growing area of the institutional investment landscape
  - Private credit educational material presented at the April and July Investment Committee and Board meetings
- ATRS currently has modest exposure to opportunistic and asset-backed private credit (specifically, real estate debt)
- Opportunity exists for ATRS to modestly enhance the Total Fund's risk/return expectations with a strategic allocation to a diversified private credit portfolio

## Today's Material Includes

- Recommendation for a 5% Policy Target to Private Credit
- Structure discussion and recommendation, including:
  - Portfolio structural guidelines
  - Annual commitment plan (pacing analysis)
  - Manager implementation considerations

# Private Credit Overview

## Description

- Debt not traded on the public debt markets and, as a result, is more difficult to acquire and generally requires arranging the terms of the loan directly with the borrower
- Private Debt includes a wide range of forms
  - Senior secured and unsecured loans
  - Asset-based loans (ex. real estate, infra debt)
  - Securitized lease / loan obligations supported by a pool of assets

## Return Opportunity

- Higher credit spread than traditional credit
- Spreads differ for investment grade and non-investment grade
- Private Debt is more difficult to access, so yield spreads have not been compressed to the extent of liquid corporate bonds

## Diversification

- Low correlation with equities and bonds
- Often structured as floating rate loans

# Private Credit Policy Recommendation

## Long-term (10-year) Expected Returns

| Asset Class                               | Capital Market Assumptions <sup>1</sup> |               | Policy Target (%) |                |
|---|---|---------------|-------------------|----------------|
|   | Expected Return                         | Expected Risk | Current           | Recommendation |
| Public Equity                             | 7.1%                                    | 17.7%         | <b>48.0%</b>      | <b>46.0%</b>   |
| Private Equity                            | 10.2%                                   | 20.0%         | 12.0              | 12.0           |
| Real Assets <sup>2</sup>                  | 7.5%                                    | 11.0%         | <b>15.0</b>       | <b>14.0</b>    |
| Opportunistic / Alternatives <sup>3</sup> | 6.6%                                    | 5.9%          | 5.0               | 5.0            |
| Private Credit                            | 7.2%                                    | 7.1%          | --                | <b>5.0</b>     |
| Fixed Income <sup>4</sup>                 | 5.4%                                    | 5.2%          | <b>20.0</b>       | <b>18.0</b>    |
| Total ATRS Expected Return                |   |               | <b>7.55%</b>      | <b>7.60%</b>   |
| Total ATRS Expected Risk                  |   |               | <b>11.67%</b>     | <b>11.42%</b>  |
| Expected Sharpe Ratio                     |   |               | <b>0.330</b>      | <b>0.341</b>   |

- Aon recommends adding a 5% Private Credit target sourced from:
  - 1% from Real Estate
  - 2% from Public Equity
  - 2% from Core Fixed Income
- Favorable private debt risk/reward expectations are expected to modestly improve the Total Fund risk/reward profile
- Allocation to illiquid assets expected to modestly increase (+4%)
- Portfolio continues to be well-diversified and expected to exceed its actuarial assumed rate of return

1. Based on Aon's 10-year Capital Market Assumptions as of 3/31/2025

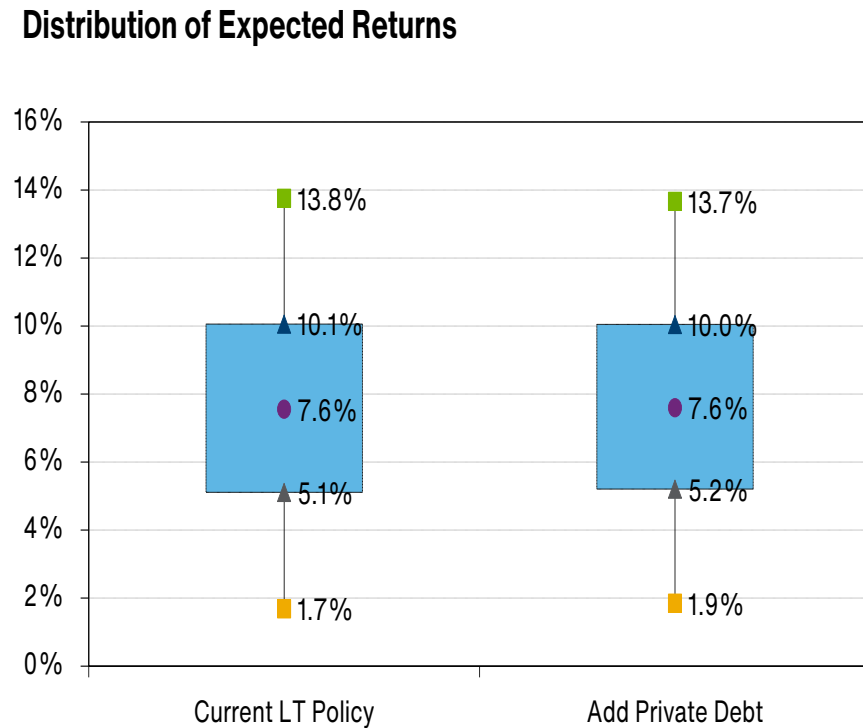
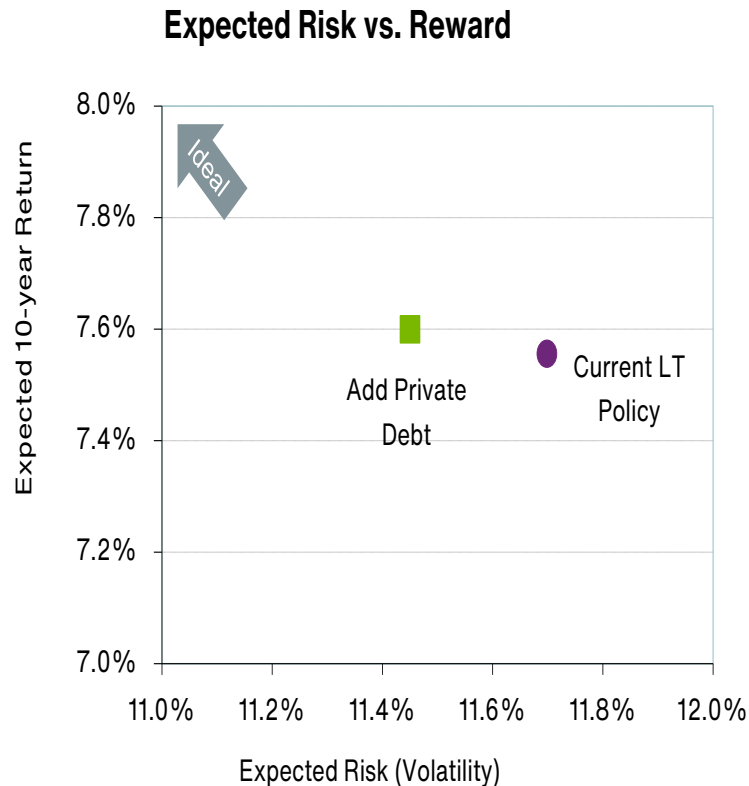
2. Represents core and non-core real estate, core and non-core infrastructure, timber and agriculture

3. Represents current mix between global macro, event-driven/credit, alternative risk premia, activist, equity risk premia, and insurance risk premia and mortgage servicing rights

4. Represents blend between core fixed income and multi-asset credit used as a proxy for non-core allocations

# Asset Allocation Expectations: Risk/Reward Spectrum

Adding Private Debt Modestly Improves Expected Risk/Reward Profile



## Observations:

- Shifting assets to private debt from public equity, fixed income and real estate is expected to improve the long-term risk/reward ratio as well as improve expected downside scenarios

<sup>1</sup> Expected returns are using AIUSA Q1 2025 10-Year Capital Market Assumptions (CMAs) as of 3/31/2025. CMAs contain projections about future returns on asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns may differ from model returns presented based on your plan's individual fees/expenses. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages. Percentages may not sum to 100% due to rounding.

# Private Credit: Benchmark Recommendation

Recommend: Morningstar LSTA Leverage Loan Index<sup>1</sup> + 200 bps

| Consideration               | Determination  |
|-----------------------------|--|
| Forward-looking assumptions | <ul style="list-style-type: none"> <li>Aon's direct lending capital market assumption implies a <b>140 bps<sup>2</sup></b> premium over leveraged loans</li> <li>Forward-looking expectations have ranged between <b>90 – 200bps</b></li> <li>Premiums reflect expectations of a 100% direct lending portfolio over public bank loans</li> </ul> |
| Peers                       | <ul style="list-style-type: none"> <li>Typically see <b>100 - 300 bps</b> premiums added</li> <li>Difficult to decipher due to varying portfolio objectives and risk tolerances</li> </ul>   |
| Structural Considerations   | <ul style="list-style-type: none"> <li>Flexibility to invest in other private credit investments in addition to direct lending offers support for slightly higher premium than modelled</li> </ul>   |

| Substantiation  | Considerations  |
|---|---|
| <ul style="list-style-type: none"> <li>Represents broadly similar economic and financial risks</li> <li>Premium reflects higher expected returns from illiquidity and investment risk</li> <li>Widely used and accepted</li> <li>Readily available, explainable</li> <li>Most appropriate over long-term</li> </ul> | <ul style="list-style-type: none"> <li>Not an investable index due to premium</li> <li>High tracking error potential, due to wide opportunity set of potential private debt investments and valuation lags</li> <li>Can be accompanied by additional reporting, such as a peer benchmark, to help evaluate manager selection</li> </ul> |

# 2

## ATRS Private Credit Structure & Implementation Discussion



# Private Market Program Building Cycle

## 4. Portfolio Management

- Monitoring and reporting
- Back-office operations
- Annual review of program structure and tactical implementation

## 3. Investment Selection

- Sourcing
- Due diligence
- Closing



## 1. Program Structure

- Board and Investment Committee / Education
- Plan requirements, objectives, limitations, biases
- Investment policy – review / update

## 2. Long Term Strategic Plan

- Pacing
- Number of annual investments / size
- 5-year tactical plan (sub strategy, region)

# Private Credit Structure Recommendation

Aon recommends a Private Credit portfolio that is diversified across the private credit landscape with the below features:

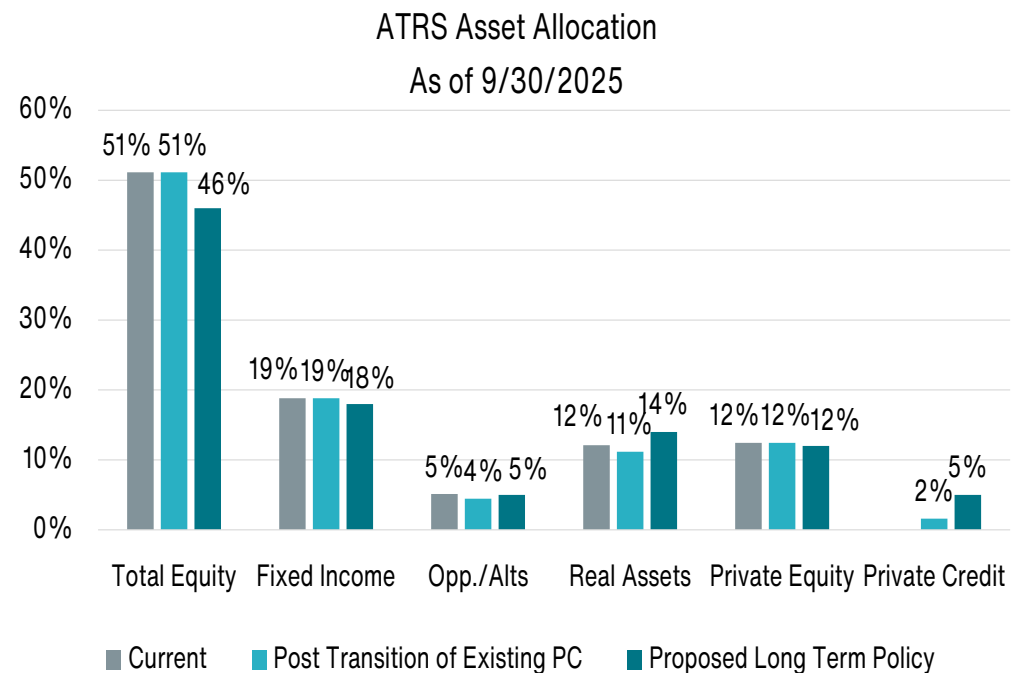
- Base of high quality, senior-secured loans
- Diversified across both corporate and asset-based lending
- Flexibility to rotate and/or take advantage of dislocations or niche opportunities

| Target Portfolio Strategy Allocations  |  |  |
|--|--|--|
| 40% Corporate Lending<br>(30 – 50%)  | 40% Asset-Based Lending<br>(30 – 50%)  | 20% Opportunistic<br>(10 – 30%)  |
| Corporate Lending (Cash Flow Basis)  | Asset-Based Lending / Specialty Finance  | Opportunistic Credit   |
| Sponsor-Backed Senior Corporate Loans<br>Non-Sponsored Senior Corporate Loans<br>Unitranche Corporate Loans<br>Mezzanine/Junior Debt                 | Consumer Loans (backed by asset pools)<br>Capital Solutions<br>Bank Capital Relief<br>Litigation Finance<br>Aircraft / Shipping Loans<br>Senior Whole Loans (backed by stabilized assets)<br>Whole and Mezzanine Loans (backed by transitional assets) | Stressed / Distressed Loans<br>Event-Driven Strategies<br>Other Niche Strategies |
| Opportunities for secondary funds and co-investments can span the strategy spectrum and should be considered as complimentary as opportunities arise |  |  |

# ATRS Current Private Credit Exposure

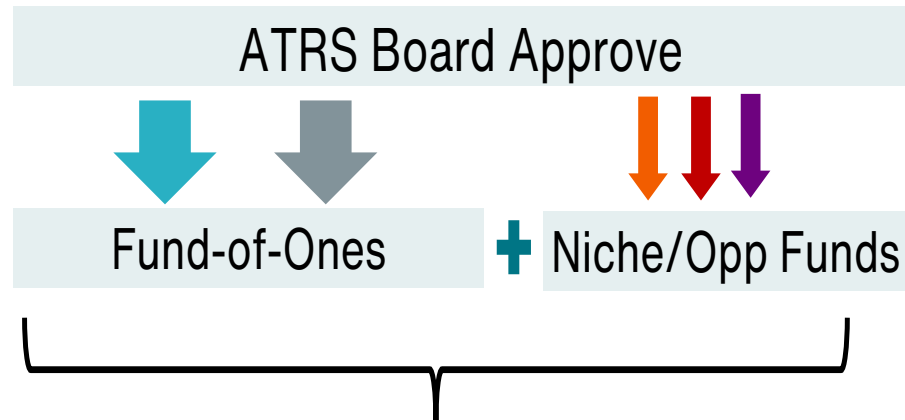
- Currently, ATRS has approximately 2% exposure to subsections of private credit, currently housed within Alternatives/Opportunistic and Real Assets, as shown below
- If approved, Aon recommends re-locating the existing exposure to the new Private Credit asset class:
  - Chatham strategies provide exposure to distressed investments in lower middle market companies
  - Real estate debt offers stable income generation and diversification
- Aon recommends re-locating once broader private credit portfolio is initiated to avoid benchmarking mismatch

| Existing Asset Class                    | Current Exposure Proposed to Transition to Private Credit   | % of Total Fund |
|---|---|-----------------|
| Alternatives/Opportunistic              | <ul style="list-style-type: none"> <li>Chatham PDSC III</li> <li>Chatham PDSC IV</li> </ul>   | 0.7%            |
| Real Assets ( <i>Real Estate Debt</i> ) | <ul style="list-style-type: none"> <li>UBS TPI</li> <li>Metlife</li> <li>Calmwater</li> <li>Mesa West</li> <li>PGIM</li> <li>Walton Street</li> <li>Torchlight (Funds IV- VII)</li> </ul> | 0.9%            |

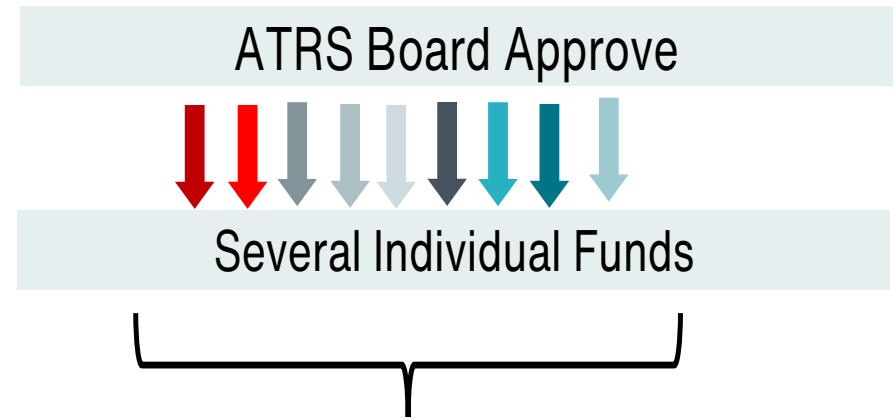
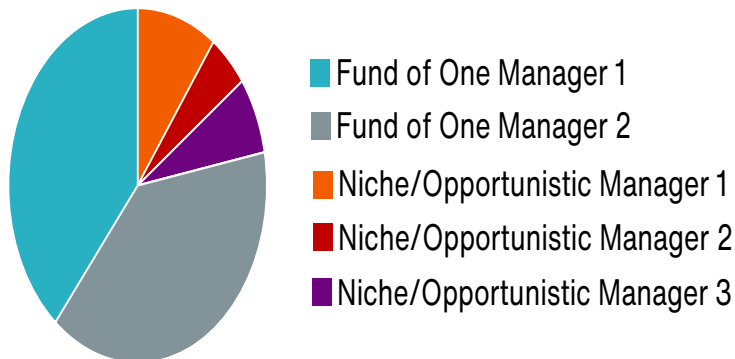


# Manager Implementation Considerations for Private Credit

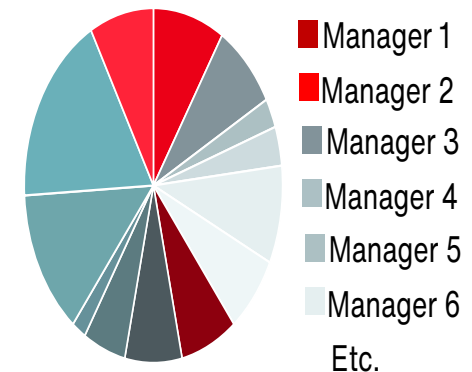
## Fund-of-One or Fund-by-Fund



Creates a diversified ATRS portfolio with fewer line items



Creates a diversified ATRS portfolio with several (12-15) line items



# Manager Implementation Considerations for Private Credit, cont'd

Both approaches are prudent for ATRS to pursue to build out a Private Credit portfolio

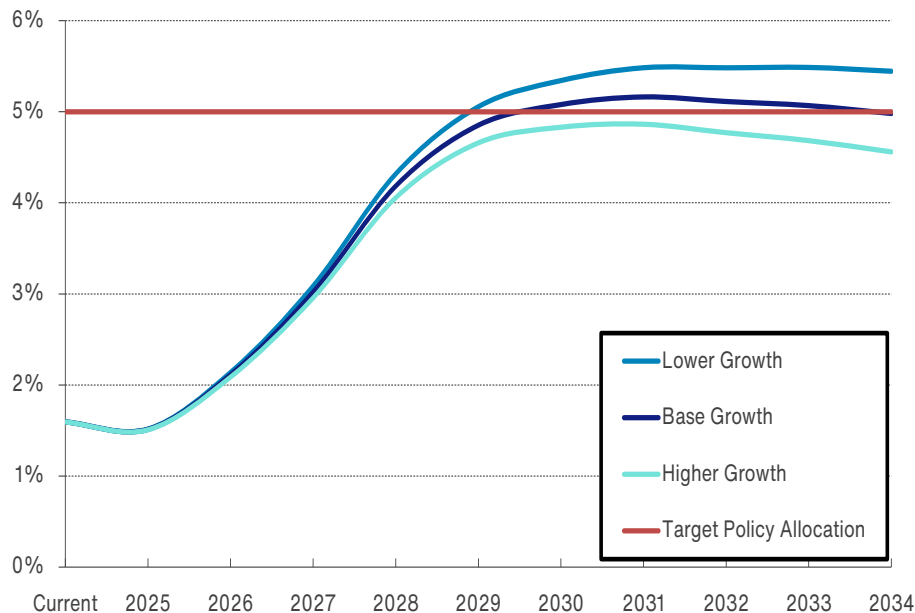
Aon believes the fund-of-one approach may offer ATRS greater efficiency in portfolio construction, as well as greater administrative ease

|                       | Customized Fund-of-One   | Fund by Fund   |
|-----------------------|--|--|
| <b>Benefits</b>       | <ul style="list-style-type: none"> <li>• Administrative ease               <ul style="list-style-type: none"> <li>-- One line item, one relationship</li> <li>-- Single sub doc., legal, audit</li> </ul> </li> <li>• High ability to customize</li> <li>• Greater ability to be nimble, within guardrails</li> <li>• Consolidated reporting</li> <li>• Typically, lower overall fees</li> </ul> | <ul style="list-style-type: none"> <li>• Familiar portfolio construction process (similar to real assets)</li> <li>• Potentially greater control over investments</li> <li>• Greater manager diversification</li> </ul>  |
| <b>Considerations</b> | <ul style="list-style-type: none"> <li>• Greater administrative work up front               <ul style="list-style-type: none"> <li>-- Determine legal structure, guidelines, etc.</li> </ul> </li> <li>• Requires oversight of structure/sub-categories and pacing</li> <li>• Greater manager concentration</li> </ul>   | <ul style="list-style-type: none"> <li>• Anticipate 2-5 funds/yr – ongoing administrative work</li> <li>• Multiple line-items and relationships that will continue to grow each year               <ul style="list-style-type: none"> <li>-- Multiple sub docs, legal, audit</li> </ul> </li> <li>• Time and attention from IC and Board to approve funds</li> <li>• Tends to result in higher overall fees given lack of scale</li> </ul> |
| <b>Common Factors</b> | <ul style="list-style-type: none"> <li>• Require oversight of pacing and monitoring of structure of total portfolio</li> <li>• Result is a well-diversified portfolio</li> </ul>   |  |

# Private Credit Pacing Analysis: Strategic Solution Build-Out

As of September 30, 2025

Projected NAV of Private Debt as a Percent of Total Program



## Pacing Consideration:

- Assumes use of fund-of-one relationships to build significant portion of portfolio
- Analysis suggests committing:
  - Up to \$800mn across two (2) strategic SMAs (fund-of-ones)
  - Reserving up to \$200mn of commitments to allocate across other niche or opportunistic credit strategies each year
- Pacing indicates reaching 5% target in 4 - 5 years

## Annual Commitment Pace

In \$ Millions

| Year | FoF | Primary | Secondary | Total   |
|------|-----|---------|-----------|---------|
| 2025 | 0.0 | 0.0     | 0.0       | 0.0     |
| 2026 | 0.0 | 1,000.0 | 0.0       | 1,000.0 |
| 2027 | 0.0 | 200.0   | 0.0       | 200.0   |
| 2028 | 0.0 | 200.0   | 0.0       | 200.0   |
| 2029 | 0.0 | 200.0   | 0.0       | 200.0   |
| 2030 | 0.0 | 200.0   | 0.0       | 200.0   |
| 2031 | 0.0 | 200.0   | 0.0       | 200.0   |
| 2032 | 0.0 | 200.0   | 0.0       | 200.0   |
| 2033 | 0.0 | 200.0   | 0.0       | 200.0   |
| 2034 | 0.0 | 200.0   | 0.0       | 200.0   |

## Assumptions (as of 9/30/25):

- Total Program Size: \$24.4 billion
- Existing Private Credit: \$389 million
- Private Credit Policy Target: 5.0%
- Net Total Plan Growth Base Rate: 4.2%
- Includes transferring real estate debt funds, Chatham PDSC III and Chatham PDSC IV into Private Credit portfolio

# Implementation Consideration

- Aon believes an efficient approach for ATRS to build a Private Credit portfolio includes:
  - 70-80% allocated to two fund-of-one vehicles managed by tenured investment managers with large and experienced credit platforms
  - 20-30% reserved for complementary one-off fund allocations such as niche or opportunistic fund investments
- The overall portfolio structure would be managed within the following structure:
  - 30-50% Corporate direct lending
  - 30-50% Asset-based lending
  - 10-30% Opportunistic credit
- Current exposure to private credit would be re-housed from Opp/Alts and Real Estate to the new Private Credit portfolio, transitioned once the Private Credit portfolio is initiated
- If approved, next steps would include conducting manager searches for fund-of-one relationship(s)
- Based on current assumptions, Aon anticipates ATRS could reach the 5% target in approx. 4-5 years

# 3

## Summary & Next Steps



# Summary Recommendations

## **Policy:** Add 5% policy target to private credit

- Source 2% from public equity; 2% from fixed income and 1% from real estate
- Benchmark to the Morningstar LSTA Leveraged Loan Index + 2%

## **Structure:** Adopt the following portfolio structural guidelines

- 30-50% corporate direct lending
- 30-50% asset-based lending
- 10-30% opportunistic debt

## **Manager Implementation:** Consider using a fund-of-one approach; Suggest committing up to \$800M in year one

- Use fund-of-one solution(s) for 70-80% of Private Credit portfolio, which equates to an aggregated \$800m commitment in year one expected to be called over the next few years - offers efficient and cost-effective approach towards portfolio implementation
- Reserve 20-30% for individual investment into opportunistic or niche investment strategies to complement larger partnerships; pacing suggests up to \$200M annually

# Conclusions and Next Steps

A dedicated 5% Private Credit allocation has the potential to modestly improve the Total Fund's expected risk/return profile, while offering diversified returns with low equity beta and stable returns via contractual income

## Next Steps, if approved

- Update Investment Policy Statement (provided under separate cover)
- Initiate manager search to be presented at subsequent meeting
- Transition existing private credit exposure to new private credit portfolio after initial new investments made

# 4

## Appendix

# Investment Manager Research – Aon’s Dedicated Team

More than **50 dedicated research professionals**<sup>1</sup> covering traditional, emerging, and alternative strategies

## Liquid Investment Manager Research

### Equities

12 Professionals

- Global
- Regional
- Style
- Size
- REITs
- Listed Infrastructure

### Fixed Income

13 Professionals

- Investment Grade
- Below Investment Grade
- Global Fixed Income
- Regional Fixed Income
- Private Credit
- Liability Driven
- Money Market/Cash
- Securitized Investments

### Liquid Alternatives

11 Professionals

- Direct Hedge Funds
- Fund of Hedge Funds
- Currency
- Commodities
- Insurance Linked Securities
- Private Credit

## Private Asset Manager Research

### Private Equity

14 Professionals

- Buyout
- Distressed/Turnaround
- Fund of Funds
- GP stakes
- Growth
- Infrastructure
- Private Credit
- Secondaries
- Venture Capital

### Real Assets

12 Professionals

- Agriculture
- Infrastructure
- Private Credit
- Real Estate
- Timber

**Cross asset class research on emerging, minority, and responsible investing managers and strategies**

<sup>1</sup> Total combined research staff as of 6/30/2025 includes Aon Investments Manager Research Staff, and colleagues from advisory, portfolio management, and strategy teams. Offshore, Innovation, and Support staff represent additional colleagues. Some team members have cross team responsibilities or reporting lines outside the manager research function, includes Aon Investments and its global Aon affiliates. Total only counts individuals once (therefore team-level counts will not sum to the total).

# Private Markets Investment Process Overview

| Market Scan   | Deal Screening   | Preliminary due Diligence   | In-depth Due Diligence  | Terms and Legal Review  | Monitoring & Reporting  |
|---|--|---|---|---|---|
| <ul style="list-style-type: none"> <li>• Scan global universe</li> <li>• Cover all private equity sub-asset classes</li> </ul>              | Screened for: <ul style="list-style-type: none"> <li>• Portfolio fit</li> <li>• Stage</li> <li>• Management</li> <li>• Strategy</li> </ul> | <ul style="list-style-type: none"> <li>• Benchmark fund's performance against peer group</li> <li>• Initial business review of legal terms &amp; conditions</li> </ul>                    | Review of: <ul style="list-style-type: none"> <li>• Management</li> <li>• Track Record</li> <li>• Strategy</li> <li>• Deal Sourcing</li> <li>• Exit Strategy</li> <li>• References</li> <li>• Policies and Procedures</li> <li>• Firm History</li> <li>• Risk Mitigation</li> </ul> | <ul style="list-style-type: none"> <li>• Industry standard comparison of terms and conditions</li> <li>• Third-party legal review</li> <li>• Negotiate side letter</li> </ul> | <ul style="list-style-type: none"> <li>• Present market &amp; due diligence analysis</li> <li>• Manager meetings and conference calls</li> <li>• Quarterly performance reports</li> <li>• Amendment review</li> </ul> |
| Unique Private Market Characteristics   |  |   |   |   |   |
| <ul style="list-style-type: none"> <li>• No complete database of fundraises</li> <li>• Constant formation of untracked new funds</li> </ul> | <ul style="list-style-type: none"> <li>• Initial information limitations</li> <li>• Limited competitor benchmarking universe</li> </ul>    | <ul style="list-style-type: none"> <li>• Finite fundraising schedules</li> <li>• Access &amp; allocation issues</li> <li>• Fund is a blind pool of capital with distinct risks</li> </ul> | <ul style="list-style-type: none"> <li>• Prior transaction details &amp; track record are not publicly available</li> <li>• Unique qualitative &amp; quantitative analysis</li> </ul>   | <ul style="list-style-type: none"> <li>• Terms customizable and negotiated for each investor</li> <li>• Closed-end limited partnership structure</li> </ul>                   | <ul style="list-style-type: none"> <li>• Portfolio company information not constantly available in real-time</li> <li>• Only quarterly valuations</li> </ul>  |

# Private Debt Considerations

## Terms and Structure

|                                   | Private Debt Characteristics   |
|-----------------------------------|--|
| <b>Liquidity</b>                  | Very limited liquidity to trade these types of loans   |
| <b>Fees</b>                       | <ul style="list-style-type: none"><li>• Fees varying widely depending on vehicle, strategy and return target</li><li>• Range from 0.50% to 1.50% plus a performance fee</li></ul>  |
| <b>Structure</b>                  | <ul style="list-style-type: none"><li>• Custom Fund-of-One relationships can be efficient if scale is available</li><li>• Pooled structure is often recommended for ease of implementation</li><li>• Two types of structures:<ul style="list-style-type: none"><li>◦ Closed-ended fund with no ability to redeem before end of term</li><li>◦ Open-ended fund with redemption at the discretion of the manager</li></ul></li><li>• Limited # of Buy-rated managers</li></ul> |
| <b>Cash Flows</b>                 | <ul style="list-style-type: none"><li>• Produces regular cash flows</li></ul>  |
| <b>Volatility / Downside Risk</b> | <ul style="list-style-type: none"><li>• Portfolio is likely to experience a small # of defaults or restructuring</li><li>• Recovery has been high historically</li></ul>   |

# Private Debt Is a Diverse and Growing Market

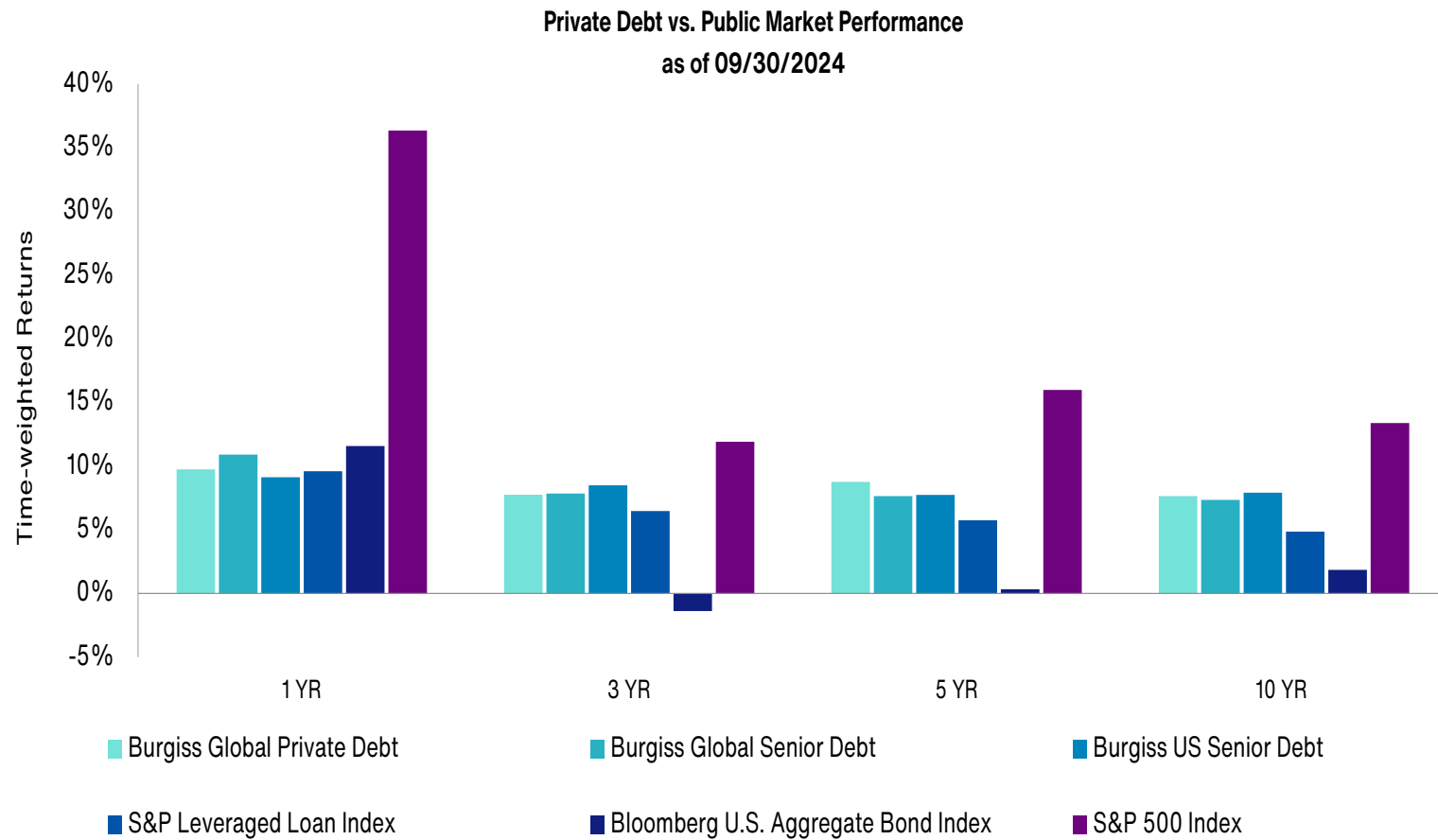
|                                   | Low Return/Risk   | Moderate Return/Risk   | High Return/Risk   |
|-----------------------------------|---|--|--|
| Cash Flow Lending                 | Direct lending (senior and unitranche); Private placement debt  | Subordinated loans; Mezzanine debt; Capital solutions (rescue finance, recapitalizations); Private loan securitization                     | Distressed debt; Venture debt; Secondaries                             |
| Asset-based Lending               | Asset-based finance: asset-based lending, purchase order financing; Factoring; Aircraft or ship leases; Commercial real estate senior loans; Infrastructure debt; Timber/Ag | Commercial real estate loans on transitional/development properties; RE Mezzanine CRE loans; Participating mortgages; Brownfield investing | Real estate preferred equity; Distressed RE debt; Greenfield investing |
| Opportunistic / Specialty Finance | Litigation finance; IP Royalties; Life settlements  |  |  |
|                                   | Residential mortgage loans; Credit card loans; Auto loans; Student loans; Other consumer loans; Warehouse finance   |  |  |

# Summary of Strategy Opportunities

|                                 | Target Yield | Liquidity          | Term                    | Risk        | Diversification / Correlation | Cost   |
|---------------------------------|--------------|--------------------|-------------------------|-------------|-------------------------------|--|
| <b>Direct Lending</b>           | 5.0–9.0%     | Open or Closed-End | Evergreen / 5-10 Years  | Low         | Low to Moderate Correlation   | 0.5%–1.5% plus performance fee                                 |
| <b>Opportunistic Credit</b>     | 6.0–10.0%    | Open or Closed-End | Evergreen / 5-7 Years   | Low to High | Low to Moderate Correlation   | 0.75%–2.00% plus performance fee, typically over a hurdle rate |
| <b>Mezzanine Debt</b>           | 8.0–12.0%    | Closed-End         | 10+ Years               | Moderate    | Moderate Correlation          | 1.0%–2.0% plus performance fee                                 |
| <b>Distressed Debt</b>          | n/a          | Closed-End         | 7-10 Years              | High        | Moderate Correlation          | 1.5%–2.0% plus performance fee                                 |
| <b>Real Estate Debt</b>         | 5.0–9.0%     | Open or Closed-End | Evergreen / 8-10 years  | Low         | Low Correlation               | 0.5%–1.5% plus performance fee                                 |
| <b>Infrastructure Core Debt</b> | 1.0–5.0%     | Open or Closed-End | Evergreen / 10-12 Years | Low         | Low Correlation               | 0.6%–1.5% plus performance fee                                 |

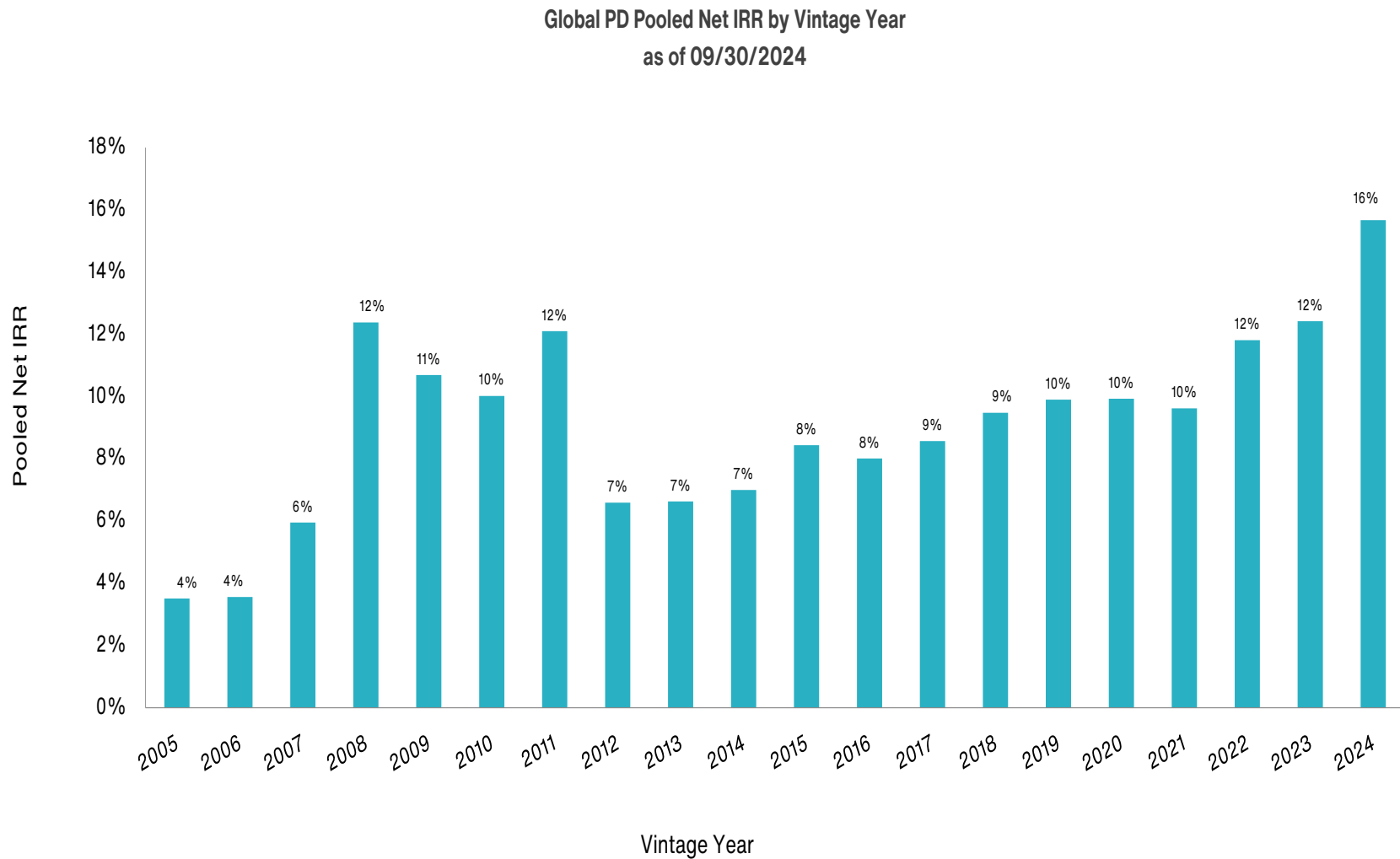


# Private Debt vs. Public Market Performance Comparison



Source: Bloomberg, MSCI Private Capital Solutions, and Investment Metrics.

# Private Debt Pooled Net IRR by Vintage Year as of 09/30/2024



Source: MSCI Private Capital Solutions

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# **ATRS Board Policy 4**

## **STATEMENT OF INVESTMENT POLICY**

A.C.A. § 24-7-305

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### **I. Board - Investment Policies and Procedures**

#### **A. Statement of Investment Policy**

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees ("Board") may take appropriate levels of risk to earn higher levels of investment return.
2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System ("the System"). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.
3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the System's plan beneficiaries.
4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.
5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's written advice or written recommendation. The System shall not approve any material changes in any direct investment without first receiving written advice or a written recommendation from a third-party investment consultant and, if

needed, outside legal counsel, and, without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.
2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 and Act 937 of 2025 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:
  - a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or
  - b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.
2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

#### D. Standard of Care

1. When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.
2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.
3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary's evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.
4. Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

## E. Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

| Asset Category             | Minimum*            | Target               | Maximum*              |
|----------------------------|---------------------|----------------------|-----------------------|
| Total Equity               | 4 <del>1</del> 3.0% | 48 <del>4</del> 6.0% | 51 <del>3</del> .0%** |
| Fixed Income               | 15 <del>7</del> .0% | 20 <del>1</del> 8.0% | 21 <del>3</del> .0%   |
| Opportunistic/Alternatives | N/A                 | 5.0%                 | N/A                   |
| Real Assets***             | N/A                 | 15 <del>1</del> 4.0% | N/A                   |
| <u>Private Credit</u>      | <u>N/A</u>          | <u>5.0%</u>          | <u>N/A</u>            |
| Private Equity             | N/A                 | 12.0%                | N/A                   |
| Cash Equivalents           | 0.0%                | 0.0%                 | 5.0%                  |

\* Due to the illiquid nature of opportunistic/alternatives, real assets, private credit, and private equity, it is not prudent to set rebalancing ranges for these asset classes.

\*\*Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, private credit, and private equity.

\*\*\*Real assets includes real estate, timber, agriculture, and infrastructure.

## F. Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.
2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.
4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.
5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.
6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

#### G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System's investment strategy.
2. Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.
3. It is the policy of the Board to include, whenever appropriate, qualified minority-owned and women-owned business enterprises in the System's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.



4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance, organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.
5. The Board shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.
6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

#### H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.
2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

#### I. Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.

2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market, excluding prohibited securities per Arkansas Code, as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) ex China ex Hong Kong Index over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI ex China ex Hong Kong Index. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI ex China ex Hong Kong Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI ex China ex Hong Kong Index. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

#### J. Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.
2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

#### K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income, equities, private equity, private credit and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.
2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

#### L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:

- 78% Real Estate
- 2% Timber
- 1% Agriculture
- 4% Infrastructure

The total target of the asset class will be 1415%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset allocation be exceeded, the Executive Director, working with the Real

Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a five-year period, it is expected to meet or exceed the NFIODCE over rolling five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

#### M. Private Credit

1. The strategic role of Private Credit is to diversify equity beta, provide a meaningful level of absolute return to the portfolio, and offer a level of return stability via contractual income. Types of strategies may include, but are not limited to, direct corporate lending, asset-based lending, distressed, opportunistic, real asset and other niche debt strategies. This portfolio will be primarily illiquid in nature with typical lock-ups of 5-10 years. Due to the illiquid nature of the investments, it may take time to reach and maintain the target allocation of 5%.
2. To support appropriate diversification, the Private Credit portfolio will generally follow the strategy guidelines below:
  - i 30-50% Corporate direct lending
  - ii 30-50% Asset-based lending
  - iii 20-30% Opportunistic Debt
3. They System's goal for private credit investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public leverage loan market, as measured by the Morningstar LSTA Leveraged Loan Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private credit (approximately 5-7 years).

#### K.N. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.

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2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

#### L.O. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.
2. The System's cash management goal shall be to preserve capital and maintain liquidity.

#### M.P. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

#### N.Q. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

#### O.R. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative usage shall be specified in the investment management agreement or specific guidelines.
2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

#### P.S. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of

such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.

2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

#### Q.T. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a \$1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.
2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

#### R.U. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

#### S.V. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

#### T.W. Proxies

1. All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.
2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.
3. The Executive Director is authorized to vote all proxies related to stocks owned by the System and to provide binding voting instructions to the System's investment managers regarding proxies related to stocks in which they invest the System's assets. The Executive Director shall exercise this authority in compliance with Arkansas Code § 24-2-801 et seq. The Executive Director shall cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by the Executive Director must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the Executive Director must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).
4. The Executive Director may retain an independent proxy vote management service to analyze proxy issues, make voting recommendations, vote proxies as the System's agent, and provide voting instructions to the System's investment managers. The System requires the proxy vote management service to act in a manner that complies with Arkansas Code § 24-2-801 et seq. Any vote, instruction, or recommendation made by the proxy vote management service must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the proxy vote management service must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).
5. The Executive Director may delegate voting authority to an investment manager to vote proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801



et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by an investment manager pursuant to a delegation must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the investment manager must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

U.X. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

## HISTORY

Amended: October 4, 2010

Amended: February 7, 2011

Amended: June 3, 2013

Amended: October 7, 2013

Amended: February 17, 2014

Amended: June 1, 2015

Amended: April 21, 2016

Amended: November 13, 2017

Amended: April 1, 2019

Amended: February 3, 2020 as Board Policy 4

Amended: December 7, 2020

Amended: June 7, 2021

Amended: September 25, 2023

Amended: February 5, 2024

Amended: December 2, 2024

Amended: June 2, 2025

Amended: September 29, 2025

Amended: December 1, 2025

# **ATRS Board Policy 4**

## **STATEMENT OF INVESTMENT POLICY**

A.C.A. § 24-7-305

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### **I. Board - Investment Policies and Procedures**

#### **A. Statement of Investment Policy**

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees ("Board") may take appropriate levels of risk to earn higher levels of investment return.
2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System ("the System"). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.
3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the System's plan beneficiaries.
4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.
5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's written advice or written recommendation. The System shall not approve any material changes in any direct investment without first receiving written advice or a written recommendation from a third-party investment consultant and, if

needed, outside legal counsel, and, without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.
2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 and Act 937 of 2025 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:
  - a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or
  - b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.
2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

#### D. Standard of Care

1. When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.
2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.
3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary's evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.
4. Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

## E. Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

| <b>Asset Category</b>      | <b>Minimum*</b> | <b>Target</b> | <b>Maximum*</b> |
|----------------------------|-----------------|---------------|-----------------|
| Total Equity               | 41.0%           | 46.0%         | 51.0%**         |
| Fixed Income               | 15.0%           | 18.0%         | 21.0%           |
| Opportunistic/Alternatives | N/A             | 5.0%          | N/A             |
| Real Assets***             | N/A             | 14.0%         | N/A             |
| Private Credit             | N/A             | 5.0%          | N/A             |
| Private Equity             | N/A             | 12.0%         | N/A             |
| Cash Equivalents           | 0.0%            | 0.0%          | 5.0%            |

\* Due to the illiquid nature of opportunistic/alternatives, real assets, private credit, and private equity, it is not prudent to set rebalancing ranges for these asset classes.

\*\*Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, private credit, and private equity.

\*\*\*Real assets includes real estate, timber, agriculture, and infrastructure.

## F. Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.
2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.
4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.
5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.
6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

#### G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System's investment strategy.
2. Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.
3. It is the policy of the Board to include, whenever appropriate, qualified minority-owned and women-owned business enterprises in the System's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.

4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance, organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.
5. The Board shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.
6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

#### H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.
2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

#### I. Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.



2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market, excluding prohibited securities per Arkansas Code, as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) ex China ex Hong Kong Index over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI ex China ex Hong Kong Index. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI ex China ex Hong Kong Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI ex China ex Hong Kong Index. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

J. Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.
2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income, equities, private equity, private credit and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.
2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

#### L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:
  - 7% Real Estate
  - 2% Timber
  - 1% Agriculture
  - 4% Infrastructure

The total target of the asset class will be 14%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset allocation be exceeded, the Executive Director, working with the Real

Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a five-year period, it is expected to meet or exceed the NFIODCE over rolling five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

#### M. Private Credit

1. The strategic role of Private Credit is to diversify equity beta, provide a meaningful level of absolute return to the portfolio, and offer a level of return stability via contractual income. Types of strategies may include, but are not limited to, direct corporate lending, asset-based lending, distressed, opportunistic, real asset and other niche debt strategies. This portfolio will be primarily illiquid in nature with typical lock-ups of 5-10 years. Due to the illiquid nature of the investments, it may take time to reach and maintain the target allocation of 5%.
2. To support appropriate diversification, the Private Credit portfolio will generally follow the strategy guidelines below:
  - i 30-50% Corporate direct lending
  - ii 30-50% Asset-based lending
  - iii 20-30% Opportunistic Debt
3. The System's goal for private credit investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public leverage loan market, as measured by the Morningstar LSTA Leveraged Loan Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private credit (approximately 5-7 years).

#### N. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.
2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

#### O. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.
2. The System's cash management goal shall be to preserve capital and maintain liquidity.

P. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

Q. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

R. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative usage shall be specified in the investment management agreement or specific guidelines.
2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

S. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of

such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.

2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

#### T. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a \$1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.
2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

#### U. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

#### V. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

#### W. Proxies

1. All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.
2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.
3. The Executive Director is authorized to vote all proxies related to stocks owned by the System and to provide binding voting instructions to the System's investment managers regarding proxies related to stocks in which they invest the System's assets. The Executive Director shall exercise this authority in compliance with Arkansas Code § 24-2-801 et seq. The Executive Director shall cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by the Executive Director must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the Executive Director must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).
4. The Executive Director may retain an independent proxy vote management service to analyze proxy issues, make voting recommendations, vote proxies as the System's agent, and provide voting instructions to the System's investment managers. The System requires the proxy vote management service to act in a manner that complies with Arkansas Code § 24-2-801 et seq. Any vote, instruction, or recommendation made by the proxy vote management service must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the proxy vote management service must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).
5. The Executive Director may delegate voting authority to an investment manager to vote proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801

et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by an investment manager pursuant to a delegation must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the investment manager must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

#### X. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

#### **HISTORY**

Amended: October 4, 2010

Amended: February 7, 2011

Amended: June 3, 2013

Amended: October 7, 2013

Amended: February 17, 2014

Amended: June 1, 2015

Amended: April 21, 2016

Amended: November 13, 2017

Amended: April 1, 2019

Amended: February 3, 2020 as Board Policy 4

Amended: December 7, 2020

Amended: June 7, 2021

Amended: September 25, 2023

Amended: February 5, 2024



Amended: December 2, 2024

Amended: June 2, 2025

Amended: September 29, 2025

Amended: December 1, 2025

# **ATRS Board Policy 6**

## **REAL ASSETS INVESTMENT POLICIES**

A.C.A. § 24-7-305

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### **I. Board - Investment Policies and Procedures**

#### **A. Real Assets Investment Policies**

##### **1. Scope**

This policy applies to the Real Asset category ("Real Assets") of the Arkansas Teacher Retirement System's ("ATRS") investment portfolio. This policy governs the private market investments and not the public real asset securities exposure within the Total Equity asset class.

##### **2. Purpose and Objectives**

The purpose of this statement of investment policy is to formalize the ATRS' Board of Trustees' (the "Board") investment objectives, policies, and procedures, with respect to Real Assets, and to define the duties and responsibilities of the various entities involved in the Real Assets investment process. This statement is to be considered an extension of ATRS' general Statement of Investment Policy.

#### **B. Investment Philosophy**

1. ATRS allocates a portion of its total assets to Real Assets. ATRS defines Real Assets as investments relating to the ownership, financing, or operation of real estate, timber, agriculture, and infrastructure assets. ATRS allocates capital to Real Assets with the following goals:

##### *a. Diversification with Other Asset Classes*

Real Asset returns have historically performed differently than the returns of other asset classes in which ATRS invests. ATRS believes that Real Asset returns will continue to perform differently than those of other asset classes, allowing ATRS to lower the risk of its overall portfolio through diversification by allocating to the asset class.

##### *b. Potential Inflation Hedge*

Real Asset returns have historically shown the ability to provide a hedge against rising inflation. By allocating a portion of its investments to an asset class with these characteristics the overall risk of rising inflation to the ATRS portfolio is reduced.

#### **C. Allocation**

1. ATRS controls allocation risk at the total fund level. The allocation establishes a 154% target for the Real Asset class. As provided in ATRS' general Statement of Investment Policy, a range of minimum and maximum relative to the target has not been set as it is not prudent to set rebalancing ranges for the real asset classes due to their illiquid nature. This target allocation is to be reached and maintained over a reasonable period of time using a pacing schedule established by the joint effort of the Executive Director and Real Asset Consultant. There will be no fixed targets for the Real Assets subasset classes but the following general parameters have been identified for the Real Asset subasset classes:

- 87% Real Estate
- 2% Timber
- 1% Agriculture
- 4% Infrastructure

#### D. Performance Benchmark

1. ATRS' Real Asset portfolio is benchmarked on a net of fee basis against the following sub-asset class benchmarks over rolling five year periods.
  - a. Real Estate Benchmark: The net return for ATRS' real estate investments is expected to meet or exceed the net NCREIF Fund Index Open-end Diversified Core Equity Index ("NFI-ODCE") over five year rolling period.
  - b. Timber Benchmark: The net return for ATRS' timber investments is expected to meet or exceed the NCREIF Timberland Property Index ("NTPI") over a five year rolling period.
    - Given the highly concentrated nature of the NTPI, it is advised that an additional performance measurement tool be utilized in order to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber. The Consumer Price Index plus 300 basis points will be used for measurement.
  - c. Agriculture Benchmark: The net return for ATRS' agriculture investments is expected to meet or exceed the NCREIF Farmland Index ("NFI") over a five year rolling period.
    - Much like NTPI, NFI also has a concentrated nature and it is advised that an additional performance measurement tool be utilized in order to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture. The

Consumer Price Index plus 300 basis points will be used for measurement.

- d. Infrastructure Benchmark: Over the long term (10 years or longer), the infrastructure portfolio is expected to generate a minimum internal rate of return ("IRR") equal to the Consumer Price Index plus 500 basis points, net of all investment management fees and expenses. The Consumer Price Index plus 500 basis points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure.
2. The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark, and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

#### E. Portfolio Composition

1. The majority of the Real Asset class investments should consist of equity ownership of privately-held institutional real estate, timber, agriculture, and infrastructure investments.
2. This policy authorizes the use of all types of investment structures including, but not limited to:
  - Separate Accounts
  - Co-investments
  - Joint ventures
  - Open and closed-end funds
  - Partnerships
  - Private and public Real Estate Investment Trusts ("REITs") and Real Estate Operating Companies ("REOCs")
  - Listed or publicly traded infrastructure

#### F. Risk Management

1. For ATRS' Real Asset investments, the following sections identify the most significant risks and the method of control. Compliance with the following risk parameters shall be based on the percentage of ATRS' Real Asset portfolio's Net Asset Value at Fair Value at the end of each quarter.

a. *Investment Manager Diversification*

Investment manager risk consists of two elements: the exposure to an investment manager and the number of investment managers in ATRS' Real Asset portfolio. To control investment manager exposure, the allocation to a single Real Asset manager is typically limited to 30% of ATRS' Real Asset target allocation.

b. *Individual Investment Diversification*

In order to mitigate the risk of large losses, ATRS will diversify its Real Asset investments across many different individual investments. Individual investments, measured by gross asset value, shall generally not exceed 10% of the overall Real Asset target allocation. For Real Estate, the 10% individual investment limitation will apply to Core properties, but Non-Core properties will be generally limited to 5%. Core properties are generally defined as industrial, apartment, retail, and office portfolios that are at least 80% leased, located in major metropolitan areas, and typically use no more than 50% leverage. Non-core is generally defined as the remainder of the Real Estate property opportunity set.

c. *Liquidity*

The majority of Real Assets are illiquid. As such, ATRS understands and recognizes that the Real Asset class will not be structured in a way to provide liquidity. Should market values for the Real Asset class change such that the asset class falls outside of these and the below risk management parameters, the Executive Director and Real Asset Consultant will determine the most effective solution and timeframe to bring the Real Asset exposure into compliance.

2. Additional risk parameters at the subasset class level are defined below and compliance shall be based on the percentage of each subasset class' Net Asset Value at Fair Value at the end of each quarter:

a. Real Estate:

*Property Diversification* - ATRS seeks to minimize the risk of its Real Estate portfolio by allocating its assets across the spectrum of property types, with the majority of its investments allocated to the primary sectors of the NFI-ODCE. No single traditional property type shall account for greater than 50% of the portfolio. In addition, the general range of property type allocations will be 0.5x - 1.5x the NFI-ODCE's weight in each property type. Other property types, as

defined by NFI-ODCE, are allowed but (on a combined basis) should not exceed 20% of the real estate portfolio.

*Geographic Diversification* - The Plan seeks to minimize the risk of its real estate portfolio by allocating its investments across the geographic spectrum. Within the United States, the general range of geographic allocations will be 0.5x - 1.5x the NFI-ODCE weight in each region. With respect to non-U.S. investing, no more than 40% of the portfolio may be invested outside of the U.S. ATRS may initiate Arkansas-related mortgage loans and direct Real Estate investments to meet the goal of investing in quality Arkansas related investments. The Executive Director and Real Estate Consultant will monitor the Arkansas-related Real Estate holdings to protect against excessive risk due to sector or geographic exposure. The goal of Arkansas-related investments shall be to achieve a total rate of return, net of all fees and costs that will exceed the real estate performance benchmark over time.

*Leverage* - ATRS allows some of its investment managers the ability to use modest amounts of leverage in their investment strategy as a means of enhancing the overall risk-adjusted returns available to ATRS. In keeping with its goal of risk mitigation, leverage at the total asset class level should be kept below a 50% loan-to-value ratio.

*Life Cycle* - ATRS will endeavor to invest the majority of its assets in fully established, income-producing Real Estate, commonly referred to as Core Real Estate. As defined above, the ATRS goal will be to have between 50% and 70% of its Real Estate asset class in Core investments. Non-Core opportunities, such as Value Added and Opportunistic real estate strategies, may provide better alpha generation but will be viewed tactically and have an operating allocation range of 30% to 50% of the real estate portfolio.

b. Timber:

*Geographic Diversification* - The Plan seeks to minimize the risk of its timber portfolio by allocating its investments across the geographic spectrum. Within the United States, the allowable range of geographic allocations will fall within the following target ranges as defined by the NCREIF timberland index.

| <u>Region</u>    | <u>Range</u>      |
|------------------|-------------------|
| <u>South</u>     | <u>40% to 80%</u> |
| <u>Northwest</u> | <u>0% to 50%</u>  |
| <u>Northeast</u> | <u>0% to 20%</u>  |

|                    |                  |
|--------------------|------------------|
| <u>Lake States</u> | <u>0% to 20%</u> |
| <u>Other</u>       | <u>0% to 20%</u> |

c. Agriculture:

*Crop Diversification* - The majority of the portfolio will be comprised of existing crop properties. With the exception of the portfolio creation stage, no crop shall comprise in excess of 40% of the agriculture portfolio.

*Geographic Diversification* - Investments will be primarily located within the continental United States. Properties located within the state of Arkansas are preferred within a prudent range of exposure for the total portfolio. It is desired that the investments will have attractive locations with good market access. No region, as defined by the NCREIF Farm Index regional definitions, will comprise more than 40% of the agriculture portfolio.

*Leverage* - In keeping with its goal of risk mitigation, leverage at the total asset class level should be kept below a 20% loan-to-value ratio.

d. Infrastructure: ATRS will use diversification of its infrastructure portfolio as a risk mitigation tactic. Relevant risk factors considered are strategy, manager, firm, vintage year, asset type, geographic and liquidity issues. However, initial allocations during early implementation may result in temporary variances.

*Strategy* - The portfolio should be appropriately diversified across infrastructure asset classes and vehicles due to various risk/return characteristics.

*Manager* - Manager risk consists of two elements, the exposure within an investment vehicle, and the number of managers (general partners) in a given infrastructure fund. The exposure to a specific manager within an investment vehicle is controlled by limiting its commitment size. The cohesion of the general partners and the vesting rights to interest carry are important elements of insuring a successfully performing general partnership as are the past success of the business model employed and the length of time the team has remained stable.

*Vintage* - Vintage reflects the year of first capital draw and vintage risk refers to the variability of infrastructure commitments over time. Commitments to partnership investments will be staged over time such that the infrastructure portfolio invests over business cycles and insulates the portfolio from event risk.

*Asset Type* - Typically, infrastructure partnerships are permitted to invest in assets in a wide variety of industries (Transportation, Energy/Utility and Other) with limited controls. Risk from investing in assets with different return characteristics is controlled primarily through appropriate diversification across business sectors and sub-sectors. No infrastructure asset class shall account for more than 70% of the portfolio.

*Geographic* - Over the long-term, the infrastructure portfolio should seek diversification with regard to major regional areas both domestically and internationally. The infrastructure portfolio will accept the currency risks consistent with the geographic constraints. Infrastructure partnerships generally do not hedge currency risk, though with increasing globalization, one can see this practice increasing. With respect to U.S. investing, the portfolio should generally target at least 40%.

#### G. Distinction of Responsibilities

1. The Board, as Trustees, is responsible for approving the Real Asset Statement of Investment Policy.
2. ATRS' Board of Trustees is responsible for selecting the investment managers used to implement the Real Asset Statement of Investment Policy.
3. ATRS' Investment Staff and the Real Asset Consultant are jointly responsible for recommending the Investment Managers to the Board, as well as managing the Real Asset class, as described by the Real Asset Statement of Investment Policy, on an on-going basis, including monitoring the investment managers.
4. The Real Asset Consultant will assist ATRS' Investment Staff in recommending investment managers to the Board, monitoring investment managers, presenting Real Asset class performance to the Board, and will assist Investment Staff in developing and recommending the Real Asset Statement of Investment Policy and any changes to this document.
5. Investment Managers are utilized by ATRS to implement the specific investment strategies selected by ATRS.

#### H. Reporting and Monitoring

1. The Investment Staff and the Real Asset Consultant will monitor performance on a quarterly basis, providing a quarterly report to the Board. The report will provide a comprehensive review of the Real Asset portfolio in a form approved by ATRS' Investment Staff and the Real Asset Consultant.



## HISTORY

Adopted October 7, 2013

Adopted October 5, 2015

Amended February 3, 2020

Amended December 7, 2020

Amended June 5, 2023

Amended December 2, 2024

Amended December 1, 2025

# ATRS Board Policy 6

## REAL ASSETS INVESTMENT POLICIES

A.C.A. § 24-7-305

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### I. Board - Investment Policies and Procedures

#### A. Real Assets Investment Policies

##### 1. Scope

This policy applies to the Real Asset category ("Real Assets") of the Arkansas Teacher Retirement System's ("ATRS") investment portfolio. This policy governs the private market investments and not the public real asset securities exposure within the Total Equity asset class.

##### 2. Purpose and Objectives

The purpose of this statement of investment policy is to formalize the ATRS' Board of Trustees' (the "Board") investment objectives, policies, and procedures, with respect to Real Assets, and to define the duties and responsibilities of the various entities involved in the Real Assets investment process. This statement is to be considered an extension of ATRS' general Statement of Investment Policy.

#### B. Investment Philosophy

1. ATRS allocates a portion of its total assets to Real Assets. ATRS defines Real Assets as investments relating to the ownership, financing, or operation of real estate, timber, agriculture, and infrastructure assets. ATRS allocates capital to Real Assets with the following goals:

##### a. *Diversification with Other Asset Classes*

Real Asset returns have historically performed differently than the returns of other asset classes in which ATRS invests. ATRS believes that Real Asset returns will continue to perform differently than those of other asset classes, allowing ATRS to lower the risk of its overall portfolio through diversification by allocating to the asset class.

##### b. *Potential Inflation Hedge*

Real Asset returns have historically shown the ability to provide a hedge against rising inflation. By allocating a portion of its investments to an asset class with these characteristics the overall risk of rising inflation to the ATRS portfolio is reduced.

#### C. Allocation

1. ATRS controls allocation risk at the total fund level. The allocation establishes a 14% target for the Real Asset class. As provided in ATRS' general Statement of Investment Policy, a range of minimum and maximum relative to the target has not been set as it is not prudent to set rebalancing ranges for the real asset classes due to their illiquid nature. This target allocation is to be reached and maintained over a reasonable period of time using a pacing schedule established by the joint effort of the Executive Director and Real Asset Consultant. There will be no fixed targets for the Real Assets subasset classes but the following general parameters have been identified for the Real Asset subasset classes:

- 7% Real Estate
- 2% Timber
- 1% Agriculture
- 4% Infrastructure

#### D. Performance Benchmark

1. ATRS' Real Asset portfolio is benchmarked on a net of fee basis against the following sub-asset class benchmarks over rolling five year periods.
  - a. Real Estate Benchmark: The net return for ATRS' real estate investments is expected to meet or exceed the net NCREIF Fund Index Open-end Diversified Core Equity Index ("NFI-ODCE") over five year rolling period.
  - b. Timber Benchmark: The net return for ATRS' timber investments is expected to meet or exceed the NCREIF Timberland Property Index ("NTPI") over a five year rolling period.
    - Given the highly concentrated nature of the NTPI, it is advised that an additional performance measurement tool be utilized in order to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber. The Consumer Price Index plus 300 basis points will be used for measurement.
  - c. Agriculture Benchmark: The net return for ATRS' agriculture investments is expected to meet or exceed the NCREIF Farmland Index ("NFI") over a five year rolling period.
    - Much like NTPI, NFI also has a concentrated nature and it is advised that an additional performance measurement tool be utilized in order to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture. The

Consumer Price Index plus 300 basis points will be used for measurement.

- d. Infrastructure Benchmark: Over the long term (10 years or longer), the infrastructure portfolio is expected to generate a minimum internal rate of return ("IRR") equal to the Consumer Price Index plus 500 basis points, net of all investment management fees and expenses. The Consumer Price Index plus 500 basis points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure.
2. The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark, and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

#### E. Portfolio Composition

1. The majority of the Real Asset class investments should consist of equity ownership of privately-held institutional real estate, timber, agriculture, and infrastructure investments.
2. This policy authorizes the use of all types of investment structures including, but not limited to:
  - Separate Accounts
  - Co-investments
  - Joint ventures
  - Open and closed-end funds
  - Partnerships
  - Private and public Real Estate Investment Trusts ("REITs") and Real Estate Operating Companies ("REOCs")
  - Listed or publicly traded infrastructure

#### F. Risk Management

1. For ATRS' Real Asset investments, the following sections identify the most significant risks and the method of control. Compliance with the following risk parameters shall be based on the percentage of ATRS' Real Asset portfolio's Net Asset Value at Fair Value at the end of each quarter.

a. *Investment Manager Diversification*

Investment manager risk consists of two elements: the exposure to an investment manager and the number of investment managers in ATRS' Real Asset portfolio. To control investment manager exposure, the allocation to a single Real Asset manager is typically limited to 30% of ATRS' Real Asset target allocation.

b. *Individual Investment Diversification*

In order to mitigate the risk of large losses, ATRS will diversify its Real Asset investments across many different individual investments. Individual investments, measured by gross asset value, shall generally not exceed 10% of the overall Real Asset target allocation. For Real Estate, the 10% individual investment limitation will apply to Core properties, but Non-Core properties will be generally limited to 5%. Core properties are generally defined as industrial, apartment, retail, and office portfolios that are at least 80% leased, located in major metropolitan areas, and typically use no more than 50% leverage. Non-core is generally defined as the remainder of the Real Estate property opportunity set.

c. *Liquidity*

The majority of Real Assets are illiquid. As such, ATRS understands and recognizes that the Real Asset class will not be structured in a way to provide liquidity. Should market values for the Real Asset class change such that the asset class falls outside of these and the below risk management parameters, the Executive Director and Real Asset Consultant will determine the most effective solution and timeframe to bring the Real Asset exposure into compliance.

2. Additional risk parameters at the subasset class level are defined below and compliance shall be based on the percentage of each subasset class' Net Asset Value at Fair Value at the end of each quarter:

a. Real Estate:

*Property Diversification* - ATRS seeks to minimize the risk of its Real Estate portfolio by allocating its assets across the spectrum of property types, with the majority of its investments allocated to the primary sectors of the NFI-ODCE. No single traditional property type shall account for greater than 50% of the portfolio. In addition, the general range of property type allocations will be 0.5x - 1.5x the NFI-ODCE's weight in each property type. Other property types, as

defined by NFI-ODCE, are allowed but (on a combined basis) should not exceed 20% of the real estate portfolio.

*Geographic Diversification* - The Plan seeks to minimize the risk of its real estate portfolio by allocating its investments across the geographic spectrum. Within the United States, the general range of geographic allocations will be 0.5x - 1.5x the NFI-ODCE weight in each region. With respect to non-U.S. investing, no more than 40% of the portfolio may be invested outside of the U.S. ATRS may initiate Arkansas-related mortgage loans and direct Real Estate investments to meet the goal of investing in quality Arkansas related investments. The Executive Director and Real Estate Consultant will monitor the Arkansas-related Real Estate holdings to protect against excessive risk due to sector or geographic exposure. The goal of Arkansas-related investments shall be to achieve a total rate of return, net of all fees and costs that will exceed the real estate performance benchmark over time.

*Leverage* - ATRS allows some of its investment managers the ability to use modest amounts of leverage in their investment strategy as a means of enhancing the overall risk-adjusted returns available to ATRS. In keeping with its goal of risk mitigation, leverage at the total asset class level should be kept below a 50% loan-to-value ratio.

*Life Cycle* - ATRS will endeavor to invest the majority of its assets in fully established, income-producing Real Estate, commonly referred to as Core Real Estate. As defined above, the ATRS goal will be to have between 50% and 70% of its Real Estate asset class in Core investments. Non-Core opportunities, such as Value Added and Opportunistic real estate strategies, may provide better alpha generation but will be viewed tactically and have an operating allocation range of 30% to 50% of the real estate portfolio.

b. Timber:

*Geographic Diversification* - The Plan seeks to minimize the risk of its timber portfolio by allocating its investments across the geographic spectrum. Within the United States, the allowable range of geographic allocations will fall within the following target ranges as defined by the NCREIF timberland index.

| <u>Region</u>    | <u>Range</u>      |
|------------------|-------------------|
| <u>South</u>     | <u>40% to 80%</u> |
| <u>Northwest</u> | <u>0% to 50%</u>  |
| <u>Northeast</u> | <u>0% to 20%</u>  |

|                    |                  |
|--------------------|------------------|
| <u>Lake States</u> | <u>0% to 20%</u> |
| <u>Other</u>       | <u>0% to 20%</u> |

c. Agriculture:

*Crop Diversification* - The majority of the portfolio will be comprised of existing crop properties. With the exception of the portfolio creation stage, no crop shall comprise in excess of 40% of the agriculture portfolio.

*Geographic Diversification* - Investments will be primarily located within the continental United States. Properties located within the state of Arkansas are preferred within a prudent range of exposure for the total portfolio. It is desired that the investments will have attractive locations with good market access. No region, as defined by the NCREIF Farm Index regional definitions, will comprise more than 40% of the agriculture portfolio.

*Leverage* - In keeping with its goal of risk mitigation, leverage at the total asset class level should be kept below a 20% loan-to-value ratio.

d. Infrastructure: ATRS will use diversification of its infrastructure portfolio as a risk mitigation tactic. Relevant risk factors considered are strategy, manager, firm, vintage year, asset type, geographic and liquidity issues. However, initial allocations during early implementation may result in temporary variances.

*Strategy* - The portfolio should be appropriately diversified across infrastructure asset classes and vehicles due to various risk/return characteristics.

*Manager* - Manager risk consists of two elements, the exposure within an investment vehicle, and the number of managers (general partners) in a given infrastructure fund. The exposure to a specific manager within an investment vehicle is controlled by limiting its commitment size. The cohesion of the general partners and the vesting rights to interest carry are important elements of insuring a successfully performing general partnership as are the past success of the business model employed and the length of time the team has remained stable.

*Vintage* - Vintage reflects the year of first capital draw and vintage risk refers to the variability of infrastructure commitments over time. Commitments to partnership investments will be staged over time such that the infrastructure portfolio invests over business cycles and insulates the portfolio from event risk.

*Asset Type* - Typically, infrastructure partnerships are permitted to invest in assets in a wide variety of industries (Transportation, Energy/Utility and Other) with limited controls. Risk from investing in assets with different return characteristics is controlled primarily through appropriate diversification across business sectors and sub-sectors. No infrastructure asset class shall account for more than 70% of the portfolio.

*Geographic* - Over the long-term, the infrastructure portfolio should seek diversification with regard to major regional areas both domestically and internationally. The infrastructure portfolio will accept the currency risks consistent with the geographic constraints. Infrastructure partnerships generally do not hedge currency risk, though with increasing globalization, one can see this practice increasing. With respect to U.S. investing, the portfolio should generally target at least 40%.

#### G. Distinction of Responsibilities

1. The Board, as Trustees, is responsible for approving the Real Asset Statement of Investment Policy.
2. ATRS' Board of Trustees is responsible for selecting the investment managers used to implement the Real Asset Statement of Investment Policy.
3. ATRS' Investment Staff and the Real Asset Consultant are jointly responsible for recommending the Investment Managers to the Board, as well as managing the Real Asset class, as described by the Real Asset Statement of Investment Policy, on an on-going basis, including monitoring the investment managers.
4. The Real Asset Consultant will assist ATRS' Investment Staff in recommending investment managers to the Board, monitoring investment managers, presenting Real Asset class performance to the Board, and will assist Investment Staff in developing and recommending the Real Asset Statement of Investment Policy and any changes to this document.
5. Investment Managers are utilized by ATRS to implement the specific investment strategies selected by ATRS.

#### H. Reporting and Monitoring

1. The Investment Staff and the Real Asset Consultant will monitor performance on a quarterly basis, providing a quarterly report to the Board. The report will provide a comprehensive review of the Real Asset portfolio in a form approved by ATRS' Investment Staff and the Real Asset Consultant.



## **HISTORY**

Adopted    October 7, 2013

Adopted    October 5, 2015

Amended February 3, 2020

Amended December 7, 2020

Amended June 5, 2023

Amended December 2, 2024

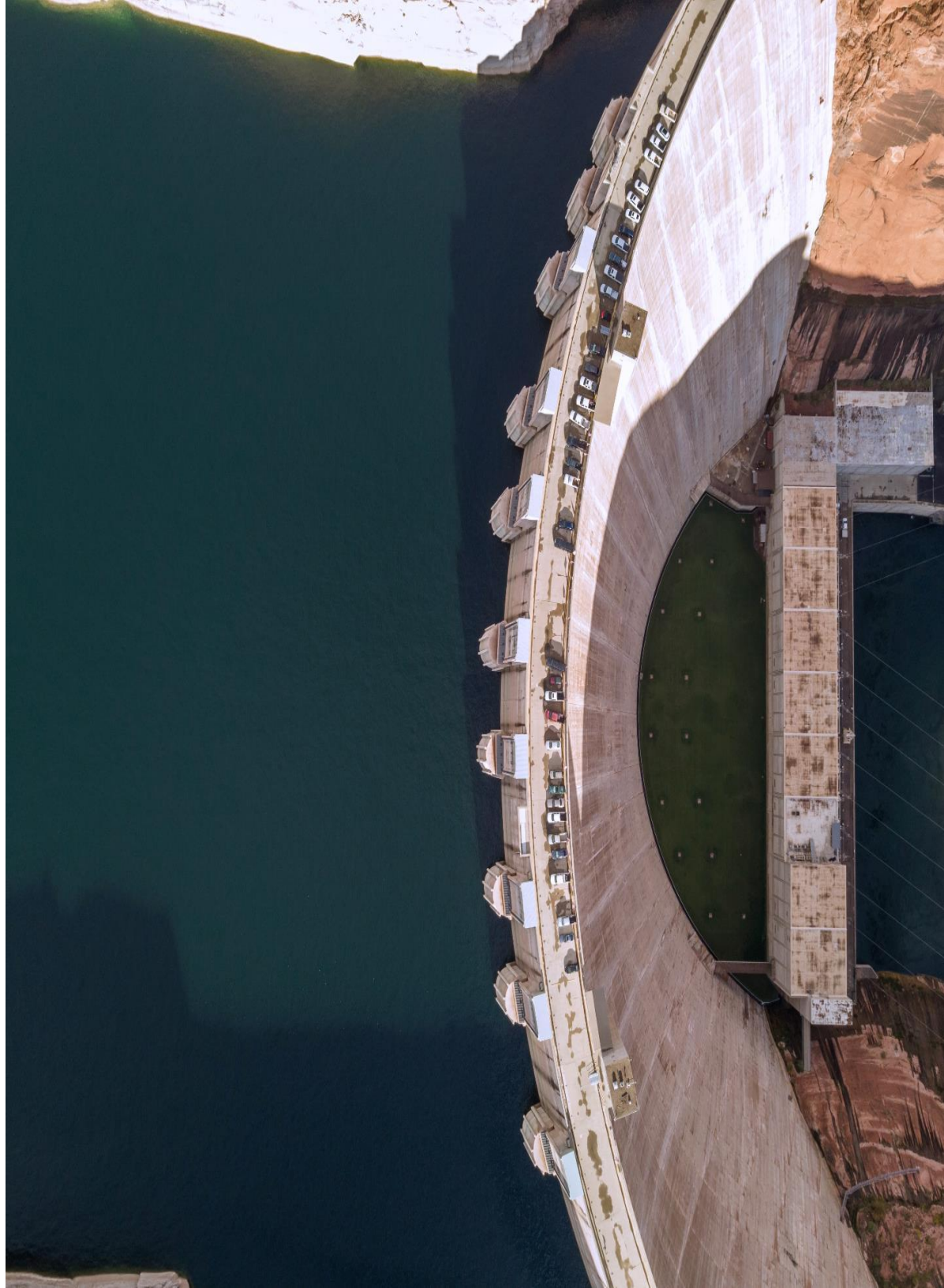
Amended December 1, 2025



# 2026 Annual Planning

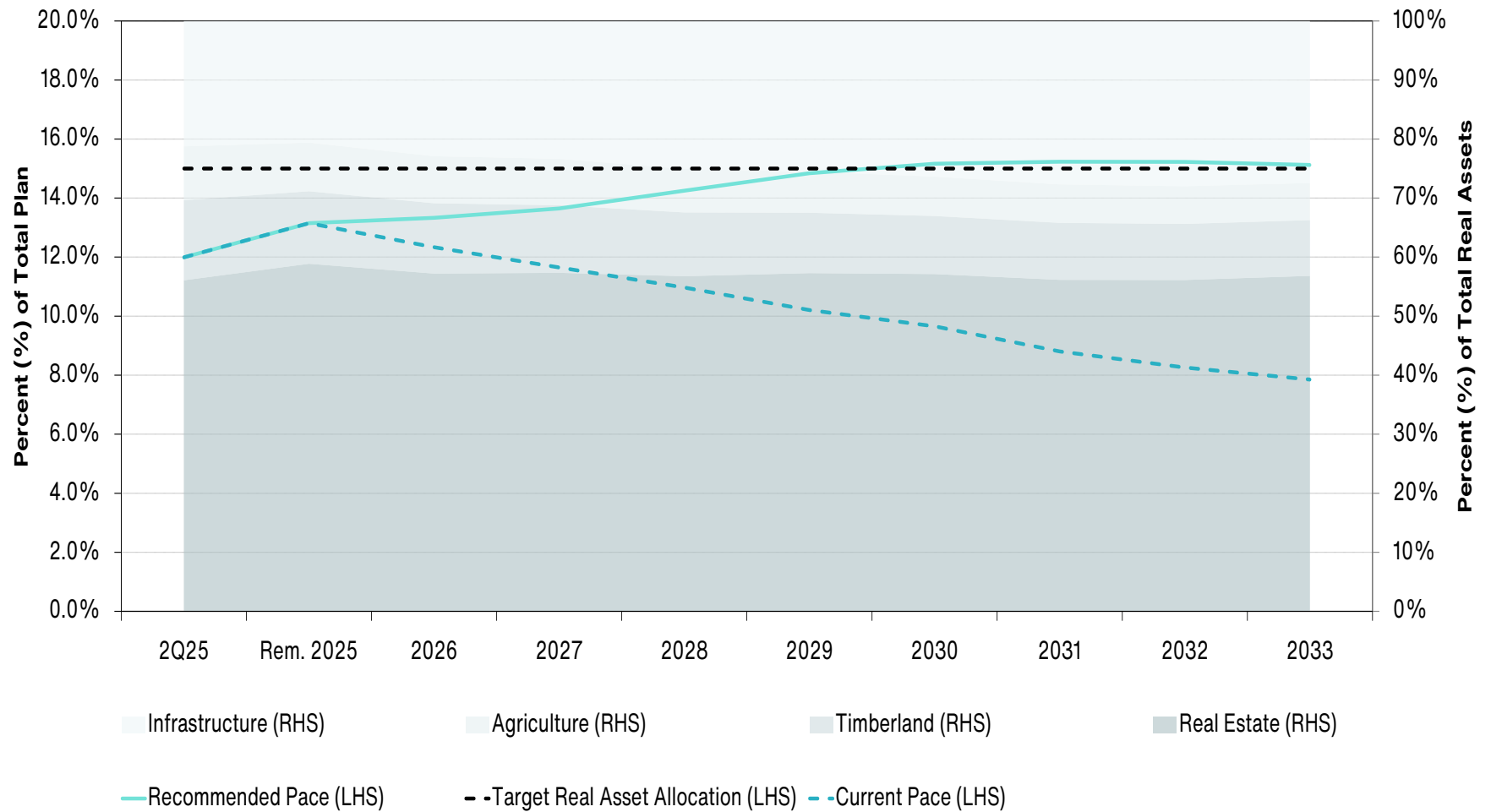
## Arkansas Teachers' Retirement System

December 2025



# 2026 Real Assets Pacing

## ATRS Real Assets Pacing



# Real Assets Commitment Overview

| Risk\Return<br>of Profile             |                         | 2025        |          | 2026  | 2027  | 2028  | 2028<br>Forecasted<br>Allocations |
|---------------------------------------|-------------------------|-------------|----------|-------|-------|-------|-----------------------------------|
|                                       |                         | Recommended | Complete |       |       |       |                                   |
|                                       | Non-Core (30-50%)       | \$100       | \$50     | \$200 | \$150 | \$150 | 34%                               |
|                                       | Core/Core Plus (50-70%) | \$300       | \$300    | \$200 | \$100 | \$100 | 66%                               |
|                                       | Real Estate Total (8%)  |             |          | \$400 | \$250 | \$250 | 8.1%                              |
|                                       |                         |             |          |       |       |       |                                   |
|                                       | Infrastructure (4%)     | \$350       | \$275    | \$150 | \$150 | \$100 | 3.6%                              |
|                                       | Agriculture (1%)        | \$0         | \$0      | \$0   | \$0   | \$0   | 1.1%                              |
|                                       | Timberland (2%)         | \$0         | \$0      | \$0   | \$0   | \$0   | 1.5%                              |
|                                       | Real Assets Total (7%)  |             |          | \$150 | \$150 | \$100 | 6.2%                              |
| Real Estate + Real Assets Total (15%) |                         |             | \$550    | \$400 | \$350 | 14.3% |                                   |

# 2026 Investment Themes

Strategic investment themes for 2026 include...

## **Thematically approach new commitments to Core/Core Plus Real Estate in tandem with Aon's Real Estate Investment Themes**

- Utilize sidelined capital to increase exposure to property types driven by secular tailwinds such as residential and industrial
- Endeavor to find complements to traditional office properties
- Move up the risk/return spectrum and consider adding Core Plus funds to complement current “beta” Core funds
- Consider topping up existing funds with high conviction

## **Commit Non-Core capital towards high conviction managers with the ability to take advantage of market inefficiencies**

- Strategically seek out opportunities to invest in performing assets with capital distress that face near-term debt maturities with strong fundamentals and look to place capital into development opportunities to take advantage of the limited housing supply and obsolete stock of industrial assets
- Look to commit capital to smaller sized managers to complement bigger funds targeting larger deal sizes

## **Continue to upsize infrastructure commitments to land on the 4% target towards infrastructure**

- In 2026, we recommend placing \$150 million towards infrastructure investments to increase infrastructure exposure and meet the long-term goal of 4%
- Targeting Mid-Market Power infrastructure is that is positioned for long-term growth, driven by electrification, surging data center and AI demand, and the onshoring of U.S. manufacturing

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Aon Investments USA Inc.  
200 E. Randolph Street  
Suite 600  
Chicago, IL 60601  
ATTN: Aon Investments Compliance Officer

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## Executive Summary Niobrara Founders Fund, L.P.

## Executive Summary

|                     |   |
|---------------------|---|
| Fund                | Niobrara Founders Fund, L.P. (the “Fund”)   |
| General Partner     | Niobrara Capital Partners (the “General Partner” or “Niobrara”)   |
| Report Date         | November 2025   |
| Fundraising         | The General Partner is targeting capital commitments of \$750 million, with a cap of \$1.25 billion. The General Partner closed on approximately \$820 million in commitments and will hold rolling closes until a final close expected in Q1 2026. Select limited partners include CalPERS, Lincoln Financial Group, Mercer, Michigan MERS and Wafra.  |
| Source              | Franklin Park sourced the Fund directly from the General Partner.   |
| Investment Strategy | <p>The Fund will primarily target buyouts and control-oriented investments in middle market technology businesses in North America and Europe. The Fund will invest across the technology industry including B2B software, services, fintech, hardware (semiconductor, data centers, sensors) businesses that are benefiting from macro trends that are driving opportunities in the following areas: artificial intelligence, data centers, cloud transformation, cybersecurity, digital transformation, autonomous machines &amp; robots, semiconductors, and next generation networks.</p> <p>The General Partner targets companies with the following characteristics:</p> <ul style="list-style-type: none"><li>• B2B businesses with high market growth</li><li>• Enterprise values of \$100 million to \$1.25 billion</li><li>• Revenue of \$100 million to \$750 million</li><li>• EBITDA of \$20 million to \$80 million</li><li>• Meaningful founder/owner equity rollover</li><li>• Significant opportunities to drive organic value creation initiatives</li></ul> <p>Within the target sub-sectors, the General Partner employs a theme-based, proactive sourcing strategy to uncover less competitive, high-quality investment opportunities. Investment professionals develop sub-sector themes, map markets, and engage in dialog with business owners to position the firm as a strategic partner.</p> |
| Management Team     | Based in New York, Niobrara was formed in 2024 by Chip Schorr and Todd Bradley. The senior team consists of Messrs. Schorr, Bradley, Mike Pompeo, Clayton Albertson and one additional partner (to be named) (together, the “Principals”). The Principals are currently supported by one mid-level and two junior investment professionals, a CFO/CCO/Capital Markets head, and a head of business development.   |



## Track Record

As a recently formed firm, the General Partner does not have an independent track record. However, Mr. Schorr has 27 years of investment experience primarily in the technology sector from prior firms, including One Equity, Blackstone and CVC.

From his experience, Mr. Schorr has a track record of attributed investments totaling over \$4 billion of invested capital in 29 transactions. The One Equity track record, which is the most relevant, includes \$1.4 billion invested in 14 transactions that generated a 24% gross IRR as of June 30, 2025. Six realized investments generated a 3.9x aggregate ROI. Further, the Fund has completed three investments to date, each consistent with the stated strategy and represents \$177 million of invested capital.

## Investment Evaluation

1. **The Fund's strategy is compelling.** The return potential for the Fund is attractive given the Fund's focus on middle market technology companies benefiting from market tailwinds and transformative growth potential. The technology sub-sectors targeted by the Fund have several favorable investment traits, including strong secular growth drivers, recurring/predictable revenues, and fragmented segments. Moreover, these sectors are large, comprise numerous industry segments and contain thousands of companies.
2. **The General Partner's research driven investment approach and proactive sourcing process should lead to attractive investment opportunities.** The General Partner employs a theme-based, proactive sourcing strategy within target sub-sectors to uncover less competitive, high-quality investment opportunities. Rather than solely relying on intermediaries or broad auctions, the team focuses on direct outreach to business owners and corporations with non-core divisions. Investment professionals develop sub-sector themes, map markets, and engage in dialog to position the firm as a strategic partner. This research-driven and proactive approach should generate advantaged deal flow for the Fund.
3. **Mr. Schorr is a seasoned and proven investor in the technology sector.** Through his 27 years of investment experience primarily in the technology sector, Mr. Schorr has developed a strong reputation as deal maker and investor and has a deep network of relationships with operators, bankers, lenders and strategics that should provide benefits to the Fund. Additionally, Messrs. Bradley and Pompeo bring complementary experience from operating roles and the government.

### However, there are several team concerns:

- As the team's most experienced investor, Mr. Schorr is key to the Fund's success. There is significant key person risk, as the Fund's success is largely dependent on the strategic leadership, relationship network and extensive investment experience of Mr. Schorr.
  - A minority portion of carried interest and other firm revenues are shared with a third-party seed investor; and
  - The General Partner is still building out its team. However, most of the senior positions have already joined the team, and most of the team members have prior experience working with Mr. Schorr.
4. **The General Partner has not previously raised a fund.** The Fund will represent the first investment vehicle the General Partner has managed. As such, the General Partner does not have an established track record.

However, Mr. Schorr has a track record of attributed investments completed at prior firms, including One Equity, Blackstone and CVC totaling over \$4 billion of invested capital in 29 transactions. The One Equity track record, which is the most relevant, includes \$1.4 billion invested in 14 transactions that generated a 31% gross IRR as of June 30, 2025. Six realized investments generated a 3.9x aggregate ROI. Further, the Fund has completed three investments, each consistent with the stated strategy and represents \$177 million of invested capital.

**Recommendation** Franklin Park recommends a commitment up to \$45 million to the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- The General Partner's strategy is compelling;
- The Principals are seasoned private equity investors; and
- The Principals' prior track record is deep and has produced attractive returns.

**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**1400 West Third Street**  
**Little Rock, Arkansas 72201**

**R E S O L U T I O N**  
**No. 2025-49**

**Approving Investment in  
Niobrara Founders Fund, L.P.**

**WHEREAS**, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

**WHEREAS**, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Niobrara Founders Fund, L.P.**, a private equity fund that will focus on investments in middle market technology companies in North America and Europe.

**THEREFORE, BE IT RESOLVED**, that the ATRS Board approves an investment of up to **\$45 million dollars (\$45,000,000.00)** in **Niobrara Founders Fund, L.P.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

**FURTHER, BE IT RESOLVED**, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment, if acceptable terms are reached.

**Adopted this 1st day of December 2025.**

---

**Dr. Mike Hernandez, Chair**  
**Arkansas Teacher Retirement System**



## Executive Summary Truelink Capital II, L.P.

## Executive Summary

|                            |  |
|----------------------------|--|
| <b>Fund</b>                | Truelink Capital II, L.P. (the “Fund”)   |
| <b>General Partner</b>     | Truelink Capital (the “General Partner” or “Truelink”)   |
| <b>Report Date</b>         | November 2025  |
| <b>Fundraising</b>         | The General Partner is targeting capital commitments of \$1.5 billion. The General Partner expects to hold a first, and maybe final, closing in mid-Q1 2026.   |
| <b>Source</b>              | Franklin Park sourced the fund offering directly from the General Partner. The General Partner has retained William Blair to assist with fundraising.  |
| <b>Investment Strategy</b> | <p>The Fund is being formed to make control equity investment in middle market U.S. companies. The Fund will target under-optimized companies in the tech-enabled services and industrial sectors with EBITDA between \$25 million and \$100 million. Targeted investments are expected to have the following characteristics:</p> <ul style="list-style-type: none"> <li>• \$100 million to \$1 billion of enterprise value</li> <li>• Attractive purchase price multiples at strong relative values</li> <li>• Companies with strong business fundamentals, but that are under-optimized operationally</li> <li>• Ability to drive M&amp;A</li> <li>• Tech-enabled services sub-sectors including payments, business process outsourcing, software, financial technology, and edtech</li> <li>• Industrial sub-sectors including building products, packaging, industrial distribution, chemicals, and metals</li> <li>• Target transaction types including corporate carve-outs and divestitures, ownership transitions, recapitalizations, public-to-privates, restructurings, and distressed/stressed situations</li> </ul> |
| <b>Management Team</b>     | Based in Los Angeles, the General Partner was founded in 2022 by Todd Golditch and Luke Myers (the “Principals”) who formerly worked together at Platinum Equity (“Platinum”). The Principals are supported by six mid-level and junior investment professionals, a VP of business development, a CFO/CCO, a Head of Operations, and a mid-level Operations professional. The Principals’ backgrounds are summarized in the following table.   |

| Principals    | Yrs. GP | Yrs. PE | Background           |
|---------------|---------|---------|----------------------|
| Todd Golditch | 3       | 24      | Platinum Equity      |
| Luke Myers    | 3       | 12      | Platinum Equity; UBS |

|                     |  |
|---------------------|--|
| <b>Track Record</b> | The General Partner has raised one prior fund. The performance of the prior fund is summarized below, as of June 30, 2025. |
|---------------------|--|

| Aggregate Performance Summary <sup>1</sup> |           |                          |          |          | (USD 000)  |           |           |
|--|-----------|--------------------------|----------|----------|------------|-----------|-----------|
| Fund (Vintage)                             | Fund Size | Realized Deals / # Deals | Invested | Realized | Unrealized | Gross ROI | Gross IRR |
| Fund I (2022)                              | 950,000   | 0 / 9                    | 675,941  | 33,155   | 1,016,312  | 1.6x      | 56.4%     |
| Total                                      |           | 0 / 9                    | 675,941  | 33,155   | 1,016,312  | 1.6x      | 56.4%     |

<sup>1</sup> Gross of fees and carried interest expenses. The unrealized investments were valued by the General Partner.

**Investment  
Evaluation**

1. **The Fund will pursue a compelling investment strategy.** The Fund will target acquisitions of under-optimized middle market businesses. The return potential for the Fund's strategy is high given the Fund's focus on growth-oriented, middle market, often family/founder owned or managed companies. Purchase prices for middle market companies are typically lower than larger companies, and typically have higher historical growth rates. Moreover, there are significant opportunities for value creation with middle market companies that an experienced private equity investment team can exploit.
2. **The General Partner's senior team is experienced.** The Principals average 18 years of relevant private equity experience. Messrs. Golditch and Myers have spent over 12 years together at the General Partner and their predecessor firm.

**Further, the General Partner leverages its operating team to help source, evaluate and add value to deals.** Truelink employs six full-time professionals as well as a network of functional experts and executives. The operating team resources are involved in sourcing, diligence and post-investment value creation, and help to differentiate the General Partner with founder-owned businesses and management teams. The Operating team is led by Peter Shultz who previously worked with the Principals at Platinum, and he has over two decades of executive operating experience, including experience working with private equity-backed companies.

3. **The General Partner's track record is young but performing well.** Fund I ranks in the top quartile by TVPI, DPI and net IRR compared to its peers in the same vintage. However, the portfolio is still young and there have been no realizations to date.

**In addition, the Principals have a track record from a prior firm.** While at Platinum Equity, the Principals were involved in approximately 18 investments and 30 add-on acquisitions, which produced attractive returns. However, this track record is not fully relevant to the Fund's strategy nor fully attributable to the Principals as they were team members of a larger firm.

4. **The Fund will be significantly larger than the prior fund.** At a target size of \$1.5 billion, the Fund will be ~60% larger than Fund I. However, Fund I has utilized \$535 million of co-investment capital in addition to the capital the fund has invested in its portfolio companies to date.

**Recommendation** Franklin Park recommends a commitment of up to \$45 million to the Fund, subject to completion of investment, operational and legal due diligence, based on the following:

- The Fund's investment strategy is compelling;
- The General Partner's senior team is experienced; and
- The General Partner's track record is young but performing well.

**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**1400 West Third Street**  
**Little Rock, Arkansas 72201**

**R E S O L U T I O N**  
**No. 2025-50**

**Approving Investment in  
Truelink Capital II, L.P.**

**WHEREAS**, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

**WHEREAS**, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Truelink Capital II, L.P.**, a private equity fund that will focus on investments in middle market technology and industrial companies in North America.

**THEREFORE, BE IT RESOLVED**, that the ATRS Board approves an investment of up to **\$45 million dollars (\$45,000,000.00)** in **Truelink Capital II, L.P.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

**FURTHER, BE IT RESOLVED**, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment, if acceptable terms are reached.

**Adopted this 1st day of December 2025.**

---

**Dr. Mike Hernandez, Chair**  
**Arkansas Teacher Retirement System**





# Arkansas Teacher Retirement System 2026 Investment Plan

December 2025



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By accepting this Presentation the Recipient agrees to be bound by the foregoing obligations and limitations.



## 2025 Actual Commitments vs. Plan

ATRS is expected to commit \$400 million in 2025 (consistent with plan approved by board in December 2024)

### ATRS Commitments

| Investment              | Strategy                               | Region         | ATRS Commitment | Board Approval |
|-------------------------|--|----------------|-----------------|----------------|
| MML VIII                | Private Debt – Structured Capital      | W. Europe/U.S. | \$40m           | Apr 2025       |
| Arlington VII           | Buyout (mid market)                    | U.S.           | \$40m           | Jun 2025       |
| Great Hill IX           | Growth Equity                          | U.S.           | \$20m           | Jun 2025       |
| BV XII                  | Buyout (mid market)                    | U.S.           | \$45m           | Sept 2025      |
| Constellation Wealth II | Structured Capital                     | U.S.           | \$45m           | Sept 2025      |
| Niobrara I              | Buyout (mid market)                    | U.S.           | \$45m           | Dec 2025*      |
| Truelink II             | Buyout (industrial, tech-enabled svcs) | U.S.           | \$45m           | Dec 2025*      |
| FP CF Access III        | Buyout/Growth/Turnaround               | U.S.           | \$40m           | Feb 2025       |
| FP Venture Opps II      | Mid/Late Stage VC                      | U.S./Non-U.S.  | \$40m           | Apr 2025       |
| FP Venture XV           | Early Stage VC                         | U.S./Non-U.S.  | \$40m           | Apr 2025       |
| <b>Total</b>            |  |                | <b>\$400m</b>   |                |

\* Pending completion of Franklin Park due diligence and ATRS IC and board approval

### Due Diligence Activities

| Activity               | # of Funds<br>(LTM 3Q25) | % of Funds<br>Reviewed<br>(LTM 3Q25) |
|------------------------|--------------------------|--------------------------------------|
| Preliminary Reviews    | 837                      | 100%                                 |
| Manager Meetings       | 244                      | 29%                                  |
| Due Diligence Analyses | 116                      | 14%                                  |
| ATRS Funds Closed*     | 7                        | <1%                                  |

\* Excludes FP Vehicles

# Policy

ATRS’ Objective, Guidelines and Constraints are outlined below

Objectives

- Generate a long-term return of 200 bps over the Dow Jones U.S. Total Stock Market index (Post-2006 Portfolio +330 bps as of 6/30/25)

Guidelines

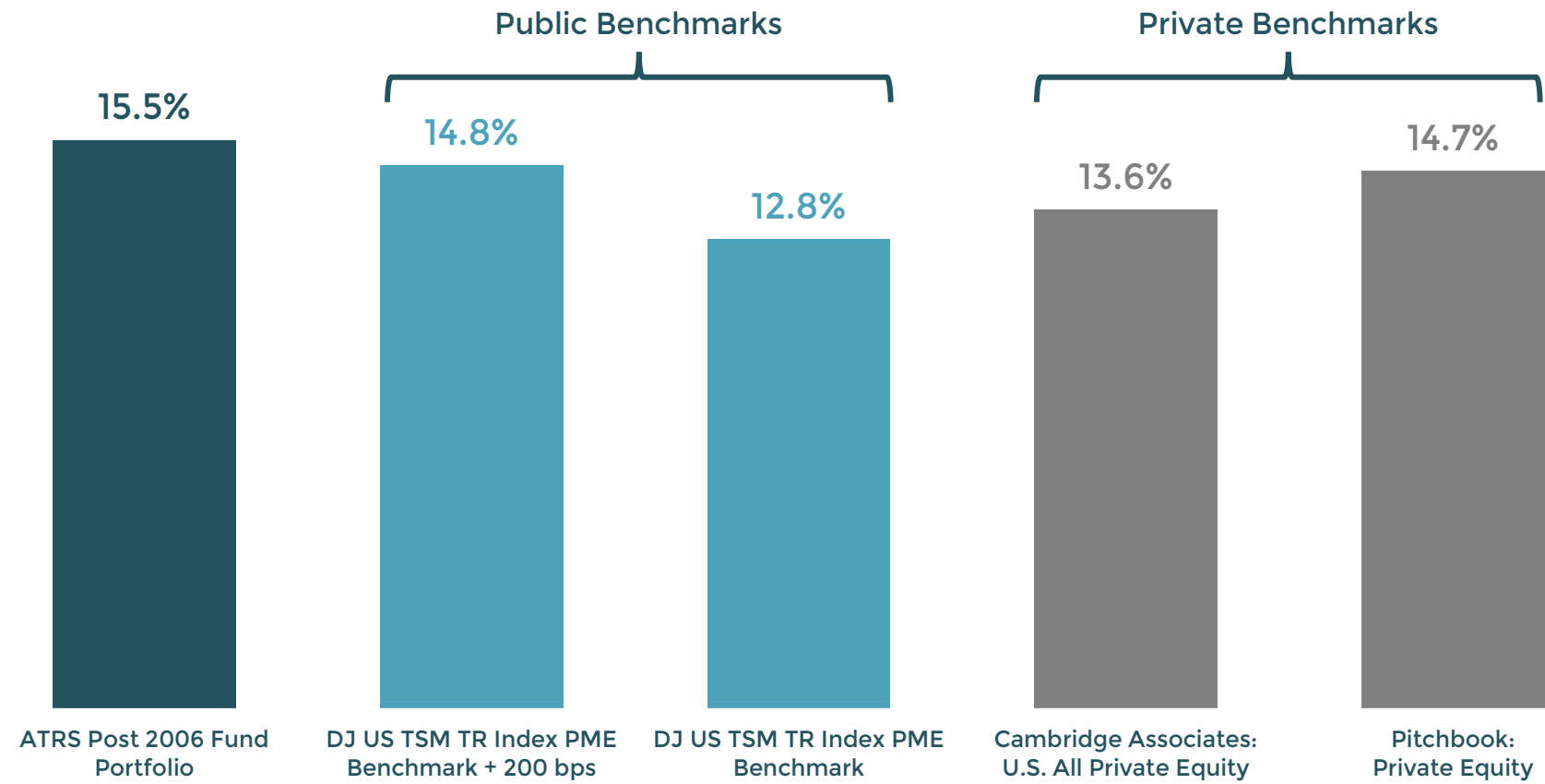
- Achieve a target 12% allocation to private equity (12.9% as of 6/30/25)
- Target 80-100% of PE commitments to Corporate Finance strategies, including buyout, turnaround, growth capital and private debt funds (85.1% as of 6/30/25)
- Target 0-20% of PE commitments to Venture Capital strategies (14.9% as of 6/30/25)

Constraints

- Individual commitments should be at least \$10 million
- A commitment can be no more than 15% of the total amount raised by a primary fund
- No more than 35% of new private equity commitments can be invested with any one underlying fund manager

# ATRS Post 2006 Fund Portfolio – 10-Year Benchmark Analysis (IRR)

10-year returns as of June 30, 2025



For illustrative purposes only. See the Footnotes section on page 9 for additional information.

## ATRS Post 2006 Fund Portfolio – 10-Year Benchmark Analysis (TWR)

### Return comparison to survey of 200 public pension funds

- The American Investment Council produces an annual public pension study examining the investment and returns of America's largest public pension funds
- The most recent survey, as of June 30, 2024, included information for 200 U.S. public pension funds
- ATRS Post 2006 Fund Portfolio was not included in the study since there is not a 10-year private equity TWR published publicly for this sub-portfolio

#### Top 10 public pension funds by private equity returns

##### ANNUALIZED 10-YEAR PRIVATE EQUITY RETURNS

|  | Members   | Return |
|--|-----------|--------|
| 1. Vermont Pension Investment Commission               | 65,637    | 18.82% |
| 2. Ohio School Employees Retirement System             | 252,447   | 17.20% |
| 3. West Virginia Investment Management Board           | N/A       | 17.03% |
| 4. Massachusetts Pension Reserves Investment Trust     | 300,000   | 16.88% |
| 5. Illinois State Board of Investment                  | 182,872   | 16.70% |
| 6. City of Baltimore Employees' Retirement System      | 17,989    | 16.50% |
| 7. Iowa Public Employees' Retirement System            | 414,172   | 15.99% |
| 8. Chicago Policemen's Annuity & Benefits Fund         | 27,774    | 15.94% |
| 9. New Mexico Public Employees' Retirement Association | 132,073   | 15.92% |
| 10. The Florida Retirement System                      | 1,200,000 | 15.81% |

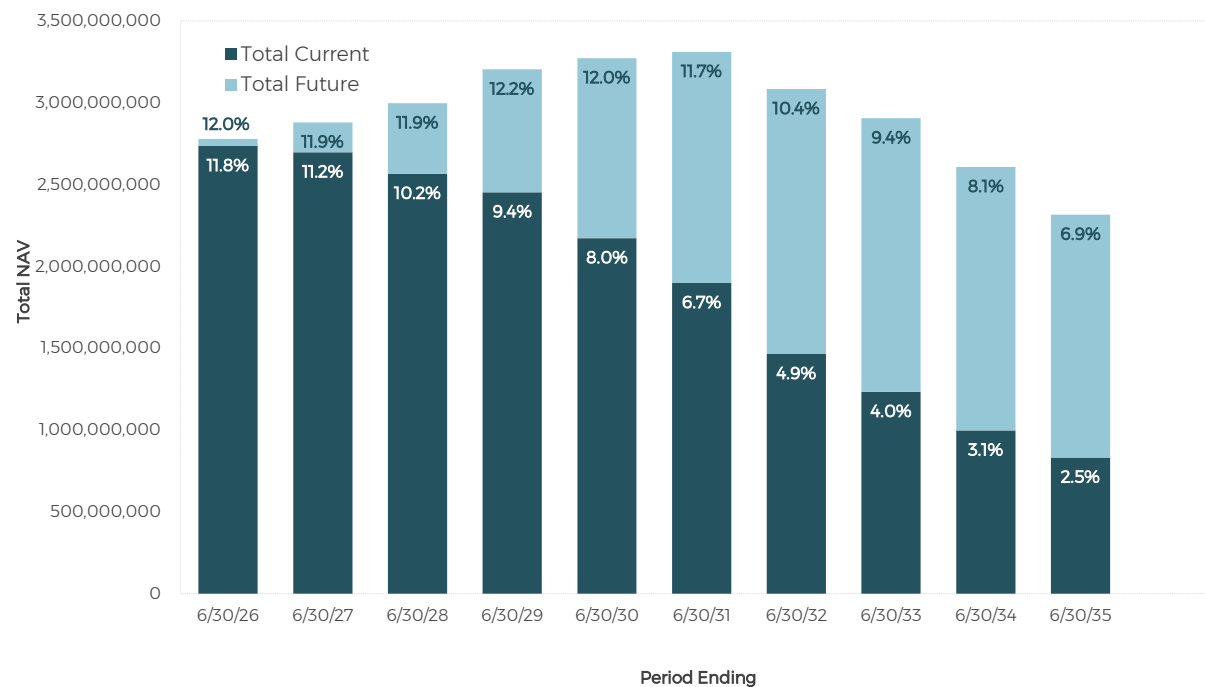
The 10-year time-weighted return for the ATRS Post 2006 Fund Portfolio as of June 30, 2024 was:

**15.84%**

Source: American Investment Council 2025 Retirement Security Report.  
For illustrative purposes only. See additional information on time-weighted return in the Footnotes.

## Investment Pacing – Results

To maintain a 12% allocation to PE, \$500 million should be committed annually



### Methodology

- Franklin Park's pacing model approximates the amount of capital that an investor should commit each year to reach its target allocation over a specified horizon
- The model is based on historical industry cash flow rates generated from Thomson One Private Equity's database

### Assumptions

- Beginning ATRS market value equal to average of the eight quarters ended June 30, 2025 (\$22.2B)
- 4.2% annual net growth rate for total assets
- 12% target allocation to private equity
- Existing private equity portfolio data as of 6/30/25
- Future commitments allocated 70% to corporate finance equity funds, 10% to private debt funds, and 20% to venture capital funds

The above commitment pacing plan is hypothetical based on the assumptions outlined above. No assurance can be given that the allocation targets will be achieved.

## Commitment Plan

ATRS should consider allocating the planned 2026 commitments to approximately 10 funds/vehicles

| Investment             | Strategy                      | Region        | ATRS Commitment    | Board Approval |
|------------------------|-------------------------------|---------------|--------------------|----------------|
| Direct Fund            | Buyout/Growth/Turnaround      | U.S.          | \$50m              | TBD            |
| Direct Fund            | Buyout/Growth/Turnaround      | U.S./non-U.S. | \$50m              | TBD            |
| Direct Fund            | Buyout/Growth/Turnaround      | U.S./non-U.S. | \$50m              | TBD            |
| Direct Fund            | Buyout/Growth/Turnaround      | U.S.          | \$45m              | TBD            |
| Direct Fund            | Buyout/Growth/Turnaround      | U.S.          | \$45m              | TBD            |
| Direct Fund            | Buyout/Growth/Turnaround      | U.S.          | \$45m              | TBD            |
| Direct Fund            | Buyout/Growth/Turnaround/Debt | U.S.          | \$45m              | TBD            |
| Direct Fund            | Buyout/Growth/Turnaround/Debt | U.S.          | \$45m              | TBD            |
| FP Co-Invest VII (15%) | Buyout/Growth/Turnaround      | U.S.          | \$75m <sup>1</sup> | TBD            |
| FP Venture XVI (10%)   | Early Stage VC                | U.S./Non-U.S. | \$50m <sup>1</sup> | TBD            |
| <b>Total</b>           |                               |               | <b>\$500m</b>      |                |

<sup>1</sup> Proposed commitment to a Franklin Park-managed private fund.



## Recommendation

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**Maintain current policy targets and investment guidelines**

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**Seek to commit \$500 million in 2026**

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**Allocate the planned commitments to approximately 10 funds/vehicles**

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## Footnotes

ATRS Post 2006 Fund Portfolio – 10-Year Benchmark Analysis (IRR) (p.4)  
ATRS return represents the 10-year net IRR of the ATRS Post 2006 Fund Portfolio as of June 30, 2025, net of underlying portfolio fund fees, expenses and carried interest, but gross of Franklin Park's advisory fee.

*Public Benchmarks* represent public market equivalent ("PME") returns. PME represents the performance of the indicated public index expressed in terms of an IRR, using the same cash flows, timing and weightings as the ATRS Post 2006 Fund Portfolio as of June 30, 2025.

The PME serves as a proxy for the return the investor could have achieved by investing in the public market. The PME return assumes cash flows are invested at the end of each day. The indices selected are well known, broad-based public equity index used for illustrative purposes only. Comparisons to public equity benchmarks have limitations because such benchmarks have material characteristics that may differ from a private equity investment. For example, the investments made by ATRS Post 2006 Fund Portfolio differ significantly in terms of security holdings, industry weightings, asset allocation, liquidity and risk from those of the benchmark. In addition, it is not possible to invest directly in a benchmark and benchmarks do not reflect fees and expenses. Users should carefully consider these limitations and differences when evaluating the comparative benchmark data performance.

*Private Benchmarks:*  
Cambridge Associates, U.S. All Private Equity, represents the 10-year horizon return, net to limited partners for all U.S. private equity asset classes as of March 31, 2025.

Pitchbook: Private Equity represents a 10-year horizon return for global private equity funds as of March 31, 2025, net of fees and accrued carry. Private Equity includes Buyout, Growth Equity, Turnaround and Diversified PE.

Both Cambridge Associates and Pitchbook primarily source information from partnership financial statements and narratives concerning cash flows and ending residual/ net asset values. There are limitations as certain years may have less funds reporting and the index information is subject to those private funds that have information available and subject to the

reliability of the information provided. Franklin Park is not able to assess the universe of private funds included in the Cambridge Associates or Pitchbook data, including whether such funds have risk/return profiles similar to that of the ATRS Post 2006 Fund Portfolio, or other material characteristics that may differ from the ATRS Post 2006 Fund Portfolio. Accordingly, the reader should consider these limitations and differences when evaluating the comparative benchmark data performance.

### Time-Weighted Return (TWR)

The FP calculated time-weighted returns represent the Modified Dietz method of calculating the TWR, which accounts for the timing of cash flows. Franklin Park does not calculate or report time-weighted returns for private markets portfolios. The TWR is provided for illustrative purposes only. IRR calculations are generally considered more appropriate for private market portfolios as an IRR accounts for both the timing and amount of capital contributions and distributions.

# **ATRS Board Policy 4**

## **STATEMENT OF INVESTMENT POLICY**

A.C.A. § 24-7-305

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### **I. Board - Investment Policies and Procedures**

#### **A. Statement of Investment Policy**

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees ("Board") may take appropriate levels of risk to earn higher levels of investment return.
2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System ("the System"). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.
3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the System's plan beneficiaries.
4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.
5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's written advice or written recommendation. The System shall not approve any material changes in any direct investment without first receiving written advice or a written recommendation from a third-party investment consultant and, if

needed, outside legal counsel, and, without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.
2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 and Act 937 of 2025 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:
  - a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or
  - b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.
2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

#### D. Standard of Care

1. When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.
2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.
3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary's evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.
4. Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

## E. Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

| Asset Category             | Minimum*            | Target               | Maximum*              |
|----------------------------|---------------------|----------------------|-----------------------|
| Total Equity               | 4 <del>1</del> 3.0% | 48 <del>4</del> 6.0% | 51 <del>3</del> .0%** |
| Fixed Income               | 15 <del>7</del> .0% | 20 <del>1</del> 8.0% | 21 <del>3</del> .0%   |
| Opportunistic/Alternatives | N/A                 | 5.0%                 | N/A                   |
| Real Assets***             | N/A                 | 15 <del>1</del> 4.0% | N/A                   |
| <u>Private Credit</u>      | <u>N/A</u>          | <u>5.0%</u>          | <u>N/A</u>            |
| Private Equity             | N/A                 | 12.0%                | N/A                   |
| Cash Equivalents           | 0.0%                | 0.0%                 | 5.0%                  |

\* Due to the illiquid nature of opportunistic/alternatives, real assets, private credit, and private equity, it is not prudent to set rebalancing ranges for these asset classes.

\*\*Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, private credit, and private equity.

\*\*\*Real assets includes real estate, timber, agriculture, and infrastructure.

## F. Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.
2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.
4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.
5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.
6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

#### G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System's investment strategy.
2. Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.
3. It is the policy of the Board to include, whenever appropriate, qualified minority-owned and women-owned business enterprises in the System's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.

4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance, organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.
5. The Board shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.
6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

#### H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.
2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

#### I. Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.

2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market, excluding prohibited securities per Arkansas Code, as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) ex China ex Hong Kong Index over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI ex China ex Hong Kong Index. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI ex China ex Hong Kong Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI ex China ex Hong Kong Index. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

#### J. Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.
2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

#### K. Opportunistic/Alternative Investments



1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income, equities, private equity, private credit and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.
2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

#### L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:

- 78% Real Estate
- 2% Timber
- 1% Agriculture
- 4% Infrastructure

The total target of the asset class will be 1415%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset allocation be exceeded, the Executive Director, working with the Real

Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a five-year period, it is expected to meet or exceed the NFIODCE over rolling five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

#### M. Private Credit

1. The strategic role of Private Credit is to diversify equity beta, provide a meaningful level of absolute return to the portfolio, and offer a level of return stability via contractual income. Types of strategies may include, but are not limited to, direct corporate lending, asset-based lending, distressed, opportunistic, real asset and other niche debt strategies. This portfolio will be primarily illiquid in nature with typical lock-ups of 5-10 years. Due to the illiquid nature of the investments, it may take time to reach and maintain the target allocation of 5%.
2. To support appropriate diversification, the Private Credit portfolio will generally follow the strategy guidelines below:
  - i 30-50% Corporate direct lending
  - ii 30-50% Asset-based lending
  - iii 20-30% Opportunistic Debt
3. They System's goal for private credit investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public leverage loan market, as measured by the Morningstar LSTA Leveraged Loan Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private credit (approximately 5-7 years).

#### K.N. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.

4—
2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

#### L.O. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.
2. The System's cash management goal shall be to preserve capital and maintain liquidity.

#### M.P. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

#### N.Q. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

#### O.R. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative usage shall be specified in the investment management agreement or specific guidelines.
2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

#### P.S. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of

such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.

2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

#### Q.T. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a \$1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.
2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

#### R.U. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

#### S.V. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

#### T.W. Proxies

1. All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.
2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.
3. The Executive Director is authorized to vote all proxies related to stocks owned by the System and to provide binding voting instructions to the System's investment managers regarding proxies related to stocks in which they invest the System's assets. The Executive Director shall exercise this authority in compliance with Arkansas Code § 24-2-801 et seq. The Executive Director shall cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by the Executive Director must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the Executive Director must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).
4. The Executive Director may retain an independent proxy vote management service to analyze proxy issues, make voting recommendations, vote proxies as the System's agent, and provide voting instructions to the System's investment managers. The System requires the proxy vote management service to act in a manner that complies with Arkansas Code § 24-2-801 et seq. Any vote, instruction, or recommendation made by the proxy vote management service must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the proxy vote management service must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).
5. The Executive Director may delegate voting authority to an investment manager to vote proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801

et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by an investment manager pursuant to a delegation must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the investment manager must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

U.X. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

## HISTORY

Amended: October 4, 2010

Amended: February 7, 2011

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# **ATRS Board Policy 4**

## **STATEMENT OF INVESTMENT POLICY**

A.C.A. § 24-7-305

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### **I. Board - Investment Policies and Procedures**

#### **A. Statement of Investment Policy**

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees ("Board") may take appropriate levels of risk to earn higher levels of investment return.
2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System ("the System"). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.
3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the System's plan beneficiaries.
4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.
5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's written advice or written recommendation. The System shall not approve any material changes in any direct investment without first receiving written advice or a written recommendation from a third-party investment consultant and, if

needed, outside legal counsel, and, without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.
2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 and Act 937 of 2025 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:
  - a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or
  - b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.
2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

#### D. Standard of Care

1. When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.
2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.
3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary's evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.
4. Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

## E. Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

| <b>Asset Category</b>      | <b>Minimum*</b> | <b>Target</b> | <b>Maximum*</b> |
|----------------------------|-----------------|---------------|-----------------|
| Total Equity               | 41.0%           | 46.0%         | 51.0%**         |
| Fixed Income               | 15.0%           | 18.0%         | 21.0%           |
| Opportunistic/Alternatives | N/A             | 5.0%          | N/A             |
| Real Assets***             | N/A             | 14.0%         | N/A             |
| Private Credit             | N/A             | 5.0%          | N/A             |
| Private Equity             | N/A             | 12.0%         | N/A             |
| Cash Equivalents           | 0.0%            | 0.0%          | 5.0%            |

\* Due to the illiquid nature of opportunistic/alternatives, real assets, private credit, and private equity, it is not prudent to set rebalancing ranges for these asset classes.

\*\*Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, private credit, and private equity.

\*\*\*Real assets includes real estate, timber, agriculture, and infrastructure.

## F. Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.
2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.
4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.
5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.
6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

#### G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System's investment strategy.
2. Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.
3. It is the policy of the Board to include, whenever appropriate, qualified minority-owned and women-owned business enterprises in the System's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.

4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance, organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.
5. The Board shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.
6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

#### H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.
2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

#### I. Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.

2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market, excluding prohibited securities per Arkansas Code, as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) ex China ex Hong Kong Index over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI ex China ex Hong Kong Index. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI ex China ex Hong Kong Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI ex China ex Hong Kong Index. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

J. Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.
2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income, equities, private equity, private credit and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.
2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

#### L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:
  - 7% Real Estate
  - 2% Timber
  - 1% Agriculture
  - 4% Infrastructure

The total target of the asset class will be 14%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset allocation be exceeded, the Executive Director, working with the Real



Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a five-year period, it is expected to meet or exceed the NFIODCE over rolling five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

#### M. Private Credit

1. The strategic role of Private Credit is to diversify equity beta, provide a meaningful level of absolute return to the portfolio, and offer a level of return stability via contractual income. Types of strategies may include, but are not limited to, direct corporate lending, asset-based lending, distressed, opportunistic, real asset and other niche debt strategies. This portfolio will be primarily illiquid in nature with typical lock-ups of 5-10 years. Due to the illiquid nature of the investments, it may take time to reach and maintain the target allocation of 5%.
2. To support appropriate diversification, the Private Credit portfolio will generally follow the strategy guidelines below:
  - i 30-50% Corporate direct lending
  - ii 30-50% Asset-based lending
  - iii 20-30% Opportunistic Debt
3. The System's goal for private credit investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public leverage loan market, as measured by the Morningstar LSTA Leveraged Loan Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private credit (approximately 5-7 years).

#### N. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.
2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

#### O. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.
2. The System's cash management goal shall be to preserve capital and maintain liquidity.

P. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

Q. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

R. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative usage shall be specified in the investment management agreement or specific guidelines.
2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

S. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of

such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.

2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

#### T. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a \$1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.
2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

#### U. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

#### V. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

#### W. Proxies

1. All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.
2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.
3. The Executive Director is authorized to vote all proxies related to stocks owned by the System and to provide binding voting instructions to the System's investment managers regarding proxies related to stocks in which they invest the System's assets. The Executive Director shall exercise this authority in compliance with Arkansas Code § 24-2-801 et seq. The Executive Director shall cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by the Executive Director must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the Executive Director must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).
4. The Executive Director may retain an independent proxy vote management service to analyze proxy issues, make voting recommendations, vote proxies as the System's agent, and provide voting instructions to the System's investment managers. The System requires the proxy vote management service to act in a manner that complies with Arkansas Code § 24-2-801 et seq. Any vote, instruction, or recommendation made by the proxy vote management service must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the proxy vote management service must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).
5. The Executive Director may delegate voting authority to an investment manager to vote proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801

et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by an investment manager pursuant to a delegation must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the investment manager must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

#### X. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

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# **ATRS Board Policy 6**

## **REAL ASSETS INVESTMENT POLICIES**

A.C.A. § 24-7-305

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### **I. Board - Investment Policies and Procedures**

#### **A. Real Assets Investment Policies**

##### **1. Scope**

This policy applies to the Real Asset category ("Real Assets") of the Arkansas Teacher Retirement System's ("ATRS") investment portfolio. This policy governs the private market investments and not the public real asset securities exposure within the Total Equity asset class.

##### **2. Purpose and Objectives**

The purpose of this statement of investment policy is to formalize the ATRS' Board of Trustees' (the "Board") investment objectives, policies, and procedures, with respect to Real Assets, and to define the duties and responsibilities of the various entities involved in the Real Assets investment process. This statement is to be considered an extension of ATRS' general Statement of Investment Policy.

#### **B. Investment Philosophy**

1. ATRS allocates a portion of its total assets to Real Assets. ATRS defines Real Assets as investments relating to the ownership, financing, or operation of real estate, timber, agriculture, and infrastructure assets. ATRS allocates capital to Real Assets with the following goals:

##### *a. Diversification with Other Asset Classes*

Real Asset returns have historically performed differently than the returns of other asset classes in which ATRS invests. ATRS believes that Real Asset returns will continue to perform differently than those of other asset classes, allowing ATRS to lower the risk of its overall portfolio through diversification by allocating to the asset class.

##### *b. Potential Inflation Hedge*

Real Asset returns have historically shown the ability to provide a hedge against rising inflation. By allocating a portion of its investments to an asset class with these characteristics the overall risk of rising inflation to the ATRS portfolio is reduced.

#### **C. Allocation**



1. ATRS controls allocation risk at the total fund level. The allocation establishes a 154% target for the Real Asset class. As provided in ATRS' general Statement of Investment Policy, a range of minimum and maximum relative to the target has not been set as it is not prudent to set rebalancing ranges for the real asset classes due to their illiquid nature. This target allocation is to be reached and maintained over a reasonable period of time using a pacing schedule established by the joint effort of the Executive Director and Real Asset Consultant. There will be no fixed targets for the Real Assets subasset classes but the following general parameters have been identified for the Real Asset subasset classes:

- 87% Real Estate
- 2% Timber
- 1% Agriculture
- 4% Infrastructure

#### D. Performance Benchmark

1. ATRS' Real Asset portfolio is benchmarked on a net of fee basis against the following sub-asset class benchmarks over rolling five year periods.
  - a. Real Estate Benchmark: The net return for ATRS' real estate investments is expected to meet or exceed the net NCREIF Fund Index Open-end Diversified Core Equity Index ("NFI-ODCE") over five year rolling period.
  - b. Timber Benchmark: The net return for ATRS' timber investments is expected to meet or exceed the NCREIF Timberland Property Index ("NTPI") over a five year rolling period.
    - Given the highly concentrated nature of the NTPI, it is advised that an additional performance measurement tool be utilized in order to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber. The Consumer Price Index plus 300 basis points will be used for measurement.
  - c. Agriculture Benchmark: The net return for ATRS' agriculture investments is expected to meet or exceed the NCREIF Farmland Index ("NFI") over a five year rolling period.
    - Much like NTPI, NFI also has a concentrated nature and it is advised that an additional performance measurement tool be utilized in order to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture. The

Consumer Price Index plus 300 basis points will be used for measurement.

- d. Infrastructure Benchmark: Over the long term (10 years or longer), the infrastructure portfolio is expected to generate a minimum internal rate of return ("IRR") equal to the Consumer Price Index plus 500 basis points, net of all investment management fees and expenses. The Consumer Price Index plus 500 basis points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure.
2. The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark, and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

#### E. Portfolio Composition

1. The majority of the Real Asset class investments should consist of equity ownership of privately-held institutional real estate, timber, agriculture, and infrastructure investments.
2. This policy authorizes the use of all types of investment structures including, but not limited to:
  - Separate Accounts
  - Co-investments
  - Joint ventures
  - Open and closed-end funds
  - Partnerships
  - Private and public Real Estate Investment Trusts ("REITs") and Real Estate Operating Companies ("REOCs")
  - Listed or publicly traded infrastructure

#### F. Risk Management

1. For ATRS' Real Asset investments, the following sections identify the most significant risks and the method of control. Compliance with the following risk parameters shall be based on the percentage of ATRS' Real Asset portfolio's Net Asset Value at Fair Value at the end of each quarter.

a. *Investment Manager Diversification*

Investment manager risk consists of two elements: the exposure to an investment manager and the number of investment managers in ATRS' Real Asset portfolio. To control investment manager exposure, the allocation to a single Real Asset manager is typically limited to 30% of ATRS' Real Asset target allocation.

b. *Individual Investment Diversification*

In order to mitigate the risk of large losses, ATRS will diversify its Real Asset investments across many different individual investments. Individual investments, measured by gross asset value, shall generally not exceed 10% of the overall Real Asset target allocation. For Real Estate, the 10% individual investment limitation will apply to Core properties, but Non-Core properties will be generally limited to 5%. Core properties are generally defined as industrial, apartment, retail, and office portfolios that are at least 80% leased, located in major metropolitan areas, and typically use no more than 50% leverage. Non-core is generally defined as the remainder of the Real Estate property opportunity set.

c. *Liquidity*

The majority of Real Assets are illiquid. As such, ATRS understands and recognizes that the Real Asset class will not be structured in a way to provide liquidity. Should market values for the Real Asset class change such that the asset class falls outside of these and the below risk management parameters, the Executive Director and Real Asset Consultant will determine the most effective solution and timeframe to bring the Real Asset exposure into compliance.

2. Additional risk parameters at the subasset class level are defined below and compliance shall be based on the percentage of each subasset class' Net Asset Value at Fair Value at the end of each quarter:

a. Real Estate:

*Property Diversification* - ATRS seeks to minimize the risk of its Real Estate portfolio by allocating its assets across the spectrum of property types, with the majority of its investments allocated to the primary sectors of the NFI-ODCE. No single traditional property type shall account for greater than 50% of the portfolio. In addition, the general range of property type allocations will be 0.5x - 1.5x the NFI-ODCE's weight in each property type. Other property types, as

defined by NFI-ODCE, are allowed but (on a combined basis) should not exceed 20% of the real estate portfolio.

*Geographic Diversification* - The Plan seeks to minimize the risk of its real estate portfolio by allocating its investments across the geographic spectrum. Within the United States, the general range of geographic allocations will be 0.5x - 1.5x the NFI-ODCE weight in each region. With respect to non-U.S. investing, no more than 40% of the portfolio may be invested outside of the U.S. ATRS may initiate Arkansas-related mortgage loans and direct Real Estate investments to meet the goal of investing in quality Arkansas related investments. The Executive Director and Real Estate Consultant will monitor the Arkansas-related Real Estate holdings to protect against excessive risk due to sector or geographic exposure. The goal of Arkansas-related investments shall be to achieve a total rate of return, net of all fees and costs that will exceed the real estate performance benchmark over time.

*Leverage* - ATRS allows some of its investment managers the ability to use modest amounts of leverage in their investment strategy as a means of enhancing the overall risk-adjusted returns available to ATRS. In keeping with its goal of risk mitigation, leverage at the total asset class level should be kept below a 50% loan-to-value ratio.

*Life Cycle* - ATRS will endeavor to invest the majority of its assets in fully established, income-producing Real Estate, commonly referred to as Core Real Estate. As defined above, the ATRS goal will be to have between 50% and 70% of its Real Estate asset class in Core investments. Non-Core opportunities, such as Value Added and Opportunistic real estate strategies, may provide better alpha generation but will be viewed tactically and have an operating allocation range of 30% to 50% of the real estate portfolio.

b. Timber:

*Geographic Diversification* - The Plan seeks to minimize the risk of its timber portfolio by allocating its investments across the geographic spectrum. Within the United States, the allowable range of geographic allocations will fall within the following target ranges as defined by the NCREIF timberland index.

| <u>Region</u>    | <u>Range</u>      |
|------------------|-------------------|
| <u>South</u>     | <u>40% to 80%</u> |
| <u>Northwest</u> | <u>0% to 50%</u>  |
| <u>Northeast</u> | <u>0% to 20%</u>  |

|                    |                  |
|--------------------|------------------|
| <u>Lake States</u> | <u>0% to 20%</u> |
| <u>Other</u>       | <u>0% to 20%</u> |

c. Agriculture:

*Crop Diversification* - The majority of the portfolio will be comprised of existing crop properties. With the exception of the portfolio creation stage, no crop shall comprise in excess of 40% of the agriculture portfolio.

*Geographic Diversification* - Investments will be primarily located within the continental United States. Properties located within the state of Arkansas are preferred within a prudent range of exposure for the total portfolio. It is desired that the investments will have attractive locations with good market access. No region, as defined by the NCREIF Farm Index regional definitions, will comprise more than 40% of the agriculture portfolio.

*Leverage* - In keeping with its goal of risk mitigation, leverage at the total asset class level should be kept below a 20% loan-to-value ratio.

d. Infrastructure: ATRS will use diversification of its infrastructure portfolio as a risk mitigation tactic. Relevant risk factors considered are strategy, manager, firm, vintage year, asset type, geographic and liquidity issues. However, initial allocations during early implementation may result in temporary variances.

*Strategy* - The portfolio should be appropriately diversified across infrastructure asset classes and vehicles due to various risk/return characteristics.

*Manager* - Manager risk consists of two elements, the exposure within an investment vehicle, and the number of managers (general partners) in a given infrastructure fund. The exposure to a specific manager within an investment vehicle is controlled by limiting its commitment size. The cohesion of the general partners and the vesting rights to interest carry are important elements of insuring a successfully performing general partnership as are the past success of the business model employed and the length of time the team has remained stable.

*Vintage* - Vintage reflects the year of first capital draw and vintage risk refers to the variability of infrastructure commitments over time. Commitments to partnership investments will be staged over time such that the infrastructure portfolio invests over business cycles and insulates the portfolio from event risk.

*Asset Type* - Typically, infrastructure partnerships are permitted to invest in assets in a wide variety of industries (Transportation, Energy/Utility and Other) with limited controls. Risk from investing in assets with different return characteristics is controlled primarily through appropriate diversification across business sectors and sub-sectors. No infrastructure asset class shall account for more than 70% of the portfolio.

*Geographic* - Over the long-term, the infrastructure portfolio should seek diversification with regard to major regional areas both domestically and internationally. The infrastructure portfolio will accept the currency risks consistent with the geographic constraints. Infrastructure partnerships generally do not hedge currency risk, though with increasing globalization, one can see this practice increasing. With respect to U.S. investing, the portfolio should generally target at least 40%.

#### G. Distinction of Responsibilities

1. The Board, as Trustees, is responsible for approving the Real Asset Statement of Investment Policy.
2. ATRS' Board of Trustees is responsible for selecting the investment managers used to implement the Real Asset Statement of Investment Policy.
3. ATRS' Investment Staff and the Real Asset Consultant are jointly responsible for recommending the Investment Managers to the Board, as well as managing the Real Asset class, as described by the Real Asset Statement of Investment Policy, on an on-going basis, including monitoring the investment managers.
4. The Real Asset Consultant will assist ATRS' Investment Staff in recommending investment managers to the Board, monitoring investment managers, presenting Real Asset class performance to the Board, and will assist Investment Staff in developing and recommending the Real Asset Statement of Investment Policy and any changes to this document.
5. Investment Managers are utilized by ATRS to implement the specific investment strategies selected by ATRS.

#### H. Reporting and Monitoring

1. The Investment Staff and the Real Asset Consultant will monitor performance on a quarterly basis, providing a quarterly report to the Board. The report will provide a comprehensive review of the Real Asset portfolio in a form approved by ATRS' Investment Staff and the Real Asset Consultant.

## HISTORY

Adopted October 7, 2013

Adopted October 5, 2015

Amended February 3, 2020

Amended December 7, 2020

Amended June 5, 2023

Amended December 2, 2024

Amended December 1, 2025

# **ATRS Board Policy 6**

## **REAL ASSETS INVESTMENT POLICIES**

A.C.A. § 24-7-305

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### **I. Board - Investment Policies and Procedures**

#### **A. Real Assets Investment Policies**

##### **1. Scope**

This policy applies to the Real Asset category ("Real Assets") of the Arkansas Teacher Retirement System's ("ATRS") investment portfolio. This policy governs the private market investments and not the public real asset securities exposure within the Total Equity asset class.

##### **2. Purpose and Objectives**

The purpose of this statement of investment policy is to formalize the ATRS' Board of Trustees' (the "Board") investment objectives, policies, and procedures, with respect to Real Assets, and to define the duties and responsibilities of the various entities involved in the Real Assets investment process. This statement is to be considered an extension of ATRS' general Statement of Investment Policy.

#### **B. Investment Philosophy**

1. ATRS allocates a portion of its total assets to Real Assets. ATRS defines Real Assets as investments relating to the ownership, financing, or operation of real estate, timber, agriculture, and infrastructure assets. ATRS allocates capital to Real Assets with the following goals:

##### *a. Diversification with Other Asset Classes*

Real Asset returns have historically performed differently than the returns of other asset classes in which ATRS invests. ATRS believes that Real Asset returns will continue to perform differently than those of other asset classes, allowing ATRS to lower the risk of its overall portfolio through diversification by allocating to the asset class.

##### *b. Potential Inflation Hedge*

Real Asset returns have historically shown the ability to provide a hedge against rising inflation. By allocating a portion of its investments to an asset class with these characteristics the overall risk of rising inflation to the ATRS portfolio is reduced.

#### **C. Allocation**



1. ATRS controls allocation risk at the total fund level. The allocation establishes a 14% target for the Real Asset class. As provided in ATRS' general Statement of Investment Policy, a range of minimum and maximum relative to the target has not been set as it is not prudent to set rebalancing ranges for the real asset classes due to their illiquid nature. This target allocation is to be reached and maintained over a reasonable period of time using a pacing schedule established by the joint effort of the Executive Director and Real Asset Consultant. There will be no fixed targets for the Real Assets subasset classes but the following general parameters have been identified for the Real Asset subasset classes:

- 7% Real Estate
- 2% Timber
- 1% Agriculture
- 4% Infrastructure

#### D. Performance Benchmark

1. ATRS' Real Asset portfolio is benchmarked on a net of fee basis against the following sub-asset class benchmarks over rolling five year periods.
  - a. Real Estate Benchmark: The net return for ATRS' real estate investments is expected to meet or exceed the net NCREIF Fund Index Open-end Diversified Core Equity Index ("NFI-ODCE") over five year rolling period.
  - b. Timber Benchmark: The net return for ATRS' timber investments is expected to meet or exceed the NCREIF Timberland Property Index ("NTPI") over a five year rolling period.
    - Given the highly concentrated nature of the NTPI, it is advised that an additional performance measurement tool be utilized in order to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber. The Consumer Price Index plus 300 basis points will be used for measurement.
  - c. Agriculture Benchmark: The net return for ATRS' agriculture investments is expected to meet or exceed the NCREIF Farmland Index ("NFI") over a five year rolling period.
    - Much like NTPI, NFI also has a concentrated nature and it is advised that an additional performance measurement tool be utilized in order to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture. The

Consumer Price Index plus 300 basis points will be used for measurement.

- d. Infrastructure Benchmark: Over the long term (10 years or longer), the infrastructure portfolio is expected to generate a minimum internal rate of return ("IRR") equal to the Consumer Price Index plus 500 basis points, net of all investment management fees and expenses. The Consumer Price Index plus 500 basis points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure.
2. The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark, and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

#### E. Portfolio Composition

1. The majority of the Real Asset class investments should consist of equity ownership of privately-held institutional real estate, timber, agriculture, and infrastructure investments.
2. This policy authorizes the use of all types of investment structures including, but not limited to:
  - Separate Accounts
  - Co-investments
  - Joint ventures
  - Open and closed-end funds
  - Partnerships
  - Private and public Real Estate Investment Trusts ("REITs") and Real Estate Operating Companies ("REOCs")
  - Listed or publicly traded infrastructure

#### F. Risk Management

1. For ATRS' Real Asset investments, the following sections identify the most significant risks and the method of control. Compliance with the following risk parameters shall be based on the percentage of ATRS' Real Asset portfolio's Net Asset Value at Fair Value at the end of each quarter.

a. *Investment Manager Diversification*

Investment manager risk consists of two elements: the exposure to an investment manager and the number of investment managers in ATRS' Real Asset portfolio. To control investment manager exposure, the allocation to a single Real Asset manager is typically limited to 30% of ATRS' Real Asset target allocation.

b. *Individual Investment Diversification*

In order to mitigate the risk of large losses, ATRS will diversify its Real Asset investments across many different individual investments. Individual investments, measured by gross asset value, shall generally not exceed 10% of the overall Real Asset target allocation. For Real Estate, the 10% individual investment limitation will apply to Core properties, but Non-Core properties will be generally limited to 5%. Core properties are generally defined as industrial, apartment, retail, and office portfolios that are at least 80% leased, located in major metropolitan areas, and typically use no more than 50% leverage. Non-core is generally defined as the remainder of the Real Estate property opportunity set.

c. *Liquidity*

The majority of Real Assets are illiquid. As such, ATRS understands and recognizes that the Real Asset class will not be structured in a way to provide liquidity. Should market values for the Real Asset class change such that the asset class falls outside of these and the below risk management parameters, the Executive Director and Real Asset Consultant will determine the most effective solution and timeframe to bring the Real Asset exposure into compliance.

2. Additional risk parameters at the subasset class level are defined below and compliance shall be based on the percentage of each subasset class' Net Asset Value at Fair Value at the end of each quarter:

a. Real Estate:

*Property Diversification* - ATRS seeks to minimize the risk of its Real Estate portfolio by allocating its assets across the spectrum of property types, with the majority of its investments allocated to the primary sectors of the NFI-ODCE. No single traditional property type shall account for greater than 50% of the portfolio. In addition, the general range of property type allocations will be 0.5x - 1.5x the NFI-ODCE's weight in each property type. Other property types, as

defined by NFI-ODCE, are allowed but (on a combined basis) should not exceed 20% of the real estate portfolio.

*Geographic Diversification* - The Plan seeks to minimize the risk of its real estate portfolio by allocating its investments across the geographic spectrum. Within the United States, the general range of geographic allocations will be 0.5x - 1.5x the NFI-ODCE weight in each region. With respect to non-U.S. investing, no more than 40% of the portfolio may be invested outside of the U.S. ATRS may initiate Arkansas-related mortgage loans and direct Real Estate investments to meet the goal of investing in quality Arkansas related investments. The Executive Director and Real Estate Consultant will monitor the Arkansas-related Real Estate holdings to protect against excessive risk due to sector or geographic exposure. The goal of Arkansas-related investments shall be to achieve a total rate of return, net of all fees and costs that will exceed the real estate performance benchmark over time.

*Leverage* - ATRS allows some of its investment managers the ability to use modest amounts of leverage in their investment strategy as a means of enhancing the overall risk-adjusted returns available to ATRS. In keeping with its goal of risk mitigation, leverage at the total asset class level should be kept below a 50% loan-to-value ratio.

*Life Cycle* - ATRS will endeavor to invest the majority of its assets in fully established, income-producing Real Estate, commonly referred to as Core Real Estate. As defined above, the ATRS goal will be to have between 50% and 70% of its Real Estate asset class in Core investments. Non-Core opportunities, such as Value Added and Opportunistic real estate strategies, may provide better alpha generation but will be viewed tactically and have an operating allocation range of 30% to 50% of the real estate portfolio.

b. Timber:

*Geographic Diversification* - The Plan seeks to minimize the risk of its timber portfolio by allocating its investments across the geographic spectrum. Within the United States, the allowable range of geographic allocations will fall within the following target ranges as defined by the NCREIF timberland index.

| <u>Region</u>    | <u>Range</u>      |
|------------------|-------------------|
| <u>South</u>     | <u>40% to 80%</u> |
| <u>Northwest</u> | <u>0% to 50%</u>  |
| <u>Northeast</u> | <u>0% to 20%</u>  |

|                    |                  |
|--------------------|------------------|
| <u>Lake States</u> | <u>0% to 20%</u> |
| <u>Other</u>       | <u>0% to 20%</u> |

c. Agriculture:

*Crop Diversification* - The majority of the portfolio will be comprised of existing crop properties. With the exception of the portfolio creation stage, no crop shall comprise in excess of 40% of the agriculture portfolio.

*Geographic Diversification* - Investments will be primarily located within the continental United States. Properties located within the state of Arkansas are preferred within a prudent range of exposure for the total portfolio. It is desired that the investments will have attractive locations with good market access. No region, as defined by the NCREIF Farm Index regional definitions, will comprise more than 40% of the agriculture portfolio.

*Leverage* - In keeping with its goal of risk mitigation, leverage at the total asset class level should be kept below a 20% loan-to-value ratio.

d. Infrastructure: ATRS will use diversification of its infrastructure portfolio as a risk mitigation tactic. Relevant risk factors considered are strategy, manager, firm, vintage year, asset type, geographic and liquidity issues. However, initial allocations during early implementation may result in temporary variances.

*Strategy* - The portfolio should be appropriately diversified across infrastructure asset classes and vehicles due to various risk/return characteristics.

*Manager* - Manager risk consists of two elements, the exposure within an investment vehicle, and the number of managers (general partners) in a given infrastructure fund. The exposure to a specific manager within an investment vehicle is controlled by limiting its commitment size. The cohesion of the general partners and the vesting rights to interest carry are important elements of insuring a successfully performing general partnership as are the past success of the business model employed and the length of time the team has remained stable.

*Vintage* - Vintage reflects the year of first capital draw and vintage risk refers to the variability of infrastructure commitments over time. Commitments to partnership investments will be staged over time such that the infrastructure portfolio invests over business cycles and insulates the portfolio from event risk.

*Asset Type* - Typically, infrastructure partnerships are permitted to invest in assets in a wide variety of industries (Transportation, Energy/Utility and Other) with limited controls. Risk from investing in assets with different return characteristics is controlled primarily through appropriate diversification across business sectors and sub-sectors. No infrastructure asset class shall account for more than 70% of the portfolio.

*Geographic* - Over the long-term, the infrastructure portfolio should seek diversification with regard to major regional areas both domestically and internationally. The infrastructure portfolio will accept the currency risks consistent with the geographic constraints. Infrastructure partnerships generally do not hedge currency risk, though with increasing globalization, one can see this practice increasing. With respect to U.S. investing, the portfolio should generally target at least 40%.

#### G. Distinction of Responsibilities

1. The Board, as Trustees, is responsible for approving the Real Asset Statement of Investment Policy.
2. ATRS' Board of Trustees is responsible for selecting the investment managers used to implement the Real Asset Statement of Investment Policy.
3. ATRS' Investment Staff and the Real Asset Consultant are jointly responsible for recommending the Investment Managers to the Board, as well as managing the Real Asset class, as described by the Real Asset Statement of Investment Policy, on an on-going basis, including monitoring the investment managers.
4. The Real Asset Consultant will assist ATRS' Investment Staff in recommending investment managers to the Board, monitoring investment managers, presenting Real Asset class performance to the Board, and will assist Investment Staff in developing and recommending the Real Asset Statement of Investment Policy and any changes to this document.
5. Investment Managers are utilized by ATRS to implement the specific investment strategies selected by ATRS.

#### H. Reporting and Monitoring

1. The Investment Staff and the Real Asset Consultant will monitor performance on a quarterly basis, providing a quarterly report to the Board. The report will provide a comprehensive review of the Real Asset portfolio in a form approved by ATRS' Investment Staff and the Real Asset Consultant.

## **HISTORY**

Adopted    October 7, 2013

Adopted    October 5, 2015

Amended February 3, 2020

Amended December 7, 2020

Amended June 5, 2023

Amended December 2, 2024

Amended December 1, 2025

**MANIFEST INJUSTICE COMMITTEE**  
**SEMI-ANNUAL REPORT TO ATRS BOARD OF TRUSTEES**  
**December 1, 2025**

| <b>MIC Claim #</b> | <b>Claim Type</b> | <b>Facts and Circumstances</b>  | <b>Findings and Recommendations of Committee</b>  | <b>Executive Director Remedy</b>                    | <b>Board Action</b> |
|--------------------|-------------------|---|---|---|---------------------|
| 2025-005           | Membership Status | <p>The Member is 65 years old and a new member of the System. On or about January 30, 2025, the Member was employed by a school district in a non-teaching position. The Member's employment contract was for 178 days.</p> <p>During the employee onboarding process, the Member completed and signed the System's Irrevocable Contributory Election Form ("Form 5"). On Form 5, the Member indicated that he was a new member under contract for 184 days or less and electing to become a contributory member of the System.</p> <p>On or about March 20, 2025, the Member contacted ATRS concerning his contributory status and contributions being withdrawn from his paycheck. The Member asserted that he had advised the school district's bookkeeper that he did not want to be a member of ATRS and did not want to be a contributory member of the System. The Member stated that he had just filled out paperwork that he was given and did not understand what he was signing.</p> <p>ATRS staff contacted the school district and was advised that the Member turned in Form 5 with all the other onboarding paperwork. The school district further explained that each form was discussed with the Member during the onboarding process. The</p> | <p>Manifest injustice exists.<br/>Recommended that the Executive Director:</p> <ul style="list-style-type: none"> <li>• Direct ATRS staff to disregard the Form 5 completed by the Member;</li> <li>• Direct ATRS staff to advise the school district that, unless the Member signs another election to become a contributory member of ATRS, the Member will not be considered a contributory member of the System and the school district is not required to remit employee contributions to ATRS on behalf of the Member; and</li> <li>• Direct ATRS staff to refund the Member's employee contributions of \$198.55 and any subsequent employee contributions that may not yet have been reported to the System.</li> </ul> | Concurs with Committee findings and recommendation. | No Action Required. |



**MANIFEST INJUSTICE COMMITTEE  
SEMI-ANNUAL REPORT TO ATRS BOARD OF TRUSTEES  
December 1, 2025**

|          |                               |  |   |  |                     |
|----------|-------------------------------|--|---|--|---------------------|
|          |                               | <p>school district further advised that after the Member received his pay, the Member was unhappy with the amount that was being taken out and said that he did not understand and never wanted to be a contributory member of ATRS.</p> <p>To date, the Member's reported employee contributions are \$198.55. On or about April 7, 2025, the Member submitted this manifest injustice claim referral.</p>  |   |  |                     |
| 2025-006 | Underpayment of Contributions | <p>On September 8, 1993, ATRS staff mailed the Member a letter concerning her contributions. The letter advised the Member that an audit of her records showed that she had earned \$3,180.00 with her covered employer during the 1992-1993 fiscal year ("FY93"), but her employee contributions of \$190.80 had not been paid. The letter went on to advise the Member that the unpaid contributions would need to be paid in full by June 30, 1994, in order to avoid interest accruing.</p> <p>After 1993, additional letters were mailed to the Member concerning the unpaid contributions. These letters collectively advised the Member of increases to the total balance owed due to accruing interest ("Underpayment"), the option to establish a payment account, the removal of the service credit pending full payment of the Underpayment, and the option to convert the service credit to noncontributory service credit. The Member's record does not indicate that any of the letters were returned.</p> | <p>Manifest injustice does not exist. Recommended that the Executive Director:</p> <ul style="list-style-type: none"> <li>• Confirm that ATRS is declining to pursue collection of the Underpayment totaling \$644.62; and</li> <li>• Direct ATRS staff to close the account receivable.</li> </ul> | Concurs with Committee finding and recommendation. | No Action Required. |

**MANIFEST INJUSTICE COMMITTEE**  
**SEMI-ANNUAL REPORT TO ATRS BOARD OF TRUSTEES**  
**December 1, 2025**

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|          |   | <p>On July 9, 2024, ATRS staff called the Member to advise her that a letter concerning the Underpayment had been mailed. ATRS staff followed up with the Member by phone on July 30, 2025, concerning the Underpayment, but the Member did not answer the call. The Member's record does not indicate that she contacted ATRS by phone or in writing concerning the Underpayment.</p> <p>An account receivable was established due to the Underpayment. However, the Member never established an installment account to repay the Underpayment and her service credit for FY93 was never restored. The Member retired effective July 1, 2006. The FY93 service credit was not used in the calculation of the Member's retirement benefit.</p> <p>Questions were not raised as to the account receivable because of the unavailability of the "U" feature that is used to reflect when a member has an underpayment on their account. The current version of ATRMIS indicates a "U" on a member's account when the member has an underpayment. This feature was not available before 2011.</p> <p>As there is an outstanding account receivable, ATRS staff filed the claim referral.</p> |   |  |                    |
| 2025-007 | Effective Date of Annuity Option Election | <p>The Member retired effective July 1, 2002, selected an Option A annuity, and designated her spouse as her beneficiary.</p> <p>On or about December 27, 2024, the Member called ATRS to change her direct deposit account</p>   | <p>Manifest injustice exists.<br/>Recommended that the Executive Director:</p> <ul style="list-style-type: none"> <li>Designate January 1, 2025, as the date on which the Member's election to change her Option A</li> </ul> | Concurs with Committee finding and recommendation. | No Action Required |

**MANIFEST INJUSTICE COMMITTEE**  
**SEMI-ANNUAL REPORT TO ATRS BOARD OF TRUSTEES**  
**December 1, 2025**

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|  | <p>information and update her beneficiary designations. During this call, the Member relayed that her husband had passed away. Both a direct deposit authorization form and beneficiary designation form were mailed to the Member. ATRS received the completed forms back from the Member on or about December 30, 2024. The Member called ATRS again on December 30, 2024, to make sure that she had provided the correct information for her direct deposit and beneficiary designations. During this call, the Member mentioned the death of her husband again. The Member made another call to ATRS on or about March 13, 2025, to request another beneficiary designation form. During this call the Member also mentioned the passing of her husband. The second beneficiary designation form completed by the Member was received by ATRS on or about March 24, 2025.</p> <p>During the December 27, 2024, December 30, 2024, and March 13, 2025, calls, the Member was not counseled about her option to change her original annuity election, nor was the Member provided with the form needed to make an annuity option election change, until she was notified by letter dated June 10, 2025. The Member completed the form to change her annuity option election and mailed it to ATRS on or about June 19, 2024.</p> <p>On July 15, 2025, ATRS staff filed this manifest injustice claim referral.</p> | <p>annuity to a straight life annuity became effective; and</p> <ul style="list-style-type: none"><li>• Issue payment to the Member in the amount of \$2,140.74.</li></ul> |  |  |
|--|--|--|--|--|

**BEFORE THE  
BOARD OF TRUSTEES OF THE ARKANSAS TEACHER RETIREMENT SYSTEM**

**IN RE DISABILITY RETIREE – ATRS ID # 145715  
DR Case No. 2025-06**

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**ORDER FINDING DISABILITY RETIREE QUALIFIED TO RECEIVE DISABILITY RETIREMENT  
BENEFITS**

At its meeting on December 1, 2025, the Board of Trustees of the Arkansas Teacher Retirement System (“Board”) considered the review application filed by disability retiree - ATRS ID # 145715 (“Disability Retiree”) and the Medical Committee’s recommendation concerning the review application. In accordance with the Administrative Procedures Act, Ark. Code Ann. § 25-15-101 et seq., the Board finds as follows:

**I. FINDINGS OF FACT**

1. The Disability Retiree was approved for disability retirement under the Arkansas Teacher Retirement System (“ATRS”) on October 4, 2022.
2. The Disability Retiree was required to provide ATRS with a Social Security Administration determination letter (“SSA determination letter”) finding her unable to perform her work duties within thirty-six (36) months from the effective date of her effective date of disability retirement.
3. The Disability Retiree’s effective date of disability retirement was August 1, 2022.
4. As such, the Disability Retiree was required to provide ATRS with the SSA determination letter July 31, 2025.
5. On October 18, 2022 and May 29, 2023, ATRS notified the Disability Retiree that he was required to provide ATRS with a SSA determination letter finding her unable to perform her former work duties within thirty-six (36) months of the Disability Retiree’s effective date of disability retirement in order to continue receiving disability retirement benefits.
6. On and May 6, 2025, ATRS sent a written reminder to the Disability Retiree advising that the SSA determination letter would need to be submitted to ATRS by July 31, 2025, in order for the Disability Retiree to continue receiving disability retirement benefits.
7. On July 15, 2025, the Disability Retiree applied for a review by the Medical Committee of her disability benefits ceasing due to the lack of a SSA determination letter finding the Disability Retiree unable to

perform her former work duties.

8. On September 30, 2025, ATRS received a SSA determination letter from the Disability Retiree. The SSA determination letter denied the Disability Retiree's application for Social Security disability benefits.
9. On October 8, 2025, the Medical Committee met and considered the Disability Retiree's application for review.
10. After reviewing the Disability Retiree's application for review, the Medical Committee decided to recommend that the Board:
  - a. Find the Disability Retiree qualified to receive disability retirement benefits under ATRS;  
and
  - b. Continue disability retirement benefit payments to the Disability Retiree.

## **II. CONCLUSIONS OF LAW**

Ark. Code Ann. § 24-7-704 provides as follows:

1. In order to continue receiving disability retirement benefits under ATRS, a disability retiree is required to provide ATRS with a SSA determination letter finding the disability retiree unable to perform his or her work duties;
2. A disability retiree must provide ATRS with a SSA determination letter finding the disability retiree unable to perform his or her work duties within thirty-six (36) months of the applicable time period provided by Ark. Code Ann. § 24-7-704;
3. ATRS is required to terminate disability retirement benefit payments to a disability retiree who does not either:
  - a. Provide or receive an extension to provide ATRS with a SSA determination letter finding the disability retiree unable to perform his or her former work duties; or
  - b. Apply for a review by the Medical Committee;
4. The Medical Committee must hear all applications for review concerning the termination of disability retirement benefit payments to a disability retiree due to the lack of a SSA determination letter finding the disability retiree unable to perform his or her former work duties; and
5. The Medical Committee's recommendation to find a disability retiree qualified to continue receiving disability retirement benefits must be consistent with finding that the:

- a. Disability retiree is physically or mentally incapacitated;
- b. Disability retiree exhibits symptoms of physical or mental incapacitation while he or she was employed by a system employer as an active member;
- c. Disability retiree is unable to perform his or her work duties;
- d. Disability retiree's incapacity will most likely be permanent; and
- e. Disability retiree should be retired.

### **III. ORDER**

1. Upon consideration of Ark. Code Ann. § 24-7-701 et seq., applicable ATRS rules, and the evidence presented at the meeting, the Board voted to approve the Medical Committee's recommendation concerning the Disability Retiree's application for review.
2. The Board finds the Disability Retiree qualified to receive disability retirement benefits under ATRS and orders ATRS to reinstate disability retirement benefit payments to the Disability Retiree as of August 1, 2025.

IT IS SO ORDERED

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Danny Knight, Chairman  
September 29, 2025

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED  
FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on October 8, 2025. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Andrew Carle & Logan Penter of the Teacher Retirement System were also in attendance.

A total of ten (10) disability applications were considered. Of the ten (10) applicants, Five (5) were approved: ATRS ID 385925, 364967, 460236, 484111, 313887; and Five (5) had more info requested: ATRS ID 177660, 225794, 147746, 479988, 186522.

Respectfully Submitted,



Eddie Phillips, M.D.  
Medical Committee Chairman

Respectfully Submitted,



Andrew Carle  
Retirement Benefits Counselor

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED  
FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on November 5, 2025. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Andrew Carle & Logan Penter of the Teacher Retirement System were also in attendance.

A total of fourteen (14) disability applications were considered. Of the fourteen (14) applicants, Three (3) were approved: ATRS ID 178867, 139038, 479988; Two (2) were denied: ATRS ID 298253, 388631; and Nine (9) had more info requested: ATRS ID 188251, 227002, 169590, 432213, 201650, 173551, 260126, 109977, 186522.

Respectfully Submitted,



Eddie Phillips, M.D.  
Medical Committee Chairman

Respectfully Submitted,



Andrew Carle  
Retirement Benefits Counselor



ARKANSAS TEACHER RETIREMENT SYSTEM  
FINANCIAL COMPARISON

|   | PLAN NET POSITION |                |                   |
|---|-------------------|----------------|-------------------|
|   | June 30, 2025     | June 30, 2024  | Percentage Change |
| ASSETS  |                   |                |                   |
| Cash and cash equivalents                       | 393,678,793       | 382,291,377    |                   |
| Accounts receivable                             | 130,252,423       | 100,832,938    |                   |
| Investments                                     | 23,299,512,202    | 22,013,821,419 |                   |
| Invested securities lending                     | 796,929,236       | 427,105,534    |                   |
| Equipment (net of accumulated depreciation)     | 46,051            | 60,740         |                   |
| Deferred Outflows Related to OPEB               | 579,352           | 262,602        |                   |
| Other assets                                    | 172,935           | 133,409        |                   |
| TOTAL ASSETS                                    | 24,621,170,991    | 22,924,508,020 | 7.40%             |
| LIABILITIES                                     |                   |                |                   |
| Deferred Inflows Related to OPEB                | 1,184,661         | 1,475,538      |                   |
| Securities lending collateral                   | 796,929,232       | 427,105,534    |                   |
| Investment principal payable                    | 74,452,729        | 130,273,772    |                   |
| Survivor benefits for minors                    | 9,048             | 9,048          |                   |
| Other payables                                  | 7,459,454         | 6,412,743      |                   |
| TOTAL LIABILITIES                               | 880,035,123       | 565,276,635    | 55.68%            |
| NET POSITION HELD IN TRUST FOR PENSION BENEFITS |                   |                |                   |
|   | 23,741,135,867    | 22,359,231,384 | 6.18%             |

| CHANGES IN PLAN NET POSITION         |                    |                |            |
|--------------------------------------|--------------------|----------------|------------|
|                                      | For the Year Ended |                | Percentage |
|                                      | June 30, 2025      | June 30, 2024  | Change     |
| ADDITIONS                            |                    |                |            |
| Contributions                        | 774,955,997        | 765,774,084    | 1.20%      |
| Investment income                    |                    |                |            |
| Interest and dividends               | 289,086,857        | 205,572,803    |            |
| Gain / (loss) on investments         | 1,964,310,305      | 2,273,170,605  |            |
| Real estate operating income         | 6,564,095          | 6,369,111      |            |
| Securities lending activity          | 3,266,570          | 2,501,792      |            |
| Other investment income              | 2,625,032          | 3,368,926      |            |
| Total investment income              | 2,265,852,860      | 2,490,983,236  |            |
| Less investment expense              | 103,879,808        | 78,162,659     |            |
| Net income from investing activities | 2,161,973,052      | 2,412,820,577  |            |
| TOTAL ADDITIONS                      | 2,936,929,048      | 3,178,594,661  | -7.60%     |
| DEDUCTIONS                           |                    |                |            |
| Benefits                             | 1,531,980,381      | 1,473,871,266  |            |
| Refunds                              | 13,518,657         | 12,116,533     |            |
| Administrative expenses              | 9,566,184          | 8,427,396      | 13.51%     |
| TOTAL DEDUCTIONS                     | 1,555,065,222      | 1,494,415,195  | 4.06%      |
| CHANGE IN NET PLAN POSITION          | 1,381,863,826      | 1,684,179,466  |            |
| NET POSITION - BEGINNING OF YEAR     | 21,363,646,718     | 19,679,467,252 |            |
| NET POSITION - END OF YEAR           | 22,745,510,544     | 21,363,646,718 | 6.47%      |

**Fiscal Year 2025 Board and Staff Travel Report**

ATRS staff is presenting travel expenditure reports in two categories (Board and Staff). More detail is available upon request.

|              | <b>FY2025</b>   | <b>FY2024</b>   | <b>Difference</b> |
|--------------|-----------------|-----------------|-------------------|
| Board        | \$14,008        | \$10,410        | \$3,598           |
| Staff        | \$41,283        | \$38,336        | \$2,947           |
| <b>Total</b> | <b>\$55,292</b> | <b>\$48,746</b> | <b>\$6,545</b>    |

TO: ATRS Board of Trustees  
Mark White, Executive Director

FROM: Stephanie Lilly-Palmer, Human Resources Manager

Date: December 1, 2025

RE: Personnel Report

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ATRS currently has a total of 87 appropriated positions with 78 positions filled, and 9 vacant (4 of these vacated within the previous year).

Breakdown of current vacancies as of November 22, 2025:

- 2 due to Internal Promotion
- 2 due to Voluntary Resignation
- 5 due to Act 796 and approved to retain per OPM Personnel Committee June 18, 2025

Position Activity from November 23, 2024, to November 22, 2025:

- 26 Positions advertised
- 1052 Applications received
- 100 Applicants interviewed
- 25 Positions filled
- 2 Pending

The ATRS Human Resources Manager will be available to answer any questions regarding this report.