ARKANSAS TEACHER RETIREMENT SYSTEM

February 2, 2026

1400 West Third Street
BOARD ROOM
Little Rock, AR 72201

Board of Trustees Meeting
10:30 a.m.

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

February 2, 2026
10:30 a.m.
1400 West Third Street
Little Rock, AR 72201

I. ***Call to Order/Roll Call.** page 1.

II. ***Motion for Excused Absences.**

III. ***Adoption of Agenda.** page 2.

IV. ***Approval of December 1, 2025, Minutes.** (Attachment No. 2) page 7.

IV. Executive Summary. (Attachment No. 1) page 15.

V. Executive Director Report. *Mr. Mark White, Executive Director* (Attachment No. 3) page 23.

VI. ***Staff Empowerment.**
   - A. ***Authority to Transact Business.**
     - 1. ***Resolution 2026-01.** (Attachment No. 4) page 25.
   - B. ***Specific Powers of Executive Director.**
     - 1. ***Resolution 2026-02.** (Attachment No. 5) page 26.
   - C. ***Appointment of ATRS as Manager of LLC's.**
     - 1. ***Resolution 2026-03.** (Attachment No. 6) page 28.

VII. ***Authority to Reimburse Trustee Expenses for 2026.**
   - A. ***Resolution 2026-04.** (Attachment No. 7) page 29.

VIII. ***Authorization for Board Travel and Expense Reimbursement 2026.**
   - A. ***Resolution 2026-05.** (Attachment No. 8) page 30.

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IX. ***2026-2027 Employer Contribution Rate.**

A. ***Resolution 2026-06.** (Attachment No. 9) page 35.

X. ***2026-2027 Member Contribution Rate.**

A. ***Resolution 2026-07.** (Attachment No. 10) page 36.

XI. ***Surcharge Rate for Outsourced Positions.**

A. ***Resolution 2026-08.** (Attachment No. 11) page 37.

XII. ***Actuarial Valuation June 30, 2025.**

A. ***Active and inactive Members.** (Attachment No. 12) page 38.

B. ***Retirees and Beneficiaries.** (Attachment No. 13) page 116.

XIII. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205.

XIV. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411. (Attachment No. 14) page 160.

XV. ***Board Waiver of Penalties and Interest Greater than $1,000 in a Fiscal Year.**

A. ***Resolution 2026-16.** (Attachment No. 15) page 161.

B. ***Resolution 2026-17.** (Attachment No. 16) page 163.

XVI. ***Disability Review.** *Ms. Jennifer Kelly, General Counsel*

A. ***In the Matter of Disability Review Applicant ATRS ID# 308882.** (Attachment No. 17) page 165.

XVII. ***Executive Director Review - Underpayment of Contributions.** *Mr. Mark White, Executive Director* (Attachment No. 18) page 169.

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

A. Arkansas Related and Investment Update.

1. List of Fund Closings.

a. BVIP Fund XIII, LP, a private equity fund focused on tech-enabled and information technology services, the Board authorized commitment of up to $45 million dollars on September 29, 2025 was accepted and closed on December 15, 2025.

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b. Constellation Wealth Capital Fund II, LP, a private equity fund specializing in wealth managers and registered investment advisors, the Board authorized commitment of up to $45 million dollars on September 29, 2025 was accepted and closed on December 19, 2025.

c. Niobrara Founders Fund LP, a private equity fund specializing in technology businesses in North America and Europe, the Board authorized commitment of up to $45 million dollars on December 1, 2025 was accepted and closed on December 30, 2025.

d. ISQ Global Infrastructure Fund IV (UST), LP, an infrastructure fund focused on utilities, transportation, communication, energy, and social infrastructure, the Board authorized commitment of up to $75 million dollars on September 29, 2025 was accepted and closed on December 31, 2025.

2. Board Policies Report. (Attachment No. 19) page 172.

3. Holdings in China and Hong Kong Report. (Attachment No. 20) page 175.

4. Arkansas Related Update.

B. General Investment Consultant.

1. Preliminary Performance Report for the Month Ending December 31, 2025. (Attachment No. 21) page 177.

2. Equity Structure Review. (Attachment No. 22) page 202.

3. ***Recommendation to approve for Board adoption Resolution 2026-09 authorizing the termination of Trian Partners, L.P.** (Attachment No. 23) page 239.

4. ***Recommendation to approve for Board adoption Resolution 2026-10 authorizing the termination of Trian Partners Co-Investment Opportunities Fund, L.P.** (Attachment No. 24) page 240.

5. ***Recommendation to approve for Board adoption Resolution 2026-11 authorizing an investment of to $600 million dollars in Axiom Investors LLC, Concentrated Growth Equity strategy.** (Attachment No. 25) page 241.

6. ***Recommendation to approve for Board adoption Resolution 2026-12 authorizing an investment of up to $400 million dollars in Sands Capital Alternatives, LLC, Scaling Innovation strategy.** (Attachment No. 26) page 242.

7. Private Credit Implementation Discussion. (Attachment No. 27) page 243.

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C. Real Assets.

1. ***Recommendation to approve for Board adoption Resolution 2026-13 authorizing an additional investment of up to $50 million dollars in Ares Industrial Real Estate Fund, L.P.** (Attachment No. 28) page 258.

a. ***Resolution 2026-13.** (Attachment No. 29) page 267.

D. Private Equity.

1. ***Recommendation to approve for Board adoption Resolution 2026-14 authorizing an investment of up to $50 million dollars in Franklin Park Venture Capital Fund XVI, L.P.** (Attachment No. 30) page 268.

a. ***Resolution 2026-14.** (Attachment No. 31) page 279.

2. ***Recommendation to approve for Board adoption Resolution 2026-15 authorizing an investment of up to $75 million dollars in Franklin Park Co-Investment Fund VII, L.P.** (Attachment No. 32) page 280.

a. ***Resolution 2026-15.** (Attachment No. 33) page 292.

XIX. 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.

C. ***Update to ATRS Signature & Verification Policy Electronic Signatures.** (Attachment No. 34) page 293.

1. ***Resolution 2026-18.** (Attachment No. 35) page 295.

D. ***United States Postal Service Adoption of New Rule Concerning Postmarks.**

1. ***Resolution 2026-19.** (Attachment No. 36) page 296.

XX. ***Staff Reports.**

A. ***Medical Committee Report. 11 Applicants were approved.** *Mr. Steve Parkinson, Director of Operations* (Attachment No. 37) page 298.

XXI. Other Business.

XXII. ***Adjourn.**

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MINUTES
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

Monday, December 1, 2025
10:30 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*
Bobby Lester
Jeff Stubblefield
John Ward
John Ahlen, designee for Susannah Marshall, Bank Commissioner
Kelly Griffin, designee for Jacob Oliva, Sec, Dept of Ed. *
Jason Brady, designee for Hon, Dennis Milligan, State Auditor
Kenneth Burleson, designee for Hon. John Thurston, State Treasurer

Board Members Absent
Danny Knight

Reporters Present
Mike Wickline, Dem. Gazette

***Via ZOOM**

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

Guest Present
PJ Kelly, Aon Hewitt Consulting
Jack Dowd, Aon Hewitt Consulting *
Katie Comstock, Aon Hewitt Consulting*
Ronak Chitnis, Aon Hewitt Inv. Consulting*
Judy Kermans, GRS – Actuaries
Heidi Berry, GRS – Actuaries
Derek Henning, GRS – Actuaries
Bsheng*
Cyril Espanol, With Intelligence*
Mknapp*
Donna I's iPad (4)*
Jesse.pound*
Michael Bacine, Franklin Park*

I. **Call to Order/Roll Call.** Dr. Mike Hernandez, Chair, called the Board of Trustees meeting to order at 11:10 a.m. Roll call was taken. Mr. Knight was absent.

II. **Motion to Excuse Absences.**

Mr. Ahlen *moved to excuses* absences of the December 1, 2025, Board meeting. Ms. Hamilton *seconded the motion* and the Board *unanimously approved the motion.*

III. **Adoption of Agenda.**

Ms. Ahlen *moved for adoption* of the Agenda. Mr. Lester *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 September 29, 2025, Board Minutes.**

Mr. Lester *moved for approval* of the Minutes of the Board of Trustees meeting of September 29, 2025. Mr. Ward *seconded the motion*, and the Board *unanimously approved the motion.*

VI. **Executive Director Report.** Mr. White, Executive Director, gave the Board a report on ATRS activity.

VII. **Preliminary Active Actuarial Valuation – June 30, 2025 Judy Kermans, Heidi Berry, and Derek Henning of Gabriel, Roeder, Smith and Company.** Judy Kermans, Heidi Berry and Derek Henning from Gabriel, Roeder, Smith and Company presented the Board with the Preliminary Actuarial Valuation for June 30, 2025.

VIII. **Statement of Financial Interest.** Executive Director Mark White gave the Board a report on when Statement of Financial Interest are due.

IX. **Proposed 2026 Board of Trustees Schedule.**

Mr. Martin *moved to approve* the 2026 Board of Trustees Schedule. Mr. Lester *seconded the motion* and the Board *unanimously approved the motion*.

X. Report of Member Interest Waived Under A.C.A. Sec. 24-7-205. None this reporting period. Executive Director Mark White presented the member interest amount waived report. ATRS waives interest for members when there is a dispute between ATRS and the member as to whether ATRS made a mistake or otherwise did not do all that was required on the member's account. A total of $1,167.44 was waived this reporting period.

XI. Report on Penalties and Interest Waived under A.C.A. Sec 24-7-411. Director White presented 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. Six (6) employers penalties and interest were as waived this reporting period for a total of $1,836.47.

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

A. Audit Report: Investment Liquidity Management.

Mr. Stubblefield *moved* to *approve* the Audit Information Technology Division's Network Infrastructure Management Process, and the Board *unanimously approved the motion.*

B. Audit of the Benefit Section's Disability Retirement Application Process.

Mr. Stubblefield *moved* to *approve* the Audit Report: Investment Liquidity Management, and the Board *unanimously approved the motion.*

XIII. Investment Committee Report. Mr. Arthur "Chip" Martin, Chair, gave a report on the Investment Committee meeting.

A. Arkansas Related and Investment Update.

1. **List of Fund Closing.** Mr. Mark White gave the Board an update on fund closings.

2. **Board Policy Report.** Mr. Mark White gave the Board a report on Board Policies.

3. **Arkansas Related Update.**

   a. **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 the tax credits associated with Big River Steel.

1. **Resolution 2025-47**

Mr. Martin *moved* to *adopt* Resolution 2025-47 authorizing the modification of the terms of the Tax Credit and Revenue Stream Purchase Agreement of the revenue stream generated by the tax credits associated with Big River Steel, and the Board *unanimously approved the motion.*

B. General Investment Consultant Report. ***AON Hewitt Consulting***

1. **Performance Report for the Quarter ended September 30, 2025.** Aon Hewitt Investment Consulting provided the Committee with a Performance Report for the quarter ended September 30, 2025. The report was for information purposes and no action was taken.

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.**

    1. **Resolution 2025-48**

    Mr. Martin *moved* to *adopt* Resolution 2025-48 authorizing the termination of the BlackRock MSCI ACWI IMI Index Fund and redeployment of assets to the ARTRS MSCI ASCWI Ex-China Ex-Hong Kong IMI U/A. and the Board *unanimously approved the motion.*

3. **Recommendation to approve for Board adoption a motion to add a 5% target allocation to provide credit in 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.

Mr. Martin *moved to approve* for adoption a motion to accept proposed changes to Board Policy 4 – Statement of Investment Policy to accommodate a 5% target allocation to provide credit in the ATRS Investment portfolio, and the Board *unanimously approved the motion.*

b. Recommendation to approve for Board adoption a motion to accept proposed changes to Board Policy 6 – Real Asset Investment Policies to accommodate a 5% target allocation to private credit in the ATRS Investment portfolio.

Mr. Martin *moved to approve* for adoption a motion to accept proposed changes to Board Policy 6 – Real Asset Investment Policies to accommodate a 5% target allocation to private credit in the ATRS Investment portfolio, and the Board *unanimously approved the motion.*

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).

a. Core Real Estate $200 Million Dollars.
b. Value Added and Opportunistic (Non-Core) Real Estate $200 Million Dollars.
c. Infrastructure $150 Million Dollars.

Mr. Martin *moved to approve* a motion approving the 2026 Real Assets Commitment Pacing (Total Pacing $550 Million Dollars) and the Board *unanimously approved the motion.*

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.

Mr. Martin *moved to approve* Resolution 2025-49, authorizing an investment of up to $45 million dollars in Niobrara Founders Fund L.P., and the Board *unanimously approved the motion.*

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.**

   Mr. Martin *moved to approve* Resolution 2025-50 authorizing an investment of up to $45 million dollars in Truelink Capital II, L.P., and the Board *unanimously approved the motion.*

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

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

   b. Up to Two Debt/Distressed (Total up to $90 Million Dollars Depending on the Total Commitment to Buyout/Growth/Turnaround Funds Discussed above).

   c. Two Fund of Funds Investments (total up to $125 Million Dollars).

   Mr. Martin *moved to approve* the 2026 Private Equity Pacing Schedule (Total Pacing $500 Million Dollars), and the Board *unanimously approved the motion.*

XIV. Operations Committee Report. Mr. Bobby Lester, Chair, gave a report on the Operations Committee meeting.

A. Open Forum for potential Rule or Law Changes by Committee Members and board Members in Attendance.

1. **Open Forum.** None.

B. Rule Promulgation Status Update.

C. Update on ATRS Board Policy 4 – Statement of Investment Policy.

Mr. Lester *moved to approve* the Update on ATRS Board Policy 4 – Statement Investment Policy, and the Board *unanimously approved the motion*.

D. Update on ATRS Board Policy 6 – Real Asset Investment,

Mr. Lester *moved to approve* the Update on ATRS Board Policy 6 – Real Asset Investment, and the Board *unanimously approved the motion.*

XV. Manifest Injustice Report. This was the second report of the calendar year.

XVI. **Board of Trustees Disability Review.**

A. In Re: Disability Retiree – ATRS ID# 145715.

Mr. Lester *moved to approve* Board of Trustee Review, Disability Retiree presented to the Board. Mr. Stubblefield *seconded the motion* and the Board *unanimously approved the motion.*

XVII. Staff Reports

A. Medical Committee Report. Mr. Steve Parkinson Willie Kincade reported that a total of Eight (8) Disability Retirement Applications were approved.

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

B. Financial Reports. Ms. Misty Yant, Chief Financial Officer, provided the financial report for 2025. No action was taken.

1. **Financial Statement Report.**

2. **Travel Report.**

C. Personnel Report. The Personnel Report was presented the Board. No action was taken.

XVIII. Mid Year Evaluation of Executive Director Mark White. Discussion purposes only. No action was taken.

XIX. **Other Business**: None.

XX. **Adjourn.** With no other business, Dr. Mike Hernandez, Chair, entertained a motion to adjourn the meeting.

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

Meeting adjourned at 12:18 p.m.

Mr. Mark White, Executive Director	Dr. Mike Hernandez, Board Chair
Tammy Porter, Board Secretary	Date

EXECUTIVE SUMMARY

TO: Board of Trustees

FROM: ATRS Staff

RE: Executive Summary

DATE: February 2, 2026

V. Executive Director Report. *Mr. Mark White, Executive Director* page 23.

VI. *Staff Empowerment.

Each year the ATRS Board authorizes ATRS staff to transact certain business to set the specific powers of the executive director and to appoint the executive director to manage and delegate operational duties to the limited liability companies that ATRS uses to manage its investments and Arkansas related property. The three resolutions regarding such actions

A. *Authority to Transact Business.

This is the standard Board resolution to authorize staff to take all actions necessary and limit authority of staff with the same authority and restrictions as in previous years. Other than to change the year, this is unchanged from last year.

1. *Resolution 2026-01. page 25.

B. *Specific Powers of Executive Director.

This is the standard Board resolution to authorize the specific powers of the Executive Director and to also limit those powers as in previous years. Other than to change the year, this is unchanged from last year.

1. *Resolution 2026-02. page 26.

C. *Appointment of ATRS as Manager of LLC's.

This is the standard Board resolution to authorize staff to transact business as manager of LLCs. Other than to change the year, this is unchanged from last year.

1. *Resolution 2026-03. page 28.

VII. *Authority to Reimburse Trustee Expenses for 2026.

This is an action item for the Board to adopt a resolution authorizing reimbursement to Trustees for their expenses and costs for serving as Trustees. The resolution is the same as last year. Other than to change the year, this is unchanged from last year.

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A. *Resolution 2026-04. page 29.

VIII. *Authorization for Board Travel and Expense Reimbursement 2026.

This is a standard Resolution for Board reimbursement. Other than to change the year, this is unchanged from last year. You should note that all travel reimbursement requests for both in-state and out-of-state travel can be found on the Federal General Services Administration website at: https://www.gsa.gov/travel/plan-book/per-diem-rates

GSA rates are set by fiscal year, effective October 1 each year. For cities not identified or located on the website, the standard lodging rate is $110 per day and $68 per day for meals.

A. *Resolution 2026-05. page 30.

IX. *2026-2027 Employer Contribution Rate.

This is a standard resolution that has been adopted over the years to establish the employer contribution rate for the upcoming fiscal year. The ATRS Board, on November 13, 2017, adopted an employer contribution rate schedule that established the employee contribution rate after FY2023 should be 15.00%. This resolution sets the employer contribution rate at 15.00%.

A. *Resolution 2026-06. page 35.

X. *2026-2027 Member Contribution Rate.

This is a standard resolution that has been adopted over the years to establish the member contribution rate for the upcoming fiscal year. The ATRS Board, on November 13, 2017, adopted a member contribution rate schedule that established the member contribution rate after FY2023 should be 7.00%. This resolution sets the member contribution rate at 7.00%.

A. *Resolution 2026-07. page 36.

XI. *Surcharge Rate for Outsourced Positions.

From the 2017 Legislative session, a surcharge rate applies to outsourced salaries that are embedded positions as defined by that law. The law provides a "phased in" rate over several years. After the full phased in period, the Board has the authority to adjust the rate to a maximum rate 4.00%. This resolution sets the outsourcing surcharge rate at 4.00%.

A. *Resolution 2026-08. page 37.

XII. *Actuarial Valuation June 30, 2025.

These are the annual reports prepared by the actuaries concerning the valuation of liabilities to active and inactive members along with the valuation of liabilities for annuities being paid to current retirees and current beneficiaries. These reports reflect the future liabilities of ATRS to these two groups. The two groups are: (1) Active and Inactive Members; and (2) Members and Beneficiaries of Members currently receiving a monthly annuity. The ATRS Board has already had a presentation by the actuaries on these reports that are now in final form.

A. ***Active and inactive Members.** page 38.

B. ***Retirees and Beneficiaries.** page 116.

XIII. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205.

No member interest was waived for this reporting period. This is a standard report for information and is not an action item.

XIV. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411. page 160.

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 or other situations that justify a waiver. Four (4) employer penalties and interest amounts were waived for this reporting period in the amount of $3,508.39. This is a standard report for information and is not an action item.

XV. *Board Waiver of Penalties and Interest Greater than $1,000 in a Fiscal Year.

Board Waiver of Penalties and Interest Greater than $1,000 in a Fiscal Year.

Executive staff only has authority to waive up to $1,000 in a fiscal year for an employer. ATRS staff has placed these two (2) items on the agenda and recommends the Board approve the waiver of penalties and interest in the total amount of $ 1,500.11

A. ***Resolution 2026-16.** page 161.

B. ***Resolution 2026-17.** page 163.

XVI. *Disability Review. *Ms. Jennifer Kelly, General Counsel*

Under the Disability Review procedure described in A.C.A.24-7-704(b)(3)(D) the Board shall approve the recommendations of the Medical Committee.

A. ***In the Matter of Disability Review Applicant ATRS ID# 308882.** page 165.

XVII. *Executive Director Review - Underpayment of Contributions. *Mr. Mark White, Executive Director* page 169.

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

A. Arkansas Related and Investment Update.

1. List of Fund Closings.

a. BVIP Fund XIII, LP, a private equity fund focused on tech-enabled and information technology services, the Board authorized commitment of up to $45 million dollars on September 29, 2025 was accepted and closed on December 15, 2025.

The ATRS full commitment of up to $45 million dollars was negotiated, accepted, and closed on December 15, 2025.

b. Constellation Wealth Capital Fund II, LP, a private equity fund specializing in wealth managers and registered investment advisors, the Board authorized commitment of up to $45 million dollars on September 29, 2025 was accepted and closed on December 19, 2025.

The ATRS full commitment of up to $45 million dollars was negotiated, accepted, and closed on December 19, 2025.

c. Niobrara Founders Fund LP, a private equity fund specializing in technology businesses in North America and Europe, the Board authorized commitment of up to $45 million dollars on December 1, 2025 was accepted and closed on December 30, 2025.

The ATRS full commitment of up to $45 million dollars was negotiated, accepted, and closed on December 30, 2025.

d. ISQ Global Infrastructure Fund IV (UST), LP, an infrastructure fund focused on utilities, transportation, communication, energy, and social infrastructure, the Board authorized commitment of up to $75 million dollars on September 29, 2025 was accepted and closed on December 31, 2025.

The ATRS full commitment of up to $75 million dollars was negotiated, accepted, and closed on December 31, 2025.

2. Board Policies Report. page 172.

3. Holdings in China and Hong Kong Report. page 175.

4. Arkansas Related Update.

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

B. General Investment Consultant.

1. **Preliminary Performance Report for the Month Ending December 31, 2025.** page 177.

   P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a preliminary portfolio update for the month ending December 31, 2025.

2. **Equity Structure Review.** page 202.

   P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board results from the recent review of the ATRS equity portfolio structure.

3. ***Recommendation to approve for Board adoption Resolution 2026-09 authorizing the termination of Trian Partners, L.P.** page 239.

4. ***Recommendation to approve for Board adoption Resolution 2026-10 authorizing the termination of Trian Partners Co-Investment Opportunities Fund, L.P.** page 240.

5. ***Recommendation to approve for Board adoption Resolution 2026-11 authorizing an investment of to $600 million dollars in Axiom Investors LLC, Concentrated Growth Equity strategy.** page 241.

   Headquartered in Greenwich, Connecticut, the Axiom Investors, LLC, Concentrated Growth strategy is managed by Andrew Jacobsen, Bradley Amoils, Jonathan Ellis, and Andrew Kim. The strategy began in 2014 and is focused on identifying global companies that are growing more rapidly than what is reflected in market valuations. The firm uses a proprietary research database, Axware, to help identify potential investments. ATRS staff concurs with Aon Hewitt Investment Consulting's recommendation to invest up to $600 million dollars in Axiom Investors, LLC, Concentrated Growth Equity strategy.

6. ***Recommendation to approve for Board adoption Resolution 2026-12 authorizing an investment of up to $400 million dollars in Sands Capital Alternatives, LLC, Scaling Innovation strategy.** page 242.

   The strategy was started in 2022 and is managed by Marina Serenbetz, Barron Martin, and Kumar Guatam. Based in Arlington, Virginia, Sands Capital is known for both public and private investing. The coverage of companies prior to listing on public markets has enabled the management team to build relationships and track company performance before the company is listed on public markets. The strategy is a highly concentrated portfolio of publicly traded growth technology companies primarily in e-

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commerce, fintech, and software. Aon Hewitt Investment Consulting recommends an investment of up to $ 400 million dollars in Sands Capital Alternatives, LLC, Scaling Innovation and ATRS staff concurs.

7. **Private Credit Implementation Discussion.** page 243.

P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with an update on the private credit allocation implementation.

C. **Real Assets.**

1. ***Recommendation to approve for Board adoption Resolution 2026-13 authorizing an additional investment of up to $50 million dollars in Ares Industrial Real Estate Fund, L.P.** page 258.

Based in Los Angeles, Ares was established in 1997 by Antony Ressler, Michael Arougheti, David Kaplan, John H Kissick and Bennett Rosenthal. The Ares Industrial Real Estate Fund is an open-end fund that targets investments in primary and secondary industrial distribution centers in coastal and inland markets throughout the U.S.

The fund's strategy began in 2017 and aims to outperform the NPI Industrial index by 50 to 100 basis points over market cycles. The current net IRR is 11.2% over the last five years. ATRS previously committed $100 million dollars to this fund in April 2025 and the full commitment has been funded. Additionally Ares purchased Landmark Partners, ATRS's real estate secondaries manager. ATRS staff concurs with Aon Hewitt Investment Consulting's recommendation to commit up to an additional $50 million dollars in Ares Industrial Real Estate Fund, LP.

a. ***Resolution 2026-13.** page 267.

D. **Private Equity.**

1. ***Recommendation to approve for Board adoption Resolution 2026-14 authorizing an investment of up to $50 million dollars in Franklin Park Venture Capital Fund XVI, L.P.** page 268.

ATRS has invested in venture capital through Franklin Park vehicles for the last seventeen years. Venture capital generally involves more risk than other types of private equity. In order to offset some of that risk, Franklin Park acquires an interest in several successful venture funds and spreads those through its investors to create greater diversity of managers and styles. The venture capital portfolio that Franklin Park has created and managed for ATRS has performed well. The current average net IRR for all of the venture vehicles (since 2008) is 18.5% as of June

30, 2025. ATRS most recently invested $80 million dollars in Fund XV during 2024 and 2025. This two-year fund is now fully committed, and Fund XVI is being launched. As part of the 2026 pacing, a $50 million dollar investment is planned to help maintain the 10% target (of total private equity) for venture capital.

Within the new fund, non-clients will be charged a management fee of .9% and carried interest of 5%. Existing clients such as ATRS, that invest $60 million or more in the 2-3 year fund will not pay a management fee, and their carried interest is reduced from 5% to 4%. The fees and carried interest provide a source of incentive compensation for Franklin Park's investment staff. ATRS staff concurs with Franklin Park's recommendation to make a commitment of up to $50 million dollars in Franklin Park Venture Capital Fund XVI, L.P. and to the fee structure.

a. ***Resolution 2026-14.** page 279.

2. ***Recommendation to approve for Board adoption Resolution 2026-15 authorizing an investment of up to $75 million dollars in Franklin Park Co-Investment Fund VII, L.P.** page 280.

A co-investment occurs when ATRS invests directly in a private company alongside a private equity manager or "sponsor". The benefit of private equity co-investments for ATRS is that the manager of the underlying fund does not charge management fees or incentive fees such as carried interest. Therefore, the potential for return on co-investments is much greater since no fees are netted from the individual investment.

For the last thirteen years, Franklin Park has been sourcing co-investment deals for ATRS as well as for their other clients, returning a net IRR of 16.9% as of June 30, 2025 on all co-investment transactions since inception in 2012. Franklin Park makes co-investments in corporate finance private equity transactions alongside private fund sponsors that will include buyout, growth equity, structured equity, financial restructuring and operational turnaround strategies. ATRS most recently invested a total of $125 million dollars in Franklin Park Co-Investment Fund VI from 2023 through 2025. Fund VI is substantially invested now and has generated a net IRR of 22.4% as of June 30, 2025. As with Fund VI, Franklin Park will charge existing clients a management fee of .5% and carried interest of 10% once an 8% preferred return is achieved in the new fund. As part of the 2026 private equity pacing, Franklin Park recommends that ATRS commit up to $75 million dollars in Franklin Park Co-Investment Fund VII, L.P. to help maintain the 15% target (of total private equity) for co-investments. ATRS staff concurs with the recommendation and with the fee structure.

* Action Item

a. ***Resolution 2026-15.** page 292.

XIX. 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.

ATRS Staff will provide a promulgation status update on the proposed changes to the ATRS Rules.

C. *Update to ATRS Signature & Verification Policy Electronic Signatures. page 293.

The proposed changes to the ATRS Signature & Verification Policy Electronic Signatures add additional circumstances under which ATRS staff may accept an electronic signature.

1. ***Resolution 2026-18.** page 295.

D. *United States Postal Service Adoption of New Rule Concerning Postmarks.

ATRS Staff will present a recommendation to address the United States Postal Service's new rule concerning postmarks, which may impact a benefit participant's ability to meet ATRS deadline for submitting applications, forms, and other required documentation.

1. ***Resolution 2026-19.** page 296.

XX. *Staff Reports.

A. *Medical Committee Report. 11 Applicants were approved. *Mr. Steve Parkinson, Director of Operations* page 298.

The Medical Committee Report is a standard report made by staff on behalf of the Medical Committee approving disability cases. A total of 13 disability applications were received, 11 were approved, and 2 needed more information. This is not an action item.

XXI. Other Business.

Executive Director Board Report
January 26, 2026

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

- IRS 1099 forms for retirees and refunds have been processed and mailed to members, and the forms are now available online in the member portal. This year we mailed 60,418 retiree forms and 3,389 refund forms.
- ATRS has long struggled with keeping correct, up-to-date mailing addresses for active members. Every year when we mail annual statements, we see hundreds and even thousands of them returned by the post office. We promote in social media and other outlets the importance of members letting us know when their address changes, but we know that for active members early in their careers, ATRS is not top of mind. We are implementing a technical change so that mailing addresses for active members are tied to the member's records in the Arkansas Public School Computer Network (APSCN), the finance and personnel database operated by the Arkansas Department of Education for school districts. When a member's mailing address changes in APSCN, we will automatically change their mailing address in ATRS records to match. Our hope is that this will make our records more accurate and reduce the amount of returned postal mail.

Member Engagement

- In December, we published an updated version of the Member Handbook. The changes include legislative changes from the 2025 legislative session, as well as a complete redesign of the appearance to make it more professional and engaging.
- In the last month, ATRS posts on Facebook, Instagram, and LinkedIn have accumulated more than 44,000 views, and 9,300 individuals are actively following the ATRS Facebook page.
- For the monthly Executive Director Update emails, the most recent Update was distributed to 52,213 subscribers, and was opened by at least 64.33% of the recipients.
- In December, we sent out welcome letters to 3,789 new members who joined the System in the July-September quarter.

Human Resources

- To mark the holidays, we held several employee events in December including a holiday office decorating contest, a Christmas Sock Swap, and a Jingle & Mingle Ugly Sweater Potluck. Through the month of December we collected food items for Arkansas Foodbank, and I am proud to report that ATRS employees contributed 1,119 pounds of food and water to the Foodbank.

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 over the next year. Your agenda packet this month will include the report required by Act 937 showing all of our exposure to Chinese investments as of December 31, 2025 (aside from the private equity investments that are exempted by the Act). We are in the process of making the necessary fund transitions to divest from China, and those transitions will be completed later this year.

- You had approved a settlement in the *Olaplex* class action, and the settlement has now been fully approved by the Court. As part of the settlement, in addition to our *pro rata* share of the settlement proceeds, ATRS is receiving a payment of $10,007 to cover our time and expense in serving as lead plaintiff. In the case of *Tetronics v. ATRS,* you had authorized a settlement of a claim before the Arkansas Claims Commission. The Commission approved the settlement, and we are now waiting for it to be reviewed by the Legislative Council's Claims Review Subcommittee. I am expecting that may occur in March.

Finance & Reporting

- We have held our Exit Conference with Arkansas Legislative Audit for the FY2025 audit. The audit report will be presented to the legislative committee sometime later this year. We expect they will release the report early, so you will likely have it by your April meeting. I do not expect any negative findings in the report.

- We are putting the finishing touches on the ATRS Annual Comprehensive Financial Report for FY2025. When it is complete I will forward it to you first, and then we will provide copies to all ATRS employers and to the Governor and Legislative Council. Publishing this report is an important part of the transparency we owe to our members and to the taxpayers.

- We have received our remaining actuarial reports for FY2025 from the System's actuaries at Gabriel, Roeder, Smith & Company – the GASB Statement Nos. 67 and 68 Accounting and Financial Report, and the Gain/Loss Analysis of Experience. The latter report shows an actuarial loss for FY2025 of $191.2 million, which was primarily attributable to the investment losses of 2022 which are still included in the 4-year smoothing. In past years these reports have not been included in the Board's formal agenda, but they will be provided to any member upon request.

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
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2026-01

Authority to Transact Business

BE IT RESOLVED, That effective this 2nd day of February, 2026, **MARK WHITE,** Executive Director, **SARAH C. LINAM,** Deputy Director, **ROD GRAVES**, Deputy Director, and **STEVE PARKINSON,** Director of Operations, each are authorized to execute, acknowledge and deliver such agreements, documents, and instruments as might be necessary or appropriate in connection with the purchase, sale, pledge, transfer, or other transaction of any kind whatsoever involving any investment approved by the Arkansas Teacher Retirement System Board of Trustees or approved by the Investment Committee of said Board; and

WHEREAS*,* This authority shall continue until after the first regular scheduled Board meeting in 2027; and

FURTHER RESOLVED, That the execution, acknowledgment and/or delivery of such agreement, document, or instrument by any one of the four (4) named persons shall constitute the valid, binding and enforceable act of the Arkansas Teacher Retirement System by its Board of Trustees.

Adopted this 2nd day of February 2026.

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

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

R E S O L U T I O N
No. 2026-02

Powers of the Executive Director

WHEREAS, Ark. Code Ann. § 24-7-303(c) provides that the Executive Director of the Arkansas Teacher Retirement System ("Executive Director") shall perform, or cause to be performed, such duties as are required of him under the Arkansas Teacher Retirement System Act, § 24-7-201 et seq., and as the Board of Trustees of the Arkansas Teacher Retirement System ("Board") shall delegate to him; and

WHEREAS, the Board has delegated certain duties to the Executive Director in the policies and rules of the Arkansas Teacher Retirement System ("ATRS" or "the System"); and

WHEREAS, the law, rules, and policies applicable to the System do not specifically address the authority of the Executive Director to perform acts that are a natural, necessary, and ancillary extension of the duties prescribed to the Executive Director in the law, rules, and policies applicable to the System, or by resolution or other documented authorization of the Board; and

WHEREAS, the law, rules, and policies applicable to the System do not specifically address the authority of the Executive Director to perform those acts that fall within the usual and customary authority of the Executive Director as has been developed through the course of performance of previous Executive Directors over the years; and

WHEREAS, the Board has determined that the Executive Director should have the authority to: (1) perform those acts that are a natural, necessary, and ancillary extension of his duties as prescribed by the law, rules, and policies applicable to the System, or by resolution or other documented authorization of the Board, and (2) perform those acts that fall within the usual and customary authority of the Executive Director as has been developed through the course of performance of previous Executive Directors over the years; and

WHEREAS, the Board has determined that the Executive Director should notify the Board Chair of any material decision that may be made by the Executive Director under the authority granted to him in this resolution, to ensure that the Board is involved in all material decisions.

NOW THEREFORE, BE IT RESOLVED, that the Executive Director shall be and hereby is authorized and empowered to: (1) perform those acts that are a natural, necessary, and ancillary extension of his duties as prescribed by the law, rules, and policies applicable to the System, or by resolution or other documented authorization of the Board, and (2) perform those acts that fall within the usual and customary authority of the Executive Director as has been developed through the course of performance of previous Executive Directors over the years;

FURTHER BE IT RESOLVED, that the Executive Director shall notify the Board Chair of any material decision that may be made by the Executive Director under the authority granted to him in this resolution, to ensure that the Board is involved in all material decisions before a final decision is made; and

FURTHER BE IT RESOLVED, that this resolution shall be effective upon adoption of the Board and shall remain in effect until the next regularly scheduled meeting of the Board in February 2027, unless otherwise revoked by the Board or prohibited by the law, rules, or policies applicable to the System.

Adopted this 2nd day of February 2026.

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

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

R E S O L U T I O N
No. 2026-03

Appointment of ATRS as Manager of LLC's

WHEREAS, The Arkansas Teacher Retirement System ("ATRS") is the sole member and manager of several LLC's, including: Pinnacle Mountain Holding Company, LLC, Pinnacle Mountain Holding II, LLC, Pinnacle Mountain Holding Company III, LLC, Pinnacle Mountain Holding Company IV, LLC, Pinnacle Mountain Holding Company V, LLC, Pinnacle Mountain Holding Company VI, LLC, Pinnacle Mountain Holding Company VII, LLC, Pinnacle Mountain Holding Company VIII, LLC, all Arkansas limited liability companies; and American Timberland, LLC, a Delaware company (collectively, the "Companies"); and

WHEREAS, The ATRS Board of Trustees, acting as a prudent investor for the benefit of all ATRS members, and in recognizing ATRS as sole member and manager of the Companies, adopts the following actions and resolution for, and on behalf of the Companies;

NOW, THEREFORE, BE IT RESOLVED, That

1. As managing member of the Companies and pursuant to its authority in A.C.A § 24-2-619, ATRS hereby delegates the authority to the ATRS Executive Director to perform all duties related to the respective Companies consistent with the amended Articles of Organization, Operating Agreements, and other applicable laws and policies of ATRS and further the Executive Director may delegate authority to a Deputy Director or to an investment staff member, when proper, to perform needed actions and executions in his absence.

2. That the Executive Director or his delegate will provide regular reports to the ATRS Board on the Companies.

Adopted this 2nd day of February 2026.

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

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

R E S O L U T I O N
No. 2026-04

Authority to Reimburse Trustee Expenses for 2026

WHEREAS, The Board of Trustees may reimburse expenses of the Trustees for performing official Board duties under A.C.A. § 24-7-303 (b) and other laws and policies of the State of Arkansas that may apply; and

WHEREAS, The Board must pre-approve any expenses incurred for the calendar year at its first meeting under ATRS Board Policy 1 section VIII.

THEREFORE, BE IT RESOLVED, That the ATRS Board of Trustees hereby authorizes ATRS to reimburse Trustees for losses in salary resulting from attendance of a Board meeting that would otherwise be paid by the employer, including but not limited to, a Trustee’s out of pocket cost associated with employing substitute personnel or losses in salary or compensation and any costs of communication, including long distance, postage, internet access, and other communication charges consistent with ATRS Board Policy 1 section VII.A. upon presentation of a written request by a Trustee, with adequate documentation enclosed.

Adopted this 2nd day of February 2026.

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

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

R E S O L U T I O N
No. 2026-05

Authorization for Board Travel and Expenses for 2026

WHEREAS, Act 1211 of 1995 (A.C.A.§ 25-16-901 *et seq*.) provides that every state board may, by a majority vote of the total membership of the board cast during its first regularly scheduled meeting of each calendar year, authorize expense reimbursement for each board member for performing official board duties. Such reimbursement cannot exceed the rate established for state employees by state travel regulations; and

WHEREAS, Act 975 of 2011 provides for expense reimbursement for members of the Board of Trustees of the Arkansas Teacher Retirement System; and

NOW, THEREFORE*, *BE IT RESOLVED, That the Board of Trustees of the Arkansas Teacher Retirement System, by a majority vote of its total membership, authorizes expense reimbursement for each Board member for performing official Board duties during the calendar year 2026; and

FURTHER RESOLVED, That the expense reimbursement shall not exceed the rate established for state employees by state travel regulations and shall be in compliance with the attached Addendum A to this Resolution, adopted by this Board to reflect changes in state travel regulations; and

FURTHER RESOLVED, That Board members, including those who live in the Little Rock area (excluding ex officio trustees), may be reimbursed for mileage and meal expenses incurred while performing official board duties in Little Rock at a rate not exceeding the rate established for state employees; and

FURTHER RESOLVED, That the adoption of this resolution authorizes reimbursement for any such expenses including those incurred in 2026 prior to the adoption of this resolution; and

FURTHER RESOLVED, That in years in which a Board retreat is held, each Board member shall be reimbursed for up to two (2) out-of-state conferences for the purpose of education; and

FURTHER RESOLVED, That in years in which the Board does not have a retreat each Board member shall be reimbursed for up to two (2) out-of-state conferences for the purpose of education, with one (1) additional out-of-state conference with the approval of the Board Chair.

Adopted this 2nd day of February 2026.

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

Addendum A
Resolution 2026-05

The following regulations have been adopted to provide guidance to board members and employees of the Arkansas Teacher Retirement System (ATRS).

For purposes of these rules, the following definitions shall apply:

1. "Official Station" shall be:
   (a) For board members, the city or town in which a board member has a permanent address.
   (b) For employees, the city or town of the employee's actual location of work.

2. Travel expenses will be reimbursed when board members or employees are required to travel away from their official station on ATRS business. Minimization of expenses while traveling should be the same, as a prudent person would exercise if traveling on personal business.

3. A Travel Reimbursement Form (TR-1) must be verified and signed by the traveler, accompanied by the proper receipts, and duly signed by the Executive Director, or designee, before reimbursement may be processed.

4. All travel reimbursement requests, whether for in-state or out-of-state travel, must adhere to the reimbursement rates listed in the Federal Travel Directory unless a waiver is granted. Current rates as of the filing of this Resolution for Arkansas cities not identified or located in listed cities have a Standard rate of $110 per day for lodging and $68 per day for meals. All current rates can be found on the Federal General Services Administration Website:

   https://www.gsa.gov/travel/plan-book/per-diem-rates

5. Reimbursement may be claimed for actual expenses only, and must not exceed the Federal Directory maximums. In-state meals will not be reimbursed without overnight lodging. There are no exceptions to the maximum meal rates. The tip reimbursement amount shall not exceed fifteen percent (15%) of the meal amount expended. The total reimbursement for meals and tips shall not exceed the maximum rates prescribed by the Financial Management Guide published by the Office of Accounting of the Department of Finance and Administration.

6. Exceptions to lodging maximums may be allowed only with good justification, e.g., when conference hotel rates exceed area maximums, and staying elsewhere would incur transportation charges. The Executive Director, or

designee, must approve all requests for exceptions prior to incurring the expense.

Addendum A
<u>Resolution 2026-05</u>

7. Private vehicle mileage is reimbursable at the current rate per mile authorized by the Arkansas Department of Finance and Administration, currently 52 cents per mile. If a traveler's personal vehicle is used for transportation to and from the airport, a mileage reimbursement may be requested.

8. Reimbursable travel expenses are limited to those expenses authorized and essential to conducting official ATRS business. Telephone, Internet access, and facsimile expenses shall be allowed only when necessary for the completion of official business. Incidental amounts not directly related to travel (such as postage, small emergency supplies, etc.) may be allowed, when necessary, if incurred during the performance of official business while traveling. These necessary incidental expenses shall be itemized on the TR-1 form with receipts attached.

9. If one-way travel exceeds 400 miles from the traveler's official station, reimbursement may be requested for no more than one day prior to, and/or after, the official start/end of an approved conference/convention.

10. Travelers shall not be reimbursed for the purchase of alcoholic beverages, entertainment, flowers, valet service, laundry, cleaning, printing items, or other discretionary purchases.

11. Travel expenses shall not be billed to ATRS by a third-party except for lodging, meals, registration fees, and air transportation, duly approved in advance by the Executive Director.

12. Travel may be achieved by plane, train, bus, private or system-owned vehicle, rented vehicle, or taxi, whichever method serves the requirements of ATRS most economically and advantageously. The maximum allowable mileage will be computed by the shortest major highway route. Flights resulting in the lowest available airfare for ATRS should be used for all business trips, unless there are extenuating circumstances, such as unreasonable arrival/departure times or unusually long layovers.

13. When common carriers (airplane, train, or bus) are needed to transport persons on ATRS business, ATRS will make the travel arrangements, if possible, in order for the system to be billed direct. If this is not possible, the traveler may make and pay for arrangements and request reimbursement. Items that are properly purchased by, and invoiced directly to ATRS, are not reimbursable to the traveler.

Addendum A
<u>Resolution 2026-05</u>

14. For out-of-state travel, reimbursement shall be the lesser of coach class air, or the current rate per mile authorized by the Arkansas Department of Finance and Administration.

15. If more than one traveler is transported in the same vehicle, only the owner can claim a mileage reimbursement.

16. When attending out-of-state conferences, travelers should choose the most economical mode of transportation between airports and hotels, i.e., rental car, shuttle, or taxi. Consideration must be given to mileage, fuel, and parking fees when selecting a rental. Vehicle rentals are no longer under a mandatory state contract. Employees requiring a vehicle rental must contact the ATRS fiscal department for assistance. If a rental car is obtained, and two (2) or more board members or employees travel to the same location, rentals should be shared, if possible.

17. Board members and employees of ATRS shall be reimbursed for their own travel expenses only. Board members and employees shall not be reimbursed for expenses incurred by their spouse or guest.

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

R E S O L U T I O N
No. 2026-06

2026-2027 Employer Contribution Rate

WHEREAS, A.C.A. § 24-7-401(c) authorize the Board of Trustees of the Teacher Retirement System to establish the employer contribution rate paid into the System prospectively for each year; and

WHEREAS, A.C.A. § 24-7-401(c) dictates that the rate shall be set by the Board following consultation with its actuary based on the annual actuarial valuation and that the rate shall be based on the actuary's determination of the rate required to fund the plan in accordance with the financial objectives set forth in A.C.A. § 24-7-401(a); and

WHEREAS, Arkansas Teacher Retirement System is 84% funded, with an amortization period to pay off unfunded liabilities of 21 years, which shows that ATRS is in a strong financial position as of the last actuarial valuation at the end of the last fiscal year; and

WHEREAS, The ATRS Board, on November 13, 2017, adopted an employer contribution rate schedule that established the employee contribution rate for FY2026 should be 15.00%.

NOW, THEREFORE, BE IT RESOLVED, That the Board of Trustees in accordance with the legislative restrictions hereby sets the employer contribution rate shall remain at Fifteen percent (15%) after fiscal year 2026 until changed.

Adopted this 2nd day of February 2026.

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Dr. Mike Hernandez, Chair
Arkansas Teacher Retirement System Board

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

RESOLUTION
No. 2026-07

2026-2027 Member Contribution Rate

WHEREAS, A.C.A. § 24-7-406, authorizes the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) to establish and modify the member contribution rate paid into ATRS by contributory members; and

WHEREAS, A.C.A. § 24-7-406 dictates that the member contribution rate shall be set by the Board following consultation with its actuary based on the annual actuarial valuation and that the rate shall be set to maintain actuarial soundness;

WHEREAS, Arkansas Teacher Retirement System is 84% funded, with an amortization period to pay off unfunded liabilities of 21 years, which shows that ATRS is in a strong financial position as of the last actuarial valuation at the end of the last fiscal year; and

WHEREAS, The ATRS Board, on November 13, 2017, adopted a member contribution rate schedule that established the member contribution rate shall remain at Seven percent (7%) after fiscal year 2023 until changed.

NOW, THEREFORE, BE IT RESOLVED, That the Board of Trustees in accordance with the legislative restrictions hereby sets the member contribution rate for the fiscal year beginning July 1, 2026, at seven percent (7.00%).

Adopted this 2nd day of February, 2026.

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Dr. Mike Hernandez, Chair
Arkansas Teacher Retirement System Board

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 WEST THIRD STREET
LITTLE ROCK, ARKANSAS 72201

R E S O L U T I O N
No. 2026-08

Adoption of Surcharge Rate for Outsourced Positions

WHEREAS, A.C.A. § 24-7-506, authorizes the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) to collect a surcharge on salary paid to certain embedded positions that are outsourced at certain ATRS employers; and

WHEREAS, The surcharge rate for outsourced positions is set by law with the option for the ATRS Board to increase the rate after an implementation period; and

WHEREAS, The authorized surcharge rate by law for fiscal year 2026 is four percent (4%); and

WHEREAS, ATRS should set the surcharge rate for outsourced salary as a part of its regular function.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Arkansas Teacher Retirement System hereby declares that the surcharge rate for applicable outsourced salaries for fiscal year 2027 is four percent (4%) in accordance with Arkansas law.

Adopted this 2nd day of February, 2026.

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Dr. Mike Hernandez, Chair
Arkansas Teacher Retirement System Board

Arkansas Teacher Retirement System

Annual Actuarial Valuation of Active and Inactive Members June 30, 2025

Report of the June 30, 2025 Actuarial Valuation

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-	Cover Letter
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Section H	**Glossary**

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November 19, 2025

Board of Trustees
Arkansas Teacher Retirement System
Little Rock, Arkansas

Dear Board Members:

Presented in this report are the results of the ***Annual Actuarial Valuation of active and inactive members as of June 30, 2025.*** The June 30th annual valuation of retired lives receiving monthly benefits indicates the liabilities for future benefit payments to existing retirees. These liabilities are covered in detail in a separate report. They are also covered briefly in this report on page B-4. A gain (loss) analysis of financial experience of the Arkansas Teacher Retirement System covering the period from July 1, 2024 to June 30, 2025 will also be issued in a separate report.

The purposes of the valuation are to measure the System's funding progress and to determine the amortization period that results from the statutory employer and employee rates and the actuarial assumptions that the Board has adopted. This report should not be relied on for any purpose other than the purposes described herein. Financial results associated with the benefits described in this report that are developed for purposes other than those identified above may be significantly different than those in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Retirement System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

This valuation was based upon census data and financial information provided by the System's administrative staff. Preparation of this data requires considerable staff time. The helpful cooperation of the Arkansas Teacher Retirement System (ATRS) staff in furnishing the data is acknowledged with appreciation. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of any data provided by ATRS.

This report was prepared using certain assumptions approved by the Board. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). All actuarial assumptions and methods used for funding purposes in the valuation follow the guidance in the applicable Actuarial Standards of Practice. The actuarial assumptions used for valuation purposes are summarized in Section G. These assumptions reflect expectations of future experience under the plan. They were developed in connection with an experience study covering the period July 1, 2015 to June 30, 2020.

The amortization period in this report is determined using the actuarial assumptions and methods disclosed in Section G of this report. This report includes risk metrics beginning on page D-8 but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

We have assessed that the statutory employer contribution rate of 15% of payroll is a reasonable Actuarially Determined Employer Contribution (ADEC) and it is consistent with the plan accumulating adequate assets to make benefit payments when due. This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside the scope of expertise and was not performed.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Arkansas Teacher Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. Judith A. Kermans, Heidi G. Barry and Derek Henning are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The actuaries submitting this report are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

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SECTION A

EXECUTIVE SUMMARY

Executive Summary

General Financial Objective. Section 24-7-401 (a) of the Arkansas Code provides as follows (emphasis added):

(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.

Arkansas Teacher Retirement System Status: Based upon the results of the June 30, 2025 actuarial valuations, ***ATRS is satisfying the financial objective of level-contribution-percent financing.***

This report contains the results of the June 30, 2025 valuation. The table below shows a summary of the data used in the valuation. This data was the basis for determining valuation results.

	Number	Average	Type of Average
Active not in T-DROP	67,871	$48,135	Pay
Active in T-DROP	2,992	72,596	Pay
Deferred Vested	15,308	6,672	Annual Projected Benefit
Retired	57,492	25,330	Annual Current Benefit
Total Members	**143,663**		

Included in the 2025 valuation were 4,487 reemployed retirees (included in the Retired data file) with total earnings of $159.7 million. ATRS receives full employer contributions on these individuals per Arkansas Code Section 24-7-708. The actuarial valuation assumes the number of working members will remain constant at the current level. In some recent years, the total number of working members has decreased. A decreasing population means less contribution income for the retirement system than expected and can lead to funding difficulty in extreme cases. ATRS receives employer contributions on behalf of all working members.

Actuarial Assumptions and Methods: There were no assumption or method changes in the June 30, 2025 valuation. In our judgement the actuarial assumptions in use, and in particular the 7.25% investment return assumption, are reasonable for the purposes described in this report.

Benefit Changes: Legislative changes impacting the Arkansas Teacher Retirement System are reflected for the June 30, 2025 valuation. In particular, the Arkansas Code was amended to provide a dependent child annuity to each surviving child of a disability retiree, and made dependent child benefits payable until the attainment of age 23 regardless of student enrollment status. These changes led to a slight increase in the amortization period of about two to three weeks. Other changes are not directly measurable and may only impact the amortization period by a small amount as experience emerges, or do not impact the amortization period at all.

Executive Summary (Continued)

Results of the Valuation

The amortization period this year is 21 years, an increase from last year's period of 20 years. On a market value basis, the amortization period is 14 years. The amortization period is calculated assuming 7.93% of payroll contributions to finance the unfunded actuarially accrued liability. (Please refer to page B-1 for details).

The statutory employer contribution rate is 15%. Statute dictates that the employer contribution rate shall not exceed 14% if the actuarial valuation shows that the amortization period would remain 18 years or less with a 14% employer contribution rate (A.C.A. § 24-7-401(c)(5)(B)(ii)). The statute does not address the contributory member rate of 7%. As of the June 30, 2025 valuation, the contribution rate based upon an amortization period of 18 years would be approximately 15.9% of payroll. Therefore, no changes in the rate are required at this time. A reduction in contributions would be unfortunate if ATRS is not 100% funded. A careful review of assumptions would be warranted if this situation were to occur in between experience studies. **The statutory employer contribution rate of 15% of payroll is a reasonable Actuarially Determined Employer Contribution (ADEC) based on the results of the June 30, 2025 valuation.**

The Arkansas Teacher Retirement System remains stable with an 84.4% funded position as of June 30, 2025. If experience is reasonably in line with expectations in Fiscal Year 2026, the amortization period is likely to decrease in the next valuation due to the scheduled phase-in of net investment gains in FY 2026. (Please refer to page D-3 for details.)

The rate of investment return on a market value basis was 9.80%# this year. As of June 30, 2025, the market value of assets exceeded the actuarial value of assets by approximately $935 million. (Please refer to page D-3 for details.) Investment gains and losses that occur each year are smoothed in over a four-year period. After considering smoothing, the recognized return this year was 5.78%, compared to an assumed 7.25% return for Fiscal Year 2025. A phase-in of net investment gains is scheduled for the Fiscal Years 2026, 2027, and 2028.

The actuary calculated this return figure which may not exactly match the investment consultant's figure.

Experience Study

Every five years we typically perform a study that reviews the demographic and economic experience of the Arkansas Teacher Retirement System and then recommend changes in assumptions as appropriate and necessary to comply with Actuarial Standards of Practice. The last study covered the experience during the period July 1, 2015 to June 30, 2020. The next study will cover experience during the period July 1, 2020 to June 30, 2025. We would expect this study to be completed late in Fiscal 2026 and to affect the June 30, 2026 valuation.

Executive Summary (Continued)

Other Observations

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.25% on the funding value of assets), it is expected that:

1) The employer normal cost as a percentage of pay will remain approximately level;
2) The unfunded actuarial accrued liabilities will be fully amortized after 21 years; and
3) The funded status of the plan will increase gradually towards a 100% funded ratio.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the funding value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

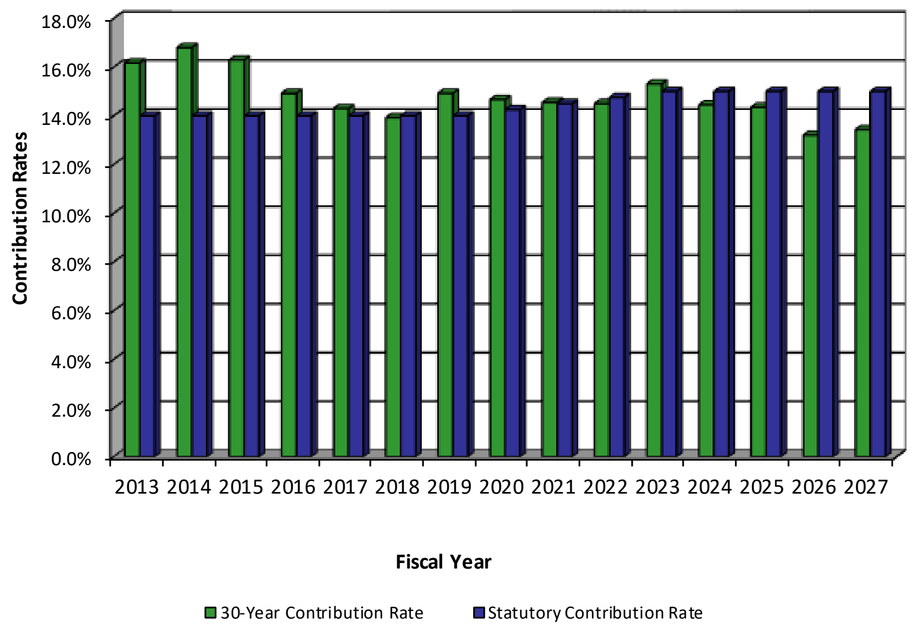
1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction;
2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit); and
3) The measurement would produce a different result if the market value of assets were used instead of the funding value of assets, unless the market value of assets is used in the measurement.

Limitations of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

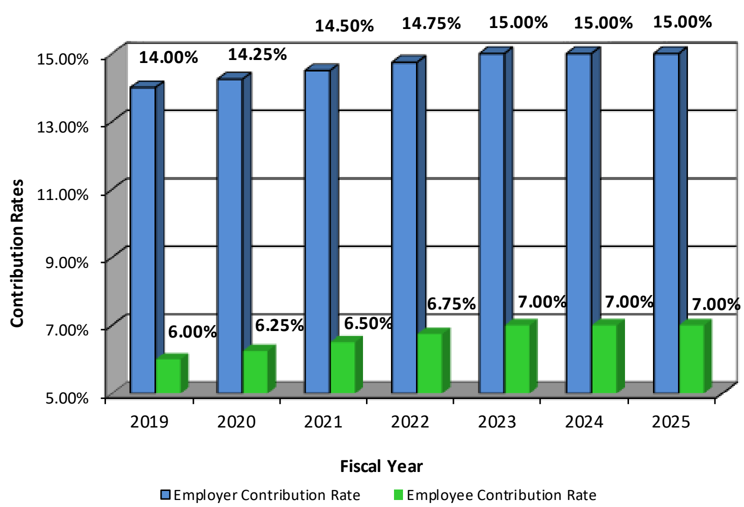
Executive Summary (Concluded)

The following graph shows a history of the amounts contributed vs. the employer contributions based on a maximum amortization period of 30 years. The results would look different if the Employer Contribution were calculated according to the Board's target of 18 years.



The amount contributed is less than the 30-year contribution in FY 2013-2017, FY 2019-2021 and FY 2023. In FY 2018, FY 2022, FY 2024 and FY 2025 the amount contributed exceeded the 30-year contribution.

The following graph also shows a recent history of the employer and employee amounts contributed.



SECTION B

VALUATION RESULTS

Determination of Amortization Period
Computed as of June 30, 2025 and June 30, 2024

Computed Contributions for	Percents of Active Member Payroll			
	June 30, 2025			June 30, 2024
	Teachers	Support	Combined	Combined
Normal Cost				
Age & Service Annuities	11.40%	7.64%	**10.39%**	10.34%
Deferred Annuities	1.50%	2.32%	**1.72%**	1.71%
Survivor Benefits	0.27%	0.19%	**0.25%**	0.25%
Disability Benefits	0.41%	0.39%	**0.40%**	0.40%
Refunds of Member Contributions	0.50%	1.27%	**0.71%**	0.69%
Total	14.08%	11.81%	**13.47%**	13.39%
Average Member Contributions	6.78%	5.36%	**6.40%**	6.33%
Net Employer Normal Cost	7.30%	6.45%	**7.07%**	7.06%
Unfunded Actuarial Accrued Liabilities			**7.93%**	7.94%
Employer Contribution Rate			**15.00%**	15.00%
Amortization Years			**21**	20

The calculated amortization period of 21 years is based on employer and member contribution rates of 15.00% and 7.00%, respectively. See page A-4 for a recent history of employer and employee contribution rates.

The amortization period is the number of years it will take to pay off the unfunded liability of $4.2 billion, assuming contributions remain at the Fiscal 2026 level. Since 2000, the period has varied from a low of 19 years to a high of over 100 years. If experience in FY 2026 is reasonably in line with expectations, the amortization period is likely to decrease in the next valuation due to the phase-in of net investment gains. Please see additional comments regarding the amortization period on page A-2.

Employer Contribution Rates
10-Year Comparative Statement

Valuation Date June 30	Active Members in Valuation **		Average Annual Pay		Consumer Price (Inflation) Index	Employer Contributions	
	Number	Annual Payroll ($ Millions)	Amount	% Change	% Change	Computed Financing Period (Years)	Total Employer Rate
2016	72,232	$ 2,785	$ 38,557	1.2 %	1.0 %	29	14.00 %
2017#*	72,148	2,814	38,997	1.1 %	1.6 %	29	14.00 %
2018#	72,341	2,872	39,702	1.8 %	2.9 %	28	14.00 %
2019#	72,164	2,907	40,285	1.5 %	1.6 %	28	14.00 %
2020#	70,539	2,954	41,884	4.0 %	0.6 %	27	14.25 %
2021#*	70,098	3,086	44,030	5.1 %	5.4 %	32	14.50 %
2022#	71,378	3,199	44,811	1.8 %	9.1 %	26	14.75 %
2023#	71,387	3,353	46,963	4.8 %	3.0 %	26	15.00 %
2024	71,246	3,459	48,555	3.4 %	3.0 %	20	15.00 %
2025#	70,863	3,484	49,167	1.3 %	2.7 %	21	15.00 %

* *Revised assumptions.*

\# *Legislated benefit or contribution rate changes.*

** *Includes T-DROP members and payroll. ATRS also receives contributions on return to work retirees, but they are not included on this schedule.*

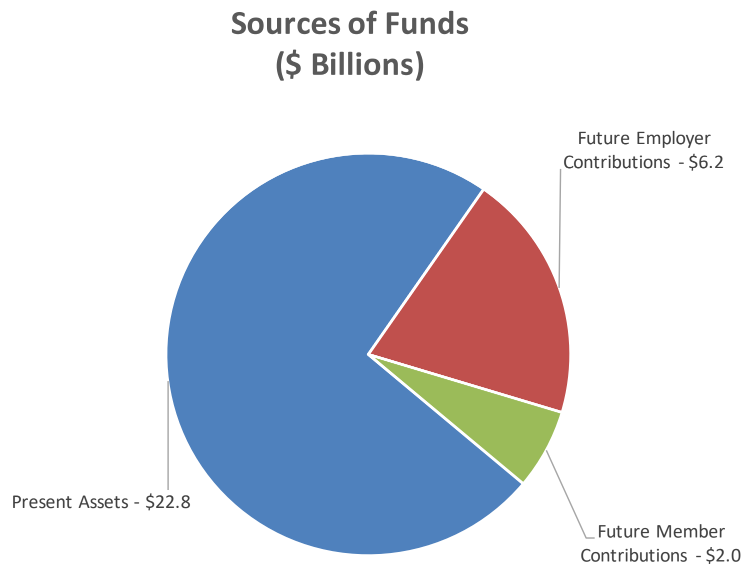
Computed Actuarial Liabilities
as of June 30, 2025

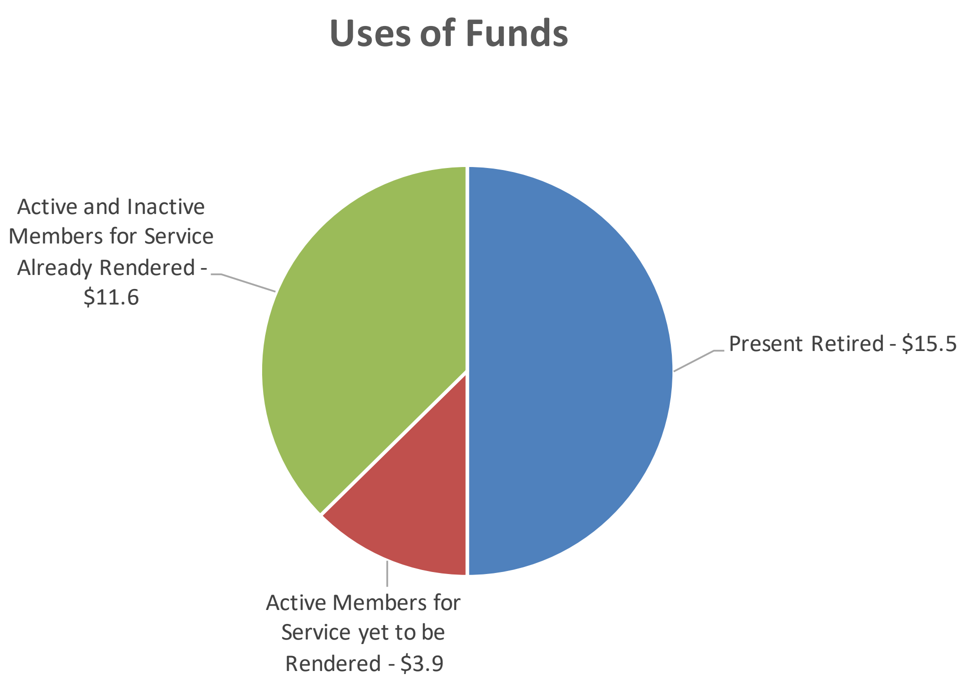
Actuarial Present Value of	(1) Total Present Value	Entry Age Actuarial Cost Method: (2) Portion Covered by Future Normal Cost Contributions	Entry Age Actuarial Cost Method: (3) Actuarial Accrued Liabilities (1)-(2)
Age and service retirement allowances based on total service likely to be rendered by present active members.	$ 11,510,693,703	$ 3,016,871,048	$ 8,493,822,655
Age and service retirement allowances based on total service likely to be rendered by present T-DROP members.	1,875,473,454	41,742,600	1,833,730,854
Vested deferred benefits likely to be paid present active and inactive members.	1,684,821,463	506,170,561	1,178,650,902
Survivor benefits expected to be paid on behalf of present active members.	191,723,521	73,609,114	118,114,407
Disability benefits expected to be paid on behalf of present active members.	230,168,994	115,725,807	114,443,187
Refunds of member contributions expected to be paid on behalf of present active members.	32,939,974	194,215,945	(161,275,971)
Benefits payable to present retirees and beneficiaries.	15,449,226,757	-	15,449,226,757
Total	$ 30,975,047,866	$ 3,948,335,075	$ 27,026,712,791
Funding Value of Assets.	22,806,564,333	-	22,806,564,333
Liabilities to be covered by future contributions.	$ 8,168,483,533	$ 3,948,335,075	$ 4,220,148,458

Liabilities for Retirees July 1, 2025
Tabulated by Type of Benefit Being Paid

Type of Annuity	Liabilities July 1, 2025		
	Men	Women	Totals
RETIREMENT RESERVE ACCOUNT			
Age and Service Annuities			
Option 1 (Straight Life)	$ 1,791,324,546	$ 8,905,030,113	$ 10,696,354,659
Option A (100% Joint & Survivor)	899,397,946	1,050,944,164	1,950,342,110
Option B (50% Joint & Survivor)	425,479,786	723,704,769	1,149,184,555
Option C (10 Years Certain & Life)	60,195,339	232,724,601	292,919,940
Beneficiaries	84,327,232	236,854,252	321,181,484
Total Age and Service	3,260,724,849	11,149,257,899	14,409,982,748
Disability Annuities			
Option 1 (Straight Life)	50,056,995	294,521,298	344,578,293
Option A (100% Joint & Survivor)	24,477,712	50,274,160	74,751,872
Option B (50% Joint & Survivor)	7,085,257	11,950,973	19,036,230
Option C (10 Years Certain & Life)	-	-	-
Beneficiaries	21,348,668	26,959,335	48,308,003
Total Disability	102,968,632	383,705,766	486,674,398
Act 793	6,124,455	4,144,252	10,268,707
Retirement Reserve Account	3,369,817,936	11,537,107,917	14,906,925,853
Act 808 Retirement Reserve Account	3,091,203	853,804	3,945,007
Total Retirement Reserve Account	3,372,909,139	11,537,961,721	14,910,870,860
SURVIVORS' BENEFIT ACCOUNT			
Beneficiaries of Deceased Members	$ 62,454,419	$ 66,475,490	$ 128,929,909
RETIREMENT SYSTEM TOTALS			
Total Annuity Liabilities	$ 3,435,363,558	$ 11,604,437,211	$ 15,039,800,769
Cash Benefit Account Liabilities			254,819,520
Liabilities for Lump Sum Death Benefits			154,606,468
Total			$ 15,449,226,757

Financing $31.0 Billion of Benefit Promises for Present Active and Retired Members June 30, 2025





Short Condition Test

ATRS' funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will ***pay all promised benefits when due -- the ultimate test of financial soundness***. Testing for level contribution rates is the long-term test.

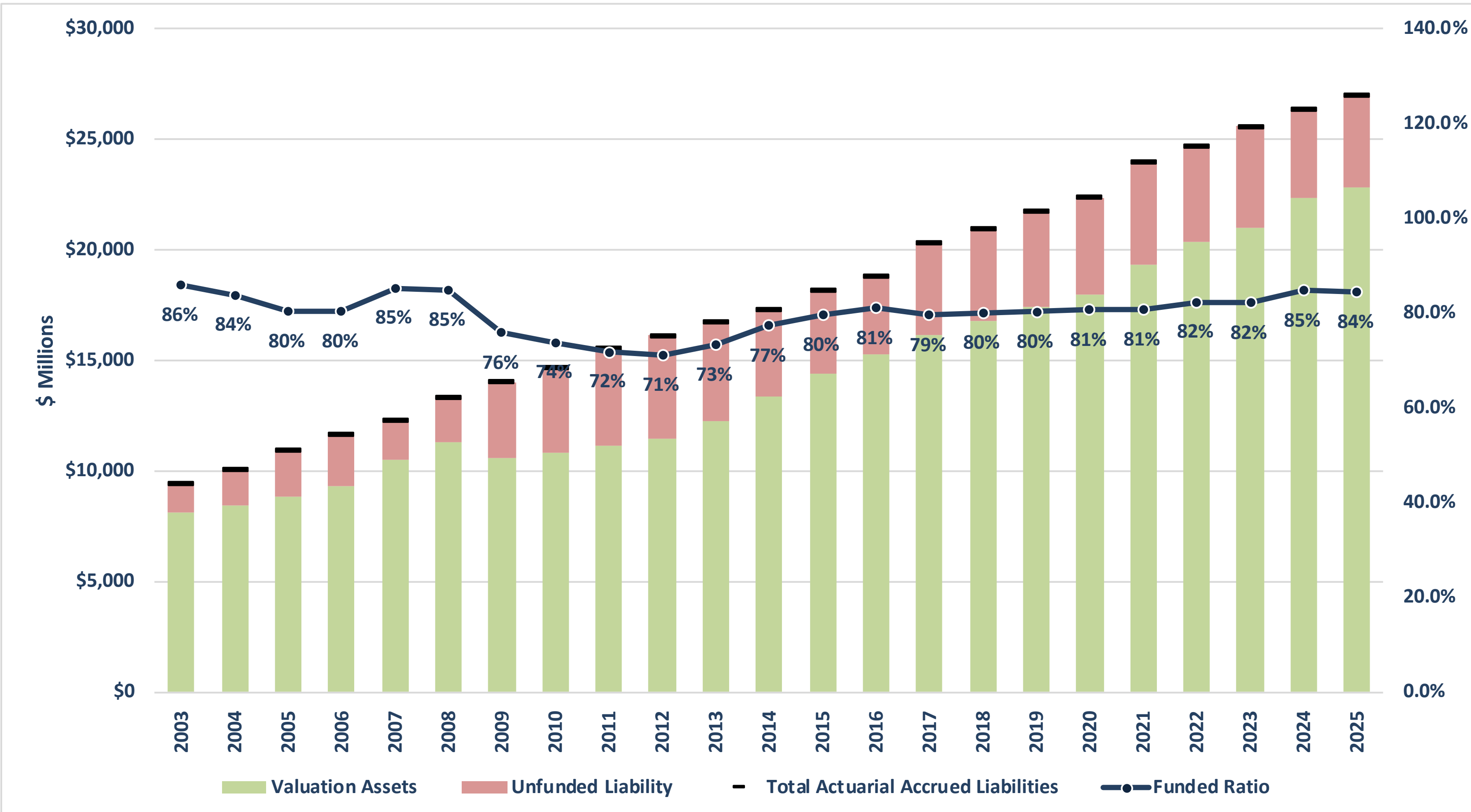
A short condition test is one means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with: 1) Member contributions on deposit; 2) The liabilities for future benefits to present retired lives; and 3) The liabilities for service already rendered by members. In a system that has been following the discipline of level percent-of-payroll financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the system. Liability 3 being fully funded is unusual, but highly desired.

The schedule below illustrates the history of Liability 3 of the System and is indicative of the ATRS' objective of following the discipline of level percent-of-payroll financing.

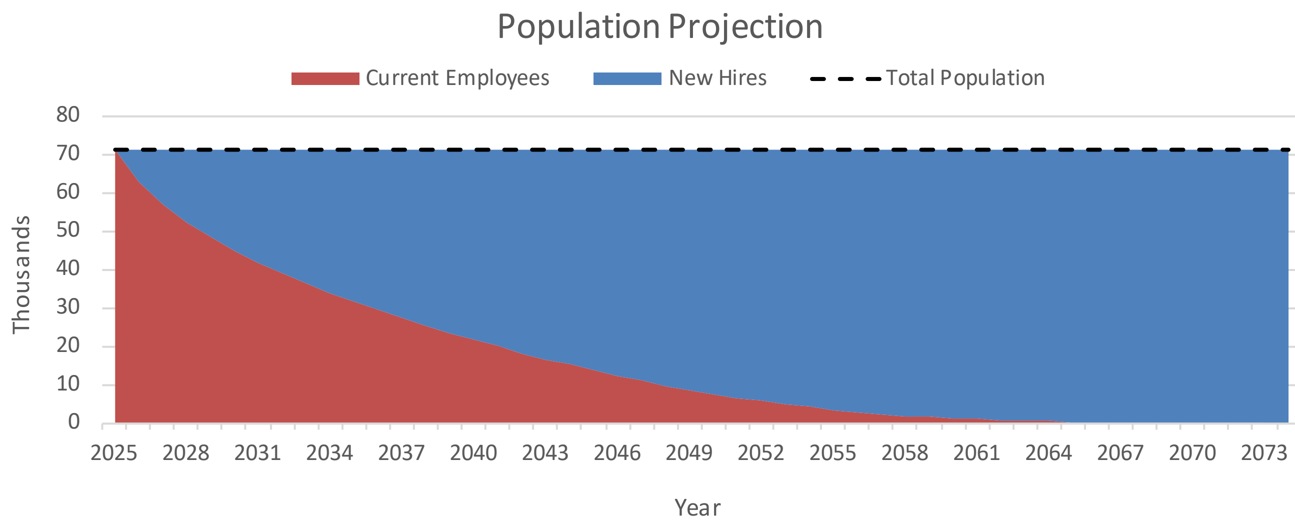
Val. Date June 30	(1) Member Contrb.	(2) Retirees and Benef.	(3) Active and Inactive Members (Employer Financed Portion)	Present Valuation Assets	Portion of Present Values Covered by Present Assets			
					(1)	(2)	(3)	Total
	-----------------------$ Millions-----------------------							
2016	$1,184	$10,430	$7,198	$15,239	100%	100%	50%	81%
2017#*	1,254	11,337	7,707	16,131	100%	100%	46%	79%
2018#	1,312	11,851	7,772	16,756	100%	100%	46%	80%
2019#	1,377	12,460	7,872	17,413	100%	100%	45%	80%
2020#	1,455	12,890	8,007	18,007	100%	100%	46%	81%
2021#*	1,544	13,596	8,847	19,343	100%	100%	48%	81%
2022#	1,648	14,044	9,005	20,328	100%	100%	51%	82%
2023#	1,751	14,511	9,330	21,015	100%	100%	51%	82%
2024	1,863	14,992	9,501	22,309	100%	100%	57%	85%
2025#	2,031	15,449	9,547	22,807	100%	100%	56%	84%

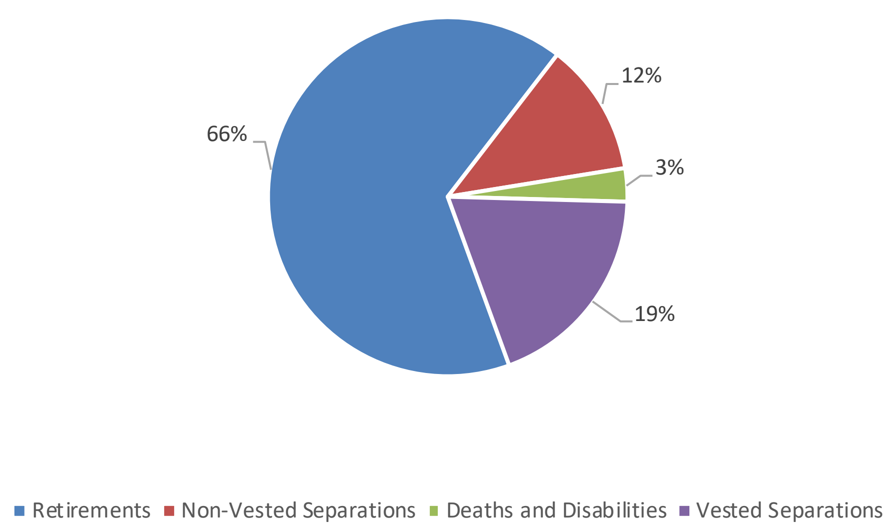
* *Revised actuarial assumptions or methods.*
\# *Legislated benefit or contribution rate changes.*

Actuarial Accrued Liabilities and Valuation Assets



Expected Development of Present Active Population June 30, 2025 (Excludes Rehired Retirees)





The charts show the expected future development of the present population in simplified terms. The Retirement System presently covers 70,863 active members (includes T-DROP). Eventually, 12% of the population is expected to terminate covered employment prior to retirement and forfeit eligibility for an employer provided benefit. Approximately 85% of the present population is expected to receive monthly retirement benefits. Approximately 3% of the present population is expected to become eligible for death-in-service or disability benefits. Within nine years, over half of the covered active membership is expected to consist of new hires.

SECTION C

SUMMARY OF BENEFITS

Summary of Benefit Provisions
June 30, 2025

1. **Voluntary Retirement – A.C.A. § 24-7-701.** A member may retire at age 60 with 5 or more years of credited service, or after 28 years of credited service regardless of age.

2. **Early Retirement – A.C.A. § 24-7-702.** A member who has more than 25 but less than 28 years of credited service and has not attained age 60 years may retire and receive an immediate early retirement annuity. The early annuity is an age & service annuity reduced by the lesser of (i) and (ii) below:

   (i) 10/12 of 1% multiplied by the number of months by which early retirement precedes completion of 28 years of service, or

   (ii) 10/12 of 1% multiplied by the number of months by which early retirement precedes the attainment of age 60 years.

   The ATRS Board is allowed to set by resolution the early annuity reduction at a rate between 5% and 15% per year, to be prorated monthly if the System's actuary certifies that the amortization period to pay the unfunded liabilities exceeds 18 years. The Board adjusted the reduction to 10% per year beginning August 1, 2017 by Resolution 2017-14 on April 17, 2017.

3. **Deferred Retirement – A.C.A. § 24-7-707.** An inactive member who has 5 or more years of credited ATRS service will be entitled to an age & service annuity beginning at age 60, provided accumulated contributions are on deposit with the retirement system.

4. **Disability Retirement – A.C.A. § 24-7-704.** An active member with 5 or more years of actual and reciprocal service, who becomes totally and permanently disabled may be retired and receive a disability annuity computed in the same manner as an age & service annuity. In order to qualify for disability retirement, the member must exhibit symptoms of physical or mental incapacitation while the member is an active member. A member who is eligible for age and service retirement (age 60 and 5 years of service or 28 years of service at any age) is no longer eligible to apply for disability retirement.

   An ATRS disability retiree is required to obtain a Social Security Administration determination letter finding that the retiree is disabled within 36 months of the effective date of disability retirement. If a member cannot provide the SSA determination letter within the 36-month period, benefits will be terminated, the member will be returned to active service, and all member history will be restored. The requirement to qualify for SSA disability shall not apply to a disability retiree who was age 57 or older before July 1, 2015, because that member would qualify for age & service benefits prior to requiring the SSA determination of disability. The retiree may apply for an extension of the 36-month deadline if the retiree can demonstrate the SSA determination is in progress. There is a rebuttable presumption that if a Teacher Retirement member is qualified for Social Security Administration disability benefits then they would also qualify for ATRS disability retirement benefits. There is a rebuttable presumption that if a Teacher Retirement member is qualified for a service-connected disability rating from the United States Department of Veterans Affairs then they would also qualify for ATRS disability retirement benefits.

   A disability retiree may be employed with a covered employer for less than (80) days of actual service.

Disability Retirement – A.C.A. § 24-7-704 (Cont.) during a fiscal year. The covered employer who employs a disability retiree under this subsection shall remit contributions on all salary paid to the disability retiree in an amount equal to the employer contributions rate. The retiree will continue receiving their annuity from the system and shall not accrue additional service credit. If a retiree tries to return to full time employment, and fails, the suspended disability benefit will be restored to what it would have been had they not tried to return to work, or a recomputed benefit using the additional service, whichever is higher.

5. **Final Average Salary (FAS) – A.C.A. § 24-7-736 and A.C.A. § 24-7-601.** The ATRS Board made changes to the final average salary (FAS) by Resolution 2017-33 on November 13, 2017. Effective July 1, 2018, a member's final average salary is the average of the five (5) highest service year salaries (5-year FAS).

   Members active in ATRS or a reciprocal system as of June 30, 2018 and with at least 3 full years of service in ATRS can use a benchmark 3-year FAS, which is the average of the three (3) highest service year salaries as of June 30, 2018. The three (3) highest service year salaries are adjusted for anti-spiking before being used in the calculation of the benchmark 3-year FAS.

   In calculating the 5-year FAS, if a member has less five (5) years of credited service, the final average salary of the member shall be the total salary paid to the member for his or her years of credited service divided by the member's total credited years of service.

   The Board may adjust the final average salary anti-spiking parameters by board resolution provided that the anti-spiking percentage range is no lower than 105% nor higher than 120% per year; and the anti-spiking amount is no lower than $1,250 nor higher than $5,000. The ATRS Board set the anti-spiking percentage to 110% and the anti-spiking amount to $5,000 by Resolution 2017-13 on April 17, 2017.

   If a member has at least five (5) years of credited service the five (5) highest service year salaries shall be adjusted for anti-spiking and the final average salary will be calculated as follows:

   a. The service year salaries are ranked from lowest to highest.
   b. The lowest service year salary in the ranking shall be the base salary.
   c. The next-highest-ranked service year salary shall be compared to the base salary.
   d. The next-highest service year salary in the calculation of final average salary that is less than eight (8) years from the base salary year, shall not exceed the base salary value plus $5,000 unless the next-highest year's value is less than or equal to 110% of the base salary.
   e. After comparison of the base salary to the next-highest service year salary, a reduction to the next-highest service year salary is made if required to satisfy the conditions of the prior step.
   f. The next-highest service year salary, with any required reduction, becomes the new base salary to compare to the next succeeding highest service year salary in the ranking until all service year salaries in the ranking have been compared.
   g. The total value of the base salaries shall then be divided by the applicable number of years to be used in computing final average salary.

Final Average Salary (FAS) – A.C.A. § 24-7-736 and A.C.A. § 24-7-601 (Cont.) ATRS members with reciprocal service credit will also have a reciprocal FAS calculated. The reciprocal FAS is generally a value calculated by the non-ATRS reciprocal system. Effective March 2, 2021, ATRS will use the value calculated by the non-ATRS reciprocal system only if the member has at least two (2) years of service credit in that system.

The highest of the 5-year FAS, benchmark 3-year FAS, or reciprocal FAS will be used to calculate retirement benefits for the member.

6. **Age & Service Annuity and Disability Annuity – A.C.A. §§ 24-7-705, 24-7-727 (stipend).** The annuity payable will not be less than the total of: years of contributory service times 2.15% of FAS; plus years of noncontributory service times 1.39% of FAS (1.25% for service earned after 2019); plus a stipend for all members with 10 or more years of ATRS actual service. The ATRS Board is allowed to set the contributory multiplier for service credit earned after June 30, 2013, within a range of 1.75% to 2.15%. Also, the noncontributory multiplier for service credit earned after June 30, 2013, may be set within a range of 0.5% and 1.39%. In addition, the Board is allowed to set special multiplier rates for the first 10 years of ATRS service earned after June 30, 2013, for both contributory and noncontributory service. By Board Resolution 2017-31 on November 13, 2017, the noncontributory multiplier was set to 1.25% beginning in FY 2020. By Board Resolution 2017-32 on November 13, 2017, the contributory multiplier and noncontributory multiplier for the first 10 years of service was set to 1.75% and 1.0% respectively beginning July 1, 2018. Once a member accrues 10 years of service, all service including the first 10 years is then credited at the standard multiplier rate in place at the time the service was earned.

7. **T-DROP – A.C.A. §§ 24-7-1301–1316.** A member with 28 or more years of service may participate in the Teacher Deferred Retirement Option Plan (T-DROP). T-DROP participants do not make member contributions. A T-DROP deposit is made monthly to the participant's T-DROP account. The T-DROP deposit is the amount that would have been paid had the member retired, reduced by 1% for each year of contributory, noncontributory, and reciprocal service. Members who enter T-DROP with less than 30 years of service are subject to an additional 6% reduction for each year less than 30 years. T-DROP deposits are increased each year by 3% of the member's initial T-DROP deposit. T-DROP Deposits cease at the earlier of 10 years of T-DROP participation or separation from service. T-DROP participants may continue in covered employment after 10 years of T-DROP participation, but do not accumulate additional T-DROP deposits.

   T-DROP participants receive interest annually on the balance of the T-DROP account. Regular T-DROP interest is credited for 10 or less years of participation. Post 10-year T-DROP interest is credited for more than 10 years of participation.

   Regular T-DROP interest is a combination of a fixed interest rate and an incentive interest rate. An incentive rate may be approved by the Board to encourage continued participation in T-DROP, if the estimated ATRS rate of return is 2% greater than the ATRS actuarial assumed rate of return in the preceding calendar year. Beginning in fiscal year 2019, the Board has set the Regular T-DROP fixed interest rate at 3% and the maximum incentive rate at 3% by Resolution 2017-35 on November 13, 2017.

T-DROP – A.C.A. §§ 24-7-1301–1316 (Cont.) The fixed and incentive interest rates may be adopted by board resolution before the first quarter of the fiscal year and would apply to subsequent fiscal years unless modified by the Board. For fiscal year 2025, the Board set the Regular T-DROP fixed interest rate at 3% and the incentive interest rate at 0%, resulting in a total interest rate of 3%, by Resolution 2024-30 on September 30, 2024.

Post 10-year T-DROP interest has been in effect since July 1, 2010. The Post 10-year T-DROP interest rate can be determined as appropriate by the Board and adopted by the resolution prior to the first quarter of the fiscal year in which the interest rate shall apply. Post 10-year T-DROP interest is a combination of a variable interest rate and an incentive interest rate, to encourage continued participation in T-DROP. The Post 10-year T-DROP variable interest rate formula is based on investment returns and other factors. On November 13, 2017, the ATRS Board by Resolution 2017-36 set the formula for the variable interest rate and the maximum combined variable and incentive interest rate for fiscal year 2019 and beyond. The Post 10-year T-DROP variable interest rate is calculated as 2% less than the system's rate of return, but not less than 4%, nor greater than 6%. The maximum Post 10-year T-DROP combined interest rate including the incentive interest rate is 7.5%. The Post 10-year T-DROP incentive interest rate can be awarded if the estimated ATRS rate of T-DROP – A.C.A. § 24-7-1301-1316 return is 2% greater than the ATRS actuarial assumed rate of return in the preceding calendar year. For fiscal year 2025, the Board set the Post 10-year T-DROP variable interest rate at 4% and the incentive interest rate at 0%, resulting in a combined interest rate of 4%, by Resolution 2024-31 on September 30, 2024.

Upon actual retirement, the member may receive the T-DROP account balance in the form of a lump sum, a Cash Balance Account (CBA), or as an additional annuity. The T-DROP distribution may be a combination of lump sum, CBA, and additional annuity.

8. **Post-Retirement Increases – A.C.A. §§ 24-7-713, 24-7-727 (compound COLA).** Each July 1, annuities are adjusted to be equal to the base annuity times 100% plus 3% for each full year in the period from the effective date of the base annuity to the current July 1. The base annuity is the amount of the member's annuity on the later of July 1, 2001 or the effective date of retirement. The July 1, 2009 cost of living adjustment for retirees was compounded. The annuity was set to 103% of the June 30, 2009 retirement benefit amount. After it was calculated on July 1, 2009, the base amount was reset to be the July 1, 2009 benefit amount. Future cost of living raises will be established by the new updated base amount. Future cost of living adjustments will be evaluated on an annual basis to determine if a simple or compound cost of living increase will be given, depending on the financial condition of the System.

9. **Survivor Benefits – A.C.A. § 24-7-710.** Upon the death of an active member, who has 5 or more years of actual and reciprocal service, the surviving spouse receives an annuity computed in the same manner as if the member had (i) retired the date of his death with entitlement to an annuity, (ii) elected Option A - 100% Survivor Annuity, and (iii) nominated the spouse as joint beneficiary. If the member has attained age 60 and has acquired 5 years of credited service or has acquired 25 years of credited service regardless of age, the annuity begins immediately; otherwise the annuity begins the month following the date the member would have attained age 60. Under certain circumstances, a lump sum distribution may be made to the beneficiary(ies) of the deceased member.

Summary of Benefit Provisions
June 30, 2025

Survivor Benefits – A.C.A. § 24-7-710. (Cont.) Upon the death of an active member, who has 5 or more years of actual and reciprocal service, or upon the death of a disability retiree, a surviving child's benefit is prorated to an amount equal to 1% of the member's highest salary year for each quarter of a year credited as actual service in the system, up to 20% or up to a maximum of $20,000 per year. If there is more than 1 surviving dependent, the benefits are capped to the lesser of 60% of the member's highest salary or $60,000 per year to be divided equally among the dependents. A child is dependent until the child's death, marriage, or attainment of age 23.

10. **Lump Sum Death Benefit – A.C.A. § 24-7-720.** Beneficiaries of deceased active members or retirees with 10 or more years of ATRS credited service are eligible to receive a lump sum death benefit of up to $10,000. Resolution 2020-27 on September 28, 2021 set the minimum amount of the lump sum death benefit for all eligible members to six thousand six hundred sixty-seven dollars ($6,667); retired members who retired on or before July 1, 2007 will receive an additional six hundred sixty-six dollars and sixty cents ($666.60) for each contributory year of service credit up to the maximum amount of ten thousand dollars ($10,000); and all other members will receive an additional three hundred thirty-three dollars and thirty cents ($333.30) for each contributory year of service credit up to the maximum amount of ten thousand dollars ($10,000).

11. **Member Contributions – A.C.A. § 24-7-406.** Contributory members pay 7% of their salaries. Through FY 2019, contributory members contributed 6% of their salaries. Members that are participating in the T-DROP program or are working retirees do not make member contributions. If a member leaves service prior to becoming eligible to retire, the accumulated member contributions are returned upon request. No interest is credited to a member's contributions for the first year of membership; after 1 year, interest is credited. The ATRS Board set the interest rate on refunded contributions to 0.08% for fiscal year 2017 and beyond by Resolution 2017-17 on April 17, 2017. By Resolution 2017-30 on November 13, 2017, the Board set the member contribution rate to 6.25%, 6.50%, 6.75%, and 7.00% for FY 2020, FY 2021, FY 2022, and FY 2023 respectively and 7.00% thereafter. Effective July 1, 1986, a noncontributory plan was created. Effective July 1, 1999 the default choice for new members is contributory. Effective July 1, 1997, all future member contributions are tax deferred in accordance with §414(h) of the Internal Revenue Code of the United States. Each July 1, members who previously elected to be noncontributory may elect to change to contributory status. The election is irrevocable.

    A member, who was reported as non-contributory and should have been contributory, may remain in a non-contributory status for the current fiscal year and will be pended for the next fiscal year as contributory. If the member owes contributions, he or she may have the system convert the contributory service to noncontributory service rather than pay the balance due.

    Members who are contracted for 181 days or more in a fiscal year must be contributory. Effective July 1, 2021 the number of contracted days increased to 185.

Summary of Benefit Provisions
June 30, 2025

12. **Act 808 Retirement – A.C.A. § 24-4-732.** Any employee of a state agency who was an active member of the Arkansas Teacher Retirement System on April 8, 1987, and who qualified for retirement before January 1, 1988, could become a member of the Arkansas Public Employees Retirement System and retire from that system. All credited service was transferred to that system but the member's contributions were retained by the Arkansas Teacher Retirement System and the benefit amount is transferred monthly to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).

13. **Act 793 Retirement – A.C.A. § 24-4-522.** Any employee who was a member of the rehabilitation services in 1977 was permitted to become a member of the Arkansas Public Employees Retirement System. Liabilities associated with prior service earned through June 30, 1978 remain in the Arkansas Teacher Retirement System. Future service is allocated to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).

14. **Retiree Benefit Stipend – A.C.A. § 24-7-713.** The current stipend amount is $50 per month. Each retired member as of June 30, 2008, with 5 or more years of ATRS credited service receives a $75 per month stipend. Members in T-DROP do not receive the $75 per month stipend until actual retirement. For all members retiring on or after July 1, 2008, a minimum of 10 years of ATRS credited service is required to receive the $75 per month stipend. The ATRS Board is allowed to set the stipend to a minimum of $1 per month and a maximum of $75 per month. By Board Resolution 2017-34 on November 13, 2017 the benefit stipend is removed from the base amount for all retirees and beneficiaries beginning in fiscal year 2019 and the benefit stipend will be reduced to $50.00 for fiscal year 2020 and beyond. The Resolution contains a "hold harmless" provision that prevents the lowering of the stipend if it would actually reduce the total monthly benefit. This would only affect retirees when the COLA is less than $25 per month.

15. **Optional Forms of Benefits – A.C.A. § 24-7-706:**

    Option 1 *(Straight Life Annuity)*

    A member will receive the maximum monthly benefit for which he/she qualifies, throughout his/her lifetime. No monthly benefits will be paid to his/her beneficiary after the member's death. Should a member die before he/she has drawn in benefits an amount equal to his/her contributions plus earned interest, the balance will be paid to a designated beneficiary. The designated beneficiary may be anyone chosen by the member.

    Option A *(100% Survivor Annuity)*

    Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary(ies) will receive (equal shares of) the same annuity for the balance of his/her lifetime.

    Option B *(50% Survivor Annuity)*

    Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary(ies) will receive (equal shares of) one-half (1/2) of this annuity for the balance of his/her lifetime.

Option C (*Annuity for Ten Years Certain and Life Thereafter*)

A reduced monthly benefit payable for 120 months. After that time, a member's monthly allowance will revert to the amount he/she would have received under the regular plan and continue for life. If the member dies before receiving 120 payments, the designated beneficiary will receive a monthly benefit in the same amount until monthly benefits to both the member and the beneficiary equal 120 monthly payments. No further benefits are then payable to the beneficiary.

Pop-Up Election

Following the death of or a divorce from the member's designated beneficiary, his or her benefit reverts (pops-up) to the straight life annuity amount from the elected optional annuity amount. The member may then elect new beneficiaries in accordance with Arkansas Code and rules adopted by the ATRS board.

Option Factors are based upon a 5.0% interest rate and the PUB-2010 General Healthy Retiree/MP-2020 tables (generational projections using retirement year 2025) adjusted with a 50% unisex mix.

16. **Refund of Member Contributions – A.C.A. § 24-7-711.** Any termination refund made to a member or a lump sum payout made to a surviving spouse after July 1, 2011, cancels all service credit, including noncontributory service credit; any repurchase of refunded service will be as contributory years at actuarial cost. All membership rights (including noncontributory service credit) and beneficiary designations to the ATRS are cancelled when a member gets a refund of his or her contributions.

17. **Contract Buyout – A.C.A. § 24-7-735.** During periods of contract buyout/litigation/termination, members will not receive service credit if no on-call service or on-site work is performed. ATRS will not allow the purchase of the time between actual work and the settlement unless the settlement was made to resolve a claim of wrongful termination.

18. **Actuarial Cost of Service – A.C.A. §§ 24-1-107, 24-2-502, 24-7-202, 24-7-406, 24-7-501, 24-7-502, 24-7-612, 24-7-602, 24-7-603, 24-7-604, 24-7-606, 24-7-607, 24-7-610, 24-7-611, 24-7-612, 24-6-613.** Effective July 1, 2011, all service purchases will be at actuarial cost. The system will allow inactive members to purchase service at actuarial cost before monthly retirement benefits or T-DROP deposits begin.

19. **Deceased Member Refund of Contributions – § 24-7-711.** Effective July 1, 2011, if a beneficiary is not eligible for survivor benefits, or if a surviving spouse is eligible and chooses a contribution refund, the interest on the refund stops the July 1 following the member's death.

20. **Look-back Period – A.C.A. §§ 24-7-202, 24-7-205.** Effective July 1, 2011, absent intentional nondisclosure, fraud, misrepresentation, criminal act, or obvious/documented error by an employer of ATRS members can no longer establish old service previously unreported unless such service is acquired by purchase at actuarial cost. ATRS is allowed to correct an understated service credit error upon which all required contributions have been paid or when understated service credit is well documented and undisputed, even if beyond the 5-year look-back period.

21. **Service Credit Requirements – A.C.A. §§ 24-7-501, 24-7-502, 24-7-601, 24-7-603, 24-7-604, 24-7-606, 24-7-607, 24-7-611.** Effective July 1, 2011, members must receive 160 days of service to be credited with a year of service credit.

22. **T-DROP Cash Balance Account.** Effective July 1, 2012, a T-DROP cash balance account was established that allows members exiting (retiring) from T-DROP to place all or a portion of their T-DROP proceeds into a Cash Balance Account (CBA) at ATRS. On November 13, 2017, by Resolution 2017-38 the Board set the CBA interest rate schedule based on years of participation as follows: 2.50% for year one, 2.75% for year two, 3.00% for year three, 3.25% for year four, 3.50% for year five, and 4.00% for year six and beyond. Each fiscal year, the Board can grant an incentive interest rate to encourage continued participation in the CBA program. For fiscal year 2025, the Board granted CBA participants an incentive rate of 0%, by Resolution 2024-32 on September 30, 2024.

23. **Purchase of "Air Time" as a Result of Wrongful Termination – A.C.A. §§ 24-7-702, 24-7-735, 6-17-413.** A member is allowed to purchase service credit under a settlement agreement or court order to resolve a claim of wrong termination if the service credit is purchased from the date of termination by an ATRS employer to the date of the resolution of the dispute. This service credit would be purchased at actuarial cost.

24. **Buyout of Inactive Members—A.C.A. § 24-7-505.** The ATRS Board created a voluntary "buyout plan" for inactive vested members. The System will make a one-time lump sum payment to a member, a surviving spouse, or an alternate payee in exchange for a member, surviving spouse, or alternate payee's cancellation of membership and retirement benefit rights. The buyout plan will be established by Board rules. Rule is 16 Cash and Savings Help Program for Members (CASH) defines the terms of the "buyout plan". Depending upon the success of the plan, it may be extended by the Board. The ATRS Board expanded the CASH program to include all inactive vested members, regardless of service type by Resolution 2017-18 on May 10, 2017. The ATRS Board offered the FY 2025 CASH program for all inactive vested members to end on June 30, 2025 by Resolution 2024-33 on September 30, 2024.

25. **Private School Service—A.C.A. § 24-7-607.** Prior to 2015, private school service had to be recognized by the Arkansas Department of Education as positions that required the issuance of teaching licenses. The certification of this service credit was performed by one employee of the Arkansas Department of Education, and that one employee retired. Upon that employee's retirement, the Arkansas Department of Education no longer certified private school service credit. No certifications occurred for approximately a year until legislation could be passed to allow ATRS to make this determination. In addition, a distinction was made between certified and noncertified private school service credit. Certified private school service (basically administrative and teaching) could be purchased at actuarial cost, up to 15 years. Noncertified private school service could be purchased at actuarial cost, up to 5 years.

26. **Military Service Credit—A.C.A. § 24-7-602.** Act 301 of 2015 made technical corrections to the ATRS laws. In the military service credit section, ATRS was not in compliance with a state law that was passed in 2009, Act 295, which repealed the requirement for free military service credit to be granted only if the service was not credited under any other plan except Social Security and the requirement that receipt of a pension from the federal military retirement system paid solely for disability shall not be considered as having service with another retirement plan. The military technical corrections bill raised questions by some of the legislators, and Act 558 of 2015 was passed to further clarify military service credit. Compulsory military service was changed throughout the law to read: "federal military draft". The word "honorable" was inserted before discharge in order for the member to obtain free military service credit throughout the law.

Summary of Benefit Provisions
June 30, 2025

27. **Pension Advance Prohibition – A.C.A. § 24-7-715. Prohibits a pension advance company from** obtaining a retiree's benefit to repay a loan.

28. **Accrued Sick Leave – A.C.A. § 24-7-601.** Unused accrued sick leave, whether paid or unpaid, is allowed to count as service credit to determine retirement eligibility for survivor benefits and lump sum death benefits. One day of service shall be added to the service credit for the fiscal year of the member's death for each day of unused sick leave. This does not include catastrophic leave and other unused donated leave.

29. **Spousal Survivor Benefit – A.C.A. § 24-7-710.** Members may direct an alternative residual beneficiary to receive a lump sum payment of the member's residue amount or T-DROP balance. No spousal survivor benefits will be payable if an alternative beneficiary who is not the surviving spouse is designated by the member, unless the alternative beneficiary waives their rights to payment of the member's residue.

30. **Settlement Agreements – A.C.A. § 24-7-202, § 24-7-735.** Salary or service credit may be purchased as part of a settlement agreement between a member and their employer. Salary will be added to the salary at the time of purchase and will be determined using the same factors used to calculate an additional monthly benefit in the annuitization of a T-DROP distribution. It is assumed the member would have retired immediately at the time of the purchase.

31. **Outsourcing – A.C.A. § 24-7-506.** Outsourcing is defined to mean employment for an ATRS covered employer through a third party, private employer, independent contractor, or other contractual relationship. A person who performs services that are necessary for the normal daily operation for an ATRS covered employer is considered an Embedded Employee. The ATRS covered employer must pay a surcharge of no more than 4% on the Embedded Employee's salary to ATRS to help cover the actuarial cost. The Embedded Employees of a Surcharge Employer will not be members of ATRS. The services necessary for normal daily operations include: substitute teaching, teacher's aides, food service, transportation service, custodial service, security services, and school nursing. Only those working on the premises are subject to the surcharge. The surcharge is ONLY on SALARY of embedded employees. All salary is reported in the aggregate with the contractor's salary amount being the final word unless it is clearly in error. The Division of Youth Services shale be a participating Employer and may designate any or all Embedded Employees as members of ATRS. The law does not apply to post-secondary higher education institutions nor to certain state agencies. Prior to July 1, 2023, ATRS covered employers had the option of making their embedded employees participating members of ATRS.

32. **Concurrent Reciprocal Service Credit – A.C.A. § 24-7-601.** ATRS members have the option of waiving their ATRS service in the event the member had concurrent service in two (2) state supported retirement systems. The member has the option to surrender either ATRS service or the reciprocal plan service. If a member worked full-time under a reciprocal retirement system and only part-time under ATRS, the member can to waive the ATRS service to obtain a higher benefit based upon the full-time service in the other system. Concurrent reciprocal members have the option to voluntarily elect to waive service in ATRS.

33. **Employer Contribution Rate – A.C.A. § 24-7-401.** Employer contributions are collected on active members, T-DROP participants (even those who work beyond the 10-year participation period), and working retirees. Through fiscal year 2019, the employer contribution rate is 14%. For the fiscal year beginning July 1, 2018, the Board may modify the employer contribution rate for future fiscal years above 14% in increments of 0.25% per fiscal year provided the system has a greater than 18-year amortization period to pay unfunded liabilities without an employer contribution rate of more than 14% limited to a maximum employer contribution rate of 15%. By Resolution 2017-40 on November 13, 2017, the Board set the employer contribution rate to 14.25%, 14.50%, 14.75%, and 15.00% for FY 2020, FY 2021, FY 2022, and FY 2023 respectively and 15.00% thereafter.

34. **Forfeiture of Benefits by Certain Persons – A.C.A. §§ 24-1-301, 302, 303, 304, 305.** A beneficiary's benefits under a public retirement system can be forfeited when the beneficiary unlawfully kills a member or retiree.

35. **Socially responsible investments – A.C.A. § 24-7-105.** A decision on whether to invest, not invest, or withdraw from investment the funds of the Arkansas Teacher Retirement System or an alternate retirement plan of the system shall not be based on a consideration that the location of the investment, fund, company, or any other type of investment vehicle is in the State of Israel.

36. **Normal Retirement Age & Separation Period – A.C.A. §§ 24-7-202, 24-7-502.** In order for a member to start drawing retirement benefits the IRS requires them to have a bona fide termination of employment or have attained the "normal retirement age". ATRS ensures the bona fide termination of employment by requiring a member stay separated from covered employment for four (4) months before returning to work for an ATRS covered employer. The ATRS "normal retirement age" is defined as age 65 with 5 years of actual service OR at least age 60 years of age or older if the member's age and the member's combined years of actual service, T-DROP service and reciprocal service total 98. A member who has attained the normal retirement age is able to draw full retirement benefits and remain employed without separating from employment.

37. **ESG and Other Nonpecuniary Considerations – A.C.A. § 24-2-804, 25-1-1004.** A decision on whether to invest, not invest, or withdraw from investment the funds of the Arkansas Teacher Retirement System shall take into account only pecuniary factors. ATRS may not invest cash funds with a financial services provider that has been identified by the Treasurer of State as discriminating against energy companies, firearms entities, or agricultural producers, or otherwise refusing to deal based on environmental, social justice, and other governance-related factors.

Sample Benefit Calculations for a Member Retiring June 30, 2025

The data for the Example member is shown below:

A.	$35,000	Final Average Compensation
B.	32	Total Service Credit
C.	27	Contributory Service Credit
D.	60	Age of Retiree
E.	55	Age of Spouse
F.	100%	Percentage of Retirement Allowance to Continue to Spouse after Retiree's Death (Retiree Chooses this Percentage)

The computations that would be made for this case are:

		Annual Amount
G.	Non-Contributory Base: 1.39% x A x B	$15,568
H.	Extra for Contributory: 0.76% x A x C	7,182
I.	Subtotal Benefit: G + H	22,750
J.	Health Stipend	600
K.	Total Benefit: I + J	23,350
L.	Adjustment for Line F election: (1 - 0.78571) x I	4,875
M.	Annual Amount Payable	$18,475

Projected Benefits, taking into account increases after retirement would be:

Year Ended June 30	Annual Amount
2026	$18,475
2027	19,011
2028	19,547
2029	20,083
2030	20,619

Thereafter, the amount would increase by $536 annually for life.

Sample T-DROP Benefit Calculations for a Member Entering T-DROP June 30, 2025

The data for the Example member is shown below:

A.	$35,000	Final Average Compensation
B.	28	Total Service Credit
C.	28	Contributory Service Credit
D.	55	Age of Retiree

The computations that would be made for this case are:

			Annual Amount
E.	Non-Contributory Base:	1.39% x A x B	$13,622
F.	Extra for Contributory:	0.76% x A x C	7,448
G.	Reduction for T-DROP Plan: (1% for each year of service) 0.28 x (E+F)		5,900
H.	Reduction for Entering T-DROP with less than 30 years of service (6% for each year less than 30): 0.12 x (E + F - G)		1,820
I.	Annual Deposit E + F – G – H		$13,350

Projected Deposits, taking into account increases after DROP, and 5 years duration would be:

Year Ended June 30	Amount Deposited
2026	$13,350
2027	13,751
2028	14,151
2029	14,552
2030	14,952
Total	$70,756

The amount deposited, plus credited interest, can be paid as a lump sum or as an annuity. A portion of the deposits can also be placed into a Cash Balance account.

SECTION D

FINANCIAL INFORMATION

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items the auditor changes so that we may maintain consistency with the System's financial statements.

Asset Valuation Method

An essential step in the valuation process is comparing valuation assets with computed liabilities. Valuation assets are those assets that are recognized for funding purposes.

Asset valuation methods are distinguished by the timing of the recognition of investment income. Total investment income is the sum of ordinary income and capital value changes. Under a pure market value approach, ordinary investment income and all capital value changes would be recognized immediately. Because of market volatility, use of pure market values in retirement funding can result in volatile contribution rates and unstable financial ratios, contrary to ATRS' objectives.

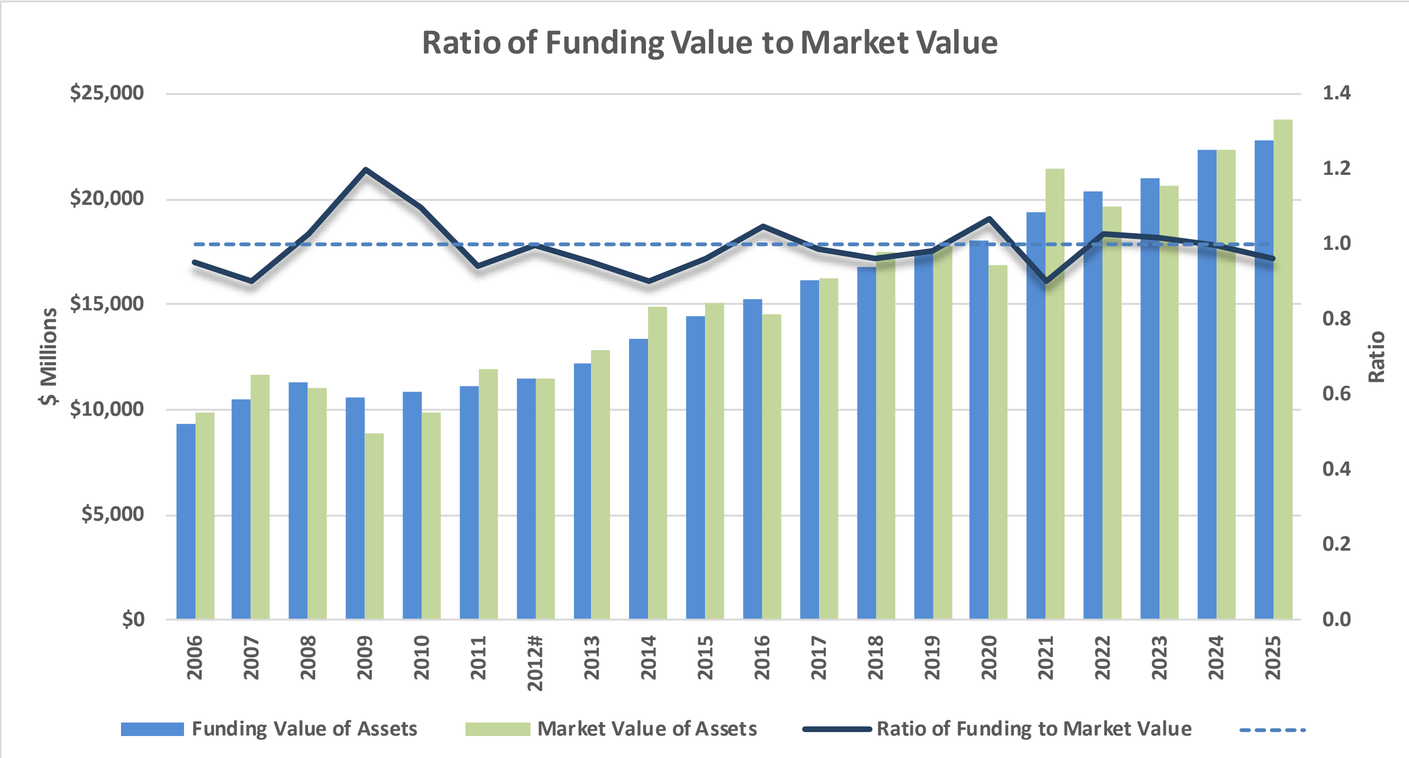
Under the ATRS asset valuation method (see page D-3), assumed investment return is recognized fully each year. Differences between actual and assumed investment return are phased-in over a closed four-year period. During periods when investment performance exceeds the assumed rate, the funding value will tend to be less than the market value. Conversely, during periods when investment performance is less than the assumed rate, funding value will tend to be greater than market value. If assumed rates are exactly realized for three consecutive years, funding value will become equal to market value.

A multi-year comparison of market value to funding (actuarial) value is below and on the following pages.

Valuation Date June 30	Market Value of Assets (1)	Funding Value of Assets (2)	Ratio of FV to MV (2) / (1)
2006	$ 9,868	$ 9,332	95%
2007	11,637	10,519	90%
2008	11,018	11,319	103%
2009	8,847	10,617	120%
2010	9,884	10,845	110%
2011	11,895	11,146	94%
2012#	11,484	11,484	100%
2013	12,830	12,247	95%
2014	14,856	13,375	90%
2015	15,036	14,434	96%
2016	14,559	15,239	105%
2017	16,285	16,131	99%
2018	17,493	16,756	96%
2019	17,742	17,413	98%
2020	16,902	18,007	107%
2021	21,469	19,343	90%
2022	19,679	20,328	103%
2023	20,675	21,015	102%
2024	22,359	22,309	100%
2025	23,741	22,807	96%

 # Funding Value set equal to Market Value.

Asset Valuation Method



 # Funding Value set equal to Market Value.

This year the market value of assets exceeded the funding value (see page A-2 for a more detailed explanation). To prevent unreasonably large differences between market value and funding value, there is a requirement that the recognized assets must always be between 80% and 120% of the market value (see page D-3).

Development of Funding Value of Assets

Year Ended June 30:	2022	2023	2024	2025	2026	2027	2028
A. Funding Value Beginning of Year	$ 19,342,870,512	$ 20,328,281,484	$ 21,014,908,823	$ 22,309,329,958			
B. Market Value End of Year	19,679,467,252	20,675,051,918	22,359,231,384	23,741,135,859			
C. Market Value Beginning of Year	21,468,772,872	19,679,467,252	20,675,051,918	22,359,231,384			
D. Non-Investment Net Cash Flow	(192,363,759) *	(688,831,775)	(720,213,715)	(770,543,042)			
E. Investment Return							
E1. Market Total: B - C - D	(1,596,941,861)	1,684,416,441	2,404,393,181	2,152,447,517			
E2. Assumed Rate	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
E3. Amount for Immediate Recognition	1,395,384,926	1,448,830,256	1,497,473,142	1,589,494,237			
E4. Amount for Phased-In Recognition: E1-E3	(2,992,326,787)	235,586,185	906,920,039	562,953,280			
F. Phased-In Recognition of Investment Return							
F1. Current Year: 0.25 x E4	(748,081,697)	58,896,546	226,730,010	140,738,320	Unknown	Unknown	Unknown
F2. First Prior Year	979,616,848	(748,081,697)	58,896,546	226,730,010	$ 140,738,320	Unknown	Unknown
F3. Second Prior Year	(363,802,838)	979,616,848	(748,081,697)	58,896,546	226,730,010	$ 140,738,320	Unknown
F4. Third Prior Year	(85,342,508)	(363,802,839)	979,616,849	(748,081,696)	58,896,547	226,730,009	$ 140,738,320
F5. Total Recognized Investment Gain	**(217,610,195)**	**(73,371,142)**	**517,161,708**	**(321,716,820)**	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	**20,328,281,484**	**21,014,908,823**	**22,309,329,958**	**22,806,564,333**			
G2. Upper Corridor Limit: 120% x B	**23,615,360,702**	**24,810,062,302**	**26,831,077,661**	**28,489,363,031**			
G3. Lower Corridor Limit: 80% x B	**15,743,573,802**	**16,540,041,535**	**17,887,385,107**	**18,992,908,687**			
G4. Funding Value End of Year	**20,328,281,484**	**21,014,908,823**	**22,309,329,958**	**22,806,564,333**			
H. Actual/Projected Difference between Market and Funding Value	(648,814,232)	(339,856,905)	49,901,426	934,571,526	508,206,649	140,738,320	-
I. Market Rate of Return	(7.47)%	8.71 %	11.84 %	9.80 %			
J. Funding Rate of Return	6.12 %	6.88 %	9.75 %	5.78 %			
K. Ratio of Funding Value to Market Value	103.30 %	101.64 %	99.78 %	96.06 %			

** Includes $507.4 million from the settlement of a lawsuit.*

The Funding Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment income (line E4) are phased-in over a closed four-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. ***The Funding Value of Assets is unbiased with respect to Market Value***. At any time, it may be either greater or less than Market Value. If assumed rates (applied to the funding value of assets) are exactly realized for three consecutive years, it will become equal to Market Value.

The assets of the Retirement System, as of June 30, 2025, were reported to your actuary to be $23,741,135,859. This amount, reduced by a funding value adjustment of $934,571,526 this year, is used to finance the Retirement System liability.

Accounts	Assets as of June 30 2025	Assets as of June 30 2024
Regular Accounts		
Members' Deposit Accounts		
Contributions	$ 1,991,782,789	$ 1,830,533,728
Interest	14,167,706,888	13,013,551,141
Total	16,159,489,677	14,844,084,869
T-DROP Member Deposit Accounts		
Contributions	39,533,188	32,961,427
Interest	18,610,015	17,836,421
Total	58,143,203	50,797,848
Cash Balance Account	254,819,520	240,202,392
Employer's Accumulation Account	(7,455,083,032)	(7,498,915,914)
Retirement Reserve Account	14,306,033,595	14,288,978,608
Act 808 Retirement Reserve Account	4,245,631	5,192,191
T-Lump Sum Payable	284,447,950	299,014,864
Survivors Benefit Account	118,354,184	119,259,431
Total Regular Accounts	23,730,450,727	22,348,614,289
Other Accounts		
Income Expense Account	10,685,132	10,617,095
Other Special Reserves	-	-
Miscellaneous	-	-
Total Other Accounts	10,685,132	10,617,095
Total Accounting Value of Assets	23,741,135,859	22,359,231,384
Funding Value Adjustment	(934,571,526)	(49,901,426)
Funding Value of Assets	$ 22,806,564,333	$ 22,309,329,958

Market Value of Assets

The net market value of assets at year-end was $23,741,135,859 and was invested as shown below:

	Market Value at June 30	
	2025	2024
Cash	$ 393,678,793	$ 382,291,377
Receivables		
Unsettled Trades and Accrued Return	83,084,224	57,267,479
Member Contributions	11,788,859	10,702,302
Employer Contributions	34,703,234	32,164,260
Other	676,101	698,897
Total Receivables	130,252,418	100,832,938
Investments		
Public Equity	5,292,472,682	4,294,178,732
Fixed Income	2,673,142,712	1,842,669,015
Real Estate	106,460,187	167,593,445
Pooled	4,845,616,837	5,654,476,103
State Recycling Tax Credits	178,400,000	203,200,000
Derivative	(54,779)	14,174
Alternative	10,202,627,473	9,851,978,883
Other	847,090	(288,933)
Total Investments	23,299,512,202	22,013,821,419
Invested Securities Lending	796,929,236	427,105,534
Net Equipment	218,986	194,149
Deferred Outflows Related to OPEB	579,352	262,602
Total Assets	24,621,170,987	22,924,508,019
Liabilities		
Survivor Benefits for Minors	9,048	9,048
Other Payables	7,459,454	6,412,743
Securities Related Payables	74,452,729	130,273,772
Securities Lending Collateral	796,929,236	427,105,534
Deferred Inflows Related to OPEB	1,184,661	1,475,538
Total Liabilities	880,035,128	565,276,635
Net Market Value	$ 23,741,135,859	$ 22,359,231,384
Change from Prior Year	1,381,904,475	1,684,179,466

Market Value Reconciliation

Assets developed during the year as follows:

	Year Ended June 30	
	2025	2024
Net Market Value July 1	$ 22,359,231,384	$ 20,675,051,918
Additions		
Employer Contributions	560,285,962	554,738,036
Employee Contributions	214,670,034	211,036,048
Appreciation	1,964,310,305	2,273,170,605
Interest	166,067,067	90,172,675
Dividends	123,019,790	115,400,128
Real Estate	6,564,095	6,369,111
Other	2,625,032	3,368,926
Securities Lending Activity	3,266,571	2,501,792
Total Additions	3,040,808,856	3,256,757,320
Deductions		
Age and Service Benefits	1,278,294,869	1,228,650,953
Disability Benefits	41,410,024	41,027,658
Option Benefits	44,535,937	42,609,573
Survivor Benefits	13,713,295	13,191,438
Reciprocal Service	73,693,895	70,173,668
Act 808	1,267,220	1,421,578
Refunds	13,518,657	12,116,533
Active Member Death	328,837	379,839
T-DROP Benefits	53,960,320	46,757,375
CBA Benefits	20,702,459	25,927,023
CASH Benefit Program	4,073,525	3,732,160
Investment Expense	103,879,808	78,162,659
Administrative Expense	9,525,535	8,427,396
Total Deductions	1,658,904,381	1,572,577,854
Miscellaneous	-	-
Net Market Value June 30	$ 23,741,135,859	$ 22,359,231,384

Schedule of Funding Progress
(Dollar Amounts in Millions)

Valuation Date June 30	(1) Funding Value of Assets	(2) Entry Age AAL	(3) UAAL (2)-(1)	(4) Funding Ratio (1)/(2)	(5) Annual Payroll	Liabilities as a % of Payroll		
						Unfunded (3)/(5)	Funded (1)/(5)	Total (2)/(5)
2004	$ 8,424	$ 10,050	$ 1,626	83.8%	$ 1,748	93.0%	481.9%	574.9%
2005	8,817	10,973	2,156	80.4%	1,962	109.9%	449.4%	559.3%
2006	9,332	11,623	2,291	80.3%	2,080	110.1%	448.7%	558.8%
2007+	10,519	12,329	1,810	85.3%	2,191	82.6%	480.1%	562.7%
2008+	11,319	13,334	2,015	84.9%	2,268	88.8%	499.1%	587.9%
2009	10,617	14,019	3,402	75.7%	2,318	146.8%	458.0%	604.8%
2010+	10,845	14,697	3,852	73.8%	2,381	161.8%	455.5%	617.3%
2011+*	11,146	15,521	4,375	71.8%	2,728	160.4%	408.6%	569.0%
2012	11,484	16,139	4,655	71.2%	2,714	171.5%	423.2%	594.7%
2013+*	12,247	16,718	4,471	73.3%	2,727	164.0%	449.1%	613.1%
2014	13,375	17,310	3,935	77.3%	2,758	142.7%	484.9%	627.6%
2015	14,434	18,136	3,702	79.6%	2,777	133.3%	519.8%	653.1%
2016	15,239	18,812	3,573	81.0%	2,785	128.3%	547.2%	675.5%
2017+*	16,131	20,298	4,167	79.5%	2,814	148.1%	573.2%	721.3%
2018+*	16,756	20,935	4,179	80.0%	2,872	145.5%	583.4%	728.9%
2019+	17,413	21,709	4,296	80.2%	2,907	147.8%	599.0%	746.8%
2020+	18,007	22,352	4,345	80.6%	2,954	147.1%	609.6%	756.7%
2021+*	19,343	23,987	4,644	80.6%	3,086	150.5%	626.8%	777.3%
2022+	20,328	24,697	4,369	82.3%	3,199	136.6%	635.4%	772.0%
2023+	21,015	25,592	4,577	82.1%	3,353	136.5%	626.8%	763.3%
2024	22,309	26,356	4,047	84.6%	3,459	117.0%	645.0%	762.0%
2025+	22,807	27,027	4,220	84.4%	3,484	121.1%	654.6%	775.7%

\+ *Legislated benefit or contribution rate changes.*
* *Revised actuarial assumptions.*

A system with a high ratio of assets or liabilities to payroll will tend to experience more volatility than a system with a lesser ratio, assuming a similar asset allocation.

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base. In a fixed rate plan with unfunded liabilities, a reduction in covered payroll can have a negative effect on the system as actual employer contributions are based on a lower than expected payroll;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected. Teacher shortages and reductions in school age populations may have an effect on the System other than expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures are discussed below and on the following pages. An additional historical summary of plan maturity measures can be found on page D-11.

	2025	2024	2023	2022	2021
Ratio of the Market Value of Assets to Total Payroll	6.5	6.2	5.9	5.9	6.7
Ratio of Actuarial Accrued Liability to Payroll	7.4	7.3	7.3	7.4	7.5
Ratio of Actives to Retirees and Beneficiaries	1.2	1.3	1.3	1.4	1.4
Ratio of Net Cash Flow to Market Value of Assets	-3.2%	-3.2%	-3.3%	-1.0%*	-3.2%
Duration of the Present Value of Future Benefits	14.09	14.17	14.16	14.03	14.02

** The net cash flow for 2022 includes $507.4 million from the settlement of a lawsuit.*

Ratio of the Market Value of Assets to Payroll

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% of payroll. Such a change could affect the amortization period by approximately four years based on 2025 results. While asset smoothing would reduce the effect, 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.

Ratio of Actuarial Accrued Liability to Payroll

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 7.4% of payroll and would affect the amortization period by two years based on the 2025 results.

Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means benefits and expenses exceed contributions, and existing funds may be used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Plan Maturity Measures

Duration of Present Value of Future Benefits

The modified 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 (which is based on a 7.25% discount rate) 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.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Plan Maturity Measures (Based on Market Value of Assets)

Valuation Date June 30	(1) Accrued Liabilities (AAL)	(2) Market Value of Assets	(3) Unfunded AAL (1)-(2)	(4) Valuation Payroll^	(5) % Change in Payroll	(6) Funded Ratio (2)/(1)	(7) Annuitant Liabilities (AnnLiab)	(8) AnnLiab/ AAL (7)/(1)	(9) Liability/ Payroll (1)/(4)	(10) Assets/ Payroll (2)/(4)	(11) Est. Porfolio Std. Dev.	(12) Std. Dev. % of Pay (10)x(11)	(13) Unfunded/ Payroll (3)/(4)	(14) Net External Cash Flow (NECF)	(15) NECF/ Assets (14)/(2)	(16) Portfolio Rate of Return	(17) 10-Year Trailing Average
2012	$ 16,139	$ 11,484	$ 4,655	$ 2,803		71.2%	$ 7,649	47.4%	575.8%	409.7%			166.1%	$ (285)	-2.5%	-1.1%	6.6%
2013#	16,718	12,830	3,888	2,819	0.6%	76.7%	8,181	48.9%	593.0%	455.1%			137.9%	(337)	-2.6%	14.9%	8.0%
2014	17,310	14,856	2,454	2,851	1.1%	85.8%	8,777	50.7%	607.2%	521.1%			86.1%	(395)	-2.7%	19.2%	8.2%
2015	18,136	15,036	3,100	2,874	0.8%	82.9%	9,778	53.9%	631.0%	523.1%			107.9%	(445)	-3.0%	4.3%	7.7%
2016	18,812	14,559	4,253	2,888	0.5%	77.4%	10,430	55.4%	651.3%	504.0%			147.3%	(505)	-3.5%	0.2%	6.3%
2017#*	20,298	16,285	4,013	2,922	1.2%	80.2%	11,337	55.9%	694.7%	557.4%			137.3%	(556)	-3.4%	16.0%	6.0%
2018	20,935	17,493	3,442	2,986	2.2%	83.6%	11,851	56.6%	701.1%	585.8%	12.7%	77.3%	115.3%	(607)	-3.5%	11.4%	7.6%
2019	21,709	17,742	3,967	3,027	1.4%	81.7%	12,460	57.4%	717.2%	586.1%	12.5%	76.3%	131.1%	(642)	-3.6%	5.2%	10.4%
2020	22,352	16,902	5,450	3,078	1.7%	75.6%	12,890	57.7%	726.2%	549.1%	12.5%	71.5%	177.1%	(665)	-3.9%	-1.0%	8.8%
2021*	23,987	21,469	2,518	3,205	4.1%	89.5%	13,596	56.7%	748.4%	669.8%	13.8%	92.1%	78.6%	(677)	-3.2%	31.7%	9.6%
2022	24,697	19,679	5,018	3,320	3.6%	79.7%	14,044	56.9%	743.8%	592.7%	13.7%	81.1%	151.1%	(192)	-1.0%	-7.5%	8.9%
2023	25,592	20,675	4,917	3,492	5.2%	80.8%	14,511	56.7%	732.9%	592.1%	13.9%	82.3%	140.8%	(689)	-3.3%	8.7%	8.3%
2024	26,356	22,359	3,997	3,612	3.4%	84.8%	14,992	56.9%	729.8%	619.1%	13.9%	86.1%	110.7%	(720)	-3.2%	11.8%	7.6%
2025#	27,027	23,741	3,286	3,644	0.9%	87.8%	15,449	57.2%	741.7%	651.5%	12.9%	84.2%	90.2%	(771)	-3.2%	9.8%	8.2%

(*) 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.

(^) Includes payroll for return to work retirees.

(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 or an increased level of volatility in results.

(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 the past performance of the investment program. Of course, past performance is not a guarantee of future results. Some of the trailing averaged are distorted by the extraordinary events of 2008 and 2021.

Low-Default-Risk Obligation Measure

Introduction

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the "Low-Default-Risk Obligation Measure" (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below:

> "The ASB believes that the calculation and disclosure of this measure provides appropriate, useful information for the intended user regarding the funded status of a pension plan. The calculation and disclosure of this additional measure is not intended to suggest that this is the "right" liability measure for a pension plan. However, the ASB does believe that this additional disclosure provides a more complete assessment of a plan's funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date."

Comparing the Accrued Liabilities and the LDROM

One of the fundamental financial objectives of ATRS is to finance each member's retirement benefits over the period from the member's date of hire until the member's projected date of retirement (entry age actuarial cost method) as a level percentage of payroll. To fulfill this objective, the discount rate that is used to value the accrued liabilities of ATRS is set equal to the expected return on the System's diversified portfolio of assets (referred to sometimes as the investment return assumption). For ATRS, the investment return assumption is 7.25%.

The LDROM is meant to approximately represent the lump sum cost to secure benefits by purchasing low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the projected unit credit actuarial cost method and discount rates based upon the June 2025 Treasury Yield Curve Spot Rates (monthly average). The 1-, 5-, 10- and 30-year rates follow: 4.10%, 4.00%, 4.43% and 5.05%.

Presented below are the actuarial accrued liability and the LDROM as of June 30, 2025 for ATRS.

Type of Member	Valuation Accrued Liabilities	LDROM
Retirees	$15,449,226,757	$19,122,885,122
Deferreds	821,564,655	1,226,267,740
Actives	10,755,921,379	13,713,219,608
Totals	**$27,026,712,791**	**$34,062,372,470**

Low-Default-Risk Obligation Measure

Commentary Regarding the LDROM

Some ways in which the LDROM can assist the ATRS Board of Trustees in a decision-making process include:

(1) It provides information to potentially allow for better risk management for ATRS.
(2) It places the appropriateness of potential employer contribution rate reductions or benefit enhancements in a better context.
(3) It provides more complete information regarding the benefit security of the membership's benefits earned as of the measurement date.

Potentially Allows for Better Risk Management: A very useful risk metric to exhibit potential contribution rate volatility (or amortization period volatility for fixed rate plans) is the ratio of assets to payroll or AAL to payroll. How could we reduce that potential contribution rate volatility (or amortization period volatility for fixed rate plans)? The LDROM and Liability Driven Investing (LDI) are closely related concepts.

Other than reducing benefits, all other things being equal, the only way to reduce that volatility is to immunize (i.e., LDI) a portion of the System's liability. This does not mean that the System needs to immunize all of the liability. For example, if it could immunize half of it, it could reduce the contribution rate volatility in half. This would require the actuary to use a cash flow matching method to value that portion of the liabilities. This means that the actuary would not use the System's investment return assumption for this portion of the liability, but the yield curve resulting from the fixed income portfolio that is being used to immunize the liability. The value of the assets (i.e., fixed income portfolio) and the value of the immunized liability would move in tandem with any changes (up or down) in future interest rates. The result being that the immunized portion of the System's liability would reduce the potential of producing new unfunded actuarial accrued liabilities. However, the fixed income portfolio would still have the potential for credit default risk.

Places the Appropriateness of Potential Employer Contribution Rate Reductions or Benefit Enhancements in a Better Context: Many Public Employees Retirement Systems have adopted a funding policy. Many funding policies already take into account the System's funded ratio (based upon the AAL) when considering whether to allow for benefit enhancements or contribution rate reductions. For example, a System may not allow for a benefit enhancement if the funded ratio does not exceed a certain threshold. Similarly, a System may not allow for an employer contribution rate reduction in some circumstances. For example, a reduction to the employer normal cost contribution may not be allowed until the System reaches a funded ratio of 120%. Given the fact that most criteria are based upon the expectation of earning the investment return assumption, a System may want to also consider information based upon the LDROM criteria.

Provides more Complete Information Regarding the Benefit Security of the Membership's Benefits Earned as of the Measurement Date: Too often a high funded ratio (e.g., 100% funded) on an AAL basis is interpreted as benefit security for the participants. The fact that this funded ratio is based upon an expected measure is many times overlooked. If the AAL and LDROM measures are relatively close, then the System could consider securing benefits by investing in a low-default-risk laddered bond portfolio.

SECTION E

COVERED MEMBER DATA

Active Members in Valuation June 30, 2025
by Attained Age and Years of Service
(Excludes T-DROP and Rehired Retirees)

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	725							725	$ 2,297,906
20-24	2,456	13						2,469	74,082,860
25-29	4,935	1,263	9					6,207	281,205,910
30-34	3,277	3,199	869	4				7,349	341,813,596
35-39	2,968	2,163	2,677	648	8			8,464	411,242,057
40-44	2,519	1,949	1,801	2,363	737	6		9,375	486,526,319
45-49	2,036	1,680	1,508	1,590	2,152	538		9,504	519,469,639
50-54	1,564	1,246	1,266	1,476	1,555	1,868	55	9,030	502,124,242
55-59	1,328	1,034	1,040	1,133	1,332	1,148	119	7,134	354,909,566
60	238	190	151	180	236	173	22	1,190	53,564,247
61	240	179	151	185	200	199	21	1,175	51,574,884
62	232	160	124	168	158	147	19	1,008	43,688,974
63	214	164	133	125	141	110	23	910	39,413,024
64	193	143	92	93	102	94	18	735	29,944,596
65	178	127	79	72	67	62	22	607	23,345,009
66	128	74	47	27	22	20	6	324	10,802,543
67	145	61	30	24	12	14	7	293	8,840,388
68	119	70	18	13	7	7	8	242	6,659,458
69	118	47	22	8	6		3	204	5,104,350
70 & Up	526	249	98	20	10	9	14	926	20,340,892
Totals	**24,139**	**14,011**	**10,115**	**8,129**	**6,745**	**4,395**	**337**	**67,871**	**$3,266,950,460**

Group Averages:

Age: 44.0 years

Service: 10.1 years

FEMALE Active Members in Valuation June 30, 2025
by Attained Age and Years of Service
(Excludes T-DROP and Rehired Retirees)

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	262							262	$ 1,019,671
20-24	1,800	6						1,806	55,115,338
25-29	3,719	976	5					4,700	206,544,673
30-34	2,598	2,417	671	1				5,687	252,285,858
35-39	2,391	1,696	2,001	502	1			6,591	303,580,435
40-44	2,068	1,628	1,418	1,827	578	2		7,521	371,219,552
45-49	1,569	1,378	1,210	1,249	1,692	427		7,525	393,210,380
50-54	1,128	958	1,027	1,207	1,263	1,410	42	7,035	375,324,629
55-59	931	782	796	924	1,127	944	88	5,592	269,729,871
60	163	122	114	144	200	149	15	907	39,118,807
61	167	117	115	139	167	167	15	887	36,679,603
62	147	116	84	133	131	128	13	752	31,854,896
63	145	109	96	99	117	92	16	674	28,386,811
64	112	102	61	66	81	80	13	515	20,209,368
65	125	79	59	51	53	52	17	436	15,893,691
66	69	50	32	21	19	18	6	215	6,992,671
67	75	40	19	19	10	12	5	180	5,630,763
68	74	42	13	11	5	6	6	157	4,067,551
69	63	25	16	7	6		2	119	2,876,718
70 & Up	302	119	50	13	7	7	9	507	10,751,507
Totals	**17,908**	**10,762**	**7,787**	**6,413**	**5,457**	**3,494**	**247**	**52,068**	**$ 2,430,492,793**

Group Averages:

Age: 44.0 years

Service: 10.4 years

MALE Active Members in Valuation June 30, 2025
by Attained Age and Years of Service
(Excludes T-DROP and Rehired Retirees)

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	463							463	$ 1,278,235
20-24	656	7						663	18,967,522
25-29	1,216	287	4					1,507	74,661,237
30-34	679	782	198	3				1,662	89,527,738
35-39	577	467	676	146	7			1,873	107,661,622
40-44	451	321	383	536	159	4		1,854	115,306,767
45-49	467	302	298	341	460	111		1,979	126,259,259
50-54	436	288	239	269	292	458	13	1,995	126,799,613
55-59	397	252	244	209	205	204	31	1,542	85,179,695
60	75	68	37	36	36	24	7	283	14,445,440
61	73	62	36	46	33	32	6	288	14,895,281
62	85	44	40	35	27	19	6	256	11,834,078
63	69	55	37	26	24	18	7	236	11,026,213
64	81	41	31	27	21	14	5	220	9,735,228
65	53	48	20	21	14	10	5	171	7,451,318
66	59	24	15	6	3	2		109	3,809,872
67	70	21	11	5	2	2	2	113	3,209,625
68	45	28	5	2	2	1	2	85	2,591,907
69	55	22	6	1			1	85	2,227,632
70 & Up	224	130	48	7	3	2	5	419	9,589,385
Totals	**6,231**	**3,249**	**2,328**	**1,716**	**1,288**	**901**	**90**	**15,803**	**$ 836,457,667**

Group Averages:

Age: 44.1 years

Service: 9.4 years

Summary of Active Members
(Excludes T-DROP and Rehired Retirees)

	Educational		Support		Total Active Members	
	No.	Valuation Payroll	No.	Valuation Payroll	No.	Valuation Payroll
Female	28,710	$ 1,733,778,121	23,358	$ 696,714,672	52,068	$ 2,430,492,793
Male	8,504	581,913,696	7,299	254,543,971	15,803	836,457,667
All	37,214	$ 2,315,691,817	30,657	$ 951,258,643	67,871	$ 3,266,950,460

	Educational	Support	Total
Members Contributing Now	36,358	19,337	55,695
Members Not Contributing	856	11,320	12,176
All	37,214	30,657	67,871

		Group Averages			Active Member Payroll
June 30	Number	Age	Years of Service	Annual Earnings	($ Millions)
2005	65,793	44.2	9.4	$29,826	$1,962
2006	67,710	44.3	9.3	30,714	2,080
2007	69,226	44.4	9.3	31,645	2,191
2008	70,172	44.5	9.4	32,319	2,268
2009	70,655	44.7	9.5	32,804	2,318
2010	72,208	44.7	9.7	32,980	2,381
2011	72,293	44.8	9.9	33,995	2,458
2012	71,195	45.0	10.1	34,362	2,446
2013	70,660	45.0	10.2	34,920	2,467
2014	70,225	44.7	10.2	35,673	2,505
2015	68,945	44.6	10.3	36,717	2,531
2016	68,368	44.4	10.2	37,235	2,546
2017	68,337	44.3	10.2	37,707	2,577
2018	68,645	44.2	10.2	38,477	2,641
2019	68,457	44.1	10.1	39,065	2,674
2020	66,900	44.3	10.3	40,709	2,723
2021	66,633	44.2	10.5	42,901	2,859
2022	68,127	44.1	10.2	43,758	2,981
2023	68,249	44.0	10.2	45,897	3,132
2024	68,265	44.1	10.1	47,551	3,246
2025	67,871	44.0	10.1	48,135	3,267

Deferred Vested Members at June 30, 2025
by Attained Age

Age	Number	Estimated Annual Benefits	Contribution Balance
Below 40	2,221	$ 12,818,767	$ 34,994,967
40	345	2,456,661	6,022,325
41	389	2,958,408	7,254,328
42	389	3,067,986	7,419,357
43	395	3,241,412	7,817,971
44	422	3,621,439	8,552,375
45	439	3,930,988	9,252,120
46	475	3,878,995	9,269,322
47	393	3,261,553	7,733,436
48	452	3,886,531	9,280,678
49	459	3,681,232	8,529,581
50	452	4,002,838	9,133,577
51	539	4,173,213	9,428,149
52	493	3,914,942	8,405,755
53	530	4,193,757	9,190,100
54	607	4,771,321	9,668,263
55	606	4,437,935	8,894,416
56	541	4,000,667	8,242,116
57	587	4,669,469	9,520,939
58	607	4,288,788	8,319,822
59	619	4,413,402	8,536,514
60 & Up	3,301	12,163,712	19,086,500
Future Beneficiaries #	47	306,866	0
Totals	**15,308**	**$ 102,140,882**	**$ 224,552,611**

 # These are beneficiaries of deceased active members who are eligible for a pension at age 62.

An inactive member is no longer actively working in a position covered by the ATRS but has sufficient service credit to qualify for a monthly benefit at retirement age.

All Members Participating in T-DROP at June 30, 2025
by Attained Age

Age	Number	Current T-DROP Contribution	Original T-DROP Contribution	T-DROP Account Balance	Pay
47	1	$ 22,675	$ 22,015	$ 22,373	$ 69,183
48	1	12,921	11,831	24,768	44,179
49	1	21,157	20,541	20,874	63,996
50	4	83,576	78,594	176,041	293,473
51	31	916,684	884,055	1,078,137	2,537,789
52	103	2,655,675	2,564,845	3,220,596	7,886,457
53	137	3,654,941	3,488,510	5,826,447	10,240,631
54	240	6,289,812	5,925,783	13,087,541	18,461,799
55	237	6,025,408	5,607,476	15,370,687	17,647,783
56	245	6,123,768	5,610,298	19,948,735	18,454,154
57	276	7,038,987	6,353,471	26,694,146	21,077,772
58	262	6,169,840	5,501,442	28,079,733	19,199,554
59	272	6,508,345	5,730,056	31,458,332	19,607,510
60	269	6,113,205	5,657,844	36,201,581	20,001,339
61	239	5,162,555	4,940,265	32,579,194	17,091,347
62	229	4,617,860	4,418,514	28,405,067	16,142,952
63	152	3,075,557	2,884,683	18,312,770	10,328,776
64	111	2,082,996	1,979,527	11,457,097	6,890,727
65	86	1,449,589	1,417,793	8,225,967	5,351,166
66	45	749,397	767,269	5,785,385	2,949,908
67	21	249,713	288,303	2,385,889	1,130,150
68	12	155,622	134,858	763,194	745,741
69	9	102,162	116,730	882,279	499,519
70	1	5,469	4,411	44,905	19,220
71	2	12,855	33,438	498,549	121,664
72	1	21,666	17,472	177,890	66,477
74	1	-	17,081	232,260	65,400
75	1	-	9,665	192,104	39,746
76	2	10,765	24,987	208,272	106,615
78	1	-	20,400	363,085	70,715
Totals	**2,992**	**$ 69,333,200**	**$ 64,532,157**	**$ 291,723,898**	**$ 217,205,742**

A T-DROP member continues to work, but does not accrue additional retirement benefits and does not make member contributions. A reduced benefit is paid into the T-DROP account (see pages C-3 and C-4) during T-DROP participation. Deposits to T-DROP cease at 10 years of T-DROP participation. ATRS receives full employer contributions on behalf of T-DROP participants.

All Members Participating in T-DROP at June 30, 2025
by Years in T-DROP

Years in T-DROP	Number	Current T-DROP Contribution	Original T-DROP Contribution	T-DROP Account Balance	Pay
1	659	$ 16,120,475	$ 15,673,019	$ 15,921,172	$ 47,706,625
2	449	10,649,590	10,136,895	21,182,993	32,551,406
3	428	10,022,613	9,207,658	29,769,096	30,447,349
4	332	7,703,321	6,895,712	30,668,482	23,810,708
5	272	6,267,723	5,458,994	31,417,086	19,599,363
6	261	5,845,435	4,974,360	35,495,513	18,682,126
7	230	5,936,491	4,926,877	42,398,421	17,424,806
8	147	3,721,855	3,028,253	30,831,241	10,823,021
9	120	3,065,697	2,450,151	29,003,659	9,085,083
10	74	-	1,405,877	19,116,713	5,682,791
11	9	-	155,459	2,222,461	652,943
12	3	-	65,690	990,269	240,810
13	1	-	32,369	514,840	101,406
14	2	-	40,484	682,062	121,471
15	3	-	51,901	923,752	176,594
17	1	-	9,665	192,104	39,746
18	1	-	18,793	394,034	59,494
Totals	**2,992**	**$ 69,333,200**	**$ 64,532,157**	**$ 291,723,898**	**$ 217,205,742**

A T-DROP member continues to work, but does not accrue additional retirement benefits and does not make member contributions. A reduced benefit is paid into the T-DROP account (see pages C-3 and C-4) during T-DROP participation. Deposits to T-DROP cease at 10 years of T-DROP participation. ATRS receives full employer contributions on behalf of T-DROP participants.

Active, T-DROP and Return to Work Members as of June 30, 2025

June 30	Number				Total Payroll $ Millions
	Active	T-DROP	RTW	Total	
2016	68,368	3,864	3,829	76,061	$ 2,888
2017	68,337	3,811	3,881	76,029	2,922
2018	68,645	3,696	4,029	76,370	2,986
2019	68,457	3,707	4,077	76,241	3,027
2020	66,900	3,639	4,019	74,558	3,078
2021	66,633	3,465	3,575	73,673	3,205
2022	68,127	3,251	3,643	75,021	3,320
2023	68,249	3,138	4,108	75,495	3,492
2024	68,265	2,981	4,400	75,646	3,612
2025	67,871	2,992	4,487	75,350	3,644

The actuarial valuation assumes the number of working members will remain constant at the current level. In some recent years the total number of working members has decreased. A decreasing population means less contribution income for the Retirement System than expected and can lead to funding difficulties in extreme cases.

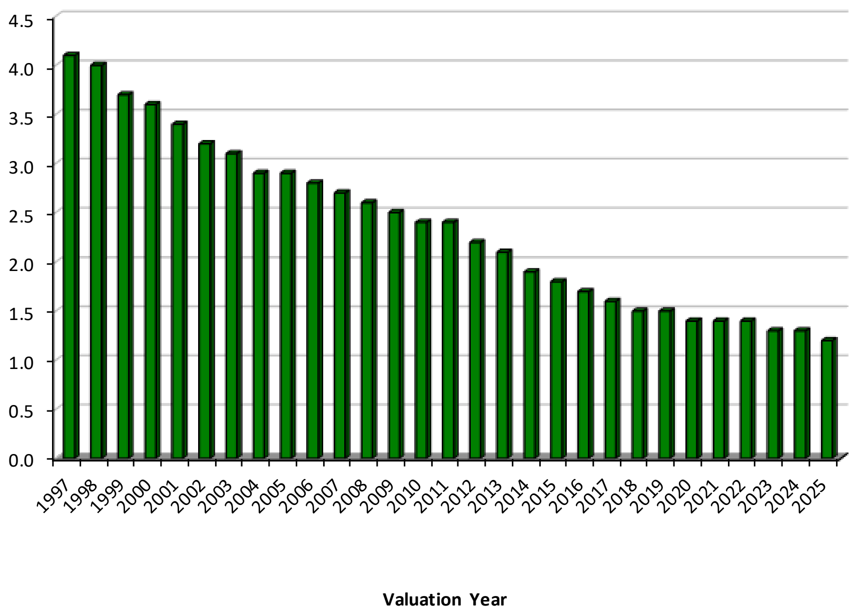
Annuities Being Paid Retirees and Beneficiaries July 1, 2025
by Type of Annuity Being Paid

Type of Annuity	No.	Annual Amounts: Original Annuities	Annual Amounts: Base Annuities	Annual Amounts: Current Annuities
RETIREMENT RESERVE ACCOUNT				
Age and Service				
Option 1 (Basic single life)	42,424	$ 701,694,340	$ 774,177,066	$ 1,068,826,754
Option A (Joint & 100% Survivor)	5,854	101,347,158	112,014,481	156,368,066
Option B (Joint & 50% Survivor)	2,825	65,503,677	74,449,335	104,218,358
Option C (10-year certain)	913	18,033,579	17,878,445	21,971,284
Beneficiaries	1,623	32,246,669	27,537,834	40,551,754
Totals	53,639	918,825,423	1,006,057,161	1,391,936,216
Disability				
Option 1	2,153	24,378,325	25,465,564	35,475,792
Option A	346	4,021,599	3,995,030	5,447,368
Option B	76	1,187,577	1,240,811	1,693,952
Option C	-	-	-	-
Beneficiaries	286	3,717,409	3,493,357	5,202,706
Totals	2,861	33,304,910	34,194,762	47,819,818
Act 793	116	665,948	1,515,756	1,515,756
Retirement Reserve Account	56,616	952,796,281	1,041,767,679	1,441,271,790
Act 808 Retirement Reserve Account	17	309,945	1,098,564	1,098,564
Total Retirement Reserve Account	56,633	953,106,226	1,042,866,243	1,442,370,354
SURVIVOR'S BENEFIT ACCOUNT				
Beneficiaries of Deceased Members				
Age 0 - 17	133	$ 1,295,662	$ 1,292,662	$ 1,459,545
Age 18 - 23	86	795,477	793,672	951,193
Other	640	7,644,841	8,268,619	11,479,145
Totals	859	9,735,980	10,354,953	13,889,883
RETIREMENT SYSTEM TOTALS				
Total Annuities Being Paid	57,492	$ 962,842,206	$ 1,053,221,196	$ 1,456,260,237

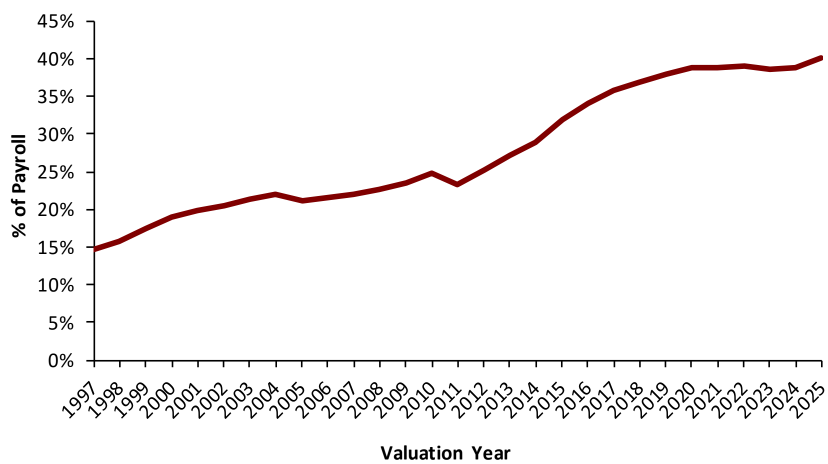
The Original Annuity is the annuity at the date of retirement.
The Base Annuity is the amount from which the 3.0% COLA is calculated.
The Current Annuity is the annuity payable at July 1, 2025 (includes July 1 COLA).

Historical Graphs

Active Members Per Retired Life *



Retirement Benefits Being Paid
as a Percent of Member Payroll *



** Beginning with the June 30, 2011 valuation, active members include T-DROP participants in payroll.*

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (1990 $)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				1990 $	% of 1990
1990	$ - - - -	$ 11,000	- - - -	$ 11,000	100%
1991	330	11,330	(4.7)%	10,822	98%
1992	1,005	12,335	(3.1)%	11,429	104%
1993	1,045	13,380	(3.0)%	12,036	109%
1994	1,082	14,462	(2.5)%	12,693	115%
1995	400	14,862	(3.0)%	12,660	115%
1996	400	15,262	(2.8)%	12,652	115%
1997	772	16,034	(2.3)%	12,993	118%
1998	481	16,515	(1.7)%	13,161	120%
1999	1,383	17,898	(2.0)%	13,989	127%
2000	1,129	19,027	(3.7)%	14,336	130%
2001	1,406	20,433	(3.2)%	14,911	136%
2002	807	21,240	(1.1)%	15,337	139%
2003	562	21,802	(2.1)%	15,417	140%
2004	562	22,364	(3.3)%	15,314	139%
2005	562	22,926	(2.5)%	15,312	139%
2006	562	23,488	(4.3)%	15,037	137%
2007	562	24,050	(2.7)%	14,994	136%
2008	562	24,612	(5.0)%	14,611	133%
2009	562	25,174	1.4 %	15,161	138%
2010	755	25,929	(1.1)%	15,453	140%
2011	778	26,707	(3.6)%	15,370	140%
2012	778	27,485	(1.7)%	15,558	141%
2013	778	28,263	(1.8)%	15,723	143%
2014	778	29,041	(2.1)%	15,828	144%
2015	778	29,819	(0.1)%	16,232	148%
2016	778	30,597	(1.0)%	16,491	150%
2017	778	31,375	(1.6)%	16,638	151%
2018	778	32,153	(2.9)%	16,575	151%
2019	751	32,904	(1.6)%	16,687	152%
2020+	451	33,355	(0.6)%	16,807	153%
2021	751	34,106	(5.4)%	16,306	148%
2022	751	34,857	(9.1)%	15,281	139%
2023	751	35,608	(3.0)%	15,160	138%
2024	751	36,359	(3.0)%	15,033	137%
2025	751	37,110	(2.7)%	14,945	136%
2026	751	37,861			

* *The $11,000 benefit used to begin this schedule is an arbitrary amount. A smaller beginning amount could show a smaller purchasing power loss in percent loss.*

\# *Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).*

\+ *The Retiree Benefit Stipend was reduced by $300 in FY 2020.*

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (2000 $)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2000 $	% of 2000
2000	$ - - - -	$ 11,600	- - - -	$ 11,600	100%
2001	1,003	12,603	(3.2)%	12,207	105%
2002	523	13,126	(1.1)%	12,579	108%
2003	372	13,498	(2.1)%	12,668	109%
2004	372	13,870	(3.3)%	12,605	109%
2005	372	14,242	(2.5)%	12,624	109%
2006	372	14,614	(4.3)%	12,417	107%
2007	372	14,986	(2.7)%	12,400	107%
2008	372	15,358	(5.0)%	12,100	104%
2009	372	15,730	1.4 %	12,573	108%
2010	472	16,202	(1.1)%	12,815	110%
2011	486	16,688	(3.6)%	12,746	110%
2012	486	17,174	(1.7)%	12,902	111%
2013	486	17,660	(1.8)%	13,039	112%
2014	486	18,146	(2.1)%	13,125	113%
2015	486	18,632	(0.1)%	13,460	116%
2016	486	19,118	(1.0)%	13,675	118%
2017	486	19,604	(1.6)%	13,797	119%
2018	486	20,090	(2.9)%	13,745	118%
2019	459	20,549	(1.6)%	13,831	119%
2020+	159	20,708	(0.6)%	13,848	119%
2021	459	21,167	(5.4)%	13,431	116%
2022	459	21,626	(9.1)%	12,582	108%
2023	459	22,085	(3.0)%	12,479	108%
2024	459	22,544	(3.0)%	12,371	107%
2025	459	23,003	(2.7)%	12,294	106%
2026	459	23,462			

* *The $11,600 benefit used to begin this schedule is an arbitrary amount. A smaller beginning amount could show a smaller purchasing power loss in percent loss.*

\# *Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).*

\+ *The Retiree Benefit Stipend was reduced by $300 in FY 2020.*

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (2010 $)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2010 $	% of 2010
2010	$ - - - -	$ 11,900	- - - -	$ 11,900	100%
2011	357	12,257	(3.6)%	11,836	99%
2012	357	12,614	(1.7)%	11,981	101%
2013	357	12,971	(1.8)%	12,108	102%
2014	357	13,328	(2.1)%	12,188	102%
2015	357	13,685	(0.1)%	12,499	105%
2016	357	14,042	(1.0)%	12,699	107%
2017	357	14,399	(1.6)%	12,812	108%
2018	357	14,756	(2.9)%	12,764	107%
2019	330	15,086	(1.6)%	12,837	108%
2020+	30	15,116	(0.6)%	12,780	107%
2021	330	15,446	(5.4)%	12,391	104%
2022	330	15,776	(9.1)%	11,605	98%
2023	330	16,106	(3.0)%	11,506	97%
2024	330	16,436	(3.0)%	11,403	96%
2025	330	16,766	(2.7)%	11,329	95%
2026	330	17,096			

* *The $11,900 benefit used to begin this schedule is an arbitrary amount. A smaller beginning amount could show a smaller purchasing power loss in percent loss.*

\# *Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).*

\+ *The Retiree Benefit Stipend was reduced by $300 in FY 2020.*

SECTION F

FINANCIAL PRINCIPLES AND OPERATIONAL TECHNIQUES

Financial Principles and Operational Techniques

Promises Made and to Be Paid For. As each year is completed, the System, in effect, hands an "IOU" to each member then acquiring a year of service credit. The "IOU" says: "The Arkansas Teacher Retirement System owes you one year's worth of retirement benefits, payments in cash commencing when you qualify for retirement."

The related ***key financial questions*** are:
Which generation of taxpayers contributes the money to cover the IOU?
The present taxpayers, who receive the benefit of the member's present year of service?
Or the future taxpayers, who happen to be in Arkansas at the time the IOU becomes a cash demand?

The financial objective of the ATRS is that this year's taxpayers contribute the money to cover the IOUs being handed out this year so that ***the employer contribution rate will remain approximately level from generation to generation*** -- our children and our grandchildren will not have to contribute greater percents of pay than we contribute now. This objective was set forth in Act 793 of 1977.

(There are systems which have ***a design for deferring contributions to future <u>taxpayers</u>***, lured by a lower contribution rate now and putting aside the fact that the contribution rate must then relentlessly grow much greater over decades of time -- consume now, and let your children face higher contribution rates after you retire.)

An inevitable byproduct of the level-cost design is the accumulation of reserve assets for decades and the income produced when the assets are invested. ***Investment income*** becomes the ***third and largest contributor*** for benefits to employees, and is interlocked with the contribution amounts required from employees and employers.

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

> Normal Cost (the cost of members' service being rendered this year)
> … plus …
> Interest on Unfunded Actuarial Accrued Liabilities (unfunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

Computing Contributions to Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of ***an actuarial valuation***. An actuarial valuation has a number of ingredients such as: the rate of investment income which plan assets will earn; the rates of withdrawal of active members who leave covered employment before qualifying for any monthly benefit; the rates of mortality; the rates of disability; the rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation, assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the System can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the accuracy of the various financial assumptions or the skill of the actuary and the precision of the calculations made. The System copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in financial position.

Actuarial Valuation Process

The financing diagram on the next page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program), and is thus an ***increasing contribution method***; and the ***level contribution method*** which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined, and the flow of activity constituting the valuation may be summarized as follows:

A. ***Census Data***, furnished by plan administrator
   Retired lives now receiving benefits
   Former employees with vested benefits not yet payable
   Active employees

B. + ***Asset data*** (cash & investments), furnished by plan administrator

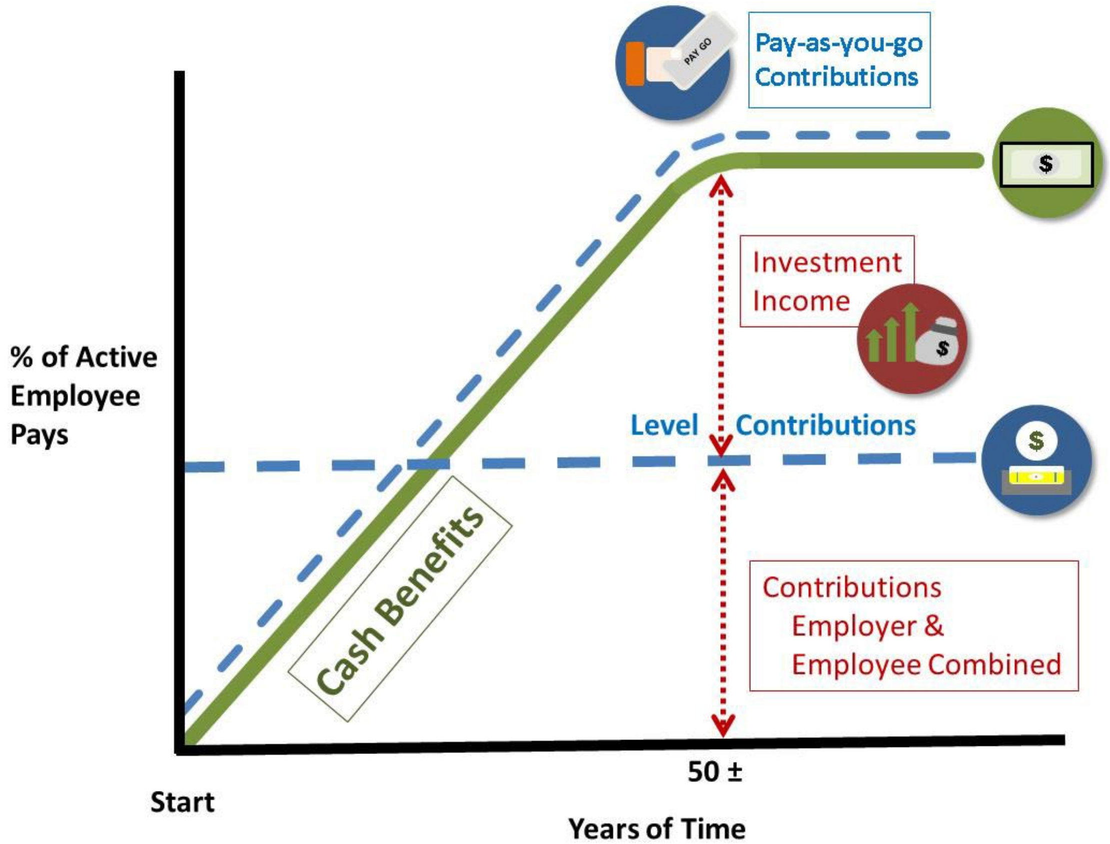
C. + **Benefit provisions** that establish eligibility and amounts of payments to members

D. + ***Assumptions concerning future financial experiences in various risk areas***, which assumptions are established by the Board of Trustees after consulting with the actuary

E. + ***The funding method*** for employer contributions (the long-term planned pattern for employer contributions)

F. + ***Mathematically combining the assumptions, the funding method, and the data***

G. = Determination of:
   Plan financial position, and/or
   New Employer Contribution Rate



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

- **Economic Risk Areas**
  - Rates of investment return
  - Rates of pay increase
  - Changes in active member group size
- **Non-Economic Risk Areas**
  - Ages at actual retirement
  - Rates of mortality
  - Rates of withdrawal of active members (turnover)
  - Rates of disability

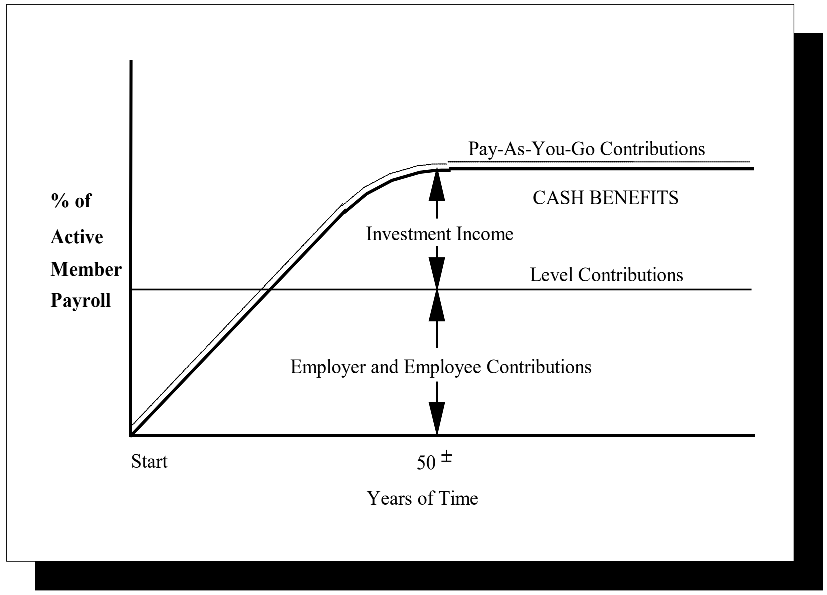
SECTION G

ACTUARIAL ASSUMPTIONS

Selection of Assumptions Used in Actuarial Valuations

Economic Assumptions

Investment return
Pay increases to individual employees
Active member group size and
total payroll growth



Demographic Assumptions

Actual ages at service retirement
Disability while actively employed
Separations before retirement
Mortality after retirement
Mortality before retirement

Relationship Between Plan Governing Body and the Actuary

The actuary should have the primary responsibility for choosing the ***demographic*** assumptions used in the actuarial valuation, making use of specialized training and experience.

Guidance regarding the selection of economic assumptions for measuring pension obligations is provided by Actuarial Standards of Practice (ASOP) No. 27. The standard requires that the selected economic assumptions be consistent with each other. That is, the selection of the investment return assumption should be consistent with the selection of the payroll growth and inflation assumptions.

ASOP No. 27 defines a reasonable economic assumption as an assumption that has the following characteristics: (a) It is appropriate for the purpose of the measurement; (b) It reflects the actuary's professional judgment; (c) It takes into account historical and current economic data that is relevant as of the valuation date; (d) It reflects the actuary's estimate of future experience, the actuary's observation of the estimates inherent in market data, or a combination thereof; and (e) It has no significant bias (i.e., it is not significantly optimistic or pessimistic), except when provisions for adverse deviation or plan provisions that are difficult to measure are included and disclosed under Section 3.5.1, or when alternative assumptions are used for the assessment of risk.

Summary of Assumptions Used in Actuarial Valuations for the Arkansas Teacher Retirement System Assumptions Adopted by the Board of Trustees After Consulting with the Actuary

The actuarial assumptions used in the valuation are shown in this section. The rationale for the assumptions is provided in the Experience Study covering the period July 1, 2015 through June 30, 2020. The Board of Trustees adopts the actuarial assumptions used for actuarial valuation purposes after consulting with the actuary. The actuarial assumptions represent estimates of future experience.

Economic Assumptions

The ***price inflation*** assumption is 2.50%. It is assumed that the 3% COLA will always be paid.

The investment return rate used in the valuation was 7.25% per year, compounded annually (net after administrative expenses). This rate was first used for the ***June 30, 2021*** valuation. The assumed real rate of return over price inflation is 4.75%.

The ***wage inflation*** assumption is 2.75%. This consists of 2.50% related to pure price inflation and 0.25% related to general economic improvements. This assumption was first used for the ***June 30, 2017*** valuation.

Pay increase assumptions for individual active members are shown on page G-9. Part of the assumption for each service year is for a merit and/or seniority increase, and the other 2.75% recognizes wage inflation. These rates were first used for the ***June 30, 2021*** valuation.

The Active Member Group (Active, T-DROP, RTW) size is assumed to remain constant at its present level.

Total active member payroll is assumed to increase 2.75% per year, which is the portion of the individual pay increase assumptions attributable to wage inflation. This rate was first used for the ***June 30, 2017*** valuation.

Non-Economic Assumptions

The mortality tables used were the Pub-2010 General Healthy Retired, General Disabled Retiree and General Employee Mortality amount weighted tables for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

A limited fluctuation credibility procedure was used to determine the appropriate scaling factor of each gender and each member classification (see the 2015-2020 Experience Study), and are shown below:

	Scaling Factor
Healthy Male Retirees	**105%**
Healthy Female Retirees	**105%**
Disabled Male Retirees	**104%**
Disabled Female Retirees	**104%**
Male Active Members	**100%**
Female Active Members	**100%**

Related values are shown on page G-4. These tables were first used for the ***June 30, 2021*** valuation.

The probabilities of retirement for members eligible to retire are shown on pages G-5 and G-6. The rates for full retirement and reduced retirement were first used in the ***June 30, 2021*** valuation.

The probabilities of withdrawal from service, ***death-in-service*** and ***disability*** are shown for sample ages on pages G-7 and G-8. These rates were first used in the ***June 30, 2021*** valuation.

The entry age actuarial cost method of valuation was used in determining accrued liabilities and normal cost. T-DROP members are treated as active members. Normal cost runs from the date of entry to the date of retirement.

Differences in the past between assumed experience and actual experience ("actuarial gains and losses") become part of actuarial accrued liabilities.

Unfunded actuarial accrued liabilities are amortized to produce contribution amounts (the total of principal & interest) which are level percents of payroll contributions.

These cost methods were first used in the June 30, 1986 valuation.

The Fiscal Year 2025 employer and member contribution rates were 15% and 7%, respectively.

Asset Valuation Method. A market value related asset method is used as described on page D-1. This method was first used in the June 30, 1995 valuation. It was modified following the 1997-2002 Experience Study to include an 80% - 120% market value corridor.

The data about persons now covered and about present assets was furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the Actuary. Members whose dates of birth were not supplied were assumed to be 40 years old on the valuation date. Members whose salaries were not supplied and that entered T-DROP were assumed to have the group average pay of those with salary data as of the valuation date that entered T-DROP.

Single Life Retirement Values*

Sample Attained Ages in 2025	Present Value of $1.00 Monthly for Life		Present Value of $1 Monthly for Life Increasing 3.0% Simple Annually		Future Life Expectancy (Years)*		Percent Dying within Next Year*	
	Male	Female	Male	Female	Male	Female	Male	Female
40	$160.10	$162.61	$213.76	$218.53	45.54	48.53	0.10 %	0.05 %
45	155.76	158.96	205.40	211.26	40.30	43.24	0.13 %	0.07 %
50	150.11	154.18	195.06	202.18	35.19	38.07	0.30 %	0.22 %
55	143.26	148.43	182.96	191.53	30.31	33.11	0.43 %	0.30 %
60	134.54	140.82	168.37	178.25	25.61	28.26	0.65 %	0.41 %
65	123.64	130.85	151.15	161.94	21.11	23.54	0.95 %	0.61 %
70	110.13	118.14	131.14	142.51	16.85	19.01	1.47 %	0.98 %
75	94.16	102.65	108.98	120.37	12.94	14.78	2.47 %	1.72 %
80	76.53	84.93	86.01	96.66	9.50	11.00	4.43 %	3.18 %
85	59.02	66.43	64.52	73.42	6.69	7.80	8.18 %	6.08 %
Base	2705 x 1.05	2706 x 1.05	2705 x 1.05	2706 x 1.05				
Projection	964	965	964	965				

* *Rates and life expectancies in future years are determined by the MP-2020 projection scale.*

Age	Benefit Increasing 3.0% Simple Annually	Portion of Age 60 Lives Still Alive	
		Male	Female
60	$100.00	100%	100%
65	115.00	96%	98%
70	130.00	91%	94%
75	145.00	84%	89%
80	160.00	74%	81%
Ref		2705 x 1.05	2706 x 1.05

Probabilities of Retirement for Members

Retirement Ages	% of Active Participants Retiring with Unreduced Benefits			
	Education		Support	
	Male	Female	Male	Female
48	8%	7%	8%	8%
49	8%	7%	8%	8%
50	8%	7%	8%	8%
51	8%	7%	8%	8%
52	8%	7%	8%	8%
53	8%	7%	8%	8%
54	8%	7%	8%	8%
55	8%	8%	8%	8%
56	10%	8%	8%	8%
57	10%	10%	8%	11%
58	10%	12%	8%	11%
59	14%	15%	8%	15%
60	17%	18%	13%	15%
61	24%	20%	13%	16%
62	27%	29%	28%	26%
63	27%	26%	25%	20%
64	27%	28%	25%	24%
65	60%	57%	57%	59%
66	60%	57%	47%	49%
67	50%	42%	44%	40%
68	45%	42%	44%	40%
69	45%	42%	44%	40%
70	45%	42%	44%	40%
71	45%	42%	44%	40%
72	45%	42%	44%	40%
73	45%	42%	44%	40%
74	45%	42%	44%	40%
75	100%	100%	100%	100%
Ref	3245	3246	3247	3248

These rates are based upon data presented in the 2015-2020 Experience Study and were first used in the 2021 valuation.

Probabilities of Reduced Retirement for Members

Retirement Ages	% of Active Participants Retiring with Reduced Benefits			
	Education		Support	
	Male	Female	Male	Female
45	1.0%	1.0%	2.0%	3.0%
46	1.0%	1.0%	2.0%	3.0%
47	1.0%	1.0%	2.0%	3.0%
48	1.0%	1.0%	2.0%	3.0%
49	1.0%	1.0%	2.0%	3.0%
50	2.0%	2.0%	3.0%	4.0%
51	3.0%	2.0%	3.0%	4.0%
52	3.0%	3.0%	4.0%	4.0%
53	4.0%	4.0%	4.0%	4.0%
54	5.0%	4.0%	5.0%	4.0%
55	6.0%	5.0%	6.0%	4.0%
56	6.0%	5.0%	7.0%	6.0%
57	8.0%	5.0%	7.0%	6.0%
58	9.0%	6.0%	7.0%	6.0%
59	6.0%	6.0%	7.0%	6.0%
Ref	3249	3250	3251	3252

These rates are based upon data presented in the 2015-2020 Experience Study and were first used in the 2021 valuation.

Duration of T-DROP for Members

Present T-DROP members are assumed to remain in T-DROP according to the following table:

Entry Age	Assumed Duration Years
50-56	7
57	6
58	5
59+	4

T-DROP Participation

It was assumed that active members will participate in the T-DROP at the time in which entering the T-DROP would provide the highest value of benefits.

Teachers
Separations from Active Employment
Before Age and Service Retirement

Sample Ages in 2025	Percent of Active Members Separating within the Next Year						
	Years of Service	Death *		Disability		Other	
		Male	Female	Male	Female	Male	Female
	0					17.00%	13.00%
	1					13.80%	11.30%
	2					11.30%	10.50%
	3					8.90%	8.30%
	4					6.30%	6.50%
25	5 & Up	0.03%	0.01%	0.02%	0.02%	5.80%	6.50%
30		0.05%	0.02%	0.02%	0.02%	4.20%	4.80%
35		0.07%	0.03%	0.02%	0.03%	2.90%	3.20%
40		0.09%	0.04%	0.04%	0.07%	2.00%	2.10%
45		0.11%	0.06%	0.13%	0.17%	1.70%	1.70%
50		0.14%	0.08%	0.31%	0.37%	1.60%	1.70%
55		0.21%	0.12%	0.61%	0.63%	1.60%	1.70%
60		0.32%	0.19%	0.82%	0.89%	1.50%	1.60%
65		0.46%	0.28%	0.82%	0.89%	1.20%	1.30%
Ref:		2723 x 1.00	2724 x 1.00	1217 x 1	1218 x 1	1364 1574	1365 1575

* *Rates and life expectancies in future years are determined by the MP-2020 projection scale.*

Support Employees
Separations from Active Employment
Before Age and Service Retirement

Sample Ages in 2025	Percent of Active Members Separating within the Next Year						
	Years of Service	Death *		Disability		Other	
		Male	Female	Male	Female	Male	Female
	0					54.50%	48.50%
	1					29.90%	27.20%
	2					19.80%	19.00%
	3					15.50%	15.30%
	4					12.00%	12.80%
25	5 & Up	0.03%	0.01%	0.02%	0.01%	10.60%	9.90%
30		0.05%	0.02%	0.05%	0.03%	7.80%	7.00%
35		0.07%	0.03%	0.10%	0.04%	5.70%	5.10%
40		0.09%	0.04%	0.13%	0.08%	4.40%	4.30%
45		0.11%	0.06%	0.21%	0.16%	3.70%	4.00%
50		0.14%	0.08%	0.45%	0.33%	3.50%	3.90%
55		0.21%	0.12%	0.88%	0.61%	3.50%	3.70%
60		0.32%	0.19%	1.36%	0.79%	3.40%	3.20%
65		0.46%	0.28%	1.36%	0.79%	2.70%	2.50%
Ref:		2723 x 1.00	2724 x 1.00	1219 x 1	1220 x 1	1366 1576	1367 1577

* *Rates and life expectancies in future years are determined by the MP-2020 projection scale.*

Individual Pay Increases

Education			
	Pay Increase Assumptions for an Individual Member		
Years of Service	Merit & Seniority	Base (Economic)	Increase Next Year
1	2.50%	2.75%	5.25%
2	2.20%	2.75%	4.95%
3	1.90%	2.75%	4.65%
4	1.80%	2.75%	4.55%
5	1.70%	2.75%	4.45%
6	1.60%	2.75%	4.35%
7	1.50%	2.75%	4.25%
8	1.40%	2.75%	4.15%
9	1.30%	2.75%	4.05%
10	1.25%	2.75%	4.00%
11	1.20%	2.75%	3.95%
12	1.15%	2.75%	3.90%
13	1.10%	2.75%	3.85%
14	1.05%	2.75%	3.80%
15	1.00%	2.75%	3.75%
16	0.95%	2.75%	3.70%
17	0.85%	2.75%	3.60%
18	0.75%	2.75%	3.50%
19	0.65%	2.75%	3.40%
20	0.55%	2.75%	3.30%
21	0.50%	2.75%	3.25%
22	0.45%	2.75%	3.20%
23	0.40%	2.75%	3.15%
24	0.30%	2.75%	3.05%
25	0.20%	2.75%	2.95%
26	0.15%	2.75%	2.90%
27	0.10%	2.75%	2.85%
28	0.25%	2.75%	3.00%
29+	0.00%	2.75%	2.75%
Ref:	931		

Support			
	Pay Increase Assumptions for an Individual Member		
Years of Service	Merit & Seniority	Base (Economic)	Increase Next Year
1	3.00%	2.75%	5.75%
2	2.60%	2.75%	5.35%
3	1.60%	2.75%	4.35%
4	1.45%	2.75%	4.20%
5	1.35%	2.75%	4.10%
6	1.25%	2.75%	4.00%
7	1.20%	2.75%	3.95%
8	1.15%	2.75%	3.90%
9	1.10%	2.75%	3.85%
10	1.05%	2.75%	3.80%
11	1.00%	2.75%	3.75%
12	0.95%	2.75%	3.70%
13	0.90%	2.75%	3.65%
14	0.80%	2.75%	3.55%
15	0.75%	2.75%	3.50%
16	0.70%	2.75%	3.45%
17	0.65%	2.75%	3.40%
18	0.60%	2.75%	3.35%
19	0.50%	2.75%	3.25%
20	0.45%	2.75%	3.20%
21	0.40%	2.75%	3.15%
22	0.35%	2.75%	3.10%
23	0.30%	2.75%	3.05%
24	0.25%	2.75%	3.00%
25	0.25%	2.75%	3.00%
26	0.25%	2.75%	3.00%
27	0.25%	2.75%	3.00%
28	0.40%	2.75%	3.15%
29+	0.00%	2.75%	2.75%
Ref:	932		

Miscellaneous and Technical Assumptions
June 30, 2025

Marriage Assumption:	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male members are assumed to have a beneficiary three years younger and female members are assumed to have a beneficiary two years older.
Pay Increase Timing:	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Decrement Timing:	Decrements are assumed to occur mid-year, with the exception of normal and early retirement, which are assumed to occur at the beginning of the year. This implies that people who worked the entire school year are reported as active members even if they retired at the end of the year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and the service nearest whole year on the date of the valuation.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability does not operate during the first 5 years of service. Disability and turnover do not operate during retirement eligibility.
Normal Form of Benefit:	The assumed normal form of benefit is the straight life form.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. The payroll used for this purpose is payroll for all active members plus payroll for members in the T-DROP and retirees who returned to work.
Minimum Salary:	The actuarial valuation reflects a minimum base salary for teachers of $50,000 due to ACT 237, also known as the LEARNS Act
Liability Adjustments:	The liability calculations assume that the non-contributory and contributory multipliers for the first ten years of service are at the standard rate at the time the service is earned.
Data Adjustments:	Members whose dates of birth were not supplied were assumed to be 40 years old on the valuation date. Members whose salaries were not supplied and that entered the T-DROP were assumed to have the group average pay of those with salary data as of the valuation that entered the T-DROP.

SECTION H

GLOSSARY

Glossary

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Accumulated Benefit Obligation. The actuarial present value of vested and non-vested benefits based on service to date and past and current salary levels.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

***Actuarial Present Value of Credited Projected Benefits or Pension Benefit Obligation*.** The present value of future benefits based on service to date and the effect projected salary increases.

Actuary. A person who is trained in the applications of probability and compound interest to solve problems in business and finance that involve payment of money in the future, contingent upon the occurrence of future events. Most actuaries in the United States are Members of the American Academy of Actuaries. The Society of Actuaries is an international research, education and membership organization for actuaries in the life and health insurance, employee benefits, and pension fields. It administers a series of examinations leading initially to Associateship and the designation A.S.A. and ultimately to Fellowship with the designation F.S.A. The federal government certifies actuaries to practice under ERISA with the designation of E.A.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Glossary

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Immunize. Immunization is a risk-mitigation strategy that matches asset and liability duration so portfolio values are protected against interest rate changes.

LDROM. The Low-Default-Risk Obligation Measure (LDROM) is meant to approximately represent the lump sum cost to secure benefits by purchasing low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement. The lower the market interest rates, the higher the LDROM, and vice versa.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a “going concern” basis and is not normally determined in a routine actuarial valuation.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as “unfunded accrued liability.”

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.

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November 19, 2025

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

Re: Report of June 30, 2025 Actuarial Valuation of Active and Inactive Members

Dear Mr. White:

Enclosed are 15 copies of the report. If you need anything else, please call.

Sincerely,
Gabriel, Roeder, Smith & Company

Judith A. Kermans

Judith A. Kermans, EA, FCA, MAAA

JAK:sc
Enclosures

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

Arkansas Teacher Retirement System

Annual Actuarial Valuation of Annuities Being Paid to Retirees and Beneficiaries

June 30, 2025

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Report of Actuarial Valuation of ATRS Retirees and Beneficiaries

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November 26, 2025

Board of Trustees
Arkansas Teacher Retirement System
Little Rock, Arkansas

Dear Board Members:

Presented in this report are the results of the ***Annual Actuarial Valuation of annuities being paid to retirees and beneficiaries*** of the Arkansas Teacher Retirement System (ATRS).

The purpose of this document is to provide a summary of the liabilities of the System's retirees and beneficiaries. This is one of multiple documents comprising the actuarial results. Funding of the System's liabilities as well as calculations of the liabilities of active and inactive members is provided in a separate report. The other documents include the active and inactive valuation dated November 19, 2025 and the presentation (available in December).

The date of the valuation was June 30, 2025 (using amounts payable as of July 1, 2025).

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Retirement System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

This valuation was based upon census data and financial information provided by the System's administrative staff. Preparation of this data requires considerable staff time. The helpful cooperation of the Arkansas Teacher Retirement System staff in furnishing the data is acknowledged with appreciation. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the data provided by ATRS.

This report was prepared using certain assumptions approved by the Board. The actuarial assumptions used for valuation purposes are summarized in the Appendix. These assumptions reflect experience during the period July 1, 2015 to June 30, 2020 and expectations for the future.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

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Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. The scope of an actuarial valuation does not contain an analysis of the potential range of such future measurements.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Arkansas Teacher Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The actuarial assumptions used for this valuation produce results which, individually and in the aggregate, are reasonable. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., not significantly optimistic or pessimistic).

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. Judith A. Kermans, Heidi G. Barry and Derek Henning are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The actuaries submitting this report are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Judith A. Kermans

Judith A. Kermans, EA, FCA, MAAA

Heidi G Barry

Heidi G. Barry, ASA, FCA, MAAA

Derek Henning

Derek Henning, ASA, EA, FCA, MAAA

JAK/HGB/DH:ah

Comments

As expected, during the year ended June 30, 2025 the number of retired lives increased, as did the total amount being paid monthly to retired lives.

The financing diagram on page 6 shows the general pattern in which cash benefits increase (the green line). The schedule below shows how ATRS history illustrates the general pattern.

	Retired Lives Receiving Benefits		
June 30	No.	Annual Amounts	% of Active Payroll
		(Millions)	
1967	3,846	$ 6.27	
1972	5,453	11.08	
1977	7,524	23.96	
1982	8,828	36.64	
1987	10,526	66.45	10.0%
1992	12,033	115.50	10.7%
1997	14,233	194.90	15.0%
1998	14,802	220.38	15.8%
1999	15,887	248.75	17.4%
2000	16,657	280.14	18.9%
2001	17,778	309.03	19.8%
2002	19,199	334.15	20.5%
2003	20,271	359.98	21.4%
2004	21,428	386.23	22.1%
2005	22,680	415.04	21.1%
2006	24,153	449.77	21.6%
2007	25,611	484.55	22.1%
2008	26,801	515.56	22.7%
2009	28,818	564.59	23.5%
2010	30,587	612.77	24.8%
2011	32,099	657.08	23.3%
2012	34,160	709.17	25.3%
2013	36,254	763.76	27.1%
2014	38,478	822.19	28.8%
2015	40,748	916.62	31.9%
2016	43,095	983.87	34.1%
2017	45,092	1,044.74	35.8%
2018	46,824	1,099.35	36.8%
2019	48,677	1,146.74	37.9%
2020	50,133	1,194.82	38.8%
2021	51,405	1,242.70	38.8%
2022	52,748	1,293.75	39.0%
2023	54,646	1,346.62	38.6%
2024	56,177	1,403.75	38.9%
2025	57,492	1,456.26	40.0%

A significant financial goal for the Arkansas Teacher Retirement System was to reach a point in time where System assets fully covered the liabilities for future benefit payments to retirees and beneficiaries then on rolls. This goal was achieved in 1980 and retired life liabilities continue to be 100% funded.

Subset of the Annual Actuarial Valuation of Active and Inactive Members

Other Observations

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.25% on the actuarial value of assets), it is expected that:

1) The employer normal cost as a percentage of pay will remain approximately level;
2) The unfunded actuarial accrued liabilities will be fully amortized after 21 years; and
3) The funded status of the plan will increase gradually towards a 100% funded ratio.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction.
2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).
3) The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets, unless the market value of assets is used in the measurement.

Limitations of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

FINANCIAL PRINCIPLES (SUBSET OF THE ANNUAL ACTUARIAL VALUATION OF ACTIVE AND INACTIVE MEMBERS)

Financial Principles and Operational Techniques

Promises Made and To Be Paid For. As each year is completed, the System in effect hands an "IOU" to each member then acquiring a year of service credit. The "IOU" says: "The Arkansas Teacher Retirement System owes you one year's worth of retirement benefits, payments in cash commencing when you qualify for retirement."

The related ***key financial questions*** are:

Which generation of taxpayers contributes the money to cover the IOU?
The present taxpayers, who receive the benefit of the member's present year of service?
Or the future taxpayers, who happen to be in Arkansas at the time the IOU becomes a cash demand?

The financial objective of the ATRS is that this year's taxpayers contribute the money to cover the IOUs being handed out this year so that ***the employer contribution rate will remain approximately level from generation to generation*** -- our children and our grandchildren will not have to contribute greater percents of pay than we contribute now. This objective was set forth in Act 793 of 1977.

(There are systems which have ***a design for deferring contributions to future taxpayers***, lured by a lower contribution rate now and putting aside the fact that the contribution rate must then relentlessly grow much greater over decades of time -- consume now, and let your children face higher contribution rates after you retire.)

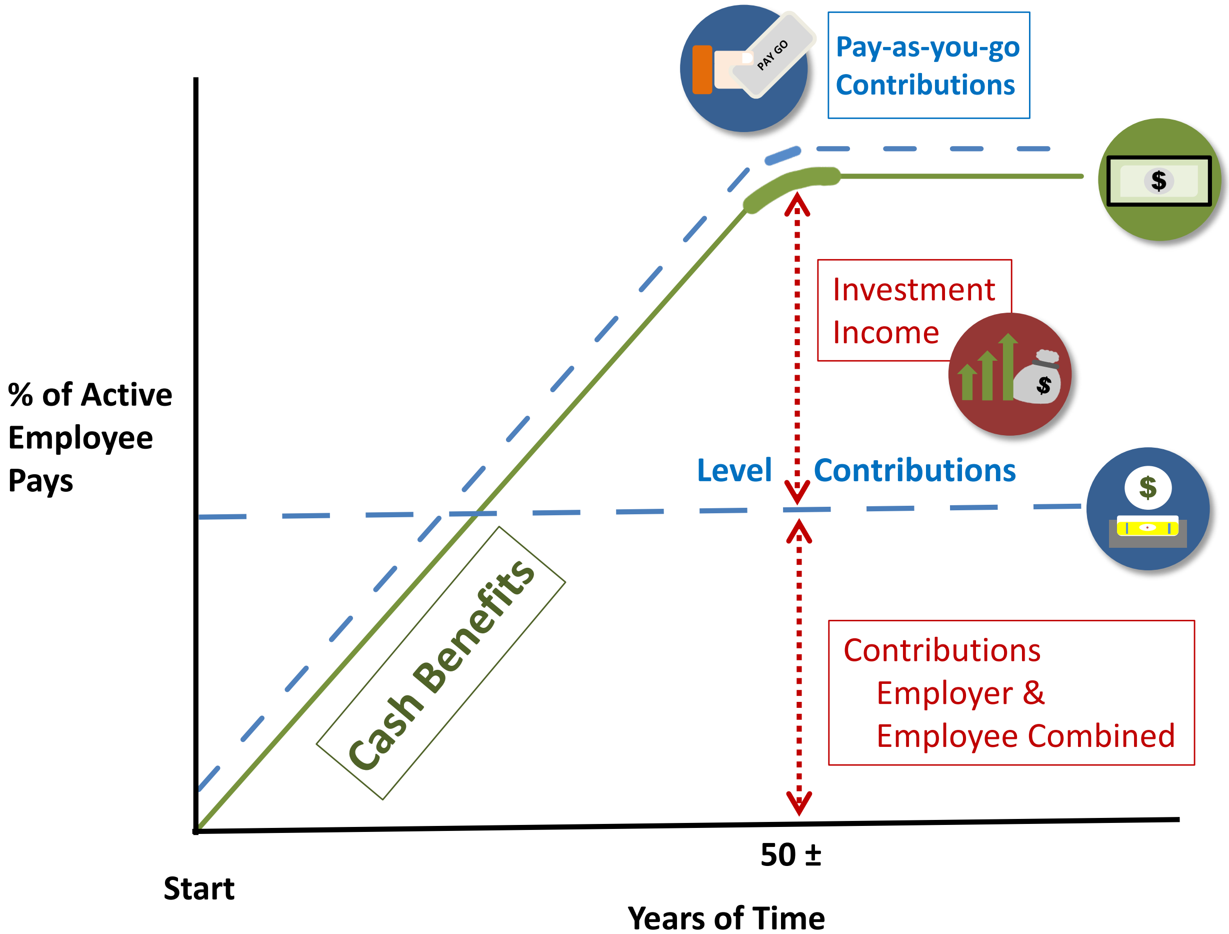
An inevitable byproduct of the level-cost design is the accumulation of reserve assets for decades and the income produced when the assets are invested. ***Investment income*** becomes the ***third and largest contributor*** for benefits to employees, and is interlocked with the contribution amounts required from employees and employers.

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

> Normal Cost (the cost of members' service being rendered this year)
> ... plus ...
> Interest on Unfunded Actuarial Accrued Liabilities (unfunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

Computing Contributions to Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of ***an actuarial valuation***. An actuarial valuation has a number of ingredients such as: the rate of investment income which plan assets will earn; the rates of withdrawal of active members who leave covered employment before qualifying for any monthly benefit; the rates of mortality; the rates of disability; the rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation, assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the System can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the accuracy of the assumptions or the skill of the actuary and the precision of the calculations made. The System copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in financial position.



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

- **Economic Risk Areas**
  - Rates of investment return
  - Rates of pay increase
  - Changes in active member group size
- **Non-Economic Risk Areas**
  - Ages at actual retirement
  - Rates of mortality
  - Rates of withdrawal of active members (turnover)
  - Rates of disability

Actuarial Valuation Process

The financing diagram on the preceding page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program), and is thus an ***increasing contribution method***; and the ***level contribution method*** which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined, and the flow of activity constituting the valuation may be summarized as follows:

A. ***Census data***, furnished by plan administrator

Retired lives now receiving benefits
Former employees with vested benefits not yet payable
Active employees

B. + ***Asset data*** (cash & investments), furnished by plan administrator

C. + ***Benefit provisions*** that establish eligibility and amounts of payments to members

D. + ***Assumptions concerning future financial experience in various risk areas***, which assumptions are established by the Board of Trustees after consulting with the actuary

E. + ***The funding method*** for employer contributions (the long-term planned pattern for employer contributions)

F. + ***Mathematically combining the assumptions, the funding method, and the data***

G. = Determination of:

Plan financial position, and/or
New Employer Contribution Rate

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base. In a fixed rate plan with unfunded liabilities, a reduction in covered payroll can have a negative effect on the system as actual employer contributions are based on a lower than expected payroll;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected. Teacher shortages and reductions in school age populations may have an effect on the System other than expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures are discussed below and on the following pages. An additional historical summary of plan maturity measures can be found on page 11.

	2025	2024	2023	2022	2021
Ratio of the Market Value of Assets to Total Payroll	6.5	6.2	5.9	5.9	6.7
Ratio of Actuarial Accrued Liability to Payroll	7.4	7.3	7.3	7.4	7.5
Ratio of Actives to Retirees and Beneficiaries	1.2	1.3	1.3	1.4	1.4
Ratio of Net Cash Flow to Market Value of Assets	-3.2%	-3.2%	-3.3%	-1.0%*	-3.2%
Duration of the Present Value of Future Benefits	14.09	14.17	14.16	14.03	14.02

** The net cash flow for 2022 includes $507.4 million from the settlement of a lawsuit.*

Ratio of the Market Value of Assets to Payroll

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% of payroll. Such a change could affect the amortization period by approximately four years based on 2025 results. While asset smoothing would reduce the effect, 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.

Ratio of Actuarial Accrued Liability to Payroll

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 7.4% of payroll and would affect the amortization period by two years based on the 2025 results.

Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means benefits and expenses exceed contributions, and existing funds may be used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Plan Maturity Measures
(Concluded)

Duration of Present Value of Future Benefits

The modified 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 (which is based on a 7.25% discount rate) 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.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Plan Maturity Measures (Based on Market Value of Assets)

Valuation Date June 30	(1) Accrued Liabilities (AAL)	(2) Market Value of Assets	(3) Unfunded AAL (1)-(2)	(4) Valuation Payroll^	(5) % Change in Payroll	(6) Funded Ratio (2)/(1)	(7) Annuitant Liabilities (AnnLiab)	(8) AnnLiab/ AAL (7)/(1)	(9) Liability/ Payroll (1)/(4)	(10) Assets/ Payroll (2)/(4)	(11) Est. Porfolio Std. Dev.	(12) Std. Dev. % of Pay (10)x(11)	(13) Unfunded/ Payroll (3)/(4)	(14) Net External Cash Flow (NECF)	(15) NECF/ Assets (14)/(2)	(16) Portfolio Rate of Return	(17) 10-Year Trailing Average
2012	$ 16,139	$ 11,484	$ 4,655	$ 2,803		71.2%	$ 7,649	47.4%	575.8%	409.7%			166.1%	$ (285)	-2.5%	-1.1%	6.6%
2013#	16,718	12,830	3,888	2,819	0.6%	76.7%	8,181	48.9%	593.0%	455.1%			137.9%	(337)	-2.6%	14.9%	8.0%
2014	17,310	14,856	2,454	2,851	1.1%	85.8%	8,777	50.7%	607.2%	521.1%			86.1%	(395)	-2.7%	19.2%	8.2%
2015	18,136	15,036	3,100	2,874	0.8%	82.9%	9,778	53.9%	631.0%	523.1%			107.9%	(445)	-3.0%	4.3%	7.7%
2016	18,812	14,559	4,253	2,888	0.5%	77.4%	10,430	55.4%	651.3%	504.0%			147.3%	(505)	-3.5%	0.2%	6.3%
2017#*	20,298	16,285	4,013	2,922	1.2%	80.2%	11,337	55.9%	694.7%	557.4%			137.3%	(556)	-3.4%	16.0%	6.0%
2018	20,935	17,493	3,442	2,986	2.2%	83.6%	11,851	56.6%	701.1%	585.8%	12.7%	77.3%	115.3%	(607)	-3.5%	11.4%	7.6%
2019	21,709	17,742	3,967	3,027	1.4%	81.7%	12,460	57.4%	717.2%	586.1%	12.5%	76.3%	131.1%	(642)	-3.6%	5.2%	10.4%
2020	22,352	16,902	5,450	3,078	1.7%	75.6%	12,890	57.7%	726.2%	549.1%	12.5%	71.5%	177.1%	(665)	-3.9%	-1.0%	8.8%
2021*	23,987	21,469	2,518	3,205	4.1%	89.5%	13,596	56.7%	748.4%	669.8%	13.8%	92.1%	78.6%	(677)	-3.2%	31.7%	9.6%
2022	24,697	19,679	5,018	3,320	3.6%	79.7%	14,044	56.9%	743.8%	592.7%	13.7%	81.1%	151.1%	(192)	-1.0%	-7.5%	8.9%
2023	25,592	20,675	4,917	3,492	5.2%	80.8%	14,511	56.7%	732.9%	592.1%	13.9%	82.3%	140.8%	(689)	-3.3%	8.7%	8.3%
2024	26,356	22,359	3,997	3,612	3.4%	84.8%	14,992	56.9%	729.8%	619.1%	13.9%	86.1%	110.7%	(720)	-3.2%	11.8%	7.6%
2025#	27,027	23,741	3,286	3,644	0.9%	87.8%	15,449	57.2%	741.7%	651.5%	12.9%	84.2%	90.2%	(771)	-3.2%	9.8%	8.2%

(*) 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.

(^) Includes payroll for return to work retirees.

(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 or an increased level of volatility in results.

(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 the past performance of the investment program. Of course, past performance is not a guarantee of future results. Some of the trailing averaged are distorted by the extraordinary events of 2008 and 2021.

BENEFIT PROVISIONS

Summary of Benefit Provisions
June 30, 2025

1. **Post-Retirement Increases – A.C.A. §§ 24-7-713, 24-7-727 (compound COLA).** Each July 1, annuities are adjusted to be equal to the base annuity times 100% plus 3% for each full year in the period from the effective date of the base annuity to the current July 1. The base annuity is the amount of the member's annuity on the later of July 1, 2001 or the effective date of retirement. The July 1, 2009 cost of living adjustment for retirees was compounded. The annuity was set to 103% of the June 30, 2009 retirement benefit amount. After it was calculated on July 1, 2009, the base amount was reset to be the July 1, 2009 benefit amount. Future cost of living raises will be established by the new updated base amount. Future cost of living adjustments will be evaluated on an annual basis to determine if a simple or compound cost of living increase will be given, depending on the financial condition of the System.

2. **Lump Sum Death Benefit – A.C.A. § 24-7-720.** Beneficiaries of deceased active members or retirees with 10 or more years of ATRS credited service are eligible to receive a lump sum death benefit of up to $10,000. Resolution 2020-27 on September 28, 2021 set the minimum amount of the lump sum death benefit for all eligible members to six thousand six hundred sixty-seven dollars ($6,667); retired members who retired on or before July 1, 2007 will receive an additional six hundred sixty-six dollars and sixty cents ($666.60) for each contributory year of service credit up to the maximum amount of ten thousand dollars ($10,000); and all other members will receive an additional three hundred thirty-three dollars and thirty cents ($333.30) for each contributory year of service credit up to the maximum amount of ten thousand dollars ($10,000).

3. **Act 808 Retirement – A.C.A. § 24-4-732.** Any employee of a state agency who was an active member of the Arkansas Teacher Retirement System on April 8, 1987, and who qualified for retirement before January 1, 1988, could become a member of the Arkansas Public Employees Retirement System and retire from that system. All credited service was transferred to that system but the member's contributions were retained by the Arkansas Teacher Retirement System and the benefit amount is transferred monthly to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).

4. **Act 793 Retirement – A.C.A § 24-4-522.** Any employee who was a member of the rehabilitation services in 1977 was permitted to become a member of the Arkansas Public Employees Retirement System. Liabilities associated with prior service earned through June 30, 1978 remain in the Arkansas Teacher Retirement System. Future service is allocated to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).

Summary of Benefit Provisions
June 30, 2025

5. **Retiree Benefit Stipend – A.C.A. § 24-7-713.** Each retired member as of June 30, 2008, with 5 or more years of ATRS credited service receives a $75 per month stipend. Members in T-DROP do not receive the $75 per month stipend until actual retirement. For all members retiring on or after July 1, 2008, a minimum of 10 years of ATRS credited service is required to receive the $75 per month stipend. The ATRS Board is allowed to set the stipend to a minimum of $1 per month and a maximum of $75 per month. By Board Resolution 2017-34 on November 13, 2017 the benefit stipend is removed from the base amount for all retirees and beneficiaries beginning in fiscal year 2019 and the benefit stipend will be reduced to $50.00 for fiscal year 2020 and beyond. The Resolution contains a "hold harmless" provision that prevents the lowering of the stipend if it would actually reduce the total monthly benefit. This would only affect retirees when the COLA is less than $25 per month.

6. **T-DROP Cash Balance Account.** Effective July 1, 2012, a T-DROP cash balance account was established that allows members exiting (retiring) from T-DROP to place all or a portion of their T-DROP proceeds into a Cash Balance Account (CBA) at ATRS. On November 13, 2017, by Resolution 2017-38 the Board set the CBA interest rate schedule based on years of participation as follows: 2.50% for year one, 2.75% for year two, 3.00% for year three, 3.25% for year four, 3.50% for year five, and 4.00% for year six and beyond. Each fiscal year, the Board can grant an incentive interest rate to encourage continued participation in the CBA program. For fiscal year 2025, the Board granted CBA participants an incentive rate of 0%, by Resolution 2024-32 on September 30, 2024.

7. **Optional Forms of Benefits – A.C.A. § 24-7-706:**

   Option 1 *(Straight Life Annuity)*

   A member will receive the maximum monthly benefit for which he/she qualifies, throughout his/her lifetime. No monthly benefits will be paid to his/her beneficiary after the member's death. Should a member die before he/she has drawn benefits in an amount equal to his/her contributions plus earned interest, the balance will be paid to a designated beneficiary. The designated beneficiary may be anyone chosen by the member.

   Option A (100% Survivor Annuity)

   Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary(ies) will receive (equal shares of) the same annuity for the balance of his/her lifetime.

   Option B (50% Survivor Annuity)

   Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary(ies) will receive (equal shares of) one-half (1/2) of this annuity for the balance of his/her lifetime.

Summary of Benefit Provisions
June 30, 2025

Option C (Annuity for Ten Years Certain and Life Thereafter)

A reduced monthly benefit payable for 120 months. After that time, or if the beneficiary dies prior to 120 months, a member's monthly allowance will revert to the amount he/she would have received under the regular plan and continue for life. If the member dies before receiving 120 payments, the designated beneficiary will receive a monthly benefit in the same amount until monthly benefits to both the member and the beneficiary equal 120 monthly payments. No further benefits are then payable to the beneficiary.

Pop-Up Election

Following the death of or a divorce from the member's designated beneficiary, his or her benefit reverts (pops-up) to the straight life annuity amount from the elected optional annuity amount. The member may then elect new beneficiaries in accordance with Arkansas Code and rules adopted by the ATRS board.

Option Factors are based upon a 5.0% interest rate and the PUB-2010 General Healthy Retiree/MP-2020 tables (generational projections using retirement year 2025) adjusted with a 50% unisex mix.

Sample Benefit Computations for a Member Retiring July 1, 2025 with a Simple 3% COLA

Data for an example member is shown below.

Annual retirement benefit as of July 1, 2025 (excluding stipend): $30,000

Projected benefits, taking into account increases after retirement would be:

	Annual Amount		
Year Ended June 30	Base	Current	$ Increase
2026	$30,000	$30,000	$ 0
2027	30,000	30,900	900
2028	30,000	31,800	900
2029	30,000	32,700	900
2030	30,000	33,600	900

Thereafter, the amount would increase by $900 annually for life. Act 793 members and Act 808 members receive compound COLAs.

CHANGES IN PURCHASING POWER

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (1990 $)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				1990 $	% of 1990
1990	$ - - - -	$ 11,000	- - - -	$ 11,000	100%
1991	330	11,330	(4.7)%	10,822	98%
1992	1,005	12,335	(3.1)%	11,429	104%
1993	1,045	13,380	(3.0)%	12,036	109%
1994	1,082	14,462	(2.5)%	12,693	115%
1995	400	14,862	(3.0)%	12,660	115%
1996	400	15,262	(2.8)%	12,652	115%
1997	772	16,034	(2.3)%	12,993	118%
1998	481	16,515	(1.7)%	13,161	120%
1999	1,383	17,898	(2.0)%	13,989	127%
2000	1,129	19,027	(3.7)%	14,336	130%
2001	1,406	20,433	(3.2)%	14,911	136%
2002	807	21,240	(1.1)%	15,337	139%
2003	562	21,802	(2.1)%	15,417	140%
2004	562	22,364	(3.3)%	15,314	139%
2005	562	22,926	(2.5)%	15,312	139%
2006	562	23,488	(4.3)%	15,037	137%
2007	562	24,050	(2.7)%	14,994	136%
2008	562	24,612	(5.0)%	14,611	133%
2009	562	25,174	1.4 %	15,161	138%
2010	755	25,929	(1.1)%	15,453	140%
2011	778	26,707	(3.6)%	15,370	140%
2012	778	27,485	(1.7)%	15,558	141%
2013	778	28,263	(1.8)%	15,723	143%
2014	778	29,041	(2.1)%	15,828	144%
2015	778	29,819	(0.1)%	16,232	148%
2016	778	30,597	(1.0)%	16,491	150%
2017	778	31,375	(1.6)%	16,638	151%
2018	778	32,153	(2.9)%	16,575	151%
2019	751	32,904	(1.6)%	16,687	152%
2020+	451	33,355	(0.6)%	16,807	153%
2021	751	34,106	(5.4)%	16,306	148%
2022	751	34,857	(9.1)%	15,281	139%
2023	751	35,608	(3.0)%	15,160	138%
2024	751	36,359	(3.0)%	15,033	137%
2025	751	37,110	(2.7)%	14,945	136%
2026	751	37,861			

* *The $11,000 benefit used to begin this schedule is an arbitrary amount. A different beginning amount could show a different purchasing power amount, but the same in percent loss.*

\# *Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).*

\+ *The Retiree Benefit Stipend was reduced by $300 in FY 2020.*

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (2000 $)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2000 $	% of 2000
2000	$ - - - -	$ 11,600	- - - -	$ 11,600	100%
2001	1,003	12,603	(3.2)%	12,207	105%
2002	523	13,126	(1.1)%	12,579	108%
2003	372	13,498	(2.1)%	12,668	109%
2004	372	13,870	(3.3)%	12,605	109%
2005	372	14,242	(2.5)%	12,624	109%
2006	372	14,614	(4.3)%	12,417	107%
2007	372	14,986	(2.7)%	12,400	107%
2008	372	15,358	(5.0)%	12,100	104%
2009	372	15,730	1.4 %	12,573	108%
2010	472	16,202	(1.1)%	12,815	110%
2011	486	16,688	(3.6)%	12,746	110%
2012	486	17,174	(1.7)%	12,902	111%
2013	486	17,660	(1.8)%	13,039	112%
2014	486	18,146	(2.1)%	13,125	113%
2015	486	18,632	(0.1)%	13,460	116%
2016	486	19,118	(1.0)%	13,675	118%
2017	486	19,604	(1.6)%	13,797	119%
2018	486	20,090	(2.9)%	13,745	118%
2019	459	20,549	(1.6)%	13,831	119%
2020+	159	20,708	(0.6)%	13,848	119%
2021	459	21,167	(5.4)%	13,431	116%
2022	459	21,626	(9.1)%	12,582	108%
2023	459	22,085	(3.0)%	12,479	108%
2024	459	22,544	(3.0)%	12,371	107%
2025	459	23,003	(2.7)%	12,294	106%
2026	459	23,462			

* *The $11,600 benefit used to begin this schedule is an arbitrary amount. A different beginning amount could show a different purchasing power amount, but the same in percent loss.*

\# *Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).*

\+ *The Retiree Benefit Stipend was reduced by $300 in FY 2020.*

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (2010 $)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2010 $	% of 2010
2010	$ - - - -	$ 11,900	- - - -	$ 11,900	100%
2011	357	12,257	(3.6)%	11,836	99%
2012	357	12,614	(1.7)%	11,981	101%
2013	357	12,971	(1.8)%	12,108	102%
2014	357	13,328	(2.1)%	12,188	102%
2015	357	13,685	(0.1)%	12,499	105%
2016	357	14,042	(1.0)%	12,699	107%
2017	357	14,399	(1.6)%	12,812	108%
2018	357	14,756	(2.9)%	12,764	107%
2019	330	15,086	(1.6)%	12,837	108%
2020+	30	15,116	(0.6)%	12,780	107%
2021	330	15,446	(5.4)%	12,391	104%
2022	330	15,776	(9.1)%	11,605	98%
2023	330	16,106	(3.0)%	11,506	97%
2024	330	16,436	(3.0)%	11,403	96%
2025	330	16,766	(2.7)%	11,329	95%
2025	330	17,096			

** The $11,900 benefit used to begin this schedule is an arbitrary amount. A different beginning amount could show a different purchasing power amount, but the same in percent loss.*

 # Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

+ The Retiree Benefit Stipend was reduced by $300 in FY 2020.

VALUATION DATA

Summary of
Annuities Being Paid Retirees and Beneficiaries July 1, 2025
by Disbursing Account and Gender

Disbursing Account	Men		Women		Totals	
	No.	Annual Annuities	No.	Annual Annuities	No.	Annual Annuities
RETIREMENT RESERVE ACCOUNT						
Age & Service Annuities						
Retirees	11,149	$312,019,824	40,867	$ 1,039,364,638	52,016	$1,351,384,462
Beneficiaries	491	11,257,596	1,132	29,294,158	1,623	40,551,754
Totals	11,640	323,277,420	41,999	1,068,658,796	53,639	1,391,936,216
Disability						
Retirees	484	7,960,151	2,091	34,656,961	2,575	42,617,112
Beneficiaries	141	2,358,204	145	2,844,502	286	5,202,706
Totals	625	10,318,355	2,236	37,501,463	2,861	47,819,818
Act 793	60	1,005,482	56	510,274	116	1,515,756
Retirement Reserve Account	12,325	334,601,257	44,291	1,106,670,533	56,616	1,441,271,790
Act 808 Retirement Reserve Account	11	856,147	6	242,417	17	1,098,564
Total Retirement Reserve Account	12,336	335,457,404	44,297	1,106,912,950	56,633	1,442,370,354
SURVIVOR'S BENEFIT ACCOUNT						
Beneficiaries of Deceased Members	445	$ 6,875,175	414	$ 7,014,708	859	$ 13,889,883
RETIREMENT SYSTEM TOTALS						
Total Annuities Being Paid	**12,781**	$342,332,579	**44,711**	$1,113,927,658	**57,492**	$1,456,260,237
Prior Year Totals	12,593	$333,705,830	43,584	$1,070,046,856	56,177	$1,403,752,686

	Men	Women	Totals
Average Age	**72.6**	**72.5**	**72.5**

Summary of
Annuities Being Paid Retirees and Beneficiaries July 1, 2025
by Disbursing Account and Source of Financing

	Annual Annuities		Total	
Disbursing Account	Employee Financed	Employer Financed	No.	Annual Annuities
RETIREMENT RESERVE ACCOUNT				
Age & Service Annuities				
Retirees	$ 68,012,021	$ 1,283,372,441	52,016	$ 1,351,384,462
Beneficiaries	275,134	40,276,620	1,623	40,551,754
Totals	68,287,155	1,323,649,061	53,639	1,391,936,216
Disability				
Retirees	1,153,908	41,463,204	2,575	42,617,112
Beneficiaries	114,885	5,087,821	286	5,202,706
Totals	1,268,793	46,551,025	2,861	47,819,818
Act 793	87,225	1,428,531	116	1,515,756
Retirement Reserve Account	69,643,173	1,371,628,617	56,616	1,441,271,790
Act 808 Retirement Reserve Account	41,337	1,057,227	17	1,098,564
Total Retirement Reserve Account	69,684,510	1,372,685,844	56,633	1,442,370,354
SURVIVOR'S BENEFIT ACCOUNT				
Beneficiaries of Deceased Members	$ 368,346	$ 13,521,537	859	$ 13,889,883
RETIREMENT SYSTEM TOTALS				
Total Annuities Being Paid	**$ 70,052,856**	**$ 1,386,207,381**	**57,492**	**$ 1,456,260,237**
Prior Year Totals	$ 70,062,276	$ 1,333,690,410	56,177	$ 1,403,752,686

Annuities Being Paid Retirees and Beneficiaries July 1, 2025
by Type of Annuity Being Paid

Type of Annuity	No.	Annual Amounts: Original Annuities	Annual Amounts: Base Annuities	Annual Amounts: Current Annuities
RETIREMENT RESERVE ACCOUNT				
Age & Service				
Option 1 (Basic single life)	42,424	$ 701,694,340	$ 774,177,066	$ 1,068,826,754
Option A (Joint & 100% Survivor)	5,854	101,347,158	112,014,481	156,368,066
Option B (Joint & 50% Survivor)	2,825	65,503,677	74,449,335	104,218,358
Option C (10-year certain)	913	18,033,579	17,878,445	21,971,284
Beneficiaries	1,623	32,246,669	27,537,834	40,551,754
Totals	53,639	918,825,423	1,006,057,161	1,391,936,216
Disability				
Option 1	2,153	24,378,325	25,465,564	35,475,792
Option A	346	4,021,599	3,995,030	5,447,368
Option B	76	1,187,577	1,240,811	1,693,952
Option C	0	-	-	-
Beneficiaries	286	3,717,409	3,493,357	5,202,706
Totals	2,861	33,304,910	34,194,762	47,819,818
Act 793	116	665,948	1,515,756	1,515,756
Retirement Reserve Account	56,616	952,796,281	1,041,767,679	1,441,271,790
Act 808 Retirement Reserve Account	17	309,945	1,098,564	1,098,564
Total Retirement Reserve Account	56,633	953,106,226	1,042,866,243	1,442,370,354
SURVIVOR'S BENEFIT ACCOUNT				
Beneficiaries of Deceased Members				
Age 0-17	133	$ 1,295,662	$ 1,292,662	$ 1,459,545
Age 18-23	86	795,477	793,672	951,193
Other	640	7,644,841	8,268,619	11,479,145
Totals	859	9,735,980	10,354,953	13,889,883
RETIREMENT SYSTEM TOTALS				
Total Annuities Being Paid	57,492	$ 962,842,206	$ 1,053,221,196	$ 1,456,260,237

The Original Annuity is the annuity at the date of retirement (includes stipend).

The Base Annuity is the amount from which the 3.0% COLA is calculated.

The Current Annuity is the annuity payable at July 1, 2025, including the COLA granted on July 1.

Annuities Being Paid July 1, 2025 from the Retirement Reserve Account to AGE AND SERVICE Retirees and Beneficiaries by Attained Ages

Attained Age	Annual Amounts			
	No.	Original Annuities	Base Annuities	Current Annuities
Under 40	8	$ 144,552	$ 128,069	$ 174,443
40-44	5	86,425	67,951	93,626
45-49	24	555,521	542,003	578,854
50-54	452	14,477,201	14,207,454	15,394,734
55-59	1,383	41,274,124	40,665,967	47,296,370
60-64	6,661	127,442,899	127,214,728	155,686,577
65-69	11,721	210,107,432	214,367,734	279,736,154
70-74	12,397	209,010,454	224,066,099	315,479,518
75-79	10,954	177,689,078	203,114,025	301,342,243
80-84	5,968	86,899,337	107,863,570	163,694,037
85-89	2,757	36,529,940	49,930,646	76,050,658
90-94	1,012	11,814,495	18,379,191	28,006,051
95 & Up	297	2,793,965	5,509,724	8,402,951
Totals	**53,639**	**$ 918,825,423**	**$ 1,006,057,161**	**$ 1,391,936,216**
Avg. Age	**72.5**			

Amounts in the Original Annuities column include the original $900 Retiree Benefit Stipend. Amounts in the Base Annuities column exclude this amount for purposes of determining the COLA. Amounts in the Current Annuities column include the current $600 Retiree Benefit Stipend.

Annuities Being Paid July 1, 2025
from the Retirement Reserve Account to
DISABILITY Retirees and Beneficiaries by Attained Ages

Attained Age	No.	Annual Amounts Original Annuities	Base Annuities	Current Annuities
Under 40	7	$ 67,376	$ 63,563	$ 77,676
40-44	24	248,976	237,276	273,796
45-49	76	1,091,965	1,050,920	1,219,988
50-54	174	2,561,218	2,454,425	2,871,627
55-59	320	4,640,329	4,433,315	5,447,907
60-64	504	5,877,194	5,578,247	7,328,985
65-69	564	6,407,499	6,122,383	8,769,588
70-74	500	5,238,946	5,280,032	8,018,629
75-79	409	4,310,125	4,953,956	7,636,164
80-84	197	2,086,950	2,678,236	4,119,412
85-89	59	592,547	954,451	1,460,647
90-94	24	169,259	343,431	527,051
95 & Up	3	12,526	44,527	68,348
Totals	**2,861**	**$33,304,910**	**$34,194,762**	**$47,819,818**
Avg. Age	**67.2**			

Amounts in the Original Annuities column include the original $900 Retiree Benefit Stipend. Amounts in the Base Annuities column exclude this amount for purposes of determining the COLA. Amounts in the Current Annuities column include the current $600 Retiree Benefit Stipend.

Annuities Being Paid July 1, 2025
from the Retirement Reserve Account to
ACT 793 Retirees and Beneficiaries by Attained Ages

Attained Age	No.	Annual Amounts Original Annuities	Current Annuities
Under 40	-	$ -	$ -
40-44	-	-	-
45-49	-	-	-
50-54	-	-	-
55-59	-	-	-
60-64	-	-	-
65-69	2	604	975
70-74	19	55,107	103,863
75-79	34	171,849	353,090
80-84	32	226,226	518,159
85-89	17	107,156	251,720
90-94	12	105,006	287,949
95 & Up	-	-	-
Totals	**116**	**$665,948**	**$1,515,756**
Avg. Age	**80.4**		

Base annuities are equal to current annuities since the COLA is compounded.

Annuities Being Paid July 1, 2025 from the Retirement Reserve Account to SURVIVOR BENEFICIARIES by Attained Ages

Attained Age	No.	Annual Amounts Original Annuities	Base Annuities	Current Annuities
Under 40	229	$2,142,564	$ 2,136,105	$ 2,490,414
40-44	3	19,193	16,793	22,521
45-49	5	37,393	37,249	49,884
50-54	16	236,845	229,442	258,869
55-59	36	588,215	578,154	695,954
60-64	97	1,219,095	1,154,472	1,431,930
65-69	137	1,708,069	1,685,066	2,264,652
70-74	137	1,487,434	1,543,097	2,212,376
75-79	94	1,197,619	1,368,568	2,030,875
80-84	60	686,315	910,386	1,376,032
85-89	33	310,517	481,254	729,320
90-94	12	102,721	214,367	327,056
95 & Up	-	-	-	-
Totals	**859**	**$9,735,980**	**$10,354,953**	**$13,889,883**
Avg. Age	**56.1**			

Amounts in the Original Annuities column include the original $900 Retiree Benefit Stipend. Amounts in the Base Annuities column exclude this amount for purposes of determining the COLA. Amounts in the Current Annuities column include the current $600 Retiree Benefit Stipend.

Annuities Being Paid July 1, 2025 from the ACT 808 Retirement Reserve Account to ACT 808 Retirees and Beneficiaries by Attained Ages

Attained Age	No.	Annual Amounts: Original Annuities	Annual Amounts: Current Annuities
Under 40	-	$ -	$ -
40-44	-	-	-
45-49	-	-	-
50-54	-	-	-
55-59	-	-	-
60-64	-	-	-
65-69	-	-	-
70-74	-	-	-
75-79	-	-	-
80-84	-	-	-
85-89	3	44,398	163,182
90-94	11	227,314	816,672
95 & Up	3	38,233	118,710
Totals	**17**	**$309,945**	**$1,098,564**
Avg. Age	**92.3**		

Base annuities are the same as current annuities since the COLA is compounded.

Retiree and Beneficiary Data
as of June 30

Year	Estimated Number		Total	Annual Allowances	% Increase in Annual	Average Annual
	Added	Removed	Retirees*	(Millions)	Allowances@	Allowances
1992	455	312	12,033	$ 115.50	10.4%	$ 9,599
1993	589	316	12,306	129.71	12.3%	10,540
1994	846	512	12,640	141.87	9.4%	11,224
1995	908	342	13,206	156.59	10.4%	11,857
1996	1,107	654	13,659	170.59	8.9%	12,489
1997	1,049	475	14,233	194.90	14.3%	13,694
1998	809	240	14,802	220.38	13.1%	14,888
1999	1,582	497	15,887	248.75	12.9%	15,658
2000	1,249	479	16,657	280.14	12.6%	16,818
2001	1,571	450	17,778	309.03	10.3%	17,383
2002	1,989	568	19,199	334.15	8.1%	17,404
2003	1,621	549	20,271	359.98	7.7%	17,758
2004	1,685	528	21,428	386.23	7.3%	18,025
2005	1,822	570	22,680	415.04	7.5%	18,300
2006	1,958	485	24,153	449.77	8.4%	18,622
2007	2,017	559	25,611	484.55	7.7%	18,920
2008	1,703	513	26,801	515.56	6.4%	19,237
2009	2,721	704	28,818	564.59	9.5%	19,591
2010	2,588	819	30,587	612.77	8.5%	20,034
2011	2,394	882	32,099	657.08	7.2%	20,470
2012	2,932	871	34,160	709.17	7.9%	20,760
2013	3,039	945	36,254	763.76	7.7%	21,067
2014	3,156	932	38,478	822.19	7.7%	21,368
2015	3,326	1,056	40,748	916.62	11.5%	22,495
2016	3,272	925	43,095	983.87	7.3%	22,830
2017	2,996	999	45,092	1,044.74	6.2%	23,169
2018	2,927	1,195	46,824	1,099.35	5.2%	23,478
2019	2,849	996	48,677	1,146.74	4.3%	23,558
2020	2,811	1,355	50,133	1,194.82	4.2%	23,833
2021	2,852	1,580	51,405	1,242.70	4.0%	24,175
2022	2,788	1,445	52,748	1,293.75	4.1%	24,527
2023	3,389	1,491	54,646	1,346.62	4.1%	24,643
2024	2,879	1,348	56,177	1,403.75	4.2%	24,988
2025	2,891	1,576	57,492	1,456.26	3.7%	25,330

* *T-DROP participants are classified as active members for purposes of the valuation and are not included in this schedule.*

@ *Upon actual retirement, T-DROP account balances may be paid in the form of an additional annuity – a "T-DROP Annuity." Annual annuities shown include T-DROP annuities beginning in 2015.*

Reported Assets

Reported Assets

The assets of the Retirement System, as of June 30, 2025, were reported to your actuary to be $23,741,135,859. This amount, reduced by a funding value adjustment of $934,571,526 this year, is used to finance the Retirement System liability.

Accounts	Assets as of June 30 2025	Assets as of June 30 2024
Regular Accounts		
Members' Deposit Accounts		
Contributions	$ 1,991,782,789	$ 1,830,533,728
Interest	14,167,706,888	13,013,551,141
Total	16,159,489,677	14,844,084,869
T-DROP Member Deposit Accounts		
Contributions	39,533,188	32,961,427
Interest	18,610,015	17,836,421
Total	58,143,203	50,797,848
Cash Balance Account	254,819,520	240,202,392
Employer's Accumulation Account	(7,455,083,032)	(7,498,915,914)
Retirement Reserve Account	14,306,033,595	14,288,978,608
Act 808 Retirement Reserve Account	4,245,631	5,192,191
T-Lump Sum Payable	284,447,950	299,014,864
Survivors Benefit Account	118,354,184	119,259,431
Total Regular Accounts	23,730,450,727	22,348,614,289
Other Accounts		
Income Expense Account	10,685,132	10,617,095
Other Special Reserves	-	-
Miscellaneous	-	-
Total Other Accounts	10,685,132	10,617,095
Total Accounting Value of Assets	23,741,135,859	22,359,231,384
Funding Value Adjustment	(934,571,526)	(49,901,426)
Funding Value of Assets	$ 22,806,564,333	$ 22,309,329,958

Valuation Results

Liabilities for Annuities Being Paid July 1, 2025
Tabulated by Type of Annuity Being Paid

Type of Annuity	Liabilities July 1, 2025		
	Men	Women	Totals
RETIREMENT RESERVE ACCOUNT			
Age & Service Annuities			
Option 1 (Straight Life)	$ 1,791,324,546	$ 8,905,030,113	$ 10,696,354,659
Option A (100% Joint & Survivor)	899,397,946	1,050,944,164	1,950,342,110
Option B (50% Joint & Survivor)	425,479,786	723,704,769	1,149,184,555
Option C (10 Years Certain & Life)	60,195,339	232,724,601	292,919,940
Beneficiaries	84,327,232	236,854,252	321,181,484
Total Age & Service	3,260,724,849	11,149,257,899	14,409,982,748
Disability Annuities			
Option 1	50,056,995	294,521,298	344,578,293
Option A	24,477,712	50,274,160	74,751,872
Option B	7,085,257	11,950,973	19,036,230
Option C	-	-	-
Beneficiaries	21,348,668	26,959,335	48,308,003
Total Disability	102,968,632	383,705,766	486,674,398
Act 793	6,124,455	4,144,252	10,268,707
Retirement Reserve Account	3,369,817,936	11,537,107,917	14,906,925,853
Act 808 Retirement Reserve Account	3,091,203	853,804	3,945,007
Total Retirement Reserve Account	3,372,909,139	11,537,961,721	14,910,870,860
SURVIVORS' BENEFIT ACCOUNT			
Beneficiaries of Deceased Members	$ 62,454,419	$ 66,475,490	$ 128,929,909
RETIREMENT SYSTEM TOTALS			
Total Annuity Liabilities	3,435,363,558	11,604,437,211	15,039,800,769
Cash Benefit Account Liabilities			254,819,520
Liabilities for Lump Sum Death Benefits			154,606,468
Total	$ 3,435,363,558	$ 11,604,437,211	$ 15,449,226,757

Annual Reserve Transfers

The annual accounting transfers listed below are recommended so that retired life accounts will be fully funded as of the valuation date.

Reserve Account	June 30, 2025 Balance Reported	Transfer Amount	June 30, 2025 Balance After Transfer
Retiree Accounts			
RRA	$ 14,306,033,595	$ 600,892,258	$ 14,906,925,853
808 RRA	4,245,631	(300,624)	3,945,007
SBA	118,354,184	10,575,725	128,929,909
Total Retiree Accounts	14,428,633,410	611,167,359	15,039,800,769
EAA	(7,455,083,032)	(611,167,359)	(8,066,250,391)
Total	**$ 6,973,550,378**	**$ -**	**$ 6,973,550,378**

Lump sum death benefits for retirees are paid from the Employer Accumulation Account and are not included in the figures shown in this report. The actuarial accrued liabilities for lump sum death benefits for retirees are currently $154.6 million. The Cash Balance Account includes an additional $254.8 million of retiree liabilities and is not included in the schedule above. No reserve transfers are required for this account.

Retirement Reserve Account
Comparative Statement of Annuities, Accrued Liabilities and Assets
($ Millions)

Valuation Date June 30	Annual Annuities Being Paid No.	Amount	% Incr.	Average	Computed Liabilities	Applicable Assets	Unfunded Retired Life Liabilities	Ratio of Assets to Liabilities
1980*#	8,001	$ 30.10	3.5%	$ 3,761	$ 280.70	$ 280.7	none	100.0%
1985*+	9,331	51.49	13.6%	5,518	479.9	479.9	none	100.0%
1990	11,054	87.84	7.2%	7,946	847.7	847.7	none	100.0%
1995	12,622	150.45	10.8%	11,920	1,428.6	1,428.6	none	100.0%
2000* ##	16,172	275.65	14.6%	17,045	2,828.8	2,828.8	none	100.0%
2005	22,147	409.42	7.5%	18,486	4,148.1	4,148.1	none	100.0%
2006	23,606	443.98	8.4%	18,808	4,483.4	4,483.4	none	100.0%
2007	25,038	478.30	7.7%	19,103	4,816.4	4,816.4	none	100.0%
2008	26,258	509.29	6.5%	19,396	5,391.3	5,391.3	none	100.0%
2009	28,228	557.83	9.5%	19,762	5,891.9	5,891.9	none	100.0%
2010	29,969	605.55	8.6%	20,206	6,358.0	6,358.0	none	100.0%
2011^	31,498	649.47	7.3%	20,619	6,972.6	6,972.6	none	100.0%
2012	33,533	701.09	7.9%	20,907	7,481.0	7,481.0	none	100.0%
2013	35,622	755.26	7.7%	21,202	8,004.8	8,004.8	none	100.0%
2014	37,824	813.33	7.7%	21,503	8,561.9	8,561.9	none	100.0%
2015@	40,070	907.09	11.5%	22,638	9,515.7	9,515.7	none	100.0%
2016	42,395	973.78	7.4%	22,969	10,157.2	10,157.2	none	100.0%
2017* ^	44,394	1,034.17	6.2%	23,295	11,026.4	11,026.4	none	100.0%
2018	46,108	1,088.30	5.2%	23,603	11,515.7	11,515.7	none	100.0%
2019	47,979	1,137.79	4.5%	23,714	12,094.6	12,094.6	none	100.0%
2020	49,365	1,182.98	4.0%	23,964	12,494.4	12,494.4	none	100.0%
2021^	50,633	1,230.58	4.0%	24,304	13,163.2	13,163.2	none	100.0%
2022	51,944	1,281.16	4.1%	24,664	13,580.5	13,580.5	none	100.0%
2023	53,809	1,333.49	4.1%	24,782	14,019.7	14,019.7	none	100.0%
2024	55,329	1,390.26	4.3%	25,127	14,479.9	14,479.9	none	100.0%
2025	56,633	1,442.37	3.7%	25,469	14,910.9	14,910.9	none	100.0%

* *After plan amendments.*
\# *After change in interest assumption from 6.0% to 7.0%, change in post-retirement adjustments from 1.5% to 3.0% and recommended reserve transfer.*
\+ *After redetermination of base, retroactive application of new minimum benefit formula and reserve transfers.*
\## *Includes Act 808 and Act 793 retirees beginning in 2000.*
^ *After changes in assumptions.*
@ *Upon actual retirement, T-DROP account balances may be paid in the form of an additional annuity – a "T-DROP Annuity." Annual annuities shown include T-DROP annuities beginning in 2015.*

Survivors' Benefit Account
Accrued Liabilities and Assets
Comparative Statement

Valuation Date June 30	Annual Annuities Being Paid		Computed Liabilities	Applicable Assets	Unfunded Accrued Liabilities	Ratio of Assets to Liabilities
	No.	Amount				
1980*#	393	$ 772,631	$ 7,042,644	$ 7,042,644	none	100.0%
1985*+	421	1,240,399	12,411,800	12,411,800	none	100.0%
1990	424	1,830,743	18,117,244	18,117,244	none	100.0%
1995	416	2,723,940	26,220,218	26,220,218	none	100.0%
2000*	485	4,487,519	43,701,138	43,701,138	none	100.0%
2005	533	5,619,675	56,257,745	56,257,745	none	100.0%
2006	547	5,791,974	57,605,939	57,605,939	none	100.0%
2007	573	6,250,603	63,481,565	63,481,565	none	100.0%
2008	543	6,269,551	66,496,539	66,496,539	none	100.0%
2009	590	6,761,034	70,857,161	70,857,161	none	100.0%
2010	618	7,224,585	75,108,334	75,108,334	none	100.0%
2011^	601	7,605,212	81,150,385	81,150,385	none	100.0%
2012	627	8,081,913	84,930,745	84,930,745	none	100.0%
2013	632	8,491,667	88,139,802	88,139,802	none	100.0%
2014	654	8,861,734	89,793,996	89,793,996	none	100.0%
2015	678	9,530,889	95,272,795	95,272,795	none	100.0%
2016	700	10,084,359	98,960,258	98,960,258	none	100.0%
2017* ^	698	10,574,602	104,668,995	104,668,995	none	100.0%
2018	716	11,042,074	107,043,067	107,043,067	none	100.0%
2019	741	11,313,962	106,306,434	106,306,434	none	100.0%
2020	768	11,843,667	108,528,929	108,528,929	none	100.0%
2021^	772	12,116,736	113,740,676	113,740,676	none	100.0%
2022	804	12,596,386	115,961,127	115,961,127	none	100.0%
2023	837	13,120,866	119,954,069	119,954,069	none	100.0%
2024	848	13,490,230	122,214,556	122,214,556	none	100.0%
2025	859	13,889,883	128,929,909	128,929,909	none	100.0%

* *Includes plan amendments.*

\# *After change in interest assumption from 6.0% to 7.0%, change in post-retirement adjustments from 1.5% to 3.0% and recommended reserve transfer.*

\+ *After redetermination of base annuity, retroactive application of new minimum benefit formula and recommended reserve transfer.*

^ *After changes in assumptions.*

Annual Allowances of Retired Lives
by Year of Retirement
as of June 30, 2025

Calendar Year of Retirement	No.	Annual Amount Being Paid Original	Total Increase	Current	Average
2025*	655	$ 8,891,841	$ 353,314	$ 9,245,155	$14,115
2024	2,835	52,738,912	5,548,204	58,287,116	20,560
2023	2,815	51,049,140	7,277,352	58,326,492	20,720
2022	3,181	50,609,989	8,879,800	59,489,789	18,702
2021	2,640	47,012,103	10,863,443	57,875,546	21,923
2020	2,661	45,247,685	11,588,530	56,836,215	21,359
2019	2,658	43,336,160	12,817,579	56,153,739	21,126
2018	2,628	44,220,543	14,133,097	58,353,640	22,205
2017	2,642	44,080,418	16,635,135	60,715,553	22,981
2016	2,683	44,245,556	18,215,321	62,460,877	23,280
2015	2,840	47,372,146	21,226,606	68,598,752	24,154
2014	2,777	47,555,525	23,056,362	70,611,887	25,427
2013	2,533	43,918,208	22,920,354	66,838,562	26,387
2012	2,464	41,149,314	23,168,729	64,318,043	26,103
2011	2,212	37,097,079	21,744,477	58,841,556	26,601
2010	1,851	31,254,136	20,630,959	51,885,095	28,031
2009	1,899	32,810,512	22,864,463	55,674,975	29,318
2008	1,821	29,788,621	20,276,240	50,064,861	27,493
2007	1,683	27,320,139	19,047,347	46,367,486	27,550
2006	1,429	23,853,331	18,005,347	41,858,678	29,292
2005	1,417	23,953,690	20,403,671	44,357,361	31,304
2004	1,239	20,027,695	16,520,331	36,548,026	29,498
2003	1,091	17,599,777	15,153,373	32,753,150	30,021
2002	1,020	16,779,863	14,611,153	31,391,016	30,776
2001	958	15,069,523	13,517,606	28,587,129	29,840
2000	864	14,609,145	13,850,363	28,459,508	32,939
1999	719	11,358,400	11,994,149	23,352,549	32,479
1998	654	9,848,062	10,828,459	20,676,521	31,615
1997	481	7,979,846	9,549,110	17,528,956	36,443
1996	350	6,229,956	7,598,942	13,828,898	39,511
1995	384	6,359,762	8,062,705	14,422,467	37,559
1994	379	6,316,998	8,736,970	15,053,968	39,720
1993	245	4,348,683	6,264,241	10,612,924	43,318
1992	141	1,859,683	2,952,045	4,811,728	34,126
1991	104	1,307,805	2,153,779	3,461,584	33,284
1990	112	1,203,093	2,340,489	3,543,582	31,639
Before 1989	427	4,438,867	9,627,986	14,066,853	32,943
TOTAL	**57,492**	**$962,842,206**	**$493,418,031**	**$1,456,260,237**	**$25,330**

** Reporting for calendar year 2025 is not yet complete. The July 1st retirees are not included in the schedule.*

APPENDIX

APPENDIX

Single Life Retirement Values
Based on PubG-2010 Mortality Amount-Weighted Tables
Adjusted Using MP-2020 Projection Scale and 7.25% Interest

Sample Attained Ages in 2025*	Present Value of $1.00 Monthly for Life		Present Value of $1 Monthly for Life Increasing 3.0% Annually		Future Life Expectancy (Years)		Percent Dying within Next Year	
	Men	Women	Men	Women	Men	Women	Men	Women
40	$160.10	$162.61	$213.76	$218.53	45.54	48.53	0.10 %	0.05 %
45	155.76	158.96	205.40	211.26	40.30	43.24	0.13 %	0.07 %
50	150.11	154.18	195.06	202.18	35.19	38.07	0.30 %	0.22 %
55	143.26	148.43	182.96	191.53	30.31	33.11	0.43 %	0.30 %
60	134.54	140.82	168.37	178.25	25.61	28.26	0.65 %	0.41 %
65	123.64	130.85	151.15	161.94	21.11	23.54	0.95 %	0.61 %
70	110.13	118.14	131.14	142.51	16.85	19.01	1.47 %	0.98 %
75	94.16	102.65	108.98	120.37	12.94	14.78	2.47 %	1.72 %
80	76.53	84.93	86.01	96.66	9.50	11.00	4.43 %	3.18 %
85	59.02	66.43	64.52	73.42	6.69	7.80	8.18 %	6.08 %
Base	2705 x 1.05	2706 x 1.05	2705 x 1.05	2706 x 1.05				
Projection	964	965	964	965				

* *Rates and life expectancies in future years are determined by the MP-2020 projection scale.*

Age	Benefit Increasing 3.0% Yearly	Portion of Age 60 Lives Still Alive	
		Men	Women
60	$100.00	100%	100%
65	115.00	96%	98%
70	130.00	91%	94%
75	145.00	84%	89%
80	160.00	74%	81%
Ref		2705 x 1.05	2706 x 1.05

The above chart is an illlustration for a member who retires at age 60 in 2025.

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November 26, 2025

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

Re: Report of the June 30, 2025 Actuarial Valuation of Retirees and Beneficiaries

Dear Mr. White:

Attached is a copy of this report. Please let us know if anything else is needed.

Sincerely,
Gabriel, Roeder, Smith & Company

Judith A. Kermans

Judith A. Kermans, EA, FCA, MAAA

JAK:ah
Enclosures

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

ARTRS
Arkansas Teacher Retirement System

Waiver of Employer Penalties Report

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

Date: January 20, 2026
Prepared By: Cyndi Dickerson, Accounting Reporting Section Manager

Employer Delinquent Report Penalties Waived

ATRS Employer #	Amount Waived
02007	$ 450.00
00957	$ 450.00
02003*	$ 1,050.00
00211*	$ 450.00
	$
	$
	$
	$
Total Employer Delinquent Report Penalties Waived:	**$ 2,400.00**

Employer Delinquent Contribution Interest Penalties Waived

ATRS Employer #	Amount Waived
02007	$ 96.07
00211*	$ 1,007.63
02003*	$ 4.69
	$
	$
Total Employer Delinquent Contribution Interest Penalties Waived:	**$ 1,108.39**

* Employer waiver request exceeded $1,000.00 limitation (Board to Consider)

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

R E S O L U T I O N
No. 2026-16

Waiver of Employer Late Fees and Interest Penalties

WHEREAS, Arkansas Code § 24-7-411(a)(1) authorizes the Arkansas Teacher Retirement System ("ATRS" or "System") to impose an interest penalty when a covered employer fails to timely remit money to ATRS as required by law or rule; and

WHEREAS, Arkansas Code § 24-7-411(b)(1) authorizes ATRS to impose late fees as a penalty when a covered employer fails to timely file with the System a report required by the Board of Trustees of the Arkansas Teacher Retirement System ("Board"); and

WHEREAS, 24 CAR § 10-406(c)(2)(B) prohibits one (1) or more interest penalties assessed against a covered employer from being waived if the amount of interest penalties assessed against the covered employer will exceed one thousand dollars ($1,000) for the fiscal year; and

WHEREAS, Arkansas Code § 24-7-411(c) provides that the Board or its designee may waive penalties and interest if the Board or its designee determines that the covered employer's failure to remit money or submit a report to the System was not the result of the covered employer's nondisclosure, fraud, or misrepresentation and requiring payment by the covered employer under the circumstances would be unduly penal, burdensome, or result in a manifest injustice; and

WHEREAS, covered employer 02003 ("Covered Employer") failed to timely submit reports and contributions to the System in September and October of 2025 and was assessed late fees and penalties in excess of one thousand dollars ($1,000) for the fiscal year 2025-2026; and

WHEREAS, Covered Employer has requested a waiver of three hundred seventy-two dollars and seventy-nine cents ($372.79) of the assessed penalties and interest and has explained that the failure to timely file the reports with the System was due to technical difficulties outside of the Covered Employer's control and newly hired staff being unfamiliar with the process for submitting reports and contributions to ATRS.

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that the Covered Employer's failure to timely file reports with the System was not the result of the Covered Employer's nondisclosure, fraud, or misrepresentation and that requiring payment by the Covered Employer under the circumstances would be unduly penal, burdensome, or result in a manifest injustice; and

FURTHER, BE IT RESOLVED, that the Board grants the Covered Employer's waiver request and waives three hundred seventy-two dollars and seventy-nine cents ($372.79) of the assessed penalties and interest.

Adopted this 2nd day of February 2026.

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Dr. Mike Hernandez, Chair
Arkansas Teacher Retirement System

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

<u>R E S O L U T I O N</u>
No. 2026-17

Waiver of Employer Late Fees and Interest Penalties

WHEREAS, Arkansas Code § 24-7-411(a)(1) authorizes the Arkansas Teacher Retirement System ("ATRS" or "System") to impose an interest penalty when a covered employer fails to timely remit money to ATRS as required by law or rule; and

WHEREAS, Arkansas Code § 24-7-411(b)(1) authorizes ATRS to impose late fees as a penalty when a covered employer fails to timely file with the System a report required by the Board of Trustees of the Arkansas Teacher Retirement System ("Board"); and

WHEREAS, 24 CAR § 10-406(c)(2)(B) prohibits one (1) or more interest penalties assessed against a covered employer from being waived if the amount of interest penalties assessed against the covered employer will exceed one thousand dollars ($1,000) for the fiscal year; and

WHEREAS, Arkansas Code § 24-7-411(c) provides that the Board or its designee may waive penalties and interest if the Board or its designee determines that the covered employer's failure to remit money or submit a report to the System was not the result of the covered employer's nondisclosure, fraud, or misrepresentation and requiring payment by the covered employer under the circumstances would be unduly penal, burdensome, or result in a manifest injustice; and

WHEREAS, covered employer 00211 ("Covered Employer") failed to timely submit reports and contributions to the System in September and October of 2025 and was assessed late fees and penalties in excess of one thousand dollars ($1,000) for the fiscal year 2025-2026; and

WHEREAS, Covered Employer has requested a waiver of one thousand one hundred twenty-seven dollars and thirty-two cents ($1,127.32) of the assessed penalties and interest and has explained that the failure to timely file the reports with the System was due to technical difficulties outside of the Covered Employer's control.

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that the Covered Employer's failure to timely file reports with the System was not the result of the Covered Employer's nondisclosure, fraud, or misrepresentation and that requiring payment by the Covered Employer under the circumstances would be unduly penal, burdensome, or result in a manifest injustice; and

FURTHER, BE IT RESOLVED, that the Board grants the Covered Employer's waiver request and waives one thousand one hundred twenty-seven dollars and thirty-two cents ($1,127.32) of the assessed penalties and interest.

Adopted this 2nd day of February 2026.

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Dr. Mike Hernandez, Chair
Arkansas Teacher Retirement System

BEFORE THE
BOARD OF TRUSTEES OF THE ARKANSAS TEACHER RETIREMENT SYSTEM

IN RE DISABILITY RETIREE – ATRS ID # 308882
DR Case No. 2026-01

ORDER FINDING DISABILITY RETIREE QUALIFIED TO RECEIVE DISABILITY RETIREMENT BENEFITS

At its meeting on February 2, 2026, the Board of Trustees of the Arkansas Teacher Retirement System ("Board") considered the review application filed by disability retiree - ATRS ID # 308882 ("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 August 17, 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 September 1, 2022.
4. As such, the Disability Retiree was required to provide ATRS with the SSA determination letter August 31, 2025.
5. On August 18, 2022, August 30, 2022, and June 28, 2023, ATRS notified the Disability Retiree that she 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 August 31, 2025, in order for the Disability Retiree to continue receiving disability retirement benefits.
7. On November 18, 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.
8. On November 18, 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.
9. On December 3, 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 September 1, 2025.

IT IS SO ORDERED

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Dr. Hernandez, Chairman
February 2, 2026

Executive Director Review
Proposed Resolution
February 2, 2026

***Board Action Required**

Claim #: 2025-002

Claim Type: Underpayment of Contributions

Issue: Executive Director Review No. 2025-002 involves the question of whether Member #109977 ("Member") should be required to pay the Arkansas Teacher Retirement System ("ATRS" or "System") the total balance of her unpaid employee contributions and accrued interest for fiscal years 2007-2013 before her contributory service credit may be restored.

Facts and Circumstances: The Member was employed with Covered Employer 1 from fiscal years 2005-2012. Throughout her employment, Covered Employer 1 reported the Member as noncontributory to ATRS. The Member was reported as noncontributory even after changing her position to teacher under contract for 181 days in July 2006, which required her to be a contributory member of the System.

After leaving Covered Employer 1, the Member was hired as a teacher with Covered Employer 2 for the 2013 fiscal year. However, in their first quarter report to ATRS, Covered Employer 2 erroneously reported the Member as noncontributory. Additionally, while Covered Employer 2 remitted some employee contributions to ATRS, all the Member's employee contributions were not paid to the System.

Upon discovering the reporting errors, ATRS contacted the Member by letter in February 2013 concerning the underpayment of employee contributions. When the Member later contacted ATRS, ATRS staff explained to the Member that, by law, she should have been contributory when she became a teacher with Covered Employer 1 in July 2006 and she would have to be contributory effective July 1, 2013.

A formal letter concerning the reporting error, unpaid employee contributions, and the possibility of a mutual release agreement was mailed to the Member on March 1, 2013. The mutual release agreement would have allowed the Member to receive noncontributory service credit for fiscal years 2009-2013 and relieved her of her obligation to pay her underpaid employee contributions for these fiscal years. In 2013, the law concerning the look-back period would only allow for the mutual release agreement to cover fiscal years 2009-2013.

As a mutual release agreement had been proposed, any employee contributions that ATRS received from Covered Employer 2 for fiscal year 2013 were refunded to Covered Employer 2. Ultimately, the mutual release was not executed by the System. As such, the Member remained obligated to pay the unpaid employee contributions. However, ATRS staff did not follow-up with the Member to advise her that she was still obligated to pay her unpaid employee contributions.

In October of 2025, the Member contacted ATRS to inquire about her retirement options and her service credit. On November 12, 2025, ATRS staff sent the Member a Staff Determination Letter advising her that she had been erroneously reported as noncontributory for fiscal years 2007- 2013, and, as such, had outstanding employee contributions plus interest totaling $49,227.65 that would need to paid before her contributory service credit could be restored. The letter also advised the Member that she could either: (1) pay the outstanding balance in full and receive contributory service credit for the fiscal years, or (2) not pay the outstanding balance and receive noncontributory service credit for those fiscal years. As each fiscal year is independent of another, the Member was also advised that she could make an election to pay contributions or to receive noncontributory service credit for each fiscal year individually or as a group.

The Member requested an Executive Director Review of the Staff Determination Letter and also asked that ATRS allow her to pay only the base employee contributions totaling $17,363.68.

Findings and Recommendations:

ATRS staff did not err in advising the Member that she is required to pay unpaid contributions totaling $17,363.68 in order for her to receive contributory service credit for fiscal years 2007-2013. However, for the reasons explained further below, the Member should not be required to pay the accumulated interest totaling $31,863.97.

First, there is no evidence in the record indicating that any of the reporting errors or the failure to remit employee contributions during the course of the Member's employment was the result of the Member's own intentional nondisclosure, fraud, misrepresentation, or other fault. The bulk of the accumulated interest currently owed by the Member stems from approximately 6 years of Covered Employer 1 continuously reporting the Member's status incorrectly and failing to remit her employee contributions to the System. Holding the Member accountable for approximately 6 years of continuous error on the part of Covered Employer 1, especially when she was unaware of any issue, would be unjust.

Second, the process more commonly used by the System is to notify a member of any unpaid contributions, allow the member until the end of the fiscal year in which they were notified to pay their unpaid contributions in full, and then apply interest to any unpaid balance beginning in the following fiscal year. This process affords members more time to pay any balance owed before the balance increases due to the accumulation of interest. The process also allows the member an opportunity to dispute the payment obligation.

In the Member's case, interest was allowed to accumulate in fiscal years that had passed before she had any knowledge that her employee contributions had not been paid. As such, the Member was deprived of an opportunity to dispute the underpayment of contributions before the accumulation of interest. She was also deprived of the grace period that would have allowed her to pay the employee contributions owed before the accumulation of interest.

Third, with regard to fiscal year 2013, Covered Employer 2 remitted employee contributions for the Member, which was refunded in part due to the possibility of the Member and ATRS entering into a mutual release agreement. However, when the mutual release agreement was not approved, there was no further communication with the Member concerning her remaining obligation to pay the unpaid employee contributions and interest until 2025. As such, the Member again was not adequately informed that she would have to pay her unpaid employee contributions and interest or of her right to pursue a dispute of the obligation since a mutual release agreement had not been reached.

Executive Director Proposed Resolution:
The Member should be required to pay only her unpaid employee contributions totaling $17, 363.68. The Member should not be required to pay the accumulated interest totaling $31,863.97.

ATRS Private Equity Investment Guidelines - 3Q25

2025 Commitments

Investment	**Strategy**	**Region**	**ATRS Board Approval**	**ATRS Commitment**
MML Capital VIII	Structured Capital	Europe/U.S.	Apr-25	40,000,000
Arlington VII	Mid Market Buyout	U.S.	Jun-25	40,000,000
Great Hill IX	Mid Market Buyout/Growth	U.S.	Jun-25	20,000,000
FP CF Access III	Buyout/Growth/Turnaround	U.S.	Feb-25	40,000,000
FP VC XV	Early Stage VC	U.S./non-U.S.	Apr-25	40,000,000
FP VC Opps II	Mid/Late Stage VC	U.S./non-U.S.	Apr-25	40,000,000
BV XII	Mid Market Buyout	U.S.	Sep-25	45,000,000
Constellation Wealth II	Mid Market Non-Control Equity	U.S.	Sep-25	45,000,000
Niobrara I	Mid Market Buyout	U.S.	Dec-25	45,000,000
Truelink II	Mid Market Buyout	U.S.	Dec-25	45,000,000
2025 commitments previously approved by ATRS' board				**$400,000,000**
Additional commitments to be completed in 2025				$0
Total targeted 2025 commitments				**$400,000,000**

Private Equity Allocation	**Target**	**9/30/2025**
Private Equity Value		$3,090,305,433
Total Assets (as of 9/30/25)		$24,422,867,710
Private Equity Value as a % of Total Assets	**12.0%**	**12.7%**

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)

Strategy	**Target %**	**Post-2006 Portfolio Commitments (as of 9/30/25)**	**% of Total**
Corporate Finance (buyout, growth and debt strategies)	80-100%	4,060,288,612	86%
Venture Capital	0-20%	645,000,000	14%
Total (Post-2006 Portfolio)		**4,705,288,612**	**100%**

Region	**Target %**	**Post-2006 Portfolio Commitments (as of 9/30/25)**	**% of Total**
U.S. and Western Europe	80-100%	4,389,739,111	93%
Other[1]	0-20%	315,549,501	7%
Total (Post-2006 Portfolio)		**4,705,288,612**	**100%**

[1] *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% of total Program allocation.

Manager	Aggregate Commitment	5 Commitments estment Sponsor	Notes
MML Capital VIII	40,000,000	10.0%	
Arlington VII	40,000,000	10.0%	
Great Hill IX	20,000,000	5.0%	
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	11.3%	
Constellation Wealth II	45,000,000	11.3%	
Niobrara I	45,000,000	11.3%	
Truelink II	45,000,000	11.3%	
Total	$400,000,000		

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 June 30, 2025	ATRS' Portfolio $ in Millions
Number of Investments	96
Total Commitments	5,491.58
Unfunded Commitments	1,071.92
Total Paid-In Capital	4,536.45
Total Distributions	3,863.96
Net Asset Value	2,841.88
Gross Asset Value	4,264.07
DPI	0.9x
TVPI	1.5x
Since Inception IRR	6.60%
**Active and Liquidated*	

PORTFOLIO COMPOSITION TARGETS (As of June 30, 2025)	Target	Actual Funded
Target Real Asset Allocation	14%	12.10%
Portfolio Style Composition		
Real Estate	7%	6.80%
Core*	50-70%	49.60%
Non-Core	30-50%	50.40%
Value-Added**	*NA*	*27.70%*
Opportunistic**	*NA*	*22.60%*
Agriculture	1%	1.10%
Timber	2%	1.60%
Infrastructure	4%	2.50%
Leverage	50%	33.40%

RISK MANAGEMENT

Property Type - Real Estate	NFI-ODCE	Target/Constraint	Minimum	Maximum	Actual	Compliant?
Office	16	NFI-ODCE +/- 50%	8	24	13.85	Yes
Retail	11	NFI-ODCE +/- 50%	5.5	16.5	6.95	Yes
Industrial	34.2	NFI-ODCE +/- 50%	17.1	51.3	32.49	Yes
Apartment	29.9	NFI-ODCE +/- 50%	14.95	44.85	31.19	Yes
Other	9	20	0	20	15.88	Yes

Geography - Real Estate	NFI-ODCE	Target/Constraint	Minimum	Maximum	Actual	Compliant?
West	43.8	NFI-ODCE +/- 50%	21.9	65.7	30.97	Yes
East	28.8	NFI-ODCE +/- 50%	14.4	43.2	25.14	Yes
Midwest	5.7	NFI-ODCE +/- 50%	2.85	8.55	8.38	Yes
South	21.7	NFI-ODCE +/- 50%	10.85	32.55	24.41	Yes
Other2,3	0	n/a	n/a	n/a	2.46	Yes
Non-U.S.	0	40	0	40	8.65	Yes

Geography - Timber	NCREIF Timberland	Target/Constraint	Minimum	Maximum	Actual	Compliant?
Lake States	3.84	0%-20%	0	20	0	Yes
Northeast	4.05	0%-20%	0	20	0.95	Yes
Northwest	27.1	0%-50%	0	50	15.15	Yes
South	64.34	40%-80%	40	80	71.14	Yes
Other	0	0%-20%	0	20	12.76	Yes

Geography - Agriculture	NCREIF Farmland	Target/Constraint	Minimum	Maximum	Actual	Compliant?
Appalachian	0.83		0	50	0	Yes
Corn Belt	10.82		0	50	10.15	Yes
Delta States	21.03		0	50	36.14	Yes
Lake States	2.74		0	50	15.59	Yes
Mountain	9.01		0	50	12.44	Yes
Northeast	0		0	50	0	Yes
Northern Plains	2.09		0	50	1.5	Yes
Pacific Northwest	8.29		0	50	4.18	Yes
Pacific West	37.41		0	50	9.92	Yes
Southeast	5.51		0	50	7.96	Yes
Southern Plains	1.99		0	50	2.14	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	43.31	Yes
Non-U.S.			0	60	56.69	Yes

Asset Type - Infrastructure	Target/Constraint		Minimum	Maximum	Actual	Compliant?
Energy/Utilities			0	70	55.47	Yes
Transportation			0	70	25.54	Yes
Social			0	70	2.03	Yes
Communications			0	70	11.77	Yes
Other			0	70	5.19	Yes

Manager	Target/Constraint		Minimum	Maximum	Max	Compliant?
			0	30	13.58	Yes

Style - Real Estate	Target/Constraint		Minimum	Maximum	Actual	Compliant?
Core			50	70	49.63	Yes
Non-Core			30	50	50.37	Yes

As of 9/30/2025 (6/30/25 for Illiquid Asset Classes)

	Actual	Interim Target**	Difference (Actual vs. Interim)	Long-Term Target	Difference* (Actual vs. Long-Term)	Range***
Total Equity	51.10%	50.68%	0.42%	48.00%	3.10%	43 - 53%
Fixed Income	18.80%	20.00%	-1.20%	20.00%	-1.20%	18 - 22%
Opportunistic/Alternatives	5.10%	5.00%	0.10%	5.00%	0.10%	*NA*
Real Assets	12.10%	12.32%	-0.22%	15.00%	-2.90%	*NA*
Real Estate	*7.00%*	*6.50%*	0.50%	*8.00%*	-1.00%	*NA*
Core RE	*3.50%*	*3.90%*	-0.40%	*4.80%*	-1.30%	*4-5.6%*
Non-Core	*3.50%*	*2.60%*	0.90%	*3.20%*	0.30%	*2.4-4%*
Agriculture	*1.10%*	*0.80%*	0.30%	*1.00%*	0.10%	*NA*
Timber	*1.50%*	*1.60%*	-0.10%	*2.00%*	-0.50%	*NA*
Infrastructure	*2.50%*	*3.30%*	-0.80%	*4.00%*	-1.50%	*NA*
Private Equity	12.60%	12.00%	0.60%	12.00%	0.60%	*NA*
Cash	0.40%	0.00%	0.40%	0.00%	0.40%	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 ($M)	Commitment Progress ($M) As of 6/30/2025
Real Estate	8%	53.33%	$400	$200
Core	*5-7%*	*33.30-46.7%*	*$300*	*$200*
Non-Core	*3-5%*	*20-33.30%*	*$100*	*$0*
Ag	1%	6.70%	$0	$0
Timber	2%	13.30%	$0	$0
Infrastructure	4%	26.70%	$350	$275
Total Real Assets	15%	100.00%	$1,150	$100

Direct Holdings in China and Hong Kong as of 12/31/2025

Asset	Market Value
TIMES CHINA HOLDINGS LTD COMMON STOCK HKD.1	1,157.36
CFLDTRUSTUNT CFLD (CAYMAN) TRUST UNITS	8,054.48
SUNAC CHINA HOLDINGS LTD SR SECURED 144A 09/32 1	0.14
ADD HERO HOLDINGS SR SECURED 09/29 8.5	4,337.80
ADD HERO HOLDINGS SR SECURED 09/30 9	1,237.58
ADD HERO HOLDINGS SR SECURED 09/31 9.8	1,348.32
TIMES CHINA HLDG LTD SR SECURED 144A 03/29 VAR	619.73
TIMES CHINA HLDG LTD SR SECURED 144A 09/32 VAR	2,450.39
TIMES CHINA HLDG LTD SR SECURED 144A 03/27 0.00000	1,913.81
TIMES CHINA HLDG LTD SR SECURED 144A 03/27 0.00000	568.00
SUNAC CHINA HOLDINGS LTD SR SECURED 144A 06/28 0.00000	139,431.96
SUNAC CHINA HOLDINGS LTD SR SECURED 144A 06/26 0.00000	131,884.20
CIFI HOLDINGS GROUP SR SECURED 06/29 0.00000	28,484.16
ALIBABA GROUP HOLDING LTD COMMON STOCK USD.000003125	12,862,732.70
ALIBABA GROUP HOLDING SR UNSECURED 06/31 0.5	5,916,930.00
INDIE SEMICONDUCTOR INC SR UNSECURED 144A 11/27 4.5	3,929,040.00
TRIP.COM GROUP LTD SR UNSECURED 06/29 0.75	6,940,527.50

China and Hong Kong direct holdings total $30 million as of 12/31/2025.

Direct holdings include stocks, bonds, and other publicly traded securities.

Indirect Holdings in China and Hong Kong as of 12/31/2025 or Latest Available Information

BlackRock MSCI ACWI IMI Fund	$21.4 Million
SSgA MSCI ACWI IMI Fund	$20.4 Million
Arrowstreet Global Equity Alpha Extension Fund	$204.9 Million
Voya Absolute Alpha MSCI ACWI Fund	$42 Million
Silver Point Capital Fund	$1.5 Million*
Capula Global Relative Value Master Fund	$588,000
Man Alternative Risk Premia Fund	$2.8 Million*
Parametric Global Defensive Equity Fund	$8.5 Million

*as of 11/30/2025

China and Hong Kong indirect holdings total $302 million as of 12/31/2025 or latest available information.

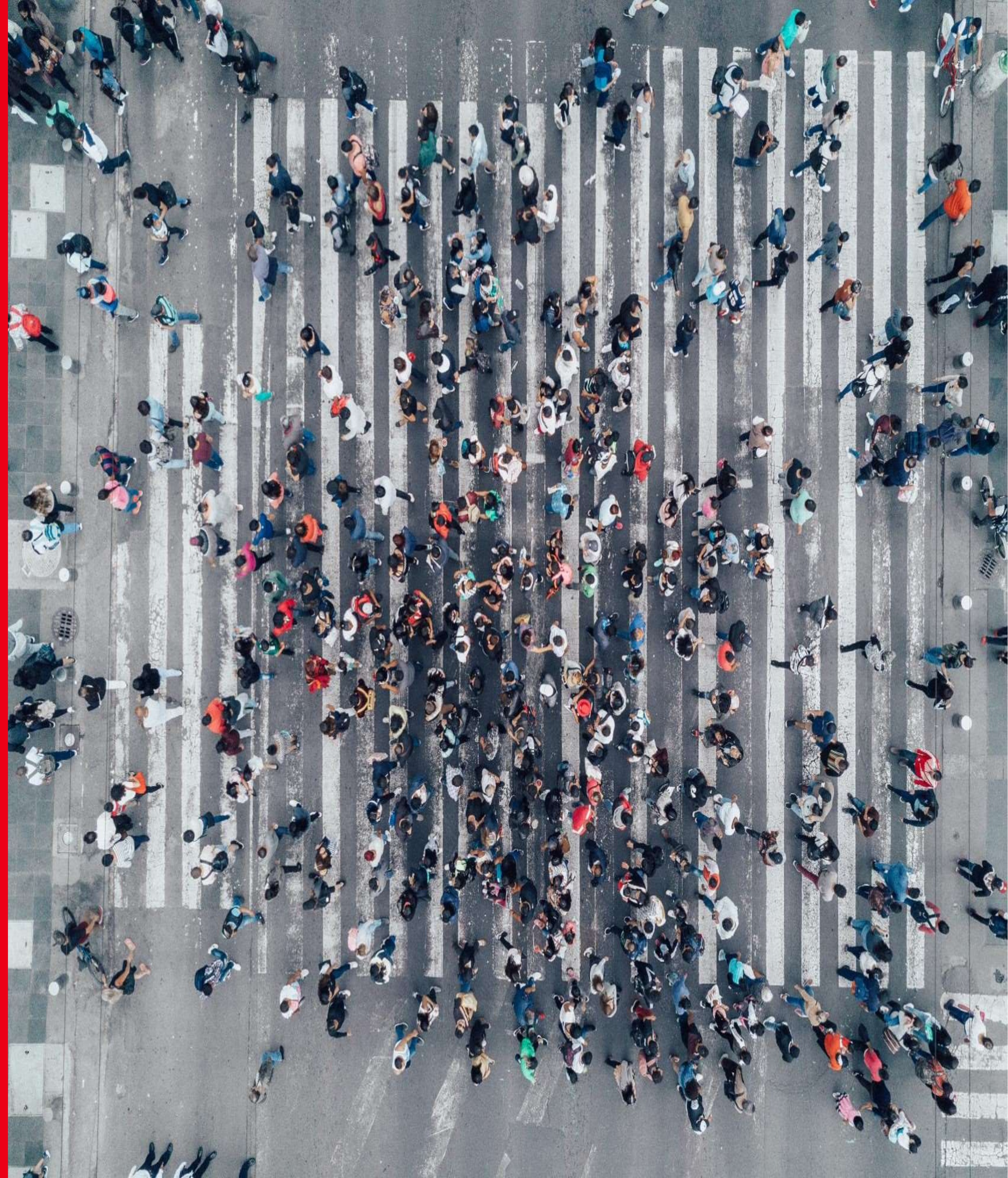
Indirect holdings include funds and other vehicles of which ATRS is a partial owner and that include the underlying assets.

AON

Monthly Investment Review

Arkansas Teacher Retirement System

Preliminary December 2025



All information presented in this report should be considered preliminary. Finalized data will be available on the next Quarterly Investment Report after the close of the quarter.

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

Asset Allocation & Performance

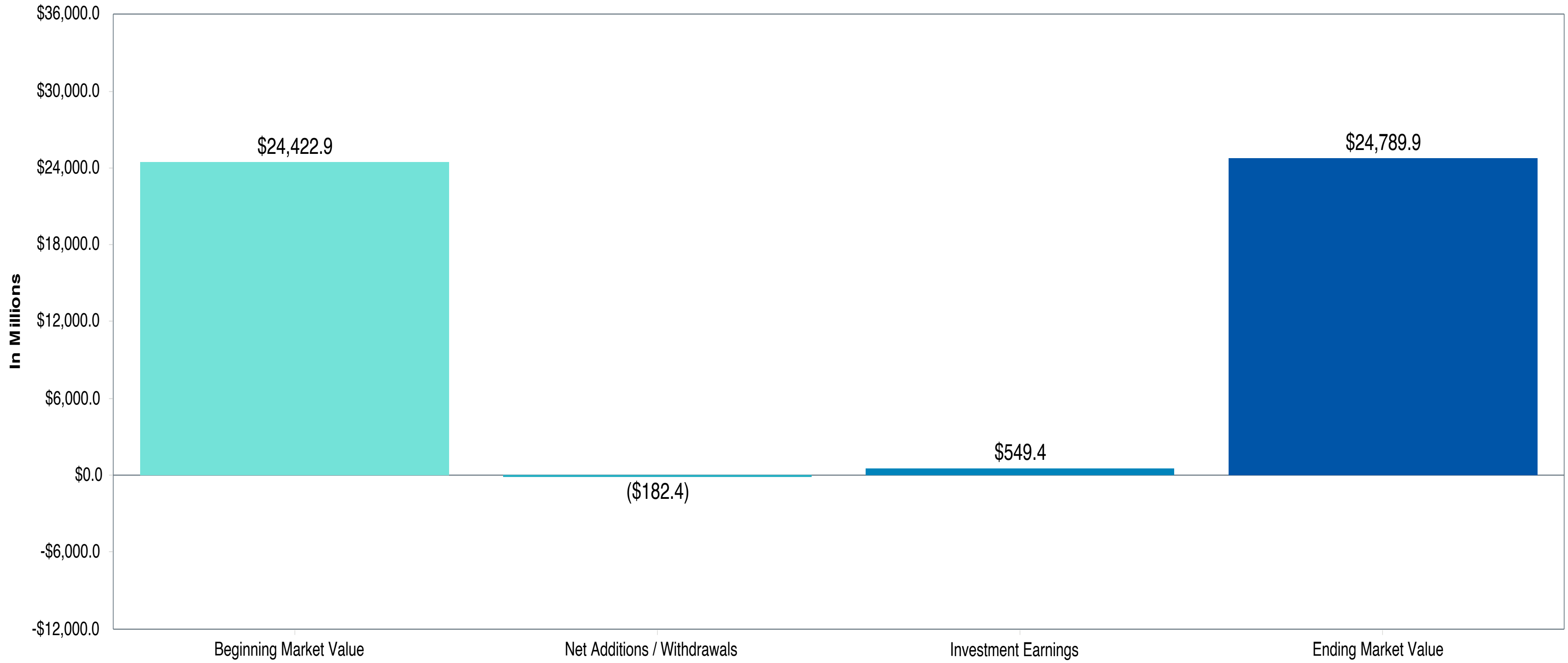
Market Environment

	Performance %					
	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
Dow Jones U.S. Total Stock Market Index	2.4	10.8	17.1	22.3	13.1	14.2
S&P 500 Index	2.7	11.0	17.9	23.0	14.4	14.8
Russell 1000 Index	2.4	10.6	17.4	22.7	13.6	14.6
Russell 1000 Value Index	3.8	9.3	15.9	13.9	11.3	10.5
Russell 1000 Growth Index	1.1	11.8	18.6	31.2	15.3	18.1
Russell 2000 Index	2.2	14.9	12.8	13.7	6.1	9.6
Russell 2000 Value Index	3.3	16.3	12.6	11.7	8.9	9.3
Russell 2000 Growth Index	1.2	13.6	13.0	15.6	3.2	9.6
MSCI AC World IMI Index (Net)	3.2	11.1	22.1	20.0	10.7	11.4
MSCI AC World ex USA IMI (Net)	4.8	11.9	32.0	17.1	7.8	8.4
MSCI EAFE (Net)	4.9	9.9	31.2	17.2	8.9	8.2
MSCI Emerging Markets (Net)	4.7	15.9	33.6	16.4	4.2	8.4
Blmbg. U.S. Universal Index	1.2	3.4	7.6	5.2	0.1	2.4
Blmbg. U.S. Aggregate Index	1.1	3.2	7.3	4.7	-0.4	2.0
Blmbg. U.S. Government Index	0.9	2.4	6.3	3.6	-0.9	1.4
Blmbg. Barc. Credit Bond Index	0.9	3.5	7.8	6.0	0.0	3.1
Blmbg. U.S. Mortgage Backed Securities	1.7	4.2	8.6	4.9	0.1	1.6
Blmbg. U.S. Corp: High Yield Index	1.3	3.9	8.6	10.1	4.5	6.5
Citigroup 90-Day T-Bill	1.0	2.1	4.4	5.0	3.3	2.2

AON

Total Plan Asset Summary

As of December 31, 2025



Summary of Cash Flows			
	1 Quarter	Fiscal YTD	1 Year
Total Fund			
Beginning Market Value	24,422,867,710	23,605,341,198	22,703,073,639
+ Additions / Withdrawals	-182,415,813	-488,185,522	-909,623,823
+ Investment Earnings	549,427,164	1,672,723,385	2,996,429,246
= Ending Market Value	**24,789,879,061**	**24,789,879,061**	**24,789,879,061**

Asset Allocation & Performance

As of December 31, 2025

	Allocation			Performance %							
	Market Value $ ($)	%	Policy %	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund*	**24,789,879,061**	**100.0**	**100.0**	**2.2**	**7.1**	**13.3**	**11.7**	**8.6**	**9.5**	**8.6**	**04/01/1986**
Performance Benchmark				*1.8*	*8.0*	*13.8*	*15.0*	*9.2*	*10.0*	*8.8*	
Total Equity	**12,613,884,589**	**50.9**	**50.9**	**3.7**	**11.6**	**21.2**	**19.3**	**11.4**	**11.7**	**10.6**	**07/01/2015**
Total Equity Performance Benchmark				*2.9*	*11.0*	*20.4*	*20.7*	*11.5*	*12.3*	*11.3*	
Fixed Income	**4,637,107,277**	**18.7**	**20.0**	**1.0**	**2.9**	**6.9**	**5.2**	**1.3**	**3.3**	**4.9**	**07/01/1992**
Performance Benchmark				*1.2*	*3.4*	*7.6*	*5.2*	*0.1*	*2.4*	*4.8*	
Opportunistic/Alternatives	**1,277,210,772**	**5.2**	**5.0**	**2.7**	**6.6**	**11.3**	**11.4**	**8.5**	**4.8**	**4.8**	**05/01/2011**
Custom Alternatives Benchmark				*2.0*	*5.5*	*6.7*	*7.2*	*5.6*	*4.0*	*3.1*	
Real Assets	**2,989,536,432**	**12.1**	**12.1**								
Real Estate	**1,699,016,269**	**6.9**									
Timber	**377,082,389**	**1.5**									
Agriculture	**257,209,126**	**1.0**									
Infrastructure	**656,228,648**	**2.6**									
Private Equity	**3,045,664,264**	**12.3**	**12.0**								
Cash	**226,475,727**	**0.9**	**0.0**								

*Preliminary Results
*Policy % is the interim target used for benchmarking purposes. See page 15 for long-term targets. Beginning July 1, 2013, an updated Investment Policy was adopted which includes the new Real Assets category, which includes Real Estate, Timber, Agriculture and Infrastructure.
*Real Assets and Private Equity are valued on a quarterly basis and reported on a quarter lag. Market values have been adjusted for the current month's cash flows. Updated results for these portfolios are not yet available and will be included in the quarterly performance report.
*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 21 of this report.
*Includes investment gains from Allianz litigation income received on 2/28/2022.
* CE Stands for Current Estimate.

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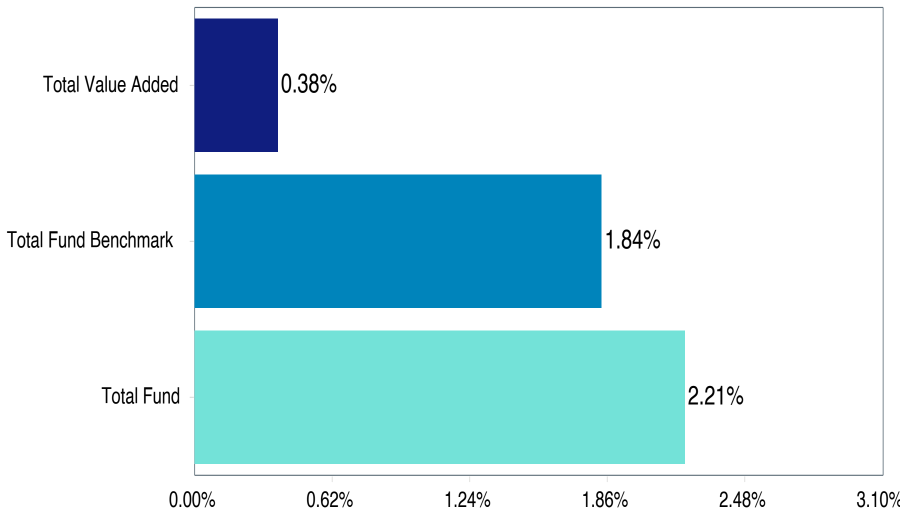
AON

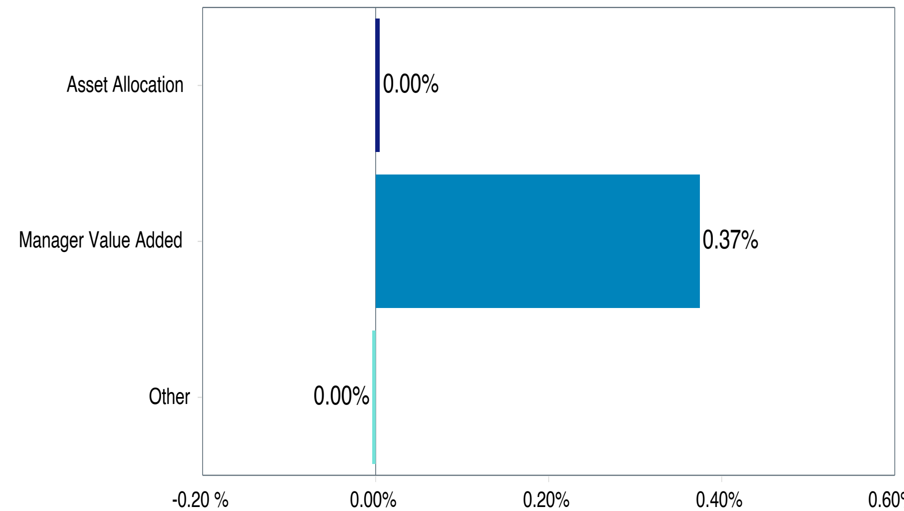
Total Fund Attribution

1 Quarter Ending December 31, 2025

Total Fund Performance

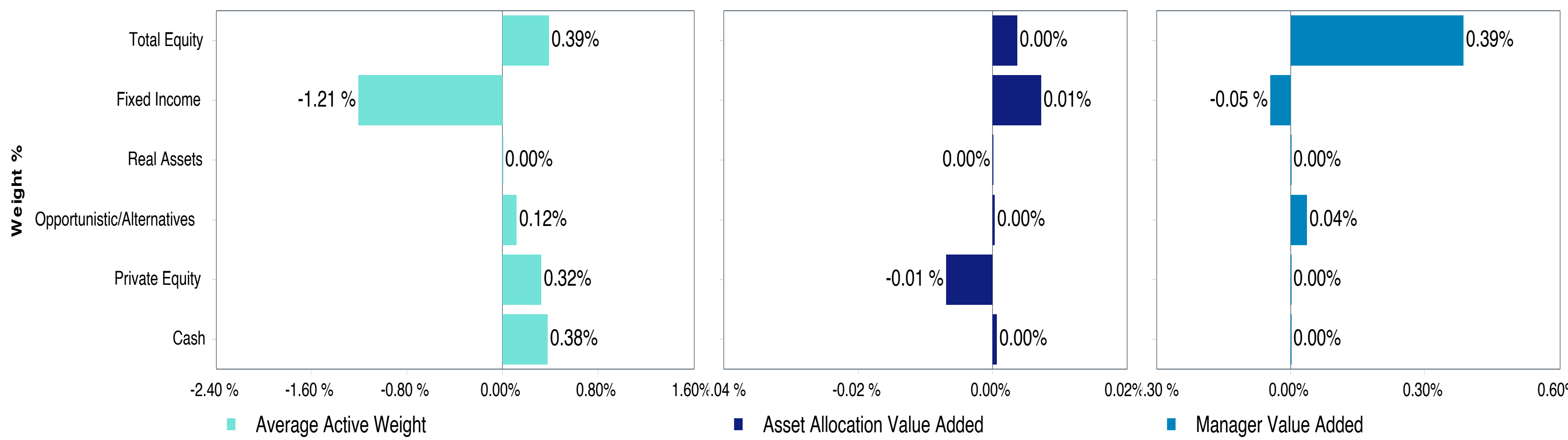


Total Value Added: 0.38%



Total Asset Allocation: 0.00%

Total Manager Value Added: 0.37%



*Preliminary Results

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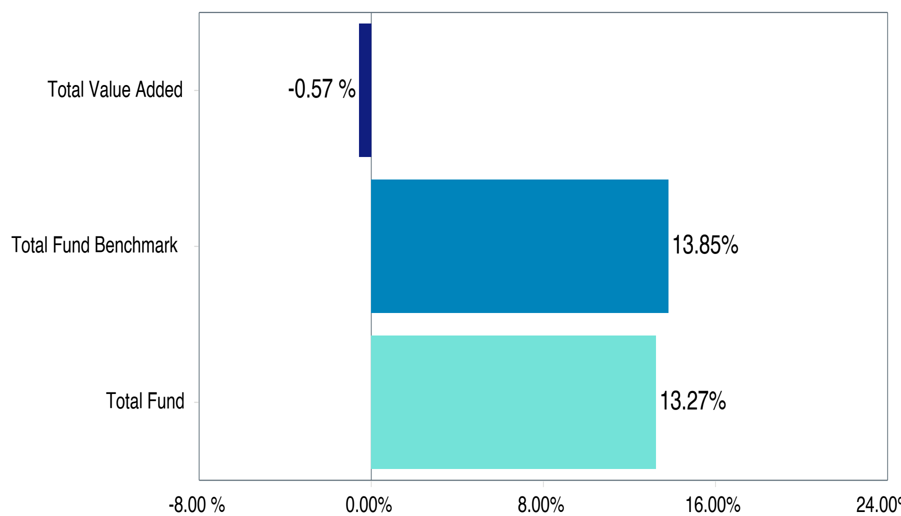
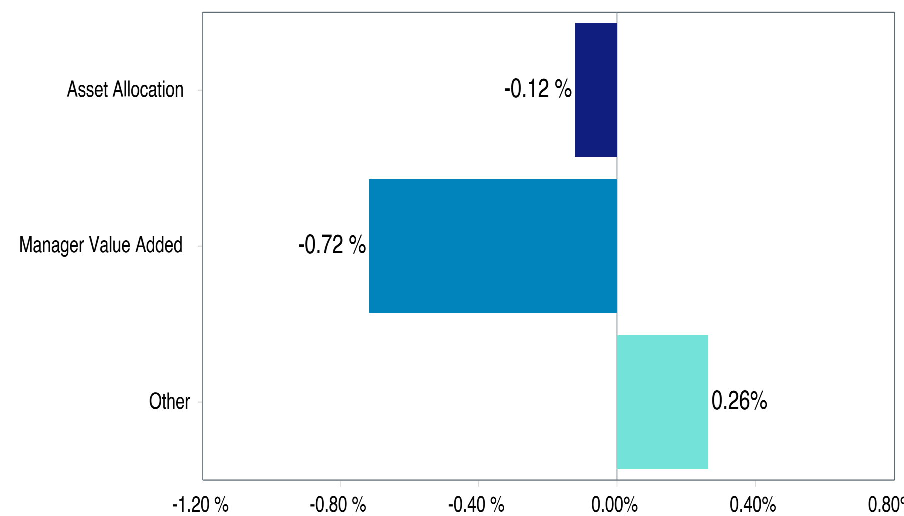
Total Fund Attribution

1 Year Ending December 31, 2025

Total Fund Performance

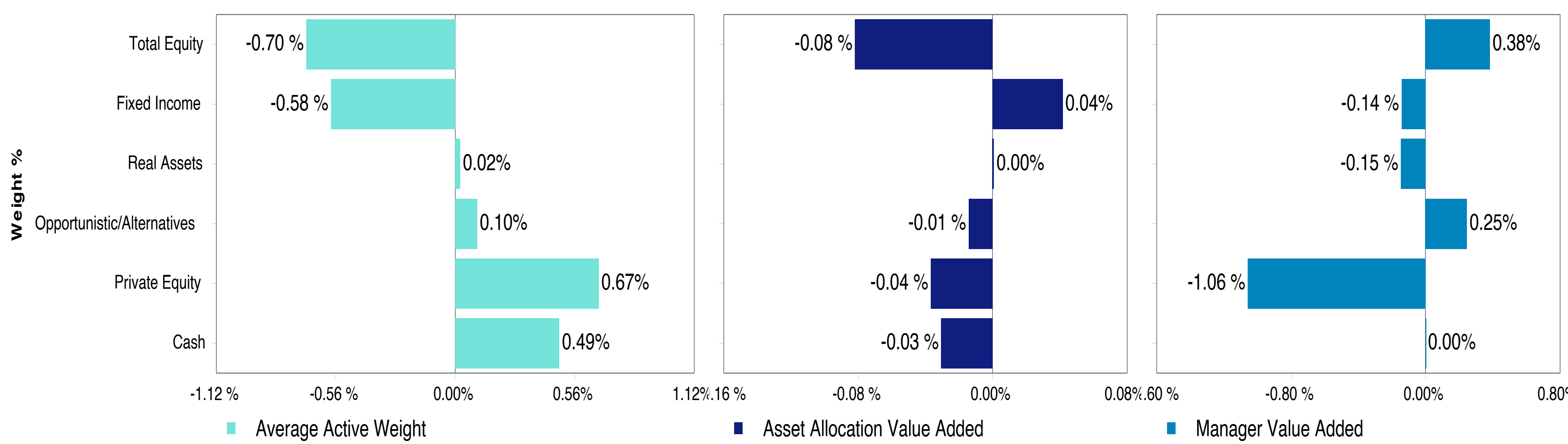


Total Value Added: -0.57 %



Total Asset Allocation: -0.12 %

Total Manager Value Added: -0.72 %



*Preliminary Results

Asset Allocation & Performance

As of December 31, 2025

	Allocation		Performance %						
	Market Value $	%	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Equity	**12,613,884,589**	**100.0**	**3.7**	**11.6**	**21.2**	**19.3**	**11.4**	**10.6**	**07/01/2015**
Total Equity Performance Benchmark			*2.9*	*11.0*	*20.4*	*20.7*	*11.5*	*11.3*	
Jacobs Levy 130/30[CE]	**1,430,222,508**	**11.3**	**1.9**	**6.8**	**9.9**	**20.0**	**19.8**	**13.2**	**01/01/2008**
Russell 3000 Index			*2.4*	*10.8*	*17.1*	*22.2*	*13.1*	*10.8*	
Kennedy Capital Management	**461,612,983**	**3.7**	**-0.3**	**5.2**	**2.3**	**8.3**	**7.8**	**11.3**	**01/01/1994**
Russell 2000 Value Index			*3.3*	*16.3*	*12.6*	*11.7*	*8.9*	*9.4*	
Stephens	**497,129,526**	**3.9**	**-0.1**	**8.8**	**12.7**	**15.9**	**5.2**	**9.9**	**08/01/2006**
Russell 2000 Growth Index			*1.2*	*13.6*	*13.0*	*15.6*	*3.2*	*9.0*	
Voya Absolute Return[CE]	**1,220,286,213**	**9.7**	**4.1**	**10.9**	**20.5**	**21.3**	**11.4**	**11.2**	**10/01/2008**
Performance Benchmark Voya Absolute Return			*3.3*	*11.2*	*22.3*	*20.7*	*11.2*	*11.2*	
Voya U.S. Convertibles[CE]	**1,088,082,546**	**8.6**	**3.1**	**15.2**	**22.8**	**15.2**	**5.9**	**10.7**	**12/01/1998**
Performance Benchmark			*2.0*	*10.7*	*18.0*	*14.0*	*5.1*	*8.5*	
Pershing Square Holdings [CE]	**462,848,324**	**3.7**	**4.7**	**21.7**	**37.2**	**24.6**	**14.3**	**11.6**	**01/01/2013**
Dow Jones U.S. Total Stock Market Index			*2.4*	*10.8*	*17.1*	*22.3*	*13.1*	*14.3*	
SSgA Global Index[CE]	**616,732,074**	**4.9**	**3.2**	**11.2**	**22.4**	**20.2**	**11.0**	**8.4**	**04/01/2008**
MSCI AC World IMI Index (Net)			*3.2*	*11.1*	*22.1*	*20.0*	*10.7*	*8.0*	
BlackRock MSCI ACWI IMI Fund[CE]	**642,845,769**	**5.1**	**3.2**	**11.3**	**22.5**	**20.4**	**11.1**	**10.0**	**07/01/2011**
MSCI AC World IMI (Net)			*3.2*	*11.1*	*22.1*	*20.0*	*10.7*	*9.6*	

*Preliminary Results
*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 22 of this report.
*Includes investment gains from Allianz litigation income received on 2/28/2022.
* CE Stands for Current Estimate.

Asset Allocation & Performance

As of December 31, 2025

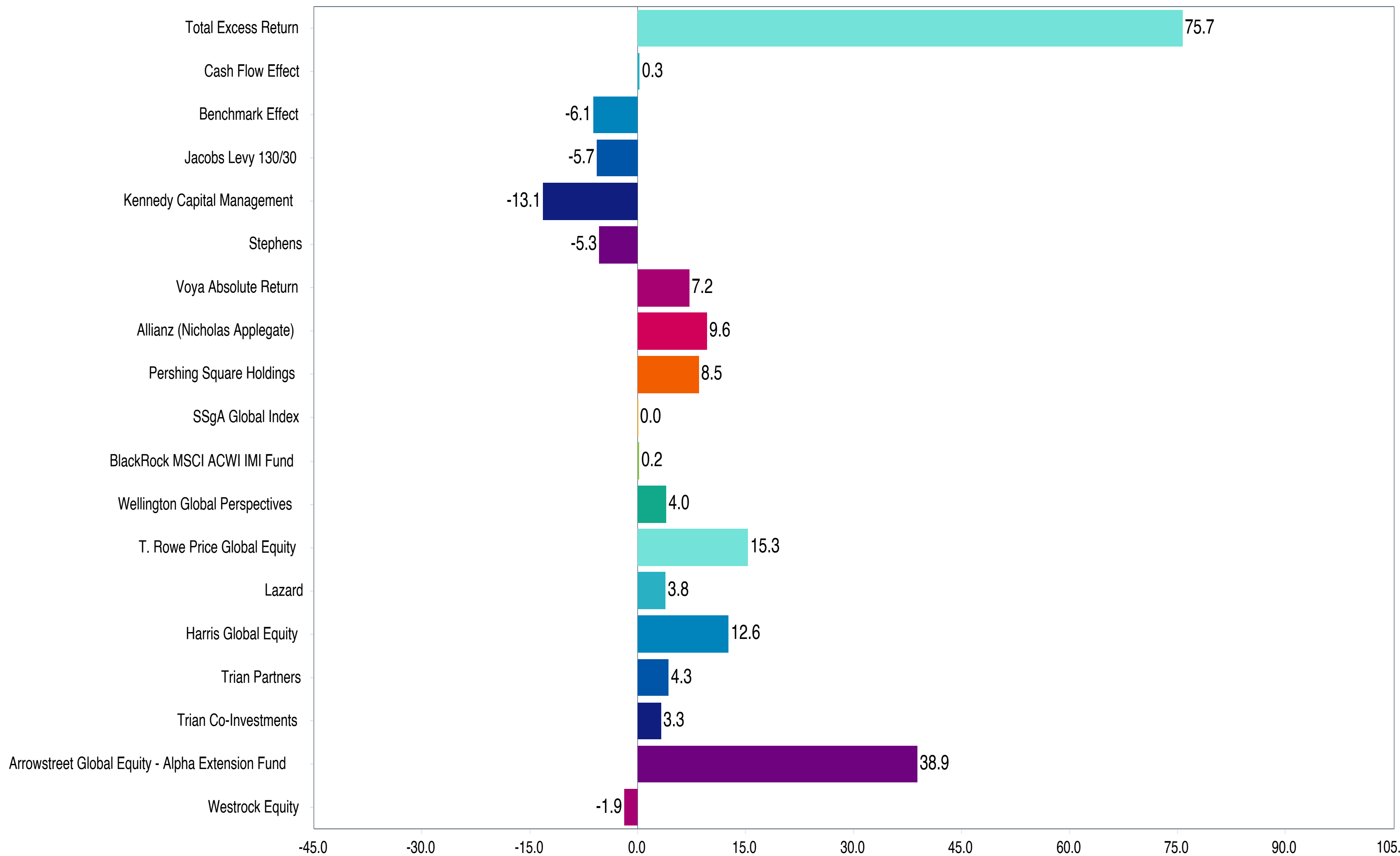
	Allocation		Performance %						
	Market Value $	%	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Wellington Global Perspectives[CE]	**864,645,800**	**6.9**	**3.2**	**7.4**	**17.2**	**12.8**	**8.0**	**12.0**	**07/01/2009**
Performance Benchmark			*2.7*	*10.9*	*19.7*	*14.6*	*7.3*	*10.5*	
T. Rowe Price Global Equity[CE]	**1,548,284,802**	**12.3**	**4.6**	**12.0**	**22.2**	**21.8**	**7.7**	**13.7**	**08/01/2009**
MSCI AC World Index (Net)			*3.3*	*11.2*	*22.3*	*20.7*	*11.2*	*10.6*	
MSCI AC World Index Growth (Net)			*2.8*	*12.1*	*22.4*	*26.5*	*11.1*	*12.5*	
Lazard	**1,212,269,138**	**9.6**	**3.7**	**17.8**	**36.7**	**22.2**	**8.5**	**10.1**	**08/01/2009**
MSCI AC World Index (Net)			*3.3*	*11.2*	*22.3*	*20.7*	*11.2*	*10.6*	
Harris Global Equity[CE]	**875,856,938**	**6.9**	**5.0**	**9.9**	**21.8**	**15.7**	**9.2**	**7.9**	**06/01/2014**
MSCI World Index (Net)			*3.1*	*10.6*	*21.1*	*21.2*	*12.1*	*10.4*	
MSCI World Value (Net)			*3.3*	*9.4*	*20.8*	*14.5*	*11.3*	*7.3*	
Arrowstreet Global Equity - Alpha Extension Fund	**1,490,621,568**	**11.8**	**6.7**	**14.6**	**29.1**			**26.8**	**04/01/2023**
MSCI AC World IMI Index (Net)			*3.2*	*11.1*	*22.1*			*19.0*	
Trian Partners[CE]	**109,851,203**	**0.9**	**7.8**	**7.8**	**5.3**	**12.0**	**6.8**	**8.0**	**11/01/2015**
S&P 500 Index			*2.7*	*11.0*	*17.9*	*23.0*	*14.4*	*14.4*	
Trian Co-Investments[CE]	**82,420,197**	**0.7**	**7.9**	**7.1**	**14.9**	**18.4**	**12.0**	**9.8**	**01/01/2017**
S&P 500 Index			*2.7*	*11.0*	*17.9*	*23.0*	*14.4*	*15.1*	
Westrock Equity Fund	**10,175,000**	**0.1**	**-16.3**	**-29.0**	**-36.6**			**-32.1**	**09/01/2023**
Total Equity Performance Benchmark			*2.9*	*11.0*	*20.4*			*19.8*	

*Preliminary Results
*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 22 of this report.
*Includes investment gains from Allianz litigation income received on 2/28/2022.
* CE Stands for Current Estimate.

Asset Class Attribution

1 Quarter Ending December 31, 2025

1 Quarter

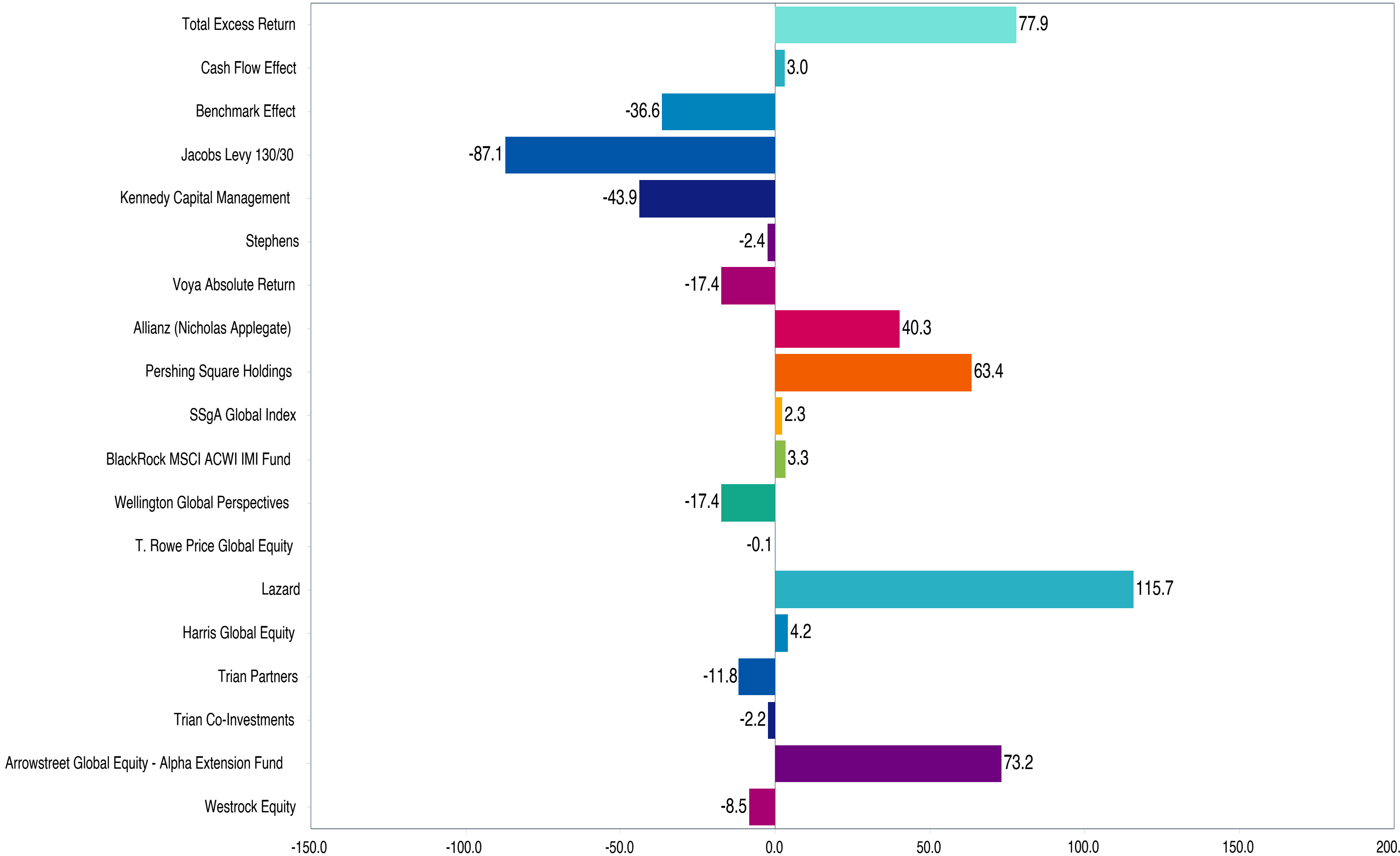


*Preliminary Results

Asset Class Attribution

1 Year Ending December 31, 2025

1 Year



*Preliminary Results

Asset Allocation & Performance

As of December 31, 2025

	Allocation		Performance %						
	Market Value $	%	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	**4,637,107,277**	**100.0**	**1.0**	**2.9**	**6.9**	**5.2**	**1.3**	**4.9**	**07/01/1992**
Performance Benchmark			*1.2*	*3.4*	*7.6*	*5.2*	*0.1*	*4.8*	
BlackRock	**285,674,652**	**6.2**	**1.1**	**3.3**	**7.6**	**5.2**	**-0.1**	**3.7**	**10/01/2003**
Performance Benchmark			*1.2*	*3.4*	*7.6*	*5.2*	*0.1*	*3.6*	
Loomis Sayles[CE]	**795,196,245**	**17.1**	**1.3**	**4.5**	**10.2**	**8.3**	**2.4**	**6.8**	**09/01/2008**
Performance Benchmark			*1.0*	*3.2*	*7.5*	*6.5*	*1.2*	*4.6*	
SSgA Aggregate Bond Index[CE]	**1,326,839,844**	**28.6**	**1.0**	**3.0**	**7.2**	**4.7**	**-0.4**	**2.5**	**06/01/2010**
Blmbg. U.S. Aggregate Index			*1.1*	*3.2*	*7.3*	*4.7*	*-0.4*	*2.5*	
Wellington Global Total Return[CE]	**439,061,998**	**9.5**	**0.3**	**0.1**	**1.2**	**4.4**	**4.4**	**3.0**	**06/01/2014**
ICE BofA 3 Month U.S. T-Bill			*1.0*	*2.1*	*4.2*	*4.8*	*3.2*	*1.9*	
Reams Core Plus Bond Fund[CE]	**644,574,046**	**13.9**	**1.2**	**3.7**	**9.0**	**5.7**	**0.5**	**3.2**	**06/01/2014**
Blmbg. U.S. Aggregate Index			*1.1*	*3.2*	*7.3*	*4.7*	*-0.4*	*2.0*	
Baird Core Plus Bond[CE]	**874,572,124**	**18.9**	**1.0**	**3.1**	**7.5**			**5.9**	**07/01/2024**
Blmbg. U.S. Universal Index			*1.2*	*3.4*	*7.6*			*6.6*	
BRS Recycling Tax Credit	**96,000,000**	**2.1**							
BRS Recycling Tax Credit Phase 2	**82,400,000**	**1.8**							
BRS Recycling Tax Credit Phase 3	**92,788,369**	**2.0**	**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**03/01/2022**

*Preliminary Results

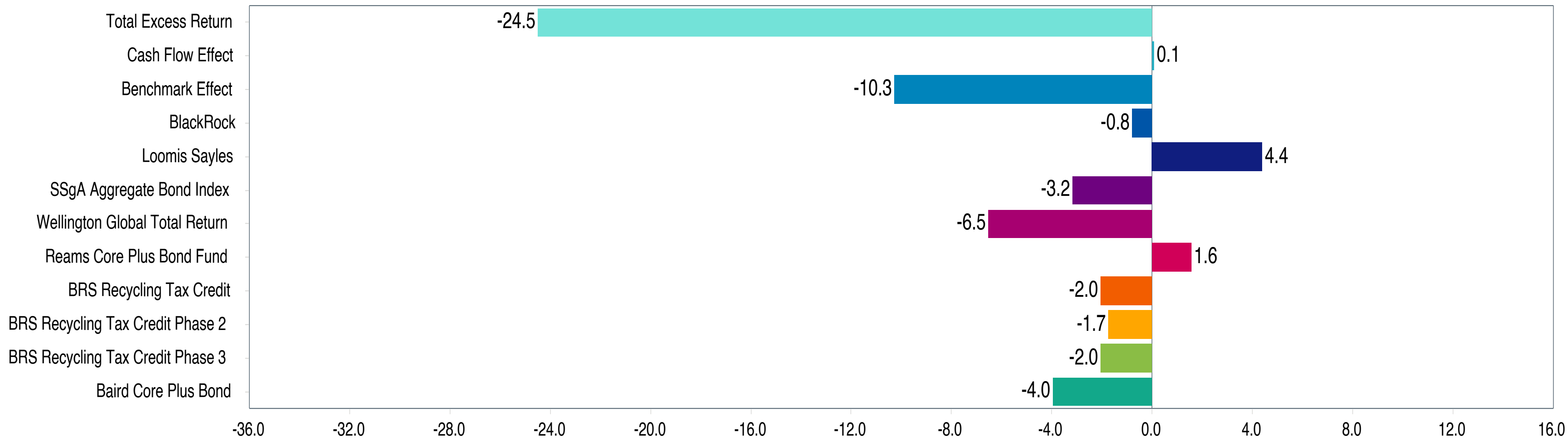
*The BRS Recycling Tax Credit represents an annual income stream of $16 million dollars over the next 14 years, which ATRS purchased for approximately $162 million. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income,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

* CE Stands for Current Estimate.

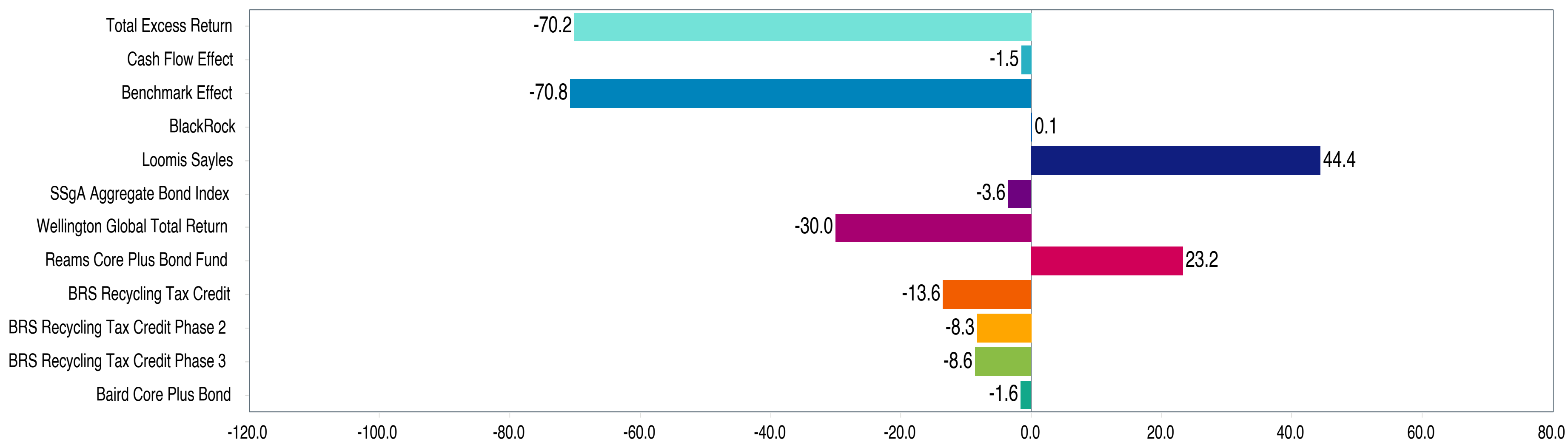
Asset Class Attribution

As of December 31, 2025

1 Quarter



1 Year



*Preliminary Results

Asset Allocation & Performance

As of December 31, 2025

	Allocation		Performance %							
	Market Value $ ($)	%	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Opportunistic/Alternatives	**1,277,210,772**	**100.0**	**2.7**	**6.6**	**11.3**	**11.4**	**8.5**	**4.8**	**4.8**	**05/01/2011**
Custom Alternatives Benchmark			*2.0*	*5.5*	*6.7*	*7.2*	*5.6*	*4.0*	*3.1*	
Anchorage*	**16,284,761**	**1.3**	**-0.4**	**2.0**	**-7.2**	**1.5**	**5.1**	**3.7**	**4.8**	**05/01/2011**
Credit Suisse Event Driven			*1.1*	*4.2*	*8.1*	*10.1*	*7.0*	*5.5*	*4.1*	
HFRI ED: Distressed/Restructuring Index			*2.2*	*6.5*	*9.2*	*9.7*	*7.9*	*7.3*	*5.3*	
York*	**361,393**	**0.0**	**-1.6**	**-1.7**	**21.3**	**39.0**	**24.3**	**5.0**	**4.6**	**05/01/2011**
Credit Suisse Event Driven			*1.1*	*4.2*	*8.1*	*10.1*	*7.0*	*5.5*	*4.1*	
HFRI ED: Distressed/Restructuring Index			*2.2*	*6.5*	*9.2*	*9.7*	*7.9*	*7.3*	*5.3*	
Capula*	**117,013,866**	**9.2**	**1.2**	**3.0**	**7.4**	**8.6**	**8.1**	**7.2**	**6.8**	**05/01/2011**
HFRI Macro (Total) Index			*3.6*	*8.5*	*7.1*	*4.0*	*5.7*	*3.9*	*2.5*	
Graham*	**115,686,067**	**9.1**	**0.9**	**1.6**	**7.0**	**7.2**	**11.6**	**7.2**	**5.8**	**05/01/2011**
HFRI Macro (Total) Index			*3.6*	*8.5*	*7.1*	*4.0*	*5.7*	*3.9*	*2.5*	
Circumference Group Core Value	**45,971,913**	**3.6**	**2.0**	**4.6**	**2.5**	**8.9**	**6.8**	**9.2**	**8.2**	**08/01/2015**
Russell 2000 Index			*2.2*	*14.9*	*12.8*	*13.7*	*6.1*	*9.6*	*8.4*	
Aeolus Keystone Fund	**9,968,225**	**0.8**	**11.7**	**16.0**	**40.6**	**20.0**	**9.5**	**4.3**	**4.3**	**12/01/2015**
FTSE 3 Month T-Bill			*1.0*	*2.1*	*4.4*	*5.0*	*3.3*	*2.2*	*2.2*	
Eurekahedge ILS Advisers Index			*3.0*	*8.5*	*11.0*	*12.7*	*7.2*	*3.5*	*3.5*	
Parametric Global Defensive Equity Fund	**279,341,296**	**21.9**	**3.4**	**8.7**	**15.3**	**14.1**	**9.2**		**7.5**	**06/01/2017**
Performance Benchmark			*2.2*	*6.6*	*13.1*	*12.8*	*7.4*		*7.2*	
MSCI AC World Index			*3.4*	*11.4*	*22.9*	*21.2*	*11.7*		*12.0*	
Man Alternative Risk Premia	**144,776,712**	**11.3**	**6.4**	**8.5**	**13.1**	**8.9**	**10.3**		**5.1**	**06/01/2018**
SG Multi Alternative Risk Premia Index			*3.4*	*7.1*	*8.1*	*8.0*	*7.3*		*2.7*	
CFM Systematic Global Macro Fund	**129,874,542**	**10.2**	**-0.8**	**2.5**	**6.1**	**7.8**			**8.8**	**11/01/2021**
HFRI Macro: Systematic Diversified Index			*3.1*	*7.9*	*-0.6*	*-0.2*			*1.8*	

* Due to the timing of this report, market values are as of November 2025.
CE Stands for Current Estimate.

Asset Allocation & Performance

As of December 31, 2025

	Allocation		Performance %							
	Market Value $ ($)	%	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Pillar Opportunity	**136,218,864**	**10.7**	**4.5**	**12.6**	**11.9**	**15.7**			**9.2**	**12/01/2021**
FTSE 3 Month T-Bill			*1.0*	*2.1*	*4.4*	*5.0*			*4.1*	
Eurekahedge ILS Advisers Index			*3.0*	*8.5*	*11.0*	*12.7*			*8.6*	
Chatham PDSC III	**85,648,354**	**6.7**	**3.0**	**6.6**	**13.0**	**12.4**			**13.8**	**11/01/2021**
HFRI Event-Driven (Total) Index			*2.1*	*6.3*	*10.9*	*10.4*			*6.0*	
Silver Point Capital Fund[CE]	**65,606,800**	**5.1**	**2.5**	**7.8**	**10.7**	**10.0**			**7.6**	**03/01/2022**
HFRI ED: Distressed/Restructuring Index			*2.2*	*6.5*	*9.2*	*9.7*			*6.3*	
Prophet Mtg. Servicing Opportunities*	**50,124,009**	**3.9**	**1.1**	**5.3**	**9.1**				**15.1**	**05/01/2023**
HedgeIndex Main Index			*2.0*	*6.0*	*10.5*				*9.6*	
Chatham PDSC IV	**81,465,779**	**6.4**	**2.6**	**6.6**	**21.3**				**20.1**	**05/01/2023**
HFRI Event-Driven (Total) Index			*2.1*	*6.3*	*10.9*				*11.2*	

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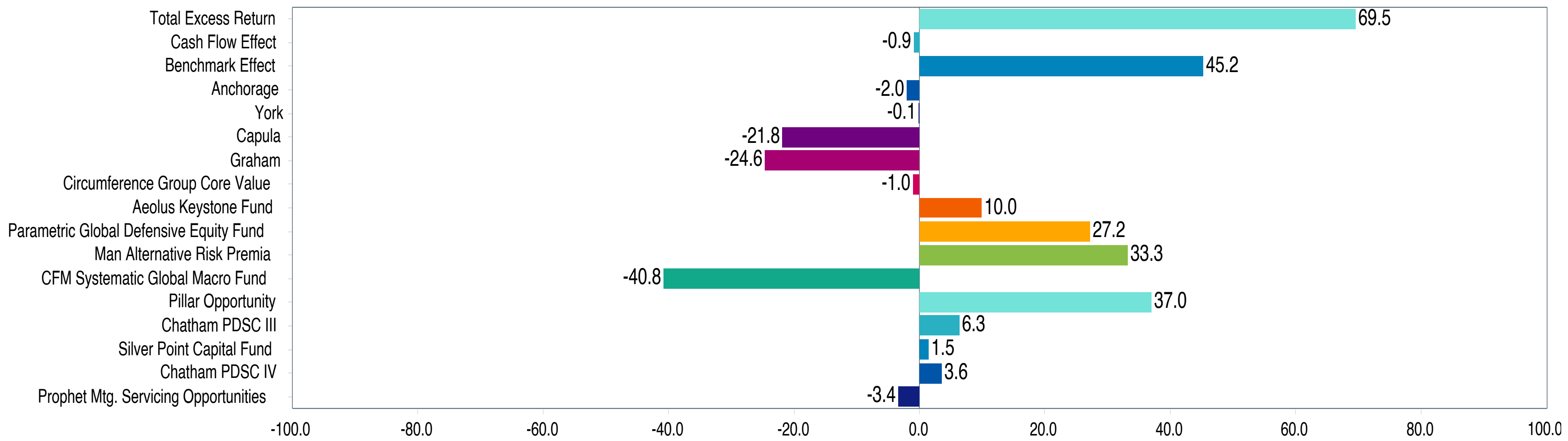
* Due to the timing of this report, market values are as of November 2025.
CE Stands for Current Estimate.

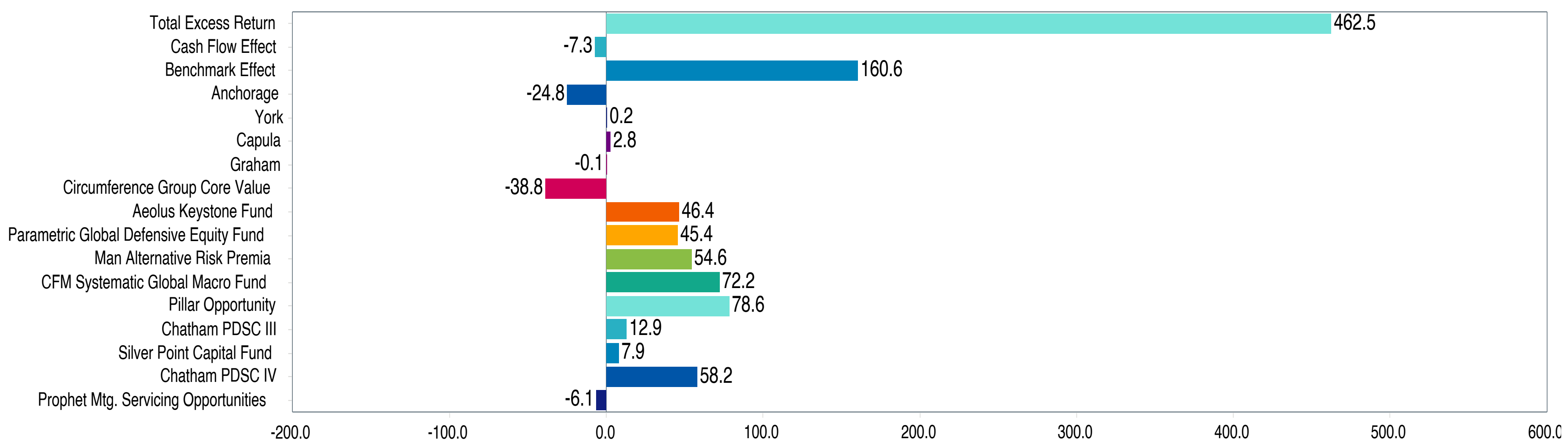
Asset Class Attribution

As of December 31, 2025

1 Quarter



1 Year



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Total Fund Asset Allocation

Asset Allocation as of 12/31/2025 **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	$1,430,222.5	--	--	--	--	$1,430,222.5	5.77%		
Kennedy Capital Management	$461,613.0	--	--	--	--	$461,613.0	1.86%		
Stephens	$497,129.5	--	--	--	--	$497,129.5	2.01%		
Voya Absolute Return	$1,220,286.2	--	--	--	--	$1,220,286.2	4.92%		
Voya U.S. Convertibles	$1,088,082.5	--	--	--	--	$1,088,082.5	4.39%		
Pershing Square Holdings	$462,848.3	--	--	--	--	$462,848.3	1.87%		
SSgA Global Index	$616,732.1	--	--	--	--	$616,732.1	2.49%		
BlackRock MSCI ACWI IMI Fund	$642,845.8	--	--	--	--	$642,845.8	2.59%		
Wellington Global Perspectives	$864,645.8	--	--	--	--	$864,645.8	3.49%		
T. Rowe Price Global Equity	$1,548,284.8	--	--	--	--	$1,548,284.8	6.25%		
Lazard	$1,212,269.1	--	--	--	--	$1,212,269.1	4.89%		
Harris Global Equity	$875,856.9	--	--	--	--	$875,856.9	3.53%		
Trian Partners	$109,851.2	--	--	--	--	$109,851.2	0.44%		
Trian Partners Co-Investments	$82,420.2	--	--	--	--	$82,420.2	0.33%		
Arrowstreet	$1,490,621.6	--	--	--	--	$1,490,621.6	6.01%		
Westrock Equity Fund	$10,175.0	--	--	--	--	$10,175.0	0.04%		
Total Equity						$12,613,884.6	50.88%	54.84%	48.00%
BlackRock	--	$285,674.7	--	--	--	$285,674.7	1.15%		
Loomis Sayles	--	$795,196.2	--	--	--	$795,196.2	3.21%		
SSgA Aggregate Bond Index	--	$1,326,839.8	--	--	--	$1,326,839.8	5.35%		
Wellington Global Total Return	--	$439,062.0	--	--	--	$439,062.0	1.77%		
Reams Core Plus Bond Fund	--	$644,574.0	--	--	--	$644,574.0	2.60%		
Baird Core Plus Bond Fund	--	$874,572.1	--	--	--	$874,572.1	3.53%		
BRS Recycling Tax Credit	--	$96,000.0	--	--	--	$96,000.0	0.39%		
BRS Recycling Tax Credit Phase 2	--	$82,400.0	--	--	--	$82,400.0	0.33%		
BRS Recycling Tax Credit Phase 3	--	$92,788.4	--	--	--	$92,788.4	0.37%		
Total Fixed Income						$4,637,107.3	18.71%	15.00%	20.00%
Anchorage	--	--	--	$16,284.8	--	$16,284.8	0.07%		
Capula	--	--	--	$117,013.9	--	$117,013.9	0.47%		
Graham	--	--	--	$115,686.1	--	$115,686.1	0.47%		
York	--	--	--	$361.4	--	$361.4	0.00%		
Circumference Group Core Value	--	--	--	$45,971.9	--	$45,971.9	0.19%		
Aeolus Keystone Fund	--	--	--	$9,968.2	--	$9,968.2	0.04%		
Nephila Rubik Holdings	--	--	--	-$1,131.8	--	-$1,131.8	0.00%		
Parametric Global Defensive Equity	--	--	--	$279,341.3	--	$279,341.3	1.13%		
Man Alternative Risk Premia	--	--	--	$144,776.7	--	$144,776.7	0.58%		
CFM Systematic Global Macro	--	--	--	$129,874.5	--	$129,874.5	0.52%		
Juniperus	--	--	--	$136,218.9	--	$136,218.9	0.55%		
Chatham PDSC III	--	--	--	$85,648.4	--	$85,648.4	0.35%		
Silver Point Capital	--	--	--	$65,606.8	--	$65,606.8	0.26%		
Chatham PDSC IV	--	--	--	$81,465.8	--	$81,465.8	0.33%		
Prophet	--	--	--	$50,124.0	--	$50,124.0	0.20%		
Total Opportunistic/Alternatives						$1,277,210.8	5.15%	5.23%	5.00%
Real Estate			$1,699,016.3			$1,699,016.3	6.85%		
Timber			$377,082.4			$377,082.4	1.52%		
Agriculture			$257,209.1			$257,209.1	1.04%		
Infrastructure			$656,228.6			$656,228.6	2.65%		
Total Real Assets						$2,989,536.4	12.06%	12.92%	15.00%
Total Private Equity				$3,045,664.3		$3,045,664.3	12.29%	12.00%	12.00%
Total Cash					$226,475.7	$226,475.7	0.91%	0.00%	0.00%
Total Fund	**$12,613,884.6**	**$4,637,107.3**	**$2,989,536.4**	**$4,322,875.0**	**$226,475.7**	**$24,789,879.1**	**100.00%**	**100.00%**	**100.00%**

*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.
Updated results for these portfolios are not yet available and will be included in the quarterly performance report.
Market values and allocation percentages may not add to the total due to rounding.

Real Estate Asset Allocation

Asset Allocation as of 12/31/2025 — Values in $1,000

	Real Estate	Percent of Real Estate	Percent of Total Fund
Almanac Realty Securities Fund V	$0.4	0.00%	0.00%
Almanac Realty Securities Fund VI	$3,042.6	0.18%	0.01%
Almanac Realty Securities Fund VII	$14,510.2	0.85%	0.06%
Almanac Realty Securities Fund VIII	$24,041.6	1.42%	0.10%
Almanac Realty Securities Fund IX	$19,184.9	1.13%	0.08%
American Center	$16,687.3	0.98%	0.07%
AR Insurance	$16.5	0.00%	0.00%
AR Teachers Retirement Building	$4,824.6	0.28%	0.02%
Ares Industrial Real Estate	$99,020.6	5.83%	0.40%
Blackstone Real Estate Partners VII	$5,271.2	0.31%	0.02%
Blackstone RE Europe VI	$39,184.5	2.31%	0.16%
Blackstone RE Europe VII	$19,775.9	1.16%	0.08%
Blackston RE X	$34,140.3	2.01%	0.14%
Carlyle Realty Partners VII	$6,154.0	0.36%	0.02%
Carlyle Realty VIII	$8,381.6	0.49%	0.03%
Carlyle Realty IX	$26,172.4	1.54%	0.11%
Carlyle Realty Partners X	$101.1	0.01%	0.00%
CBREI SP U.S. Opportunity V	$96.7	0.01%	0.00%
CBREI SP VIII	$10,111.8	0.60%	0.04%
CBREI SP IX	$42,485.9	2.50%	0.17%
Cerberus Institutional RE Partners III	$7,909.0	0.47%	0.03%
Calmwater	$4,263.0	0.25%	0.02%
Fletcher Properties	$1,029.8	0.06%	0.00%
FPA Core Plus IV	$35,219.7	2.07%	0.14%
GCP GLP IV	$31,622.4	1.86%	0.13%
Harbert European Real Estate	$1,115.8	0.07%	0.00%
Heitman European Property IV	$0.0	0.00%	0.00%
JP Morgan Strategic Property Fund	$146,487.6	8.62%	0.59%
Kayne Anderson V	$16,248.7	0.96%	0.07%
Kayne Anderson VI	$56,689.1	3.34%	0.23%
Kayne Anderson VII	$33,150.0	1.95%	0.13%
KKR Real Estate Partners Americas IV	-$287.8	-0.02%	0.00%
Landmark Fund VI	$0.0	0.00%	0.00%
Landmark Real Estate IX	$17,354.6	1.02%	0.07%
Landmark Real Estate VIII	$12,231.0	0.72%	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%
LaSalle Asia Opportunity Fund VI	$15,430.8	0.91%	0.06%
LaSalle Income & Growth Fund VI	$2,249.9	0.13%	0.01%
LaSalle Income & Growth Fund VII	$4,100.1	0.24%	0.02%
LaSalle Income & Growth Fund VIII	$32,709.8	1.93%	0.13%
LaSalle US Value Partners IX	$3,708.0	0.22%	0.01%
LBA Logistics Value Fund	$43,635.9	2.57%	0.18%
Lone Star Real Estate Fund IV	$6,825.3	0.40%	0.03%
Lone Star Real Estate Fund VII	$3,579.0	0.21%	0.01%
Long Wharf Real Estate Partners V	$10,753.7	0.63%	0.04%
Long Wharf Real Estate Partners VI	$25,988.9	1.53%	0.10%
Long Wharf Real Estate Partners VII	$30,389.2	1.79%	0.12%
Mesa West Income Fund V	$29,342.5	1.73%	0.12%
Metropolitan RE Co-Investments	$4,820.3	0.28%	0.02%
Met Life Commercial Mtg Inc Fund	$41,438.5	2.44%	0.17%
Morgan Stanley Prime Property Fund	$55,885.7	3.29%	0.23%
New Boston Fund VII	$11,223.2	0.66%	0.05%
O'Connor NAPP II	$180.1	0.01%	0.00%
PRISA	$263,761.5	15.52%	1.06%
Recoveries Land	$0.0	0.00%	0.00%
Rockwood Capital RE Partners IX	$16.3	0.00%	0.00%
Rockwood Capital RE XI	$21,911.4	1.29%	0.09%
Rose Law Firm	$3,597.6	0.21%	0.01%
RREEF Core Plus Industrial Fund	$63,456.0	3.73%	0.26%
Torchlight Debt Opportunity Fund IV	$0.0	0.00%	0.00%
Torchlight Debt Opportunity Fund V	$1,293.0	0.08%	0.01%
Torchlight Debt Opportunity Fund VI	$20,269.5	1.19%	0.08%
Torchlight Debt Opportunity Fund VII	$42,438.2	2.50%	0.17%
UBS Trumbull Property Fund	$102,484.1	6.03%	0.41%
UBS Trumbull Property Income Fund	$50,079.0	2.95%	0.20%
Victory	$32,650.1	1.92%	0.13%
Walton Street Real Estate Debt II	$17,543.4	1.03%	0.07%
West Mphs. DHS	$0.0	0.00%	0.00%
Westbrook IX	$4,133.6	0.24%	0.02%
Westbrook Real Estate Fund X	$5,368.0	0.32%	0.02%
Total Real Estate	**$1,699,016.3**	**100.00%**	**6.85%**

*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.
Updated results for these portfolios are not yet available and will be included in the quarterly performance report.
Market values and allocation percentages may not add to the total due to rounding.

Private Equity Asset Allocation

Asset Allocation as of 12/31/2025							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	$20,548.3	0.67%	0.08%
Alpine VIII	$30,517.0	1.00%	0.12%	JF Lehman IV	$3,810.5	0.13%	0.02%
Arlington Capital IV	$38,383.1	1.26%	0.15%	JF Lehman V	$31,778.2	1.04%	0.13%
Arlington Capital V	$59,246.0	1.95%	0.24%	JF Lehman VI	$19,336.0	0.63%	0.08%
Arlington Capital VI	$31,282.6	1.03%	0.13%	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	$24,125.7	0.79%	0.10%
American Industrial Partners VI	$21,153.3	0.69%	0.09%	KPS Mid-Cap	$18,743.3	0.62%	0.08%
American Industrial Partners VII	$47,764.3	1.57%	0.19%	Levine Leichtman V	$775.0	0.03%	0.00%
Altaris Constellation Partners	$20,439.0	0.67%	0.08%	Lime Rock III	$12,775.6	0.42%	0.05%
Altaris Health Partners IV	$24,063.1	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	$6,351.4	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	$21,792.9	0.72%	0.09%
Big River - Holdings Note 3/16/23	$0.0	0.00%	0.00%	NGP X	$1,688.7	0.06%	0.01%
Bison V	$20,662.3	0.68%	0.08%	NGP XI	$6,295.3	0.21%	0.03%
Bison VI	$25,255.1	0.83%	0.10%	NGP XII	$16,514.6	0.54%	0.07%
Boston Ventures VII	$297.7	0.01%	0.00%	One Rock Capital Partners II	$25,179.2	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	$37,589.3	1.23%	0.15%	PineBridge	$5,664.9	0.19%	0.02%
Boston Ventures XI	$28,623.1	0.94%	0.12%	Revelstoke	$20,704.7	0.68%	0.08%
BV VIII	$7,765.9	0.25%	0.03%	Post Road	$26,729.5	0.88%	0.11%
Castlelake II	$273.0	0.01%	0.00%	Riverside Value Fund I	$35,417.1	1.16%	0.14%
Castlelake III	$2,580.0	0.08%	0.01%	Riverside V	$23,962.0	0.79%	0.10%
Clearlake V	$28,032.9	0.92%	0.11%	Riverside VI	$29,446.6	0.97%	0.12%
Clearlake VI	$41,241.8	1.35%	0.17%	Siris III	$9,359.3	0.31%	0.04%
Clearlake VII	$24,015.9	0.79%	0.10%	Siris IV	$33,693.6	1.11%	0.14%
Clearlake VIII	$1,961.0	0.06%	0.01%	SK Capital V	$23,208.9	0.76%	0.09%
Court Square III	$18,757.7	0.62%	0.08%	Sk Capital VI	$21,434.1	0.70%	0.09%
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	$421.4	0.01%	0.00%	Sycamore Partners III	$35,118.8	1.15%	0.14%
DW Healthcare III	$1,311.4	0.04%	0.01%	TA XI	$3,261.1	0.11%	0.01%
DW Healthcare IV	$21,959.3	0.72%	0.09%	Thoma Bravo Discover	$2,907.8	0.10%	0.01%
DW Healthcare V	$46,123.3	1.51%	0.19%	Thoma Bravo Discover II	$16,845.6	0.55%	0.07%
EnCap IX	$5,286.8	0.17%	0.02%	Thoma Bravo Discover III	$28,290.0	0.93%	0.11%
EnCap VIII	$2,171.6	0.07%	0.01%	Thomas Bravo Discover IV	$16,333.0	0.54%	0.07%
EnCap X	$13,452.0	0.44%	0.05%	Thoma Bravo Explore I	$33,736.9	1.11%	0.14%
EnCap XI	$21,439.0	0.70%	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	0.34%	0.04%
Franklin Park Series	$1,213,404.9	39.84%	4.89%	Thoma Bravo XII	$16,413.8	0.54%	0.07%
Greenbriar V	$33,566.6	1.10%	0.14%	Thoma Bravo XIII	$35,652.5	1.17%	0.14%
Greenbriar VI	$19,741.9	0.65%	0.08%	Thoma Bravo XIV	$21,525.7	0.71%	0.09%
Green & Clean Power	$28,512.1	0.94%	0.12%	Thoma Bravo XV	$17,711.1	0.58%	0.07%
GCG IV	$16,284.0	0.53%	0.07%	Veritas IX	$247.8	0.01%	0.00%
GCG V	$27,904.1	0.92%	0.11%	Vista Equity III	$145.2	0.00%	0.00%
GCG VI	$20,364.1	0.67%	0.08%	Vista Foundation II	$6,070.2	0.20%	0.02%
GTLA Holdings	$70,000.0	2.30%	0.28%	Vista Foundation III	$27,409.9	0.90%	0.11%
Highland	$76,592.8	2.51%	0.31%	Wellspring V	$5,832.4	0.19%	0.02%
Hybar LLC	$10,220.5	0.34%	0.04%	Wicks IV	$6,814.3	0.22%	0.03%
Insight Equity II	$5,015.2	0.16%	0.02%	WNG II	$22,909.5	0.75%	0.09%
Insight Mezzanine I	$2,313.2	0.08%	0.01%				
				Total Private Equity	$3,045,664.3	100.00%	12.29%

*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. Updated results for these portfolios are not yet available and will be included in the quarterly performance report.

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

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 (20%), Opportunistic/Alternatives (5%), and Private Equity (12%) at their long-term Policy Targets, Total Equity at its long-term Policy Target (48%) 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 page 15 of the 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. The historical benchmarks used for each asset class are noted below.

Date	DJ Total Stock Market Index	Russell 3000 Index	MSCI ACW 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.

Arkansas Teacher Retirement System

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 December 1, 2025, the Total Equity Performance Benchmark was comprised of 33.0% DJ U.S. Total Stock Market Index and 67.0% MSCI ACWI IMI.

Fixed Income - The Barclays Capital 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% FTSE 3 Month T-bill until May 31, 2016; 37% HFRI Macro Index, 25% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 33% FTSE 3 Month T-bill until May 31, 2017; 28% HFRI Macro Index, 20% DJ/CS Event-Driven Index, 4% Russell 2000 Index, 25% FTSE 3 Month T-bill, and 23% Parametric Performance Benchmark Until May 31, 2018. 22% HFRI Macro Index, 18% DJ/CS Event-Driven Index, 3% Russell 2000 Index, 27% FTSE 3 Month T-bill, 18.50% Parametric Performance Benchmark, and 11.5% SG Multi-Alternative Risk Premia Until June 30, 2018. 20% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 25% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia Until August 31, 2018. 17% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 28% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia Until November 30, 2018. 15% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 30% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia 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-The NCREIF Index.

Timberland 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.

Arkansas Teacher Retirement System

Description of Benchmarks

FTSE 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.

Bloomberg Barclays Aggregate Bond Index - A market-value weighted index consisting of the Barclays Capital 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.

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

Bloomberg 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).

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.

FTSE Europe - A tradable index, designed to represent the performance of the 100 most highly capitalized blue chip companies in Europe.

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.

NCREIF Index - The National Council of Real Estate Investment Fiduciaries (NCREIF) Net Property Index is an unlevered, market-value weighted Index consisting of $128 billion in domestic institutional real estate assets. The Index is representative of the national real estate market, across all property types and regions.

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.

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.

BlackRock Performance Benchmark - The Barclays Capital Universal Bond Index as of March 1, 2004.

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.

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 3000 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 2000 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 - And index that measure 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.

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.

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

SG Multi Alternative Risk Premia Index - An equally weighted index composed of risk premia managers who employ investment programs diversified across multiple asset classes while utilizing multiple risk premia factors.

Arkansas Teacher Retirement System

Historical U.S. Equity and Global Equity composite returns

As of June 30, 2015	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception 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.

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.

All information presented in this report should be considered preliminary. Finalized data will be available on next Quarterly Investment Report after the close of the quarter.

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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Refer to Hedge Fund Research, Inc. www.hedgefundresearch.com for information on HFR indices.

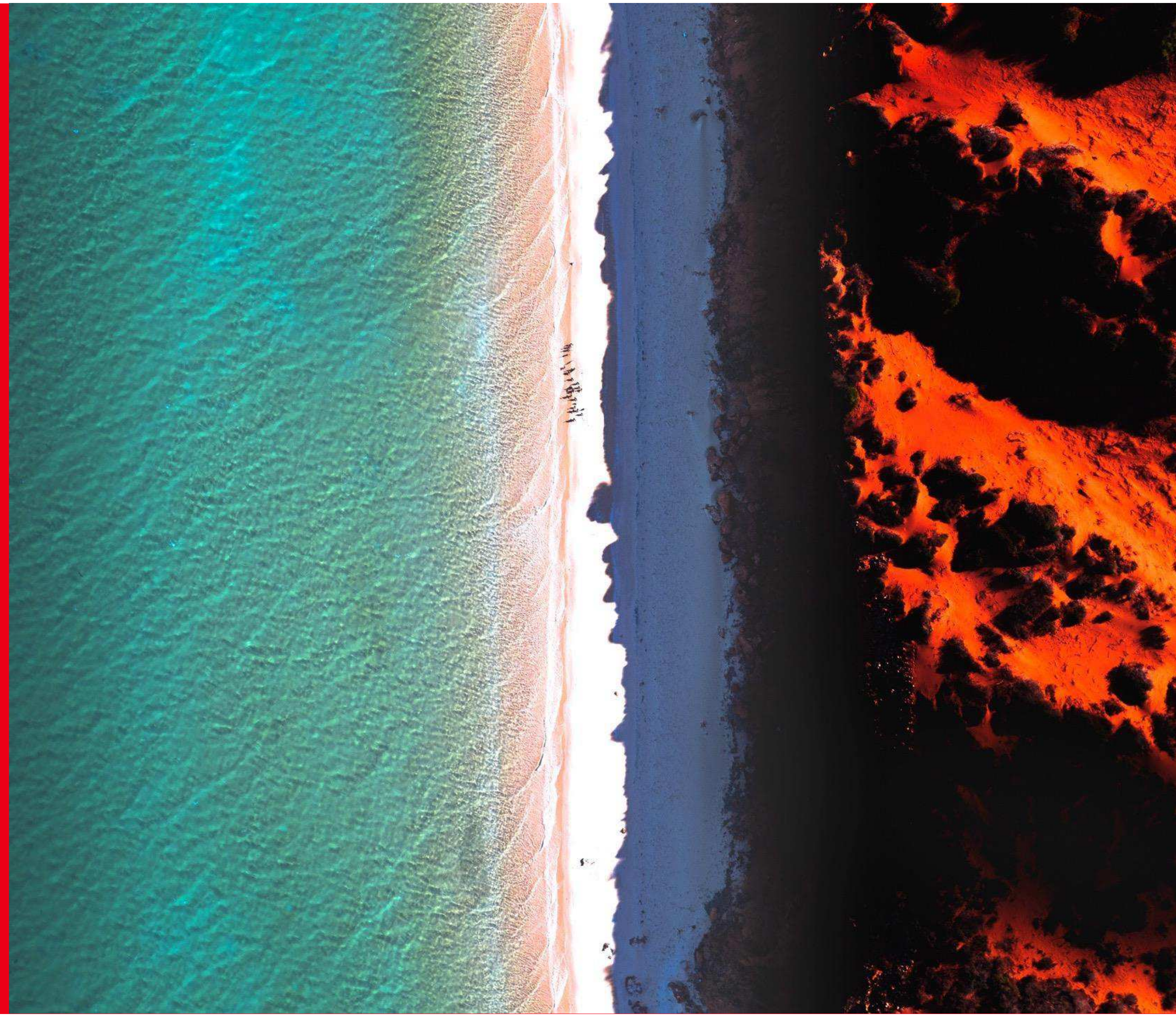
Aon Investments USA Inc. ("Aon Investments") is a federally registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). Aon Investments is also registered with the Commodity Futures Trade Commission as a commodity pool operator and a commodity trading advisor, and is a member of the National Futures Association. The Aon Investments ADV Form Part 2A disclosure statement is available upon written request to:

Aon Investments USA Inc.
200 East Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

Total Equity Structure Review

Arkansas Teacher Retirement System

February 2, 2026



Discussion Guide

Section 1	**Executive Summary**
Section 2	**Total Equity Current Structure**
Section 3	**Recommendations**

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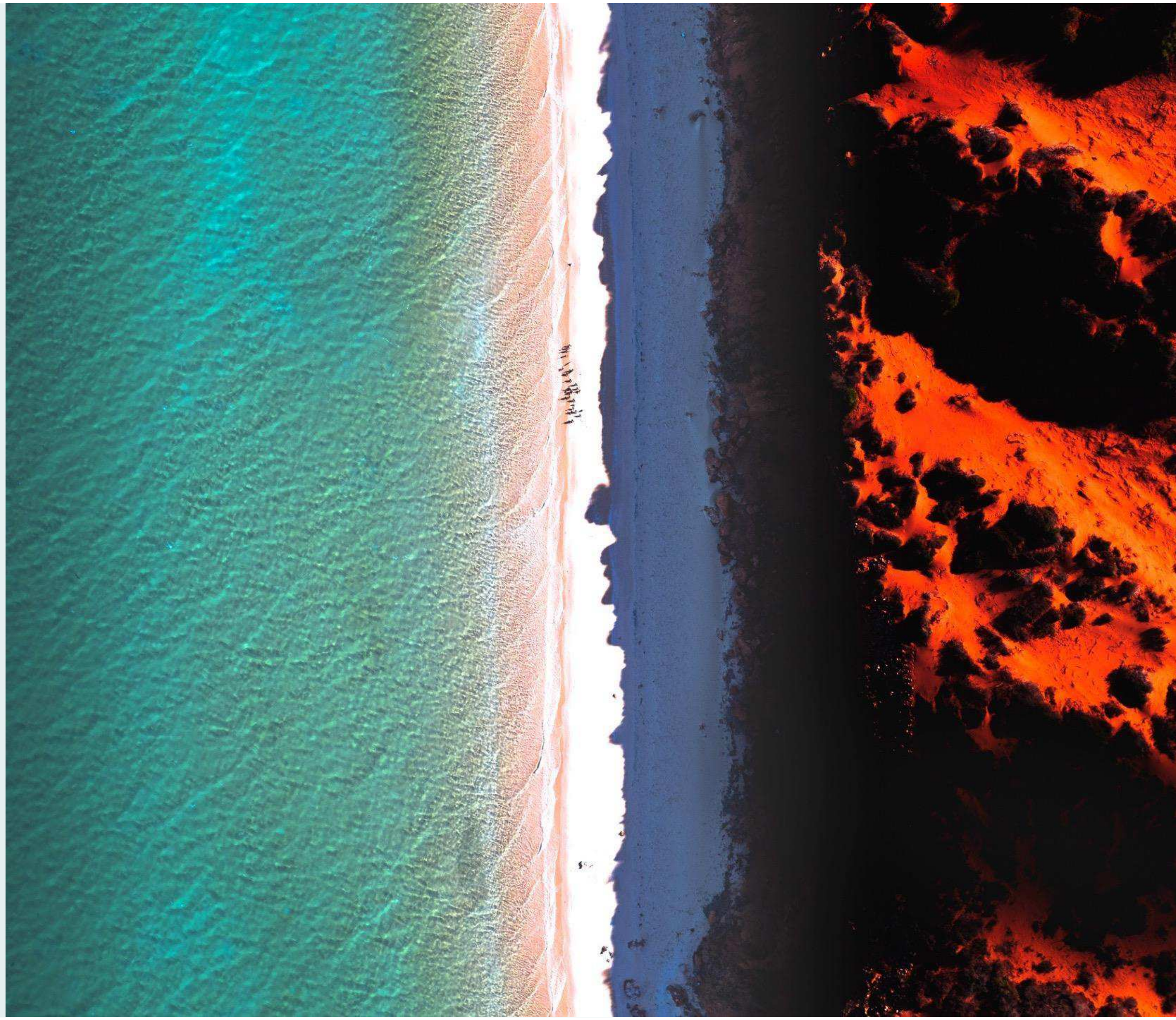
1

Executive Summary



Introduction

▪ Aon reviews the structure of the equity asset class on a regular basis

▪ Investment structure refers to the number and types of investment managers and its review ensures appropriate capital market exposure for the intended portfolio objectives by:

- Identifying any material, *unintended* biases
- Reviewing level and composition of active risk
- Ensuring appropriate structure, considering long-term goals, liquidity needs, and the opportunity set
- Reviewing managers for conviction and changes

▪ Broadly, ATRS's equity portfolio is well-constructed to meet long-term investment objectives, is allocated across high conviction managers and have been largely successful over long-term time periods

▪ As a result of our 2025-2026 review, we have identified modest recommendations to further improve the structure of the portfolio and its ability to achieve the long-term risk/reward objectives in an efficient and cost-effective manner

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Total Equity Structure Review

Key Observations

Overall, the Total Equity portfolio is well-structured and appropriately positioned to meet its long-term investment objectives

- Well-diversified among managers, geographies, style, size and active/passive mandates
- Highly active with prospects for value-add

Total Equity Structure Review observations:

- U.S. and small cap bias continue to exist at moderate levels
- Passive exposure reduced as frequently tapped for liquidity needs
- High conviction and diversified active strategies employed

ATRS Total Equity Performance Comments

- ATRS's portfolio earned an annualized 14.8%, net-of-fees, and 70bps of excess returns over the trialing 5 years*
  - During that time period, over 60% of the active managers with a 5-year track record outperformed
- More recent performance has struggled - despite earning 21.4% over the trailing 3-year period, the portfolio trailed the benchmark return of 23.0%, due largely to recent market dynamics
  - The dominance of a few large-cap AI and tech-focused names (including the "magnificent seven") continued to intensify and has made it difficult for active managers who were not overweight these large cap stocks to outperform
- Additionally, small cap struggled - broadly, small cap trailed the full market by over 8 perc. pts over the past 3yrs, but also offered a challenging environment for active managers given the strong performance of names with higher risk characteristics (ex. unprofitable, lack long term visibility) that most active small cap managers tend to avoid.

*As of 9/30/25

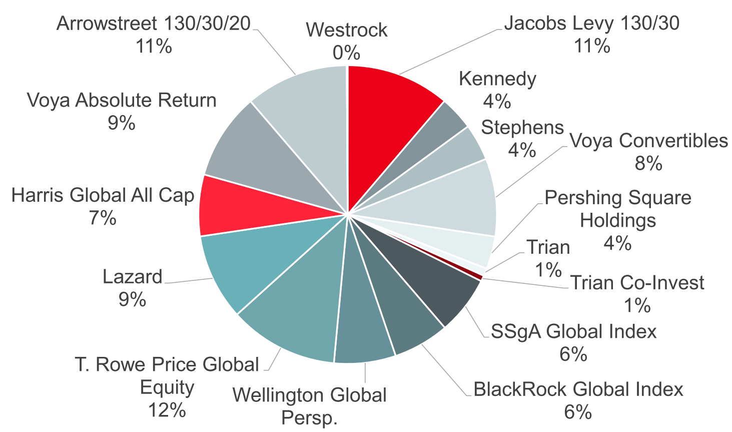
Total Equity Structure Review

Recommendation Summary

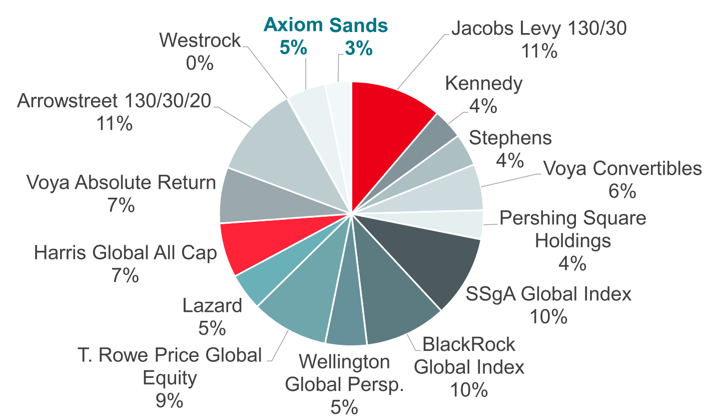
Modest enhancements expected to improve the overall structure and expected alpha of Total Equity portfolio

1. **Reallocate Trian assets** as liquidity source - to align with desired portfolio structure and replenish liquidity source
2. **Fund new strategy Axiom Concentrated Global Growth Equity** with approx. $600M, sourced from Lazard Discounted Assets to improve potential for value-add
3. **Fund new strategy Sands Scaling Innovation** with $400M, sourced from winners across the portfolio, to complement existing portfolio and offer a diversified source of return and alpha
4. **Rebalance portfolio** to replenish index funds as a source of liquidity and manage risk exposures

Current*



Recommendation



*As of 9/30/25

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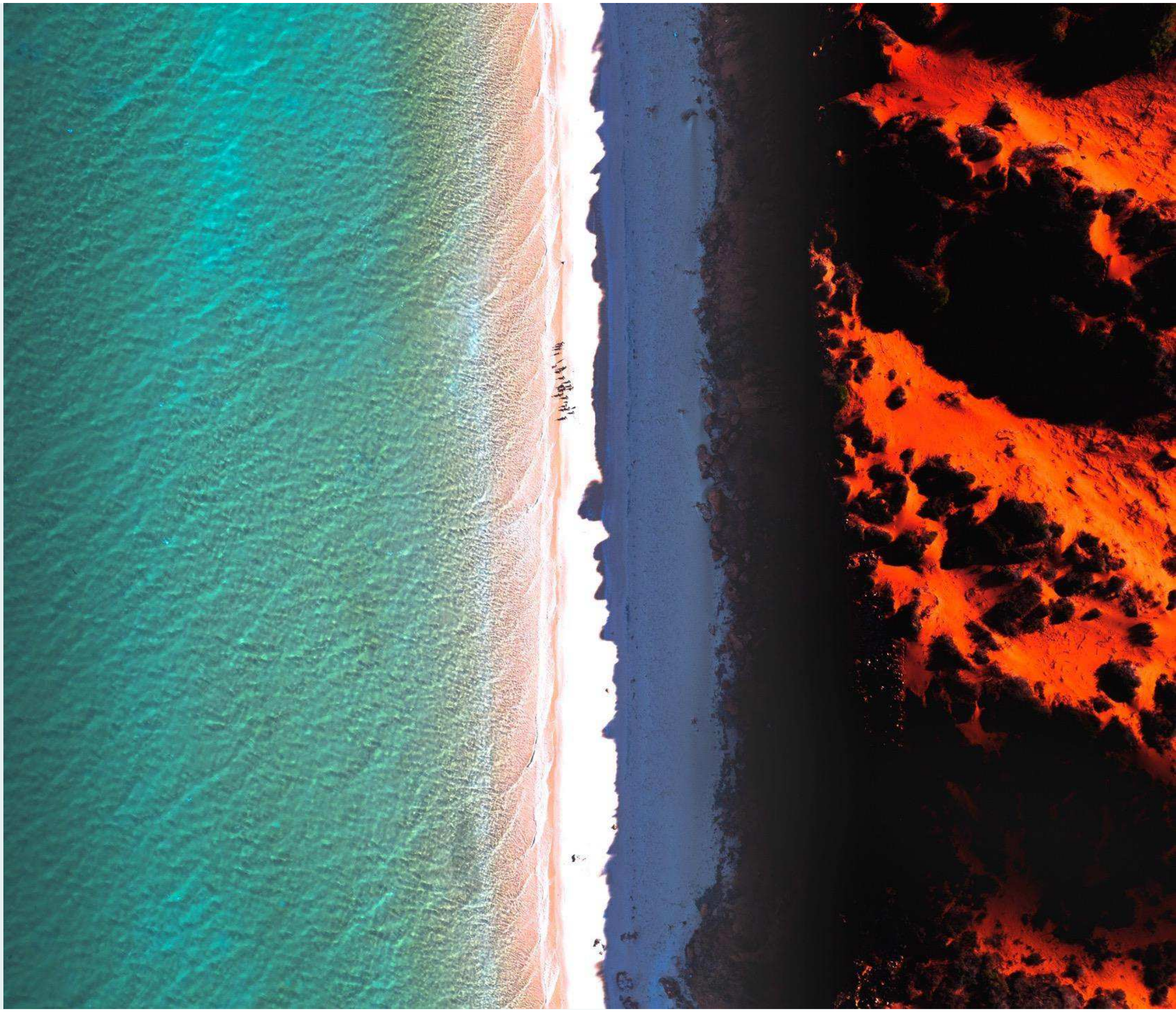
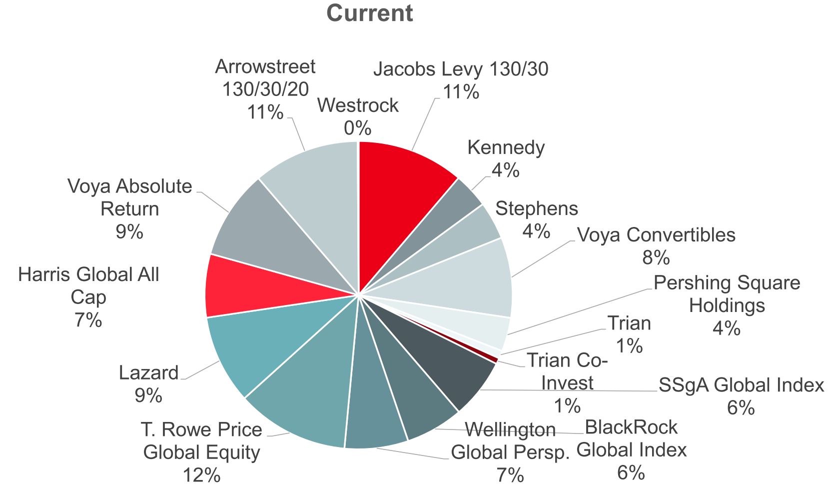
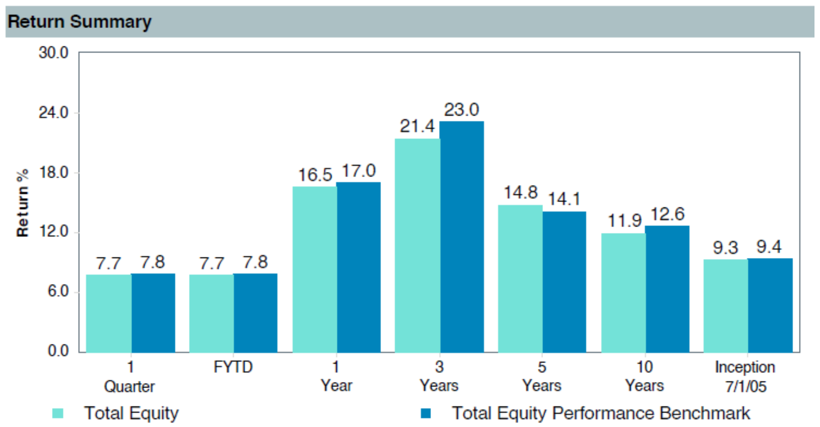
Total Equity Current Structure



Total Equity: Current Structure

As of 9/30/2025	Total Equity
Role	• Growth, Alpha, Diversification
Benchmark	• 67.6% Global / 32.4% U.S. Equity*
Long-Term Target	• 48.0%
Current Allocation (% of total fund / $B)	• 51.1% / $12.5B
Active / Passive (%)	• 88% / 12%
# of Active / Passive Mandates	• 14 / 2
Active Risk (holdings based)	• 2.1%
Investment Management Fees**	• 40 basis points
Structural Biases	• Small cap bias • U.S. bias vs. Global opportunity set

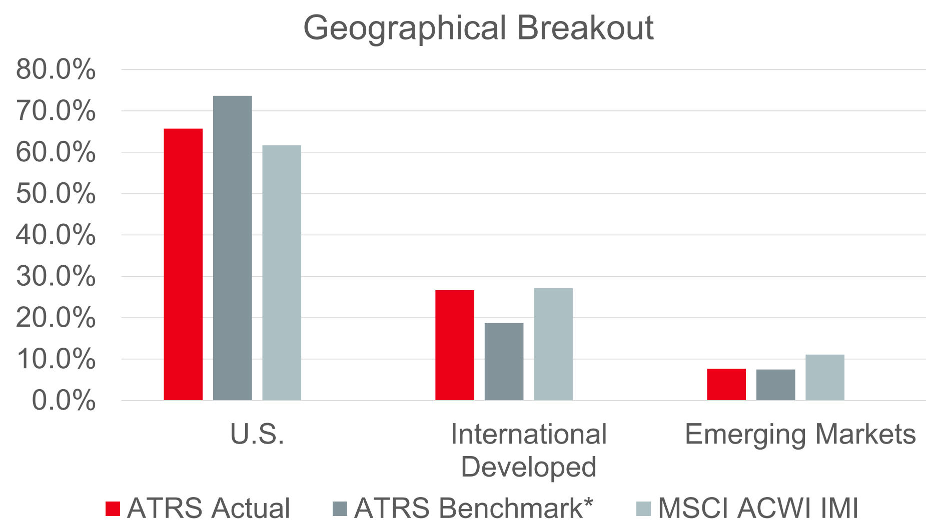




*MSCI ACWI IMI / DJ U.S. TSMI
**As of 9/30/2025

Total Equity: Geographical Allocation Highlight

- The ATRS Total Equity portfolio has exposure across U.S., International developed and emerging markets
- Structurally, there remains an overweight to U.S. (dark grey) relative to the global market (light grey)
- Active management tilts (red bar) have modestly underweighted the U.S. relative to the ATRS benchmark (dark grey)
- U.S. bias has been beneficial relative to the global opportunity set as U.S. equity has outperformed
- As the global market has shifted towards the U.S. over time, we continue to monitor the ATRS portfolio's weight across global equity markets and considerations regarding U.S. bias on a regular basis



Annualized Returns As of 9/30/2025	1- Year	3-Years	5-Years
U.S. Markets	17.5%	24.2%	15.7%
Int'l Developed	15.0%	21.7%	11.2%
Emerging Markets	17.3%	18.2%	7.0%

*32.4% Dow Jones US Total Stock Market, 67.6% MSCI ACWI IMI

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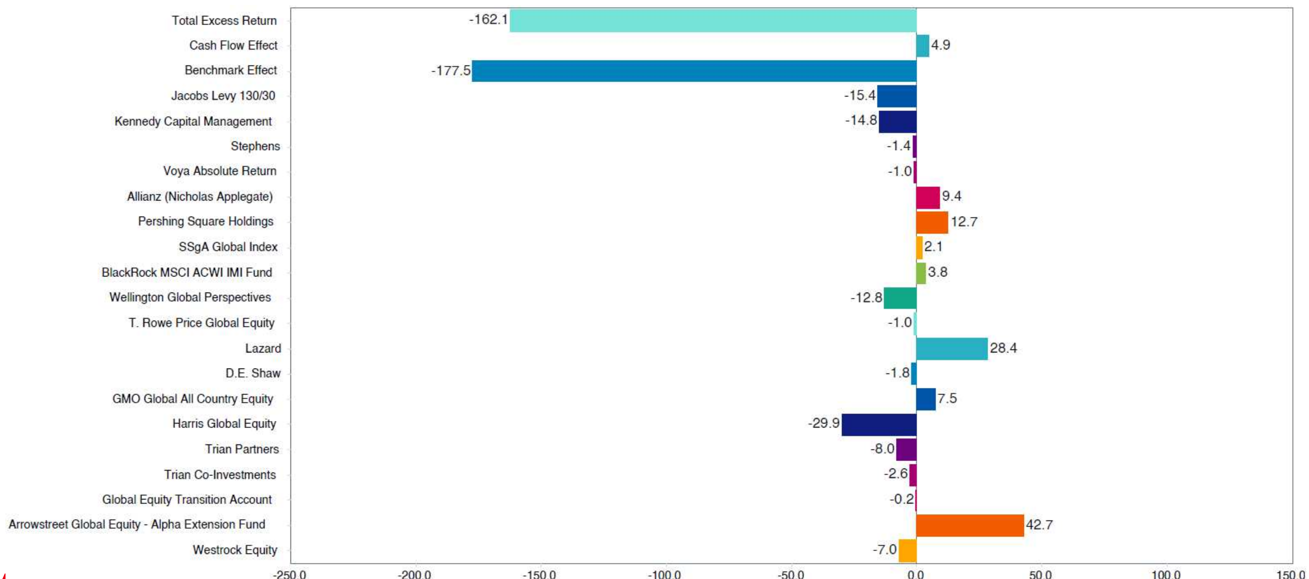
Total Equity: Performance

As of 9/30/2025	YTD	1-Year	3-Year	5-Year
Total Equity	16.9	16.5	21.4	14.8
Benchmark*	17.0	17.0	23.0	14.1
Excess Return	*-0.1*	*-0.5*	*-1.6*	*0.7*

3-Year Attribution

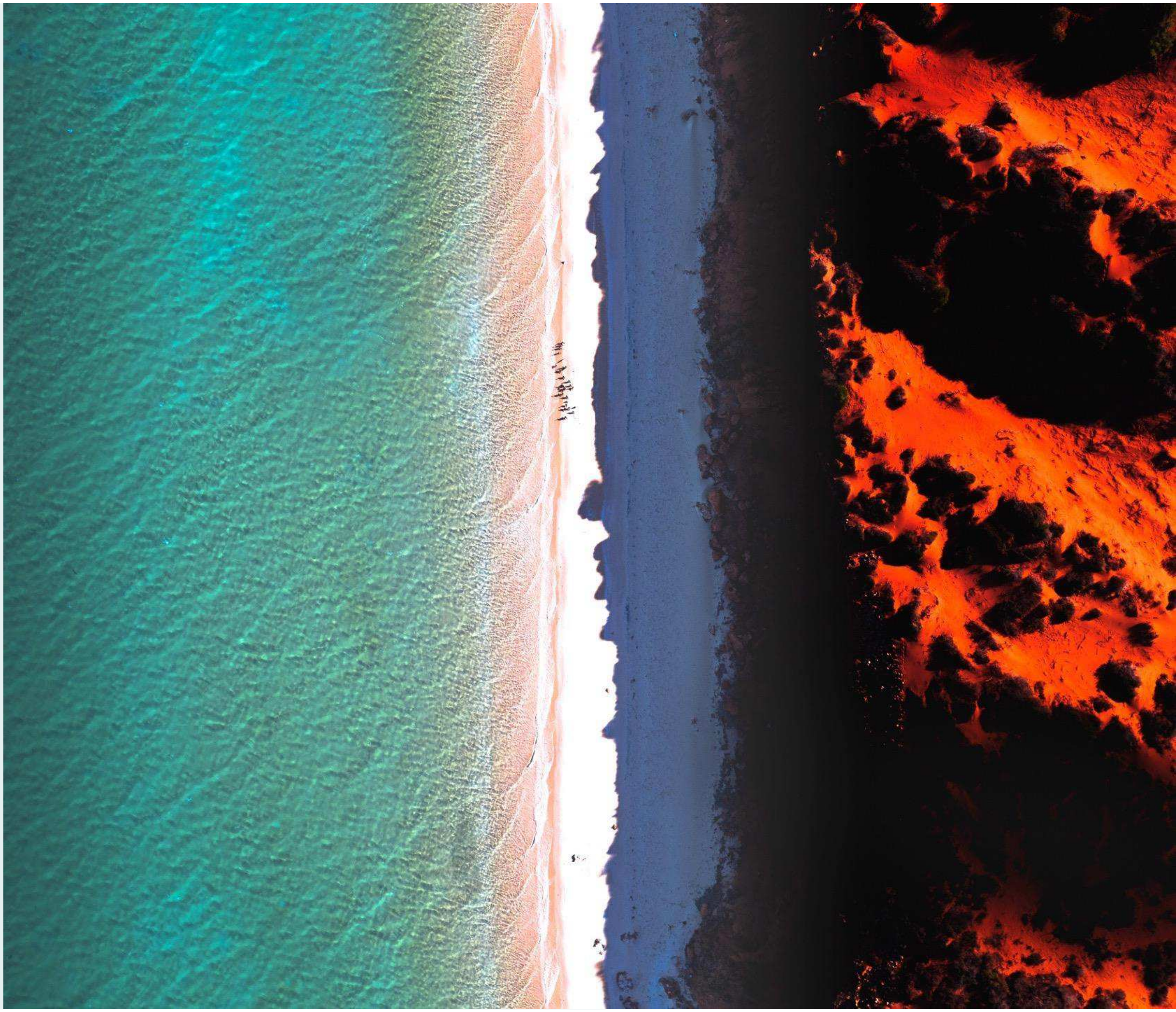


* 32.4% Dow Jones US Total Stock Market, 67.6% MSCI ACWI IMI

- Absolute performance has been positive recently as equities, particularly in the US have rallied post 2022 largely in sectors tied to the Artificial Intelligence boom
- Relative returns have been less favorable near-term (3-years), largely due to small cap underperforming large cap and the convertible allocation not keeping up in a bull market
- Active Manager relative performance has been mixed over time; highlighting the diversification of the strategies
- Longer-term relative returns are favorable given strong results in active management

3

Recommendations



Equity Portfolio Recommendation Summary

Strategy	Allocation ($M)	Allocation (%)	Rebalance	Post Rebalance ($)	Post Rebalance (%)
Jacobs Levy 130/30	1,404	11.2%		1,404	11.2%
Kennedy	463	3.7%		463	3.7%
Stephens	497	4.0%		497	4.0%
Voya Convertibles	1,055	8.4%	(350)	705	5.6%
Pershing Square Holdings	442	3.5%		442	3.5%
Trian	102	0.8%	(102)	--	--
Trian Co-Invest	79	0.6%	(79)	--	--
SSgA Global Index	793	6.3%	456	1,249	10.0%
BlackRock Global Index	759	6.1%	490	1,249	10.0%
Wellington Global Persp.	836	6.7%	(200)	636	5.1%
T. Rowe Price Global Equity	1,479	11.8%	(300)	1,179	9.4%
Lazard	1,167	9.3%	(600)	567	4.5%
Arrowstreet 130/30/20	1,397	11.2%		1,397	11.2%
Westrock	12	0.1%		12	0.1%
Harris Global All Cap	833	6.7%	(165)	833	6.7%
Voya Absolute Return	1,171	9.4%	(315)	856	6.9%
Axiom	--	--	600	600	4.8%
Sands	--	--	400	400	3.2%
Total Equity	**$12,489**			**$12,489**	**100%**

1. Rebalance Trian assets for liquidity purposes
2. Fund new manager Axiom with $600M sourced from Lazard
3. Fund new manager Sands with $400M sourced from winners across the portfolio
4. Rebalance portfolio, replenishing SSgA and BlackRock Index Funds to approx. 20%

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Recommendation 1: Reallocate Trian Assets

1. Aon recommends reallocating the Trian assets and using for liquidity needs

–Continue with structural preference to shift away from activist investments within the equity portfolio

–Additionally, a shift in Trian's investment strategy towards private investments is no longer a fit within ATRS's public equity portfolio

–Portfolio performance has also lagged since inception; while delivering positive performance, was notably behind its benchmark over the past 7-10 years

Trian Performance as of 9/30/2025:

	Allocation		Performance %							
	Market Value $	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Trian Partners	**101,861,090**	**0.4**	**0.0**	**-2.4**	**-4.8**	**15.9**	**6.8**		**7.4**	**11/01/2015**
S&P 500 Index			*8.1*	*14.8*	*17.6*	*24.9*	*16.5*		*14.5*	
Trian Co-Investments	**79,443,146**	**0.3**	**-0.7**	**6.4**	**0.1**	**21.2**	**12.6**		**9.1**	**01/01/2017**
S&P 500 Index			*8.1*	*14.8*	*17.6*	*24.9*	*16.5*		*15.3*	

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Recommendation 2: Add Axiom Concentrated Global Growth Equity

2. Aon recommends funding new strategy Axiom with $600M, sourced from Lazard Global Discounted Assets

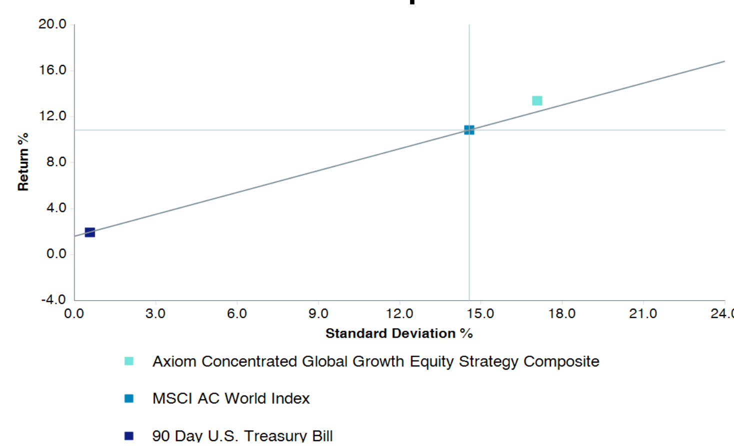
As of 9/30/2025	Axiom Concentrated Global Growth Equity*
Strategy Description	Bottom-up concentrated portfolio constructed with a philosophy that is predicated on identifying companies that are improving more rapidly than what is reflected within market expectations/valuations. Managed by firm founder, Andrew Jacobsen, who we believe to be an experienced, high-quality investor, and supported by a deep team. The relatively shorter-term nature of the stock views, 12-18 months, leads to higher turnover, resulting in highly dynamic and potentially differentiated portfolios
Benchmark	MSCI ACWI
Firm/Strategy AUM	$29B / $8B
Strategy Inception	12/2014
Performance Objective	Outperform over a full market cycle
Risk Tolerance	Unconstrained
# of holdings	24
Turnover	132%
Fees**	0.44%

*As of9/30/25
**Based on pre-negotiated rates using $600M asset value

Composite performance (USD) is gross of fees relative to MSCI ACWI-ND. CY = calendar year. Source: eVestment. Performance is representative performance as reported in eVestment. The performance for a specific vehicle may differ from the representative strategy.

Relative Performance Through September 30, 2025

Risk vs. Return – Since Inception

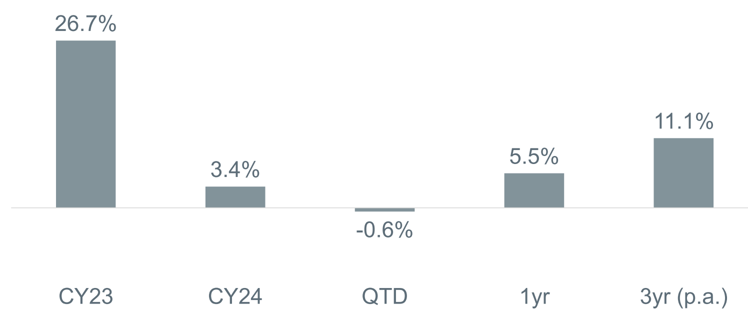


Recommendation 3: Sands Scaling Innovations

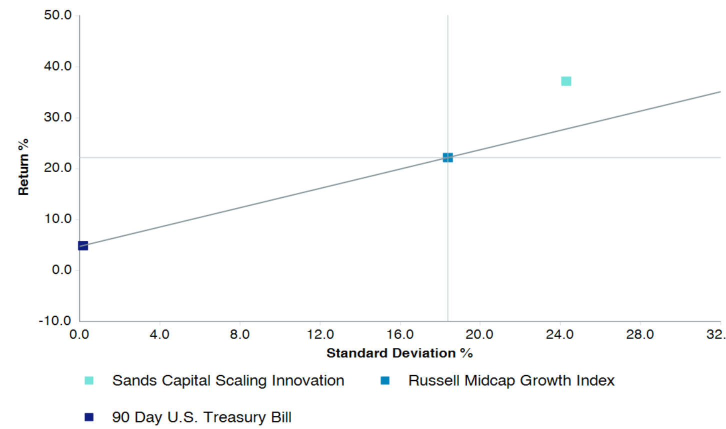
3. Aon recommends funding new strategy Sands with $400M, sourced across a mix of ATRS equity strategies

As of 9/30/2025	Sands Scaling Innovation
Strategy Description	Highly concentrated portfolio across 2-3 traditional equity sectors. The strategy has a long-term growth-orientation with further focus on high, non-linear growth businesses considered emerging as technology leaders. We believe a differentiating factor is coverage and often ownership of the company prior to the listing on public markets. This strategy is managed by Marina Serenbetz, Barron Martin, and Kumar Gautam, all experienced and knowledgeable investors with deep experience in both public and private investing. The continuity of coverage from private to public, coupled with the product concentration, provides a potential competitive advantage relative to peers
Benchmark	Russell Mid Cap Growth
Firm/Strategy AUM	$48B / $173M
Strategy Inception	12/2022
Performance Objective	Outperform the Index over a full market
Risk Tolerance	Unconstrained
# of holdings	11
Turnover	10-25%
Fees	125bp

Relative Performance Through September 30, 2025



Risk vs. Return – Since Inception



Recommendation 4: Portfolio Rebalance

4. Aon recommends rebalancing the portfolio to replenish the liquidity source and manage risks

Strategy	Allocation ($M)	Allocation (%)	Rebalance	Post Rebalance ($)	Post Rebalance (%)
Jacobs Levy 130/30	1,404	11.2%		1,404	11.2%
Kennedy	463	3.7%		463	3.7%
Stephens	497	4.0%		497	4.0%
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Arrowstreet 130/30/20	1,397	11.2%		1,397	11.2%
Westrock	12	0.1%		12	0.1%
Axiom	--	--	$600	600	4.8%
Sands	--	--	$400	400	3.2%
Total Equity	**$12,489**			**$12,489**	**100%**

- Shift roughly $900M across index funds to replenish source of liquidity
- Reduce convertible exposure; serves more as downside protection; has strong relative performance
- Shift modestly from Wellington to modify small cap bias in portfolio
- Modest rebalancing across select names to manage size risk and balance contribution to active risk

AON

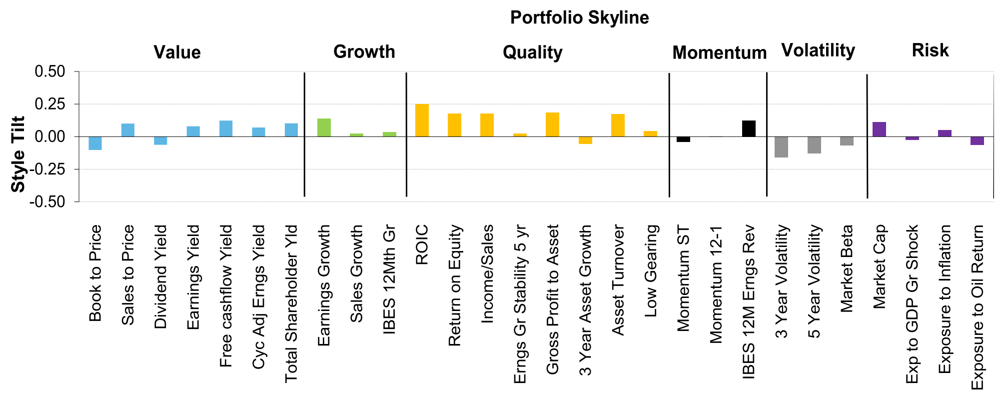
Total Equity Portfolio: Correlation of Returns

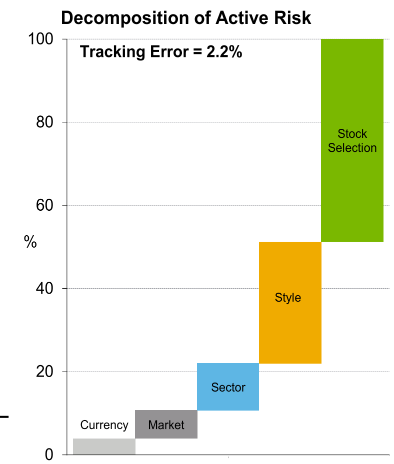
January 1, 2023 To September 30, 2025

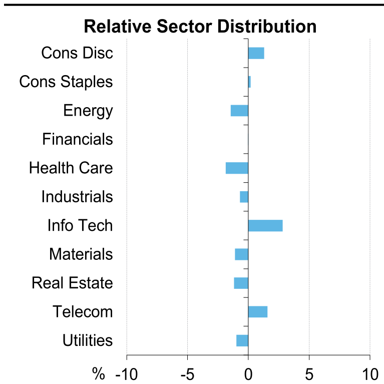
	Allianz (Nicholas Applegate)	Arrowstreet Global Equity Alpha Extension Fund	BlackRock MSCI ACWI IMI Fund	Harris Global Equity	Jacobs Levy 130/30	Kennedy Capital Management	Lazard	Pershing Square Holdings	SSgA Global Index	Stephens	T. Rowe Price Global Equity	Voya Absolute Return	Wellington Global Perspectives	Axiom Concentrated Global Growth Equity Strategy Composite	Sands Capital Scaling Innovation
Allianz (Nicholas Applegate)	1.00														
Arrowstreet Global Equity Alpha Extension Fund	0.62	1.00													
BlackRock MSCI ACWI IMI Fund	0.87	0.78	1.00												
Harris Global Equity	0.73	0.63	0.89	1.00											
Jacobs Levy 130/30	0.89	0.77	0.89	0.76	1.00										
Kennedy Capital Management	0.85	0.53	0.82	0.79	0.88	1.00									
Lazard	0.81	0.72	0.95	0.87	0.79	0.75	1.00								
Pershing Square Holdings	0.67	0.71	0.71	0.60	0.74	0.66	0.68	1.00							
SSgA Global Index	0.87	0.78	1.00	0.89	0.89	0.83	0.95	0.71	1.00						
Stephens	0.92	0.67	0.90	0.77	0.92	0.90	0.81	0.68	0.90	1.00					
T. Rowe Price Global Equity	0.80	0.80	0.94	0.76	0.85	0.69	0.88	0.70	0.94	0.86	1.00				
Voya Absolute Return	0.82	0.82	0.98	0.88	0.87	0.77	0.93	0.70	0.98	0.85	0.93	1.00			
Wellington Global Perspectives	0.82	0.62	0.91	0.91	0.84	0.91	0.87	0.63	0.91	0.87	0.76	0.85	1.00		
Axiom Concentrated Global Growth Equity Strategy Composite	0.64	0.78	0.78	0.51	0.75	0.49	0.71	0.61	0.78	0.70	0.91	0.80	0.53	1.00	
Sands Capital Scaling Innovation	0.67	0.50	0.67	0.50	0.71	0.56	0.57	0.49	0.66	0.72	0.76	0.61	0.54	0.67	1.00

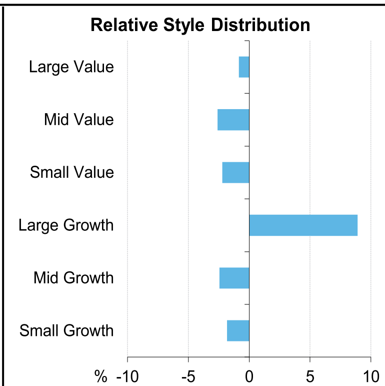
AON *Reflects longest common time period

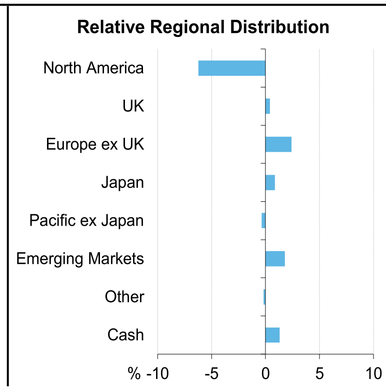
Total Equity Portfolio: Holdings Based Analysis











Tracking Error	2.2
Active Share	45.4
Number of Stocks	8756

Source: Aon, Style Research. Portfolio Skyline Data as at 30 September 2025.

Distribution and TE Data as at 30 September 2025. Benchmark: 67.61% MSCI ACWI IMI / 32.39% DJ US TSM Index

AON

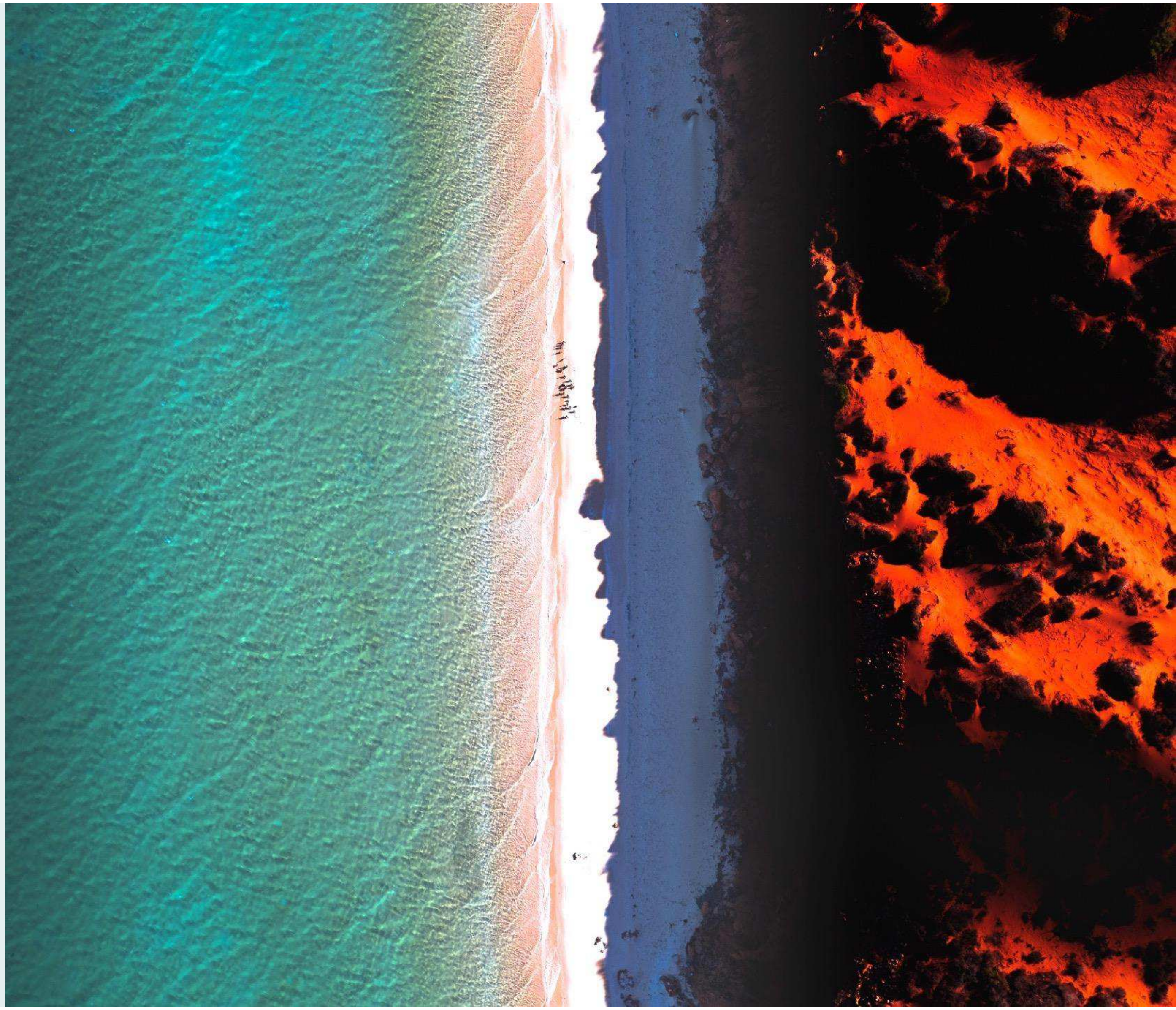
Total Equity Portfolio: Recommendation Summary Impact

- Recommendations promote the long-term investment objectives of the portfolio
  - Focus on high conviction investment strategies
  - Monitor and balance risk from manager selection and style allocation
  - Replenish liquidity source
  - Cost conscious

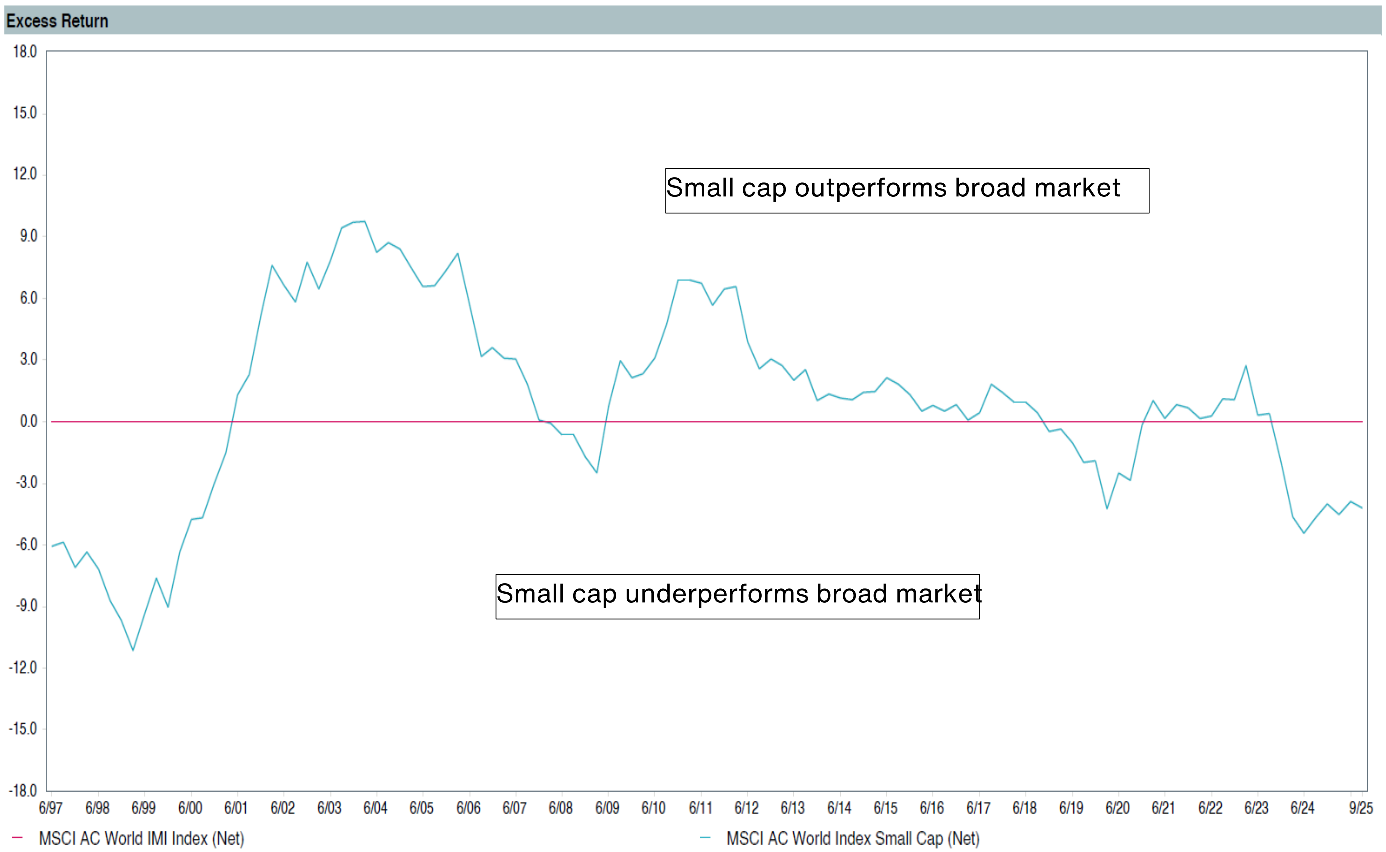
	Current	Recommended
Active / Passive (%)	• 88% / 12%	• 80% / 20%
# of Mandates (active / passive)	• 14 / 2	• 14 / 2
Total Equity Active Risk*	• 2.1%	• 2.2%
Portfolio structure	• Small cap bias • U.S. bias vs. Global opportunity set	• Modified small cap bias • Maintain U.S. vs. Global weights
Investment Management Fees**	• 40 bps	• 39 bps

*As of 9/30/2025; holdings based
**Based on 9/30/2025 market values and represents investment management fees only. No performance based fees have been included

Appendix



Rolling 3-year Small Cap Relative Performance vs. Broad Market



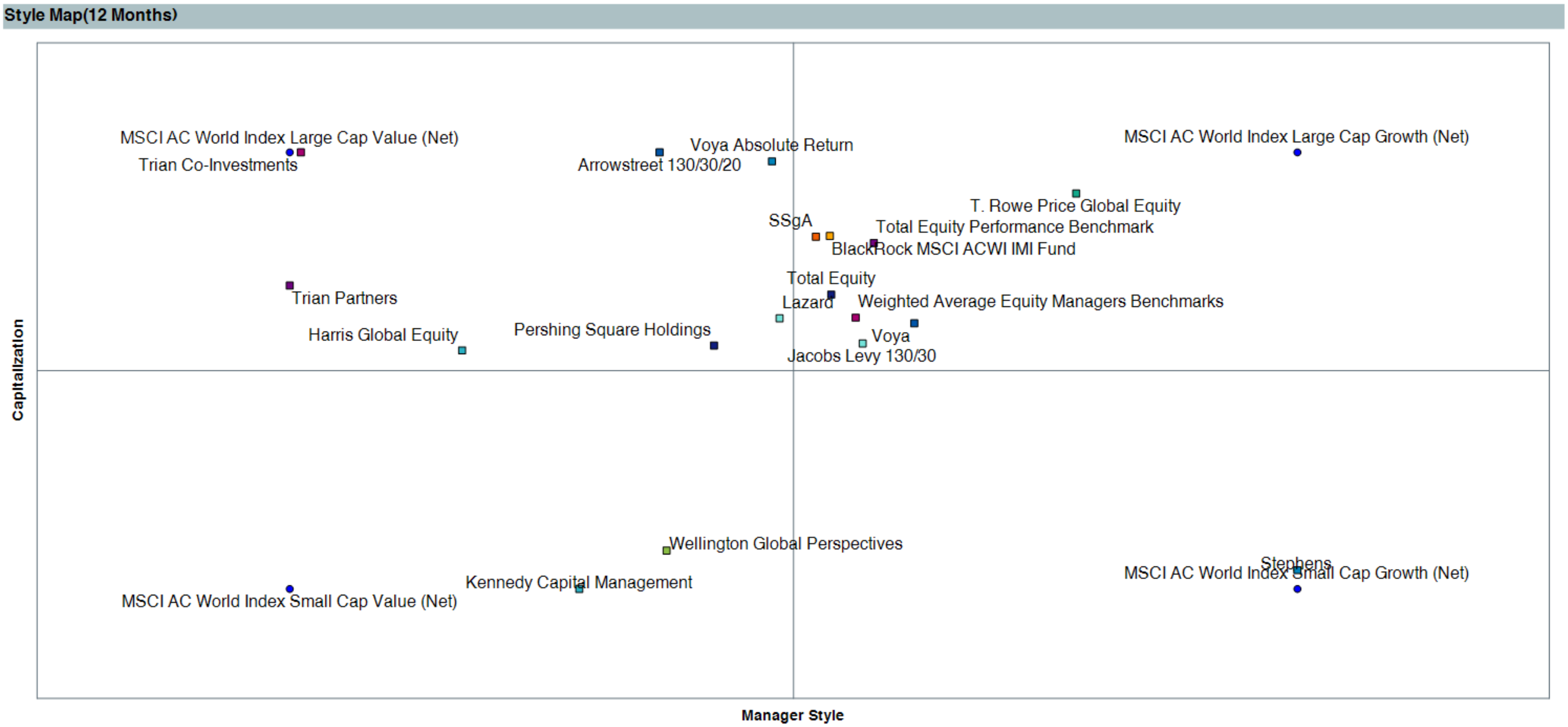
Total Equity: Current Active Risk Profile (returns-based)

- Contribution to active risk is fairly diversified, as the level of active risk and weight impact each manager's contribution
- Approximately 1/3 of the active risk is due to the convertible allocation and small cap bias

As of 9/30/2025	Allocation ($M)	Allocation (%)	Active Risk	Contribution to Active Risk		
				Manager Specific	Misfit	Total
Jacobs Levy 130/30	1,403.6	11.2%	7.5%	20.1%	-4.0%	16.1%
Kennedy Capital Management	462.9	3.7%	5.1%	0.0%	8.6%	8.6%
Stephens	496.7	4.0%	6.8%	-1.6%	4.8%	3.2%
Voya Convertibles	1,054.9	8.4%	2.6%	0.7%	8.9%	9.6%
Pershing Square Holdings	442.0	3.5%	13.4%	7.8%	-1.3%	6.6%
Trian	101.9	0.8%	10.7%	1.1%	-0.6%	0.6%
Trian Co-Invest	79.4	0.6%	13.0%	1.3%	-0.4%	0.9%
Westrock Equity	12.2	0.1%	27.8%	0.2%	0.0%	0.2%
SSgA Global Index	792.6	6.3%	0.0%	0.0%	1.1%	1.1%
Blackrock Global Index	758.9	6.1%	0.0%	0.0%	1.0%	1.0%
Wellington Global Perspectives	836.0	6.7%	4.0%	3.1%	9.1%	12.2%
T. Rowe Price Global Equity	1,478.7	11.8%	5.6%	6.7%	0.1%	6.8%
Lazard	1,167.0	9.3%	6.1%	9.3%	0.1%	9.4%
Harris Global All Cap Equity	833.5	6.7%	8.6%	12.6%	0.1%	12.7%
Voya Absolute Return	1,171.5	9.4%	2.3%	1.2%	0.1%	1.3%
Arrowstreet Global Equity	1,397.4	11.2%	6.7%	7.9%	1.9%	9.8%
Total Equity	**$12,489**	**100.0%**	**2.58%**	**67.5%**	**32.5%**	**100.0%**

AON

Total Equity: Current Portfolio Style Map



InBrief: Axiom Investors

Axiom Concentrated Global Growth Equity Strategy

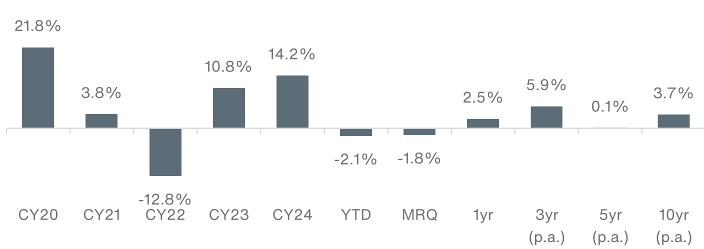
Aon Rating

Buy

Overall Rating

We have assigned a rating of Buy to the Axiom Concentrated Global Growth Equity Strategy. The fund is managed by the firm founder, Andrew Jacobsen, who we believe to be an experienced, high-quality investor. Jacobsen is supported by co-portfolio managers Bradley Amoils, Jonathan Ellis and Andrew Kim, and a team of experienced analysts. The philosophy is predicated on identifying companies that are improving more rapidly than what is reflected within market expectations/valuations through bottom-up, fundamental security analysis. To this end, we find the combination of the Axiom Rating System, a matrix defined by “dynamism” factors and stages of growth, and its proprietary database, Axware, to be a source of competitive advantage in identifying these companies and in constructing portfolios. The relatively shorter-term nature of the stock views, 12-18 months, leads to higher turnover, resulting in highly dynamic and potentially differentiated portfolios. Investment performance has been strong over medium and longer periods, however, we note that the strategy will tend to lag when markets are less willing to pay up for quality and/or growth, such as in 2016 and 2022.

Relative Performance to 30 Sep 2025



Composite performance (USD) is gross of fees relative to MSCI ACWI-ND. CY = calendar year. Source: eVestment. Performance is representative performance as reported in eVestment. The performance for a specific vehicle may differ from the representative strategy.

Key InBrief Data

Review Date:
January 2026

Parent Name:
Employee-owned

Strategy Benchmark:
MSCI ACWI-ND

Head Office Location:
Greenwich, CT, US

Team Location:
Greenwich, CT, US

Firm AUM:
$28.7 billion (30 Sep 2025)

Strategy Size:
$8.2 billion (30 Sep 2025)

Strategy Inception:
December 2014

Number of Holdings:
24

Annual Turnover:
131.9%

Performance Objective:
Outperform over a full market cycle

Risk Target:
Unconstrained

Redemption Terms:
Vehicle dependent

Component Ratings

Criteria	Business	Staff	Process	Risk	Ops	Perf	T&C
Ratings	3	3	3	3	A2 Pass	3	3
Change	No change -	No change -	No change -	No change -	No change -	No change -	No change -

Disclosures

Note: The Aon InForm Assessment section is based on data as of 30 September 2025 (obtained on 17 November 2025 from eVestment) unless stated differently. Product data completion is 99.9% and peer group average data completion is 77.1%. Changes in manager or peer group data completion may impact the Aon InForm Assessment. Additional information on the Aon InForm Assessment may be found in that section of this report. Past performance is no guarantee of future results. For full disclosures and definitions of content within this report please see the appendix.

AON

Investment Manager Evaluation

Business
Rating: 3

Axiom Investors (Axiom) is a 100% employee-owned investment firm that manages both long-only and long-short equity portfolios across multiple regions. Ownership is widely divided between the staff, including all portfolio managers and over half of the investment analysts. While a majority of equity remains in the possession of founder Andrew Jacobson, and is expected to continue as such, we recognize an ongoing effort to make equity ownership more widely available. Also, all employees are eligible to participate in a profit-sharing pool that distributes annual bonuses based off a combination of short- and long-term success factors. The firm adheres to a common investment philosophy and process across strategies and has done so since inception in 1998.

Investment Staff
Rating: 3

Lead Portfolio Manager, Andrew Jacobsen, is supported by Co-Portfolio Managers David Kim, Jonathan Ellis, and Bradley Amoils. Jacobsen is the founder and the portfolio manager for the Firm's longest standing strategy, International Equity. We believe Jacobsen is an experienced, high-quality investor. The portfolio management team is supported by a large and experienced team of career analysts.

Investment Process
Rating: 3

Axiom's growth strategies seek to identify companies that are improving more rapidly than is reflected within market expectations/valuations through bottom-up, fundamental security analysis. Stocks are categorized according to the Axiom Rating System, a matrix defined by "dynamism" factors and stages of growth. This system aids in portfolio construction as the managers can explicitly diversify the portfolio by business type and lifecycle stage in addition to sector and industry.

Securities are held on average, for 12 to 36 months. While name turnover statistics are consistent with this investment horizon, we note that actual portfolio turnover may be

Risk Management
Rating: 3

The Firms proprietary research database Axware also includes the tracking of dozens of datapoints which help portfolio managers construct the portfolio with the macroeconomic backdrop in mind. For example, these indicators help identify the tick up in inflation, initially observed in Emerging Markets, that would ultimately flow through to developed markets and provided a signal for the PMs to reduce the equity duration of the portfolio in anticipation of rising rates. The Axiom Rating System also helps to manage position sizing in light of both return and risk aspects of each company in the portfolio.

higher due to opportunistic adding and selling around new information flows.

The strategy leverages insights maintained within a proprietary research database, "Axware," which contains thousands of data points on current and prospective holdings. Roughly 100 – 200 data points are entered into the system daily by the investment team. These data points are labelled for relevance and impact, and can be interpreted individually or collectively in determining the appropriateness of a security's rating.

We hold the investment process in high regard and believe there are several attributes that contribute to it being differentiated versus peers. This includes the development of Axware and its application in opining on all information flow for portfolio companies. We also recognize the high turnover in the strategy and the portfolio management team's ability to execute an efficient trading program.

Operational Due Diligence
Rating: A2 Pass

Axiom Investors LLC ("Axiom") is a Connecticut-based investment manager focused on equity strategies. Its operations and control infrastructure generally aligns with a well-controlled operating environment. In many cases, Axiom demonstrates elements of best practice that exceed those of peer firms of similar size. For example, the firm is subject to a variety of testing programs: Its firm financial statements are audited annually by Ernst & Young, and it undergoes an annual SOC 1 review by BDO USA, LLP. In addition, the firm's GIPS compliance is verified by Ashland Partners annually. Axiom has also implemented a technology application platform that allows for straight-through processing of nearly all trades; this level of automation limits the potential for errors inherent in manual intervention.

Performance Analysis
Rating: 3

The strategy has achieved strong medium- and long- term performance. As expected, it has lagged in environments when markets are unwilling to pay up for quality and/or growth, such as in 2016 and 2022. The Strategy can display high sector concentration given the unconstrained and opportunistic nature of its investment process and this could have a major impact on performance.

Terms & Conditions (T&C)
Rating: 3

Fees for both separate accounts and the commingled fund vehicle are very attractive relative to peers and Axiom has shown a willingness to negotiate. Although the commingled fund (CIT) is unfunded at this time. The consultant relations experience has been favorable and Axiom have provided excellent access to key investment professionals.

Overall
Rating: Buy

We have assigned a rating of Buy to the Axiom Concentrated Global Growth Equity Strategy. The fund is managed by the firm founder, Andrew Jacobsen, who we believe to be an experienced, high-quality investor. Jacobsen is supported by co-portfolio managers Bradley Amoils, Jonathan Ellis and Andrew Kim, and a team of experienced analysts. The philosophy is predicated on identifying companies that are improving more rapidly than what is reflected within market expectations/valuations through bottom-up, fundamental security analysis. To this end, we find the combination of the Axiom Rating System, a matrix defined by “dynamism” factors and stages of growth, and its proprietary database, Axware, to be a source of competitive advantage in identifying these companies and in constructing portfolios. The relatively shorter-term nature of the stock views, 12-18 months, leads to higher turnover, resulting in highly dynamic and potentially differentiated portfolios. Investment performance has been strong over medium and longer periods, however, we note that the strategy will tend to lag when markets are less willing to pay up for quality and/or growth, such as in 2016 and 2022.for quality and/or growth, such as in 2016 and 2022.

AON

Aon InForm Assessment

This section summarises our quantitative screening. Where this raises an alert, denoted by ratings Poor or Very Poor, we have added further clarification where we believe the points raised are material or worth highlighting.

Component	Factor	OK	Poor	Very Poor	No Data
Business: OK Data completion: 100%	Employee Ownership	●			
	Last Change of Ownership	●			
	Institutional Client Base (Product)	●			
	Firm Net Asset Flow	●			
	Product Net Asset Flow			●	
	Product Importance to Firm	●			
	Asset Class Importance to Firm	●			
Staff: OK Data completion: 100%	Team Size		●		
	Staff Turnover	●			
	Experience	●			
Process: OK Data Completion: 100%	Active Risk / Tracking Error	●			
	Investment Process Consistency			●	
	Style Consistency – Market Capitalization			●	
	Style Consistency - Value (Price-to-book)	●			
	Cash Allocation		●		
Risk Mgmt: OK Data Completion: 100%	Maximum Drawdown	●			
	Capture Ratio	●			
Perf: OK Data Completion: 100%	Excess Return	●			
	Excess Return – Style Peer Group	●			
	Risk Adjusted Return	●			
	Consistency of Outperformance vs Benchmark	●			
	Consistency of Outperformance vs Peers	●			
T&C: OK Data Completion: 100%	Management Fee	●			

Aon InForm Glossary

InForm Output	Description
OK	The component or factor in isolation meets our desired criteria.
Poor	The component or factor in isolation falls short in meeting our desired criteria.
Very Poor	The component or factor in isolation fails to meet our desired criteria.
No Data	There are missing data or issues that prevented us from running our quantitative analysis on this component or factor in isolation.

Please note that not all InForm ratings categories are listed in the table above; however, these factors are included in the Aon InForm Assessment quantitative model and may impact the overall InForm strategy score. The Aon InForm Assessment does not automatically alter the overall qualitative rating. For additional detail on these categories please contact Aon.

Aon InBrief Ratings Explanation

Aon Overall Rating

These are the ratings definitions for our qualitative InBrief assessment.

Rating	What does this mean?
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products.
Buy (Closed)	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products, however it is closed to new investors.
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets.
Sell	We recommend termination of client investments in this product.
In Review	The rating is under review as we evaluate factors that may cause us to change the current rating.

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Differences between the qualitative and Aon InForm outcome can occur and if meaningful these will be explained within the Key Monitoring Points section. Although the Aon InForm Assessment forms a valuable part of our manager research process, it does not automatically alter the overall rating where we already have a qualitative assessment. Overall rating changes must go through our qualitative manager vetting process. Similarly, we will not issue a Buy recommendation before fully vetting the manager on a qualitative basis.

Component Ratings

Below we describe the criteria which we use to rate fund management organizations and their specific investment products. Our manager research process assesses each component using both our qualitative and Aon InForm criteria. With the exception of Operational Due Diligence ("ODD"), each component is assessed as follows:

Qualitative Outcome
4 = Strong
3 = Above Average
2 = Average
1 = Weak

The ODD factor is assigned a rating and can be interpreted as follows:

Overall ODD Rating*	What does this mean?
A1 Pass	No material operational concerns – the firm's operations largely align with a well-controlled operating environment.
A2 Pass	The firm's operations largely align with a well-controlled operating environment, with limited exceptions – managers may be rated within this category due to resource limitations or where isolated areas do not align with best practice.
Conditional Pass (CP)	Specific operational concerns noted that the firm has agreed to address in a reasonable timeframe; upon resolution, we will review the firm's rating.
Fail	Material operational concerns that introduce the potential for economic or reputational exposure exist – we recommend investors do not invest and/or divest current holdings.

* Operational due diligence inputs provided to the research team by Aon's Operational Risk Solutions and Analytics Group (ORSA). ORSA is an independent entity from Aon Investments Limited, Aon Investments USA Inc., and Aon Solutions Canada Inc./Aon Investments Canada Inc. Investment advice is provided by these Aon entities.

Disclaimer

As of December 31, 2024, Aon's quantitative model is run on approximately 13,892 strategies from an external database. Aon assigned a quantitative rating of "Qualified" to 35% of these strategies and "Not Recommended" to 30% of these strategies. The remainder were not rated. A "Buy" rating cannot be assigned via quantitative analysis. Across asset classes, Aon had approximately 29,000 strategies in its internal database. Aon assigned a qualitative rating of "Buy" to approximately 3% of strategies in the database (excludes historical "Buy" ratings of closed-end private equity/real estate funds that have since closed to new investment); "Qualified" to <1% of strategies in the database; "Sell" to <1% of strategies in the database; and "In Review" to <1% of strategies in the database. The remaining strategies in the database are not rated or are quantitatively rated only. Some strategies may be included in both the internal and external database. Where a qualitative rating exists, it prevails over the quantitative rating.

Aon does not receive compensation from investment managers for strategy ratings. On occasion, a research analyst may have an economic interest in the security or product being rated. Aon maintains policies and procedures regarding personal securities transactions in a Code of Ethics. On occasion the Aon entities referenced below or their affiliates may receive compensation for investment advisory, placement agent or underwriting services provided to the subject company. A copy of the Code of Ethics, a statement regarding whether the research analyst rating this strategy or security has any financial interest in the strategy or security, and additional information regarding compensation received from a subject company is available upon written request to the Aon compliance department in your local region, address as listed below.

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AON

InBrief: Sands Capital Management, LLC

Sands Capital Scaling Innovation

Aon Rating

Buy

Overall Rating

The Sands Scaling Innovation product utilizes the same long-term growth-oriented philosophy applied across various Sands products. It further focuses on high, non-linear growth businesses that are considered to be emerging as the next technology leaders. We believe a differentiating factor is the coverage and often ownership of the company prior to the listing on public markets. This has enabled the team to build relationships with the management teams and to closely track the fundamental performance of the business many years prior to listing on public markets. This strategy is managed by Marina Serenbetz, Barron Martin, and Kumar Gautam, all of whom are experienced and knowledgeable investors with deep experience in both public and private market investing, and a focus on the high, non-linear growth business models such as eCommerce, Fintech, and Software. The continuity of coverage from private to public, coupled with the concentrated nature of the product, provides a potential competitive advantage relative to the more segmented, cursory coverage of peers. We note the portfolio is highly concentrated in number of stocks, and in two to three traditional GICs sectors. We expect performance to be highly volatile in the short to medium term. We also note that the product has a very short track record and very few peers. We strongly suggest this product may only be suitable within a multi-manager portfolio, at an appropriately low weight alongside less correlated managers, and with the governance structure to withstand the potential for short to medium term sharp under-performance. However, given Sands' long and successful history in growth investing, both in its ability to source and identify talent, the investment philosophy and process applied and the strong long-term performance of its products, we elect to rate the Sands Scaling Innovation strategy BUY.

Key InBrief Data

Review Date:
January 2026

Parent Name:
100% Independently owned

Strategy Benchmark:
Russell Mid Cap Growth

Head Office Location:
Arlington, VA, US

Team Location:
Arlington, VA, US

Firm AUM:
$48 billion (31 Dec 2025)

Strategy Size:
$173 million

Strategy Inception:
December 2022

Number of Holdings:
11

Annual Turnover:
~10-25%

Performance Objective:
Outperform the Index over a full market cycle

Risk Target:
Unconstrained

Redemption Terms:
Vehicle dependent

Component Ratings

Criteria	Business	Staff	Process	Risk	Ops	Perf	T&C
Ratings	3	3	3	2	A1 Pass	2	2
Change	No Change -	No Change -	No Change -	No Change -	No Change -	No Change -	No Change -

Investment Manager Evaluation

Business
Rating: 3

Sands Capital operates principally through two investment advisers that are registered with the U.S. Securities and Exchange Commission (the "SEC"): Sands Capital Management, LLC ("SCM"), which provides investment advisory services in respect of various public market investment strategies, and Sands Capital Ventures, LLC ("SCV"), which provides investment advisory services in respect of various private equity and other alternative investment strategies. The team managing the product, currently manages other products by SCV. We have a positive view of the firm's approach to its day-to-day business. From an ownership standpoint, the firm remains 100% independently owned, with the majority resting with the Sands family. While we generally prefer that equity is distributed more broadly, we are encouraged to see that all research analysts are equity stakeholders. From a business strategy standpoint, we find it favourable that the firm has stated it has no intentions to divest itself or engage in business strategies that would require it to go outside of its primary capabilities. Other positive aspects of the business are the client base, which continues to be well-diversified, and the firm's commitment to institutional business, as demonstrated through its minimal participation in the retail business. We also note that the global offering has allowed the firm to geographically diversify its client base.

Investment Staff
Rating: 3

This strategy is managed by Barron Martin, Marina Serenbetz, and Kumar Gautam, all of whom are experienced and knowledgeable investors with deep experience in both public and private market investing, and a focus on the high, non-linear growth business models such as eCommerce, Fintech and Software. We believe the team's coverage of the companies and the relationships with management provide a potential competitive advantage relative to peers. Further, while other portfolios may contain similar companies, they tend to be at much smaller positions as part a broader portfolio rather than a dedicated, concentrated portfolio managed by a dedicated team, providing better alignment of interest.

Investment Process
Rating: 3

The process utilizes the same long-term growth-oriented philosophy applied across various Sands products. The investment process is rooted in fundamental research and bottom-up stock selection. The Scaling Innovation product further focuses on high, non-linear growth businesses that are considered to be emerging into the next technology leaders. We believe a differentiating factor is the coverage and often ownership of the company prior to the listing on public markets. This has enabled the team to build relationships with the management teams, often providing input, and closely tracking and analyzing the fundamental performance of the business over many years prior to listing on public markets. Attractive companies undergo a qualitative analysis to determine if they meet the six characteristics the team looks for in portfolio candidates. We have noted the team's willingness to take advantage of the volatility inherent in these recently listed companies

Risk Management
Rating: 2

The team does not leverage the expertise of an independent risk management committee, nor does it use third-party risk tools to monitor exposures of the portfolio, granted we believe it would be of limited use given the nature of the portfolio.

The team manages a highly concentrated portfolio of roughly 15 securities. Given its focus on high, non-linear growth and emerging technology leaders, there will be high concentration in two to three traditional GICs sectors. The team does, however, seek to diversify by business model, segment, and end market. An important measure of risk, although more difficult to gauge, is the team's focus on the informational insight edge relative to the market. This knowledge gap may exist as the coverage of these companies tends not to move seamlessly from private market investors to public market investors.

when they believe to have a differentiated view to the market.

Portfolios are concentrated in nature, even relative to other Sands products and the concentrated nature of the portfolio, as well as the team's tendency to concentrate in certain sectors given the search for non-linear growth, can lead to periods of volatility and underperformance.

Operational Due Diligence
Rating: A1 Pass

Sands Capital Management is an Arlington, Virginia-based investment manager, focused on identifying and investing in leading growth businesses as part of a long-term investment horizon. The Manager's control processes are robust, and its procedures are well-documented. Appropriate information barriers, policies and oversight exist to mitigate potential conflicts of interest between the public and private investment advisory sides of the business. Additionally, Sands engages an external audit firm to conduct an independent review of its internal controls annually which is considered as best practice for a firm of its size.

Performance Analysis
Rating: 2

We have elected to assign a rating of 2 given the lack of a meaningful track record, the potential volatility of the track record and the novel nature of the product. However, given Sands' long and successful history in growth investing, both in its ability to source and identify talent, the investment philosophy and process applied and the strong long-term performance, we believe this can be upgraded in the future.

Terms & Conditions (T&C)
Rating: 2

Our experience with client servicing has been favorable with routine access to key investment professionals. The standard fee schedule includes a reasonable base of 0.5% but a high carry of 20% of outperformance, with a high cap at 3%.

Overall
Rating: Buy

The Sands Scaling Innovation product utilizes the same long-term growth-oriented philosophy applied across various Sands products. It further focuses on high, non-linear growth businesses that are considered to be emerging as the next technology leaders. We believe a differentiating factor is the coverage and often ownership of the company prior to the listing on public markets. This has enabled the team to build relationships with the management teams and to closely track the fundamental performance of the business many years prior to listing on public markets. This strategy is managed by Marina Serenbetz, Barron Martin and Kumar Gautam, all of whom are experienced and knowledgeable investors with deep experience in both public and private market investing, and a focus on the high, non-linear growth business models such as eCommerce, Fintech, and Software. The continuity of coverage from private to public, coupled with the concentrated nature of the product, provides a potential competitive advantage relative to the more segmented, cursory coverage of peers. We note the portfolio is highly concentrated in number of stocks, and in two to three traditional GICs sectors. We expect performance to be highly volatile in the short to medium term. We also note that the product has a very short track record and very few peers. We strongly suggest this product only suitable within a multi-manager portfolio, at an appropriately low weight alongside less correlated managers, and with the appetitive and governance structure to withstand the potential for short to medium term sharp under-performance. However, given Sands' long and successful history in growth investing, both in its ability to source and identify talent, the investment philosophy and process applied and the strong long-term performance of its products, we elect to rate the Sands Scaling Innovation strategy BUY.

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Aon InBrief Ratings Explanation

Aon Overall Rating

These are the ratings definitions for our qualitative InBrief assessment.

Rating	What does this mean?
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products.
Buy (Closed)	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products, however it is closed to new investors.
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets.
Sell	We recommend termination of client investments in this product.
In Review	The rating is under review as we evaluate factors that may cause us to change the current rating.

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Differences between the qualitative and Aon InForm outcome can occur and if meaningful these will be explained within the Key Monitoring Points section. Although the Aon InForm Assessment forms a valuable part of our manager research process, it does not automatically alter the overall rating where we already have a qualitative assessment. Overall rating changes must go through our qualitative manager vetting process. Similarly, we will not issue a Buy recommendation before fully vetting the manager on a qualitative basis.

Component Ratings

Below we describe the criteria which we use to rate fund management organizations and their specific investment products. Our manager research process assesses each component using both our qualitative and Aon InForm criteria. With the exception of Operational Due Diligence ("ODD"), each component is assessed as follows:

Qualitative Outcome
4 = Strong
3 = Above Average
2 = Average
1 = Weak

The ODD factor is assigned a rating and can be interpreted as follows:

Overall ODD Rating*	What does this mean?
A1 Pass	No material operational concerns – the firm's operations largely align with a well-controlled operating environment.
A2 Pass	The firm's operations largely align with a well-controlled operating environment, with limited exceptions – managers may be rated within this category due to resource limitations or where isolated areas do not align with best practice.
Conditional Pass (CP)	Specific operational concerns noted that the firm has agreed to address in a reasonable timeframe; upon resolution, we will review the firm's rating.
Fail	Material operational concerns that introduce the potential for economic or reputational exposure exist – we recommend investors do not invest and/or divest current holdings.

* Operational due diligence inputs provided to the research team by Aon's Operational Risk Solutions and Analytics Group (ORSA). ORSA is an independent entity from Aon Investments Limited, Aon Investments USA Inc., and Aon Solutions Canada Inc./Aon Investments Canada Inc. Investment advice is provided by these Aon entities.

AON

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

R E S O L U T I O N
No. 2026-09

To Redeem in Full Arkansas Teacher Retirement System Assets in Trian Partners, 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 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 full redemption and of the ATRS assets invested in **Trian Partners, L.P**.

THEREFORE**,** ***BE IT RESOLVED,*** that the ATRS Board approves the full redemption of the ATRS assets invested in **Trian Partners, L.P**.; and

FURTHER, BE IT RESOLVED, that the ATRS Board approves the termination of ATRS agreements related to **Trian Partners, L.P**.; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this full redemption and termination including the use of a transition manager.

Adopted this 2nd day of February 2026.

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

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

R E S O L U T I O N
No. 2026-10

To Redeem in Full Arkansas Teacher Retirement System Assets in Trian Partners Co-Investment Opportunities 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 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 full redemption and of the ATRS assets invested in **Trian Partners Co-Investment Opportunities Fund, L.P.**

THEREFORE**,** ***BE IT RESOLVED,*** that the ATRS Board approves the full redemption of the ATRS assets invested in **Trian Partners Co-Investment Opportunities Fund, L.P.**; and

FURTHER, BE IT RESOLVED, that the ATRS Board approves the termination of ATRS agreements related to **Trian Partners Co-Investment Opportunities Fund, L.P.**; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this full redemption and termination including the use of a transition manager.

Adopted this 2nd day of February 2026.

____

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

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

R E S O L U T I O N
No. 2026-11

Approving Investment in
Axiom Investors LLC, Concentrated Growth Equity Strategy

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 general investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Axiom Investors, LLC, Concentrated Growth Equity**, a public equity strategy focused on identifying global companies that are growing more rapidly than what is reflected in market valuations.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$600 million dollars ($600,000,000.00)** in **Axiom Investors, LLC, Concentrated Growth Equity.** The total investment amount is to be determined by the general investment 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 2nd day of February 2026.

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

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

R E S O L U T I O N
No. 2026-12

Approving Investment in Sands Capital Alternatives, LLC, Scaling Innovation Strategy

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 general investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Sands Capital Alternatives, LLC, Scaling Innovation**, a public equity strategy that will focus on growth technology investments.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$400 million dollars ($400,000,000.00)** in **Sands Capital Alternatives, LLC, Scaling Innovation.** The total investment amount is to be determined by the general investment 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 2nd day of February 2026.

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

Private Debt Implementation Discussion

Arkansas Teachers' Retirement System

February 2, 2026

Agenda Discussion

Private Debt Implementation

1 Executive Summary

The slides in this section will cover the Private Debt program and the implementation plan

- Pacing
- Program Structure

2 Search Process and Timeline

The slides in this section will cover the search process and the tentative timeline

1

Executive Summary

Executive Summary

Recap of December Meeting and Today's Discussion

Recap - Approved Policy: 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%

Recap - Approved Structure: Adopted the following portfolio structural guidelines

- 30-50% corporate direct lending
- 30-50% asset-based lending
- 10-30% opportunistic debt
- Portfolio may not match investment guidelines during initial phase of portfolio build out

Today's Discussion- Manager Implementation and Next Steps: Considering separate account approach

- Use of separate account(s) for 70-80% of Private Credit portfolio, which equates to an aggregated $800m commitment in year one to be deployed 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

Private Market Program Building Cycle

4. Portfolio Management

- Monitoring and reporting
- Back-office operations
- Annual review of program structure and tactical implementation

1. Program Structure

- Board and Investment Committee / Education
- Plan requirements, objectives, limitations, biases
- Investment policy – review / update

3. Investment Selection

- Sourcing
- Due diligence
- Closing

2. Long Term Strategic Plan

- Pacing
- Number of annual investments / size
- 5-year tactical plan (sub strategy, region)

Private Credit Structure

Target a 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 (30 – 50%)	40% Asset-Based Lending (30 – 50%)	20% Opportunistic (10 – 30%)
Corporate Lending (Cash Flow Basis)	**Asset-Based Lending / Specialty Finance**	**Opportunistic Credit**
Sponsor-Backed Senior Corporate Loans	Consumer Loans (backed by asset pools)	Stressed / Distressed Loans
Non-Sponsored Senior Corporate Loans	Capital Solutions	Event-Driven Strategies
Unitranche Corporate Loans	Bank Capital Relief	Other Niche Strategies
Mezzanine/Junior Debt	Aircraft / Shipping Loans	
	Senior Whole Loans (backed by stabilized assets)	
	Whole and Mezzanine Loans (backed by transitional assets)	

Opportunities for secondary funds and co-investments can span the strategy spectrum and should be considered as complimentary as opportunities arise

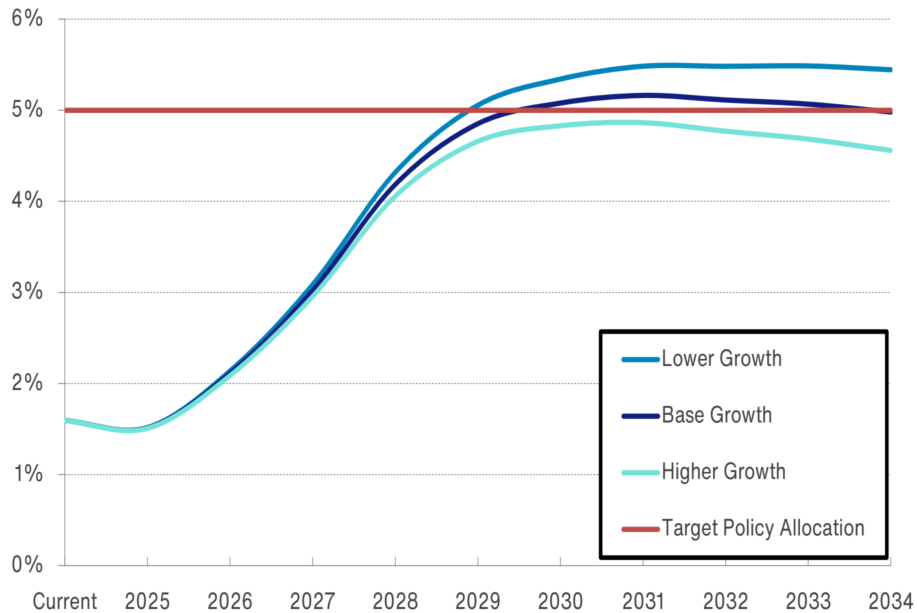
Implementation Consideration

- Aon believes an efficient approach for ATRS to build a Private Credit portfolio includes:
  - 70-80% allocated to two separate accounts 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
- Separate account search kicked off to identify custom bids to serve ATRS's needs
- Based on current assumptions, Aon anticipates ATRS could reach the 5% target in approx. 4-5 years

Private Credit Pacing Analysis: Strategic Solution Build-Out

As of September 30, 2025

Projected NAV of Private Debt as a Percent of Total Program



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**

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 3-4 years

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

2

Search Process and Next Steps

Private Markets Investment Process Overview

Market Scan	Deal Screening	Preliminary due Diligence	In-depth Due Diligence	Terms and Legal Review	Monitoring & Reporting
• Scan global universe • Cover all private equity sub-asset classes	Screened for: • Portfolio fit • Stage • Management • Strategy	• Benchmark fund's performance against peer group • Initial business review of legal terms & conditions	Review of: • Management • Track Record • Strategy • Deal Sourcing • Exit Strategy • References • Policies and Procedures • Firm History • Risk Mitigation	• Industry standard comparison of terms and conditions • Third-party legal review • Negotiate side letter	• Present market & due diligence analysis • Manager meetings and conference calls • Quarterly performance reports • Amendment review
Unique Private Market Characteristics					
• No complete database of fundraises • Constant formation of untracked new funds	• Initial information limitations • Limited competitor benchmarking universe	• Finite fundraising schedules • Access & allocation issues • Fund is a blind pool of capital with distinct risks	• Prior transaction details & track record are not publicly available • Unique qualitative & quantitative analysis	• Terms customizable and negotiated for each investor • Closed-end limited partnership structure	• Portfolio company information not constantly available in real-time • Only quarterly valuations

Initial Screening

Eliminate products with clear red flags, such as:

- Unstable, financially weak organisations
- Operational insufficiencies/ issues
- High level of turnover within the investment team
- Process, which is not aligned with the strengths of key individuals
- Inconsistencies in how the process is applied
- Track record inconsistent with the objective of the strategy
- Lack of evidence of active risk management and risk controls
- Lack of experience in servicing institutional clients
- Unwarranted high fees

Information

20,000+ products run through the InForm process every quarter

Additional third-party sources

On-going interaction with the fund management industry

Investment Manager Research Criteria

Proprietary Due Diligence Rating System - Comprehensive Rating Criteria

Factor	Example Criteria
Business	Profitability, stability and spread of ownership, client base, remuneration policy
Investment Staff	Quality, depth of resource, team dynamic, staff turnover
Investment Process	Competitive advantage, repeatability, skill, implementation
Risk	Embedded in process, independent verification, mix of measurements
Performance Analysis	Consistent with stated process, risk adjusted, persistent
Operational Due Diligence*	Operational controls, valuation of assets, independent directors, 3rd party vendors
Terms & Conditions	Client Service — responsiveness and flexibility, Fees — are fees appropriate and competitive for the product?

Overall Rating — Buy | Qualified | Not Recommended | Sell | Not Rated

Our overall ratings score can be interpreted as follows:

Buy

We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products

Qualified

A number of criteria have been met, and we consider the manager to be qualified to manage client assets

Not Recommended

A quantitative assessment of this strategy indicates it does not meet our desired criteria for investment. This strategy is not recommended.

Sell

We recommend termination of investments in the product

Not Rated

This product has not been evaluated for client investment

In Review

This product is being evaluated for client investment

*Operational Due Diligence provided by Aon's Operational Risk Solutions and Analytics Group (ORSA) through Aon Consulting, Inc., which is a separate entity from Aon Investments USA Inc. Investment advice and consulting is provided by Aon Investments USA Inc.

Summary Search Process and Tentative Timeline

Manager search process:

- Identify 4-6 candidates for a separately managed account focused on building out a diversified private credit program
  - Focus on areas of expertise among manager candidates to ensure less potential of overlap in investment strategies
  - Select 1 or 2 managers from the short list to allocate up to $300-$400mn of capital for each fund of one account
- Utilize Aon's Private Credit pipeline to identify other attractive investment opportunities to provide diversification alongside the separate accounts
  - Aon's initial commitment pacing model suggests up to $200-$300mn of capital available each year to invest in satellite investment opportunities
- Search process timing:
  - Aon brings forward detailed information on initial managers for consideration (3-4 weeks)
  - Aon works with ATRS to identify managers for final consideration (1-2 weeks)
  - ATRS selects manager(s) and begins negotiations (4-8 weeks)
- Based on experience, Aon believes ATRS could potentially be in position to start investing in a new separate account by third quarter 2026

Feb. – March 2026

✓Narrow to 4-6 candidate

✓Deep Due Diligence

✓Identify Finalists

April 2026

✓Bring manager recommendations to ATRS Board for approval

April – June 2026

✓If approved, contract negotiations

July 2026 onward

✓Potential capital drawn/invested

✓Aon bring opportunistic or niche strategy considerations

Thank You

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Aon Investments USA Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

AON

Memorandum

To: Arkansas Teacher Retirement System (“ATRS”)

From: Chae Hong; Jack Dowd, CFA

CC: PJ Kelly; Catherine Tong

Date: February 2, 2026

Re: Ares Industrial Real Estate Fund – $50 million Top-Up Recommendation

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Background and Recommendation

Ares Industrial Real Estate Fund (“AIREF” or the “Fund”) is an open-end, U.S. industrial real estate fund seeking to outperform the NCREIF industrial sub-index by 50 to 100 bps over a full cycle. The Fund invests in class A and B industrial distribution centers in coastal and inland markets throughout the US. Characteristics of target markets are: Key distribution hubs, supply constrained markets, strong institutional investor demand, rental growth rates consistently higher than the national average, and close in proximity to a large population base. As of September 2025, AIREF has over 200 holdings with its largest markets being Los Angeles, Philadelphia, and Northern New Jersey. The Fund is limited to 50% of its GAV in non-core investments, with up to half of this in development. AIREF is an open-end US industrial real estate fund aiming to outperform the NPI Industrial index by 50-100 bps over market cycles and has outperformed the NFI-ODCE benchmark over each of its time periods on a net basis. It invests throughout the US, with a focus on primary and selective secondary distribution markets

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. An Ares Industrial Real Estate Fund Investment Summary is attached as **Exhibit A**. We recommend that ATRS invest $50 million as a top-up in the Fund to fulfill ATRS’ 2026 real estate allocation, in accordance with the previously approved 2026 ATRS Real Assets Pacing Schedule. Additionally, the Fund may provide investors with various investment vehicles. Aon recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicle for the Plan.

Exhibit A

INVESTMENT SUMMARY

ARES INDUSTRIAL REAL ESTATE FUND

U.S. INDUSTRIAL OPEN-END FUND

January 2026

AON

EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Predecessor Fund Rating
January 2026	**Buy**	Buy

Ares Industrial Real Estate Fund ("AIREF" or the "Fund") is an open-end, U.S. industrial real estate fund seeking to outperform the NCREIF industrial sub-index by 50 to 100 bps over a full cycle. The Fund invests in class A and B industrial distribution centers in coastal and inland markets throughout the US. Characteristics of target markets are: Key distribution hubs, supply constrained markets, strong institutional investor demand, rental growth rates consistently higher than the national average, and close in proximity to a large population base. As of September 2025, AIREF has over 200 holdings with its largest markets being Los Angeles, Philadelphia, and Northern New Jersey. The Fund is limited to 50% of its GAV in non-core investments, with up to half of this in development. AIREF has consistently outperformed ODCE on a net basis over the periods measured below

Aon Investments, USA has reviewed and performed an in-depth analysis of the above categories which includes, but is not limited to:

- Retention of Limited Partners
- Institutional Investor Representation
- Management Company Ownership
- Organization Expenses
- Management Fee
- Incentive Fees/ Waterfall Distribution
- Fund Size
- Sponsor Commitment
- Investment Period
- Fund Term
- Key Person Provision
- Turnover/Tenure
- GP Attribution Concentration

- Consistency/ Volatility of Returns
- Write-offs
- Transaction Experience in Strategy
- Ability to Create Value in Deals
- Valuation Discipline
- Reporting Transparency
- Back-Office Resources
- Fault Provisions
- Advisory Board
- Priority of Distributions
- Alignment of Partner Interest
- Firm Leadership

In addition, Aon Investments, USA's Operational Due Diligence team has reviewed the Firm from an operating perspective and has given Ares a pass rating.

RECOMMENDATION

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. We recommend that ATRS invest $50 million as a top-up in the Fund to fulfill ATRS' 2026 real estate allocation, in accordance with the previously approved 2026 ATRS Real Asset Pacing Schedule.

Sponsor:

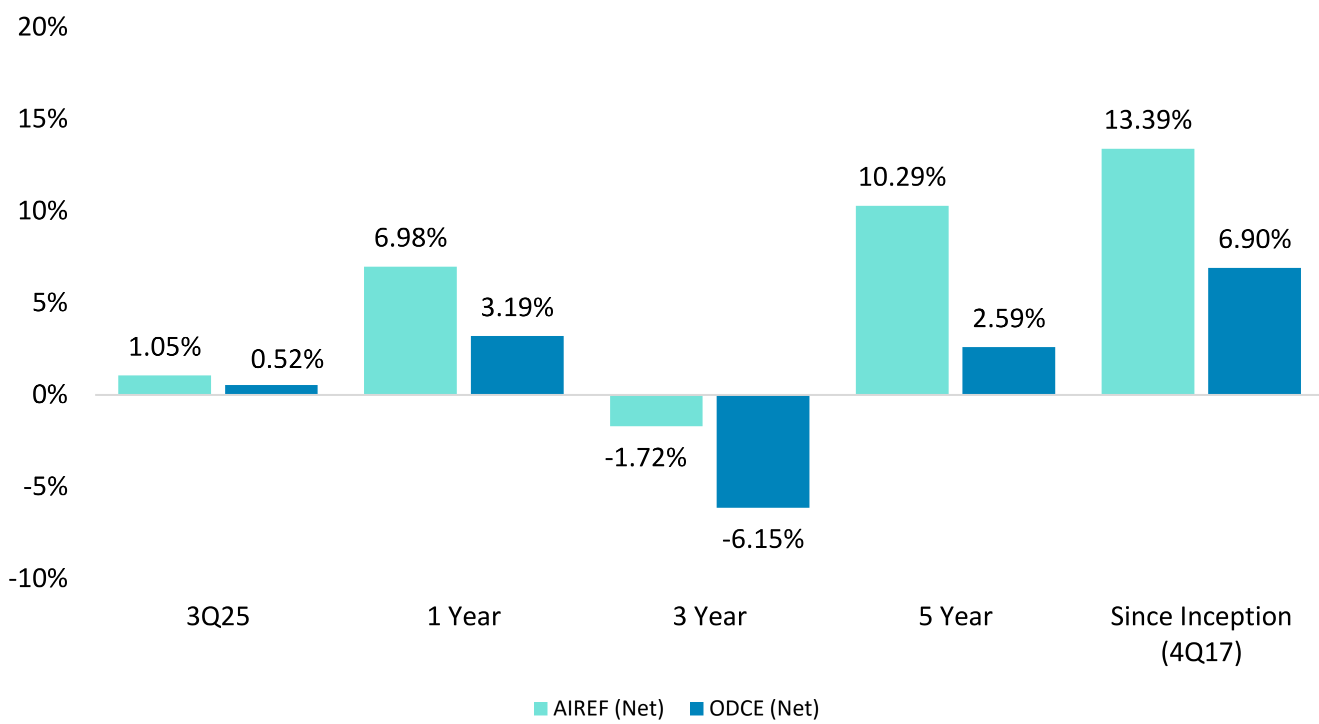
Sponsor	Ares	**Parent**	Ares Management
Headquarters	Los Angeles, CA	**Strategy Inception**	2017
Employees	300+	**Fund Team**	5
Firm AUM	$572 billion (6/30/25)	**Real Estate AUM**	$54 billion (6/30/25)

Portfolio Characteristics:

Fund Structure	Open-End Fund	**Risk Segment**	Core-Plus
Size NAV	$3.7 billion	**Average Asset Size**	$39 million
Valuations	Quarterly	**Minimum Commitment**	$5 million
Current/Max Leverage	37%/50% LTV	**Current/Max Non-Core %**	13%/50.0% of GAV
Investment Guidelines	In line with peers	**Number of Holdings**	206
Performance Objectives	Outperform NPI Industrial by 50-100bps over full market cycle		
Benchmark	NPI Industrial		

Strategy: AIREF is an open-end US industrial real estate fund aiming to outperform the NPI Industrial index by 50-100 bps over market cycles. It invests throughout the US, with a focus on major national distribution markets, but also considers secondary distribution markets. The Fund is permitted to invest in non-core properties, up to 50% of the Fund's GAV.

Fund Performance (as of 9/30/2025)

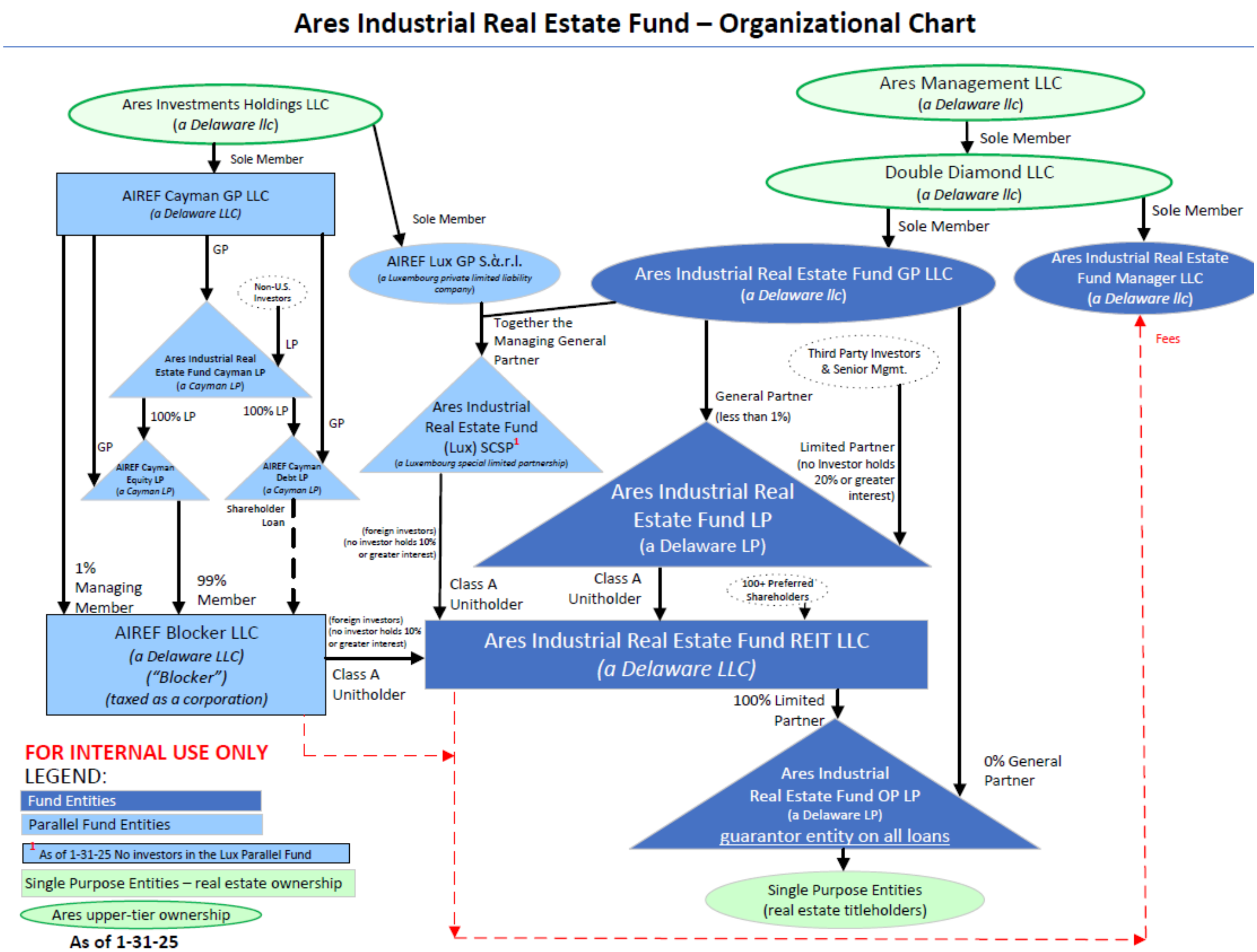


SPONSOR

OVERVIEW

Ares Management Corporation is a leading publicly-traded global alternative investment manager with approximately $572 billion of assets under management ("AUM") and approximately 4,165 employees, which includes approximately 120 investment professionals from the acquisition of the Black Creek Group ("Black Creek"), which closed on July 1, 2021, and employees in over 30 offices in the United States, Europe, Asia and Australia. Ares has four complementary investment groups – Credit, Private Equity, Real Estate and Secondaries – each a market leader based on assets under management and investment performance. Within this framework, Ares has established deep and sophisticated independent research capabilities in approximately 60 industries and insights from active investments in over 3,250 companies, 1,000 alternative credit investments and 206 real estate properties. Further, the Firm's extensive network of investment professionals provides the local knowledge, experience and relationships that enable the Firm to take advantage of a wide range of investment opportunities.

EXHIBIT F: LEGAL STRUCTURE



DISCLAIMER

This document has been produced by Aon's investment manager research team, a division of Aon plc and is appropriate solely for institutional investors. Nothing in this document should be treated as an authoritative statement of the law on any particular aspect or in any specific case. It should not be taken as financial advice and action should not be taken as a result of this document alone. Consultants will be pleased to answer questions on its contents but cannot give individual financial advice. Individuals are recommended to seek independent financial advice in respect of their own personal circumstances. The information contained herein is given as of the date hereof and does not purport to give information as of any other date. The delivery at any time shall not, under any circumstances, create any implication that there has been a change in the information set forth herein since the date hereof or any obligation to update or provide amendments hereto. The information contained herein is derived from proprietary and non-proprietary sources deemed by Aon to be reliable and are not necessarily all inclusive. Aon does not guarantee the accuracy or completeness of this information and cannot be held accountable for inaccurate data provided by third parties. Reliance upon information in this material is at the sole discretion of the reader.

As of December 31, 2024, Aon's quantitative model is run on approximately 13,892 strategies from an external database. Aon assigned a quantitative rating of "Qualified" to 35% of these strategies and "Not Recommended" to 30% of these strategies. The remainder were not rated. A "Buy" rating cannot be assigned via quantitative analysis. Across asset classes, Aon had approximately 29,000 strategies in its internal database. Aon assigned a qualitative rating of "Buy" to approximately 3% of strategies in the database (excludes historical "Buy" ratings of closed-end private equity/real estate funds that have since closed to new investment); "Qualified" to <1% of strategies in the database; "Sell" to <1% of strategies in the database; and "In Review" to <1% of strategies in the database. The remaining strategies in the database are not rated or are quantitatively rated only. Some strategies may be included in both the internal and external database. Where a qualitative rating exists, it prevails over the quantitative rating.

Aon does not receive compensation from investment managers for strategy ratings. On occasion, a research analyst may have an economic interest in the security or product being rated. Aon maintains policies and procedures regarding personal securities transactions in a Code of Ethics. On occasion the Aon entities referenced below or their affiliates may receive compensation for investment advisory, placement agent or underwriting services provided to the subject company. A copy of the Code of Ethics, a statement regarding whether the research analyst rating this strategy or security has any financial interest in the strategy or security, and additional information regarding compensation received from a subject company is available upon written request to the Aon compliance department in your local region, address as listed below.

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Canada

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

R E S O L U T I O N
No. 2026-13

Approving Additional Investment in Ares Industrial Real Estate 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 Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Ares Industrial Real Estate Fund, L.P.,** an open end core plus real estate fund investing in class A and B industrial distribution centers in coastal and inland markets throughout the US.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an additional investment of up to **$50 million dollars ($50,000,000.00)** in **Ares Industrial Real Estate Fund, L.P.** The total investment amount is to be determined by the real assets 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 2nd day of February 2026.

____

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

Franklin Park

Venture Capital Fund XVI, L.P.

February 2026

Disclaimer

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Past or projected performance information contained in this Presentation is not necessarily indicative of future results. There can be no assurance that the Fund will ultimately achieve comparable performance results.

This Presentation is not intended to be relied upon as legal, tax, accounting or investment advice or a recommendation and is not, and should not be assumed to be, complete. The Recipient agrees that Franklin Park and its affiliates, members, partners, stockholders, managers, directors, officers, employees and agents shall have no liability for any misstatement or omission of fact or any opinion expressed herein. The contents herein are not to be construed as legal, business or tax advice, and the Recipient should consult its own attorney, business advisor and tax advisor as to legal, business and tax advice. Recipient is expected to rely on its own due diligence if it wishes to proceed further.

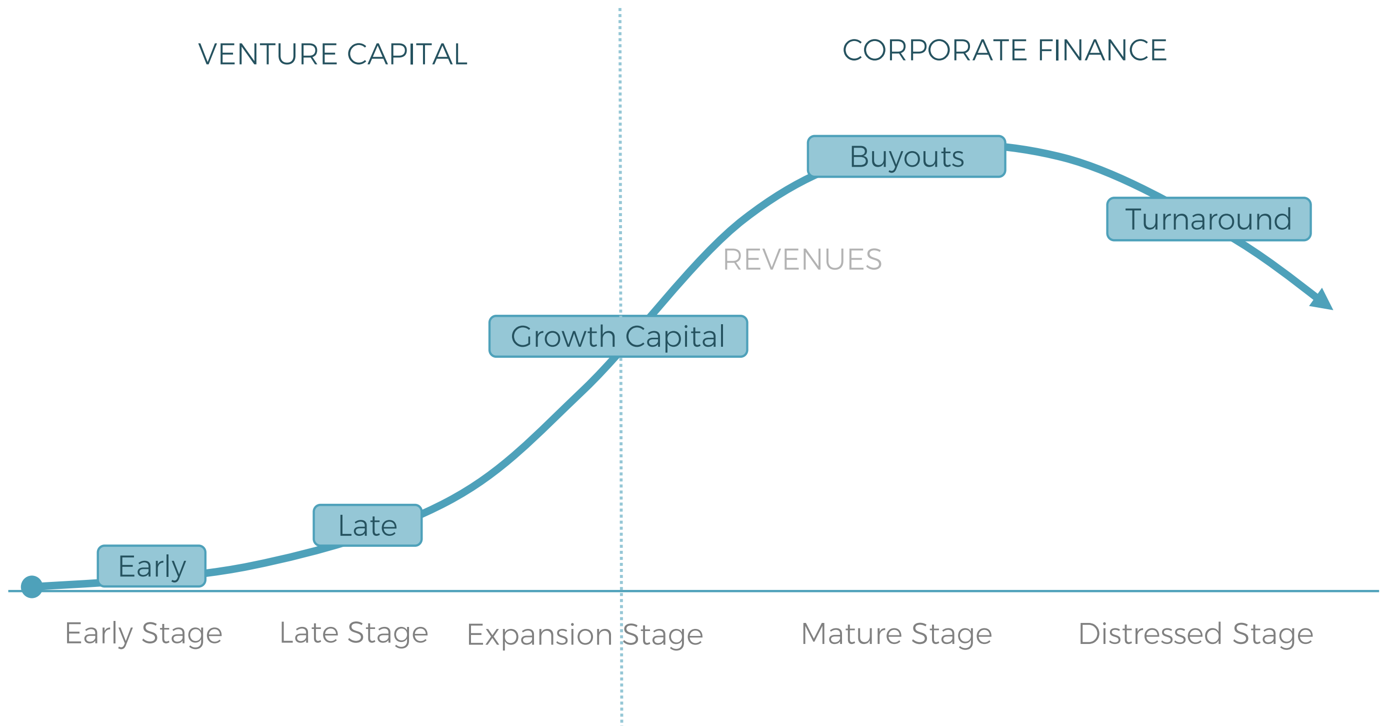
The Recipient further agrees that it will (i) not copy, reproduce or distribute the Presentation, in whole or in part, to any person or party without the prior written consent of Franklin Park, (ii) keep permanently confidential all information contained herein not already public and (iii) use the Presentation solely for the purpose set forth in the first paragraph above, and (iv) to return the Presentation to Franklin Park promptly upon request.

By accepting this Presentation the Recipient agrees to be bound by the foregoing obligations and limitations.

FRANKLIN PARK

Venture Capital Overview

The expected return and risk level for venture capital is high

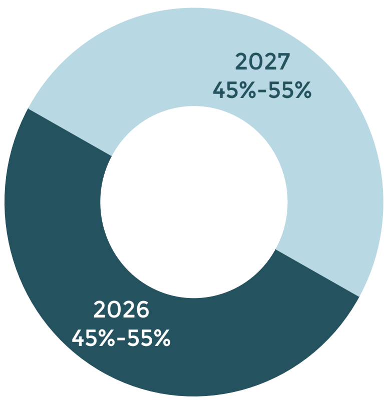


The information and descriptions provided are for illustrative purposes only. The information is designed to provide an overview of Franklin Park's investment philosophy and investment processes, however, there may be deviations based on a particular investment and Franklin Park may change its viewpoints and processes in its discretion. Investments in private funds such as the Fund are illiquid, high-risk investments. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. See additional discussion of risks and limitations in the Footnotes in the Appendix..

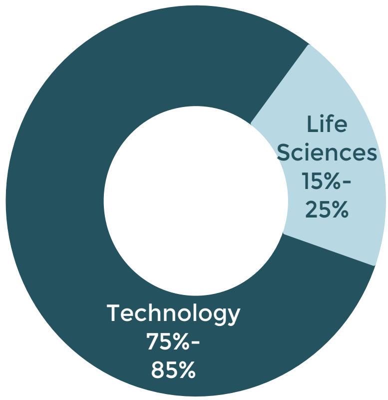
Portfolio Diversification

The portfolio is expected to have significant early stage, technology exposure in the U.S.

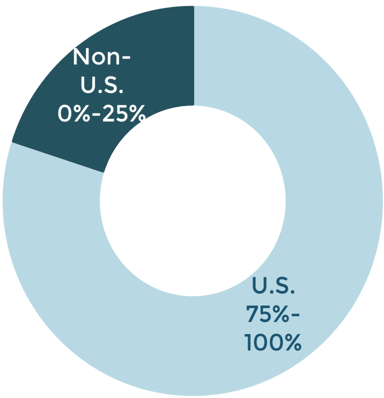
Diversification By Vintage



Diversification By Sector



Diversification By Geography



The charts above are for illustrative purposes only. While Franklin Park intends for the Fund's investments to be diversified as illustrated above, there can be no assurance that the Fund can achieve the expected diversification. The Fund's actual investment allocation may vary. The information and descriptions provided are for illustrative purposes only. The information is designed to provide an overview of Franklin Park's investment philosophy and investment processes, however, there may be deviations based on a particular investment and Franklin Park may change its viewpoints and processes in its discretion. Investments in private funds such as the Fund are illiquid, high-risk investments. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. See additional discussion of risks and limitations in the Footnotes in the Appendix..

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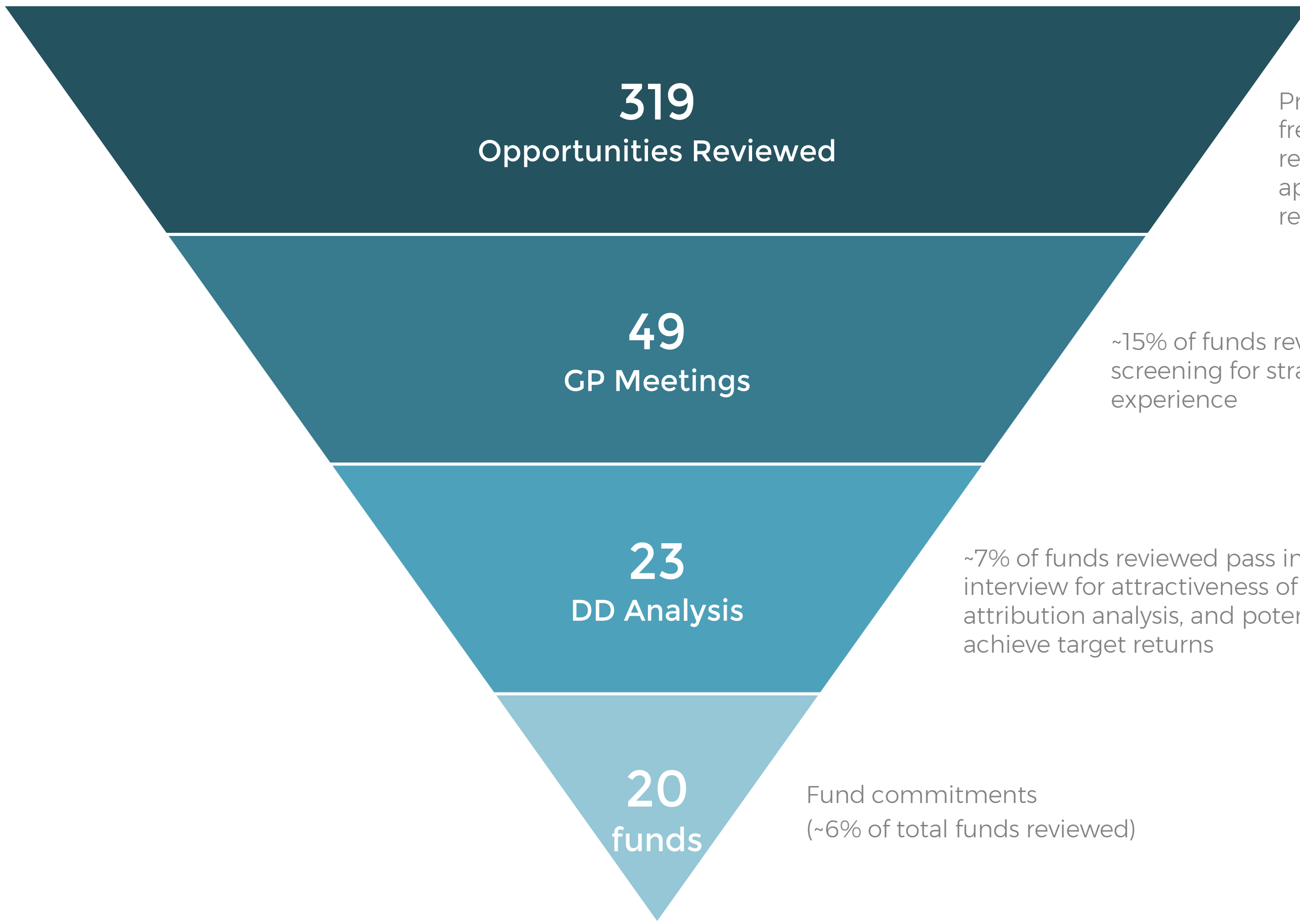
Global Venture Capital Deal Flow (2025)

Broad market coverage with highly selective decision making



Proactive sourcing, including frequent meetings, market research, and long-term approach to building relationships

~15% of funds reviewed pass initial screening for strategy and relevant experience

~7% of funds reviewed pass initial interview for attractiveness of strategy, attribution analysis, and potential to achieve target returns

Fund commitments
(~6% of total funds reviewed)

Data represents venture capital due diligence activity across all venture strategies. No assurance can be given that Franklin Park's sourcing efforts will gain the Fund access, or obtain preferred allocation amounts, to investments for which a commitment is sought. The information and descriptions provided are for illustrative purposes only. The information is designed to provide an overview of Franklin Park's investment philosophy and investment processes, however, there may be deviations based on a particular investment and Franklin Park may change its viewpoints and processes in its discretion. See additional discussion of risks and limitations in the Footnotes in the Appendix.

Early Stage Venture Capital Track Record

Model performance based on no management fee and 4% carried interest

Fund	Vintage Year	Fund Investments	Committed Capital	Invested Capital	Distributed Capital	Remaining Value	ROI	TVPI	Gross IRR	Net IRR
FP Venture 2008	2008	9	101.5	100.9	284.0	37.1	3.2x	3.1x	18.0%	17.5%
FP Venture 2009	2009	6	53.0	56.2	129.2	17.5	2.6x	2.6x	17.2%	16.6%
FP Venture 2010	2010	6	50.9	50.9	80.7	64.4	2.9x	2.7x	14.2%	13.7%
FP Venture 2011	2011	8	65.7	69.4	411.1	85.9	7.2x	7.5x	35.5%	34.7%
FP Venture 2012	2012	8	73.1	71.3	158.1	81.9	3.4x	3.0x	19.6%	19.1%
FP Venture 2013	2013	8	80.5	80.1	155.7	126.7	3.5x	3.5x	22.2%	21.6%
FP Venture 2014	2014	9	93.0	88.9	119.9	160.4	3.2x	3.1x	17.9%	17.5%
FP Venture 2015	2015	11	111.5	108.7	65.0	123.5	1.7x	1.7x	9.1%	8.7%
FP Venture 2016	2016	9	77.3	74.9	42.4	107.5	2.0x	2.0x	14.2%	13.6%
FP Venture 2017	2017	5	82.5	78.7	30.9	103.6	1.7x	1.7x	12.3%	11.7%
FP Venture 2018	2018	10	80.5	78.0	16.2	109.1	1.6x	1.6x	11.7%	11.1%
FP Venture 2019	2019	8	57.0	52.7	7.2	71.5	1.5x	1.4x	10.1%	9.5%
FP Venture XIII	2020	20	161.6	128.8	7.1	152.5	1.2x	1.2x	7.6%	7.3%
FP Venture XIV	2022	21	236.5	94.4	3.0	97.6	1.1x	1.1x	5.6%	4.7%
FP Venture XV	2024	13	162.5	19.6	0.0	19.7	1.0x	1.0x	1.7%	NMF
Total		**151**	**1,487.1**	**1,153.6**	**1,510.7**	**1,358.9**	**2.5x**	**2.4x**	**19.1%**	**18.5%**

The table represents the returns of the Franklin Park Venture Fund Series 2008 – 2019 ("FP Venture 2008-2019"), Franklin Park Venture Capital Fund XIII, L.P. ("FP Venture XIII"), Franklin Park Venture Capital Fund XIV, L.P. ("FP Venture XIV"), and Franklin Park Venture Capital Fund XV, L.P. ("FP Venture XV") (collectively, the "FPV Vehicles") as of June 30, 2025. $ in millions.

ROI and Gross IRR are calculated based upon the FPV Vehicles' investment activity and the unrealized values of their investments as of June 30, 2025, and are calculated excluding FPV Vehicle expenses, and advisory fees and carried interest, as applicable. Investments in non-U.S. Dollar denominated portfolio fund investments have been converted to U.S. Dollars as of June 30, 2025. TVPI and Net IRR are calculated based on the expected fee structure of the Fund applicable to ATRS applied to the FPV Vehicles' investment activity ("Model Performance"). No individual investor received the returns presented. FP Venture XV commenced operations in July 2024 and IRR performance as of June 30, 2025, is considered not yet meaningful ('NMF") due to the young age of the underlying portfolio. Hypothetical performance results have inherent limitations and no representation is being made that any Franklin Park investor, fund, or investment portfolio will or is likely to achieve profits similar to those shown. There will be differences between hypothetical performance and actual results achieved. Hypothetical performance is for illustrative purposes only and does not reflect the actual returns of any Franklin Park investor, fund, or investment portfolio. Hypothetical performance as presented from more than one portfolio may not be a meaningful comparison for a single investment fund due to a variety of reasons including vehicle specific investment criteria, diversification, investment allocation, risk, time horizon, leverage, certain commingled fund expenses and market conditions. The performance information is for illustrative purposes only and may not be a meaningful indicator of the Fund's performance.

Investments in private funds such as the Fund are illiquid, high-risk investments. Past results are not necessarily indicative of future performance. There can be no assurance that investments made by Franklin Park will realize the rates of return indicated in this presentation. Wherever there is the potential for profit, there is the potential for loss. See additional important definitions, disclosures and information regarding returns and performance calculation methodologies, including Model Performance in the Footnotes section in the appendix.

2026 Commitment Plan

Plan approved during the December 2025 ATRS IC and board meetings

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[1]	TBD
FP Venture XVI (10%)	Early Stage VC	U.S./Non-U.S.	$50m[1]	TBD
Total			**$500m**	

[1] Proposed commitment to a Franklin Park-managed private fund.

FRANKLIN PARK

Proposal

ATRS considers committing 10% of annual PE pacing to early stage venture capital investments

The current proposal is to consider committing 10% of the 2026 PE pacing ($50 million) to Franklin Park Venture Capital Fund XVI, L.P.

Terms:

- Management Fees: None for ATRS (0.9% of commitments for non-existing FP clients)
- Carried Interest: 4% for $60m+ commitment (5% for all other LPs)

FRANKLIN PARK

Represents proposed terms only, which are subject to change. The Fund's governing documents will prevail.

Footnotes

Based in Bala Cynwyd, Pennsylvania, Franklin Park was formed in April 2003. Franklin Park is an independent, registered investment adviser with the U.S. Securities and Exchange Commission. Franklin Park assists its clients in building and managing customized investment portfolios of private market investments.

Vintage Year represents the year in which a private fund first called capital.

Fund Investments represents the number of underlying portfolio fund investments (the "Portfolio Funds")

Committed Capital represents the aggregate commitments to Portfolio Funds.

Invested Capital represents the amount of capital contributed to Portfolio Funds.

Distributed Capital represents the amount of capital distributed from Portfolio Funds.

Remaining Value represents the remaining unrealized value of Portfolio Funds.

ROI is the ratio of Distributed Capital plus Remaining Value to Invested Capital.

TVPI is the ratio of distributions plus remaining value to contributed capital on a net basis.

IRR is the discount rate that results in a net present value of zero of a series of cash flows and considers both cash flow timing and amount.

Liquidity Risk:
Private fund investments such as the Fund are long-term, illiquid investments. Private funds such as the Fund generally have a term of ten years or more, and investors are generally not able to redeem their interests in private funds. Please refer to the Fund's governing documents for complete terms and conditions.

Valuation Risk:
There can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will largely depend on, among other factors, future portfolio company operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Accordingly, the actual realized returns may differ materially from the returns indicated herein.

Risk of Loss:
Past performance is not a guarantee. Investments in private equity funds such as the Fund are speculative and involve a substantial risk of loss. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. Information about other investments made by Franklin Park, including the past performance of other Franklin Park vehicles and investments, is provided solely to illustrate Franklin Park's investment experience, and processes and strategies used by Franklin Park in the past with respect to other Franklin Park vehicles and investments. The performance information relating to Franklin Park's previous investments is not intended to be indicative of the Fund's future results. Past performance is not necessarily indicative, or a guarantee, of future results. There can be no assurance that the Fund will achieve comparable results as those presented or that investors in the Fund will not lose any of their invested capital.

No Investment Advice:
References to the portfolio funds in this Presentation should not be considered a recommendation or solicitation for the portfolio funds mentioned, nor should individual portfolio fund performance be considered representative of portfolio funds held, or to be held, by the Fund.

Please refer to the Fund's Private Placement Memorandum and other governing documents for discussion of additional risk factors.

Model Performance:
In order to approximate the impact on performance utilizing the expected applicable fee structure of the Fund for ATRS, had it been charged to other Franklin Park-managed vehicles, a model is utilized to calculate performance. The model is based on the investment activity of Franklin Park-managed vehicles (the "Gross Activity").

Gross Activity represents the cash flows and capital account balances of the Portfolio Funds as reported by the Portfolio Fund managers, and is net of the Portfolio Fund expenses, management fees and carried interest.

The model applies the expected management fee and carried interest rates of the Fund, and estimated annual expenses, to the Gross Activity to produce a resulting stream of cash flows net of estimated expenses, and anticipated investment advisory fees and carried interest (the "Net Activity"). The Net Activity is utilized to calculate TVPI and Net IRR performance returns ("Model Performance") approximating the impact of the Fund's fee structure to Franklin Park-managed vehicles. Model Performance is measured in U.S. dollars on an inception to date basis through June 30, 2025.

Model Performance is not based on actual fees and expenses of other Franklin Park-managed vehicles and does not account for management fee offsets, capital recycling, use of credit facilities, or other terms and conditions which may have an impact on performance results.

Model Performance is hypothetical performance. Hypothetical performance results have inherent limitations and no representation is being made that any Franklin Park investor, fund, or investment portfolio will or is likely to achieve profits similar to those shown. There will be differences between hypothetical performance and actual results achieved. Hypothetical performance is for illustrative purposes only and does not reflect the actual returns of any Franklin Park investor, fund, or investment portfolio. Additional information on the risks and limitations of using model performance calculations in making investment decisions is available upon request.

Footnotes

Track Record by Vehicle (p. 6):
The Fund is expected to follow the same strategy as the FPV Vehicles of making primary investments in venture capital funds.

ROI and Gross IRR are based on the actual Gross Activity of the FPV Vehicles in U.S. Dollars since inception of each FPV Vehicle and in aggregate (January 31, 2008) through June 30, 2025.

TVPI and Net IRR are calculated using Model Performance as described above using the anticipated management fee and carried interest rate of the Fund expected to be applicable to ATRS. No individual investor received the performance results presented. Total aggregate TVPI and Net IRR hypothetical performance as presented is from more than one portfolio and may not be a meaningful comparison for a single investment fund due to a variety of reasons including vehicle specific investment criteria, diversification, investment allocation, risk, time horizon, leverage, certain commingled fund expenses and market conditions. The performance information is for illustrative purposes only and may not be a meaningful indicator of FP VC XVI's performance.

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Bala Cynwyd, PA 19004

For more information, please contact us at info@franklinparkllc.com

Franklin Park Associates, LLC is an SEC registered investment advisor pursuant to the Investment Advisers Act of 1940

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

R E S O L U T I O N
No. 2026-14

Approving Investment in Franklin Park Venture Capital Fund XVI, 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 **Franklin Park Venture Capital Fund XVI, L.P.**, a fund of funds managed by Franklin Park investing in venture capital private equity funds.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$50 million dollars ($50,000,000.00)** in **Franklin Park Venture Capital Fund XVI, 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 2nd day of February 2026.

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

Franklin Park
Co-Investment Fund VII, L.P.

February 2026

Disclaimer

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This Presentation is not intended to be relied upon as legal, tax, accounting or investment advice or a recommendation and is not, and should not be assumed to be, complete. The Recipient agrees that Franklin Park and its affiliates, members, partners, stockholders, managers, directors, officers, employees and agents shall have no liability for any misstatement or omission of fact or any opinion expressed herein. The contents herein are not to be construed as legal, business or tax advice, and the Recipient should consult its own attorney, business advisor and tax advisor as to legal, business and tax advice. Recipient is expected to rely on its own due diligence if it wishes to proceed further.

The Recipient further agrees that it will (i) not copy, reproduce or distribute the Presentation, in whole or in part, to any person or party without the prior written consent of Franklin Park, (ii) keep permanently confidential all information contained herein not already public and (iii) use the Presentation solely for the purpose set forth in the first paragraph above, and (iv) to return the Presentation to Franklin Park promptly upon request.

By accepting this Presentation the Recipient agrees to be bound by the foregoing obligations and limitations.

Investment Strategy

Focus on corporate finance equity transactions in the middle market

Strategy

Direct equity co-investments alongside private fund sponsors

Transaction Types

Buyouts, build-ups, growth equity, structured equity, financial restructurings, operational turnarounds

Transaction Size

Primarily middle market companies/transactions

Geographic Focus

Primarily U.S., with up to 20% outside the United States and Canada

Portfolio Composition

10-15 deals per year

FRANKLIN PARK

Co-investments are made through direct purchase of company securities or through an interest in a special purpose vehicle that holds company securities. The information and descriptions provided are for illustrative purposes only. The information is designed to provide an overview of Franklin Park's investment philosophy and investment processes, however, there may be deviations based on a particular investment and Franklin Park may change its viewpoints and processes in its discretion. Investments in private funds such as the Fund are illiquid, high-risk investments. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. There can be no assurance that the Fund can achieve the expected portfolio composition. The Fund's actual portfolio composition may vary. See additional discussion of risks and limitations in the Footnotes in the Appendix. The Fund terms are subject to change. Refer to the Fund's governing documents for a complete listing of terms.

Investment Criteria

Rigorous criteria to find compelling investment opportunities

Sponsor Relationship

- ✓ Vetted by Franklin Park
- ✓ Franklin Park has invested in a private fund offering of Sponsor

Sponsor Fit

- ✓ We believe fits the sponsor's core strategy
- ✓ Expertise from relevant prior deals
- ✓ Led by a partner with demonstrated success
- ✓ Demonstrates advantaged sourcing, structuring or value creation position

Favorable Transaction Characteristics

- ✓ Economically aligned with sponsor
- ✓ No fee & no carry[1]

Risk management guidelines

- ✓ 15% single investment limit
- ✓ 20% limit outside North America
- ✓ 30% single sponsor limit

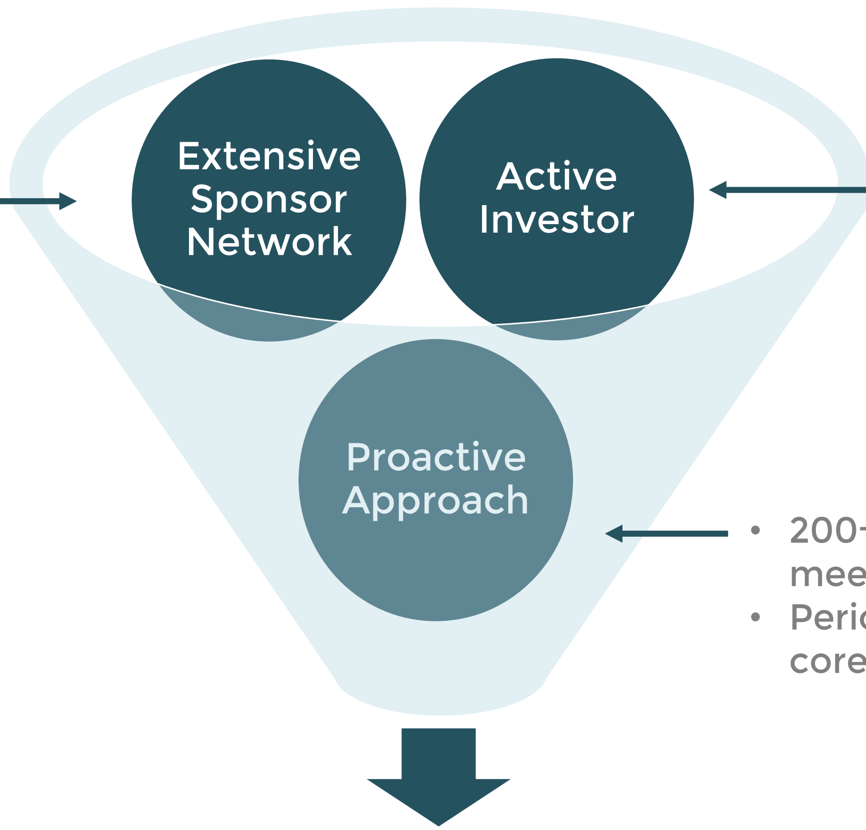
[1] Refers to the sponsor's management fee and carried interest. The Fund will pay other transaction related fees and expenses.

The information and descriptions provided are for illustrative purposes only. The information is designed to provide an overview of Franklin Park's investment philosophy and investment processes, however, there may be deviations based on a particular investment and Franklin Park may change its viewpoints and processes in its discretion. No assurance can be given that the Fund will gain access to investments for which a commitment is sought, or that the Fund will achieve desired investment terms. Investments in private funds such as the Fund are illiquid, high-risk investments. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. See additional discussion of risks and limitations in the Footnotes in the Appendix. Risk management guidelines are subject to change and are outlined in the Fund's governing documents. Please refer to the Fund's governing documents for a complete listing of terms.

Sourcing Advantage

Leveraging our position to source deal flow from sponsors we have vetted

- Long established sponsor relationships
- Proprietary database with 5,800+ managers
- Monitor 500+ sponsors
- Commitments to 100+ sponsors



- Active across all regions, strategies and sectors
- Advisory committee member and/or significant committed capital in 100+ funds
- Clients deploy more than $1.5 billion into direct funds annually[1]

- 200+ sponsor meetings annually
- Periodic calls with core sponsors

Sourced an average of >90 co-investments per year [1]

[1]Represents calendar years 2021-2024.

The information and descriptions provided are for illustrative purposes only. The information is designed to provide an overview of Franklin Park's investment philosophy and investment processes, however, there may be deviations based on a particular investment and Franklin Park may change its viewpoints and processes in its discretion No assurance can be given that Franklin Park's sourcing efforts will gain the Fund access, or obtain preferred allocation amounts, to investments for which a commitment is sought. See additional discussion of risks and limitations in the Footnotes in the Appendix.

Select Sponsor Relationships

Relationships with middle market sponsors

ASCEND
GRAYCLIFF PARTNERS
CENTER ROCK
RUBICON technology partners
PEAK ROCK CAPITAL®
GAIN/LINE CAPITAL PARTNERS
Edgewater CAPITAL PARTNERS
FTV CAPITAL
GALLANT CAPITAL
Fort Point Capital Partners
RIVERGLADE CAPITAL
THE BEEKMAN GROUP
BANNEKER PARTNERS
Staple Street CAPITAL
O2
Rock Island Capital
SK CAPITAL
LONG RIDGE EQUITY PARTNERS
GHK CAPITAL PARTNERS
J.F. Lehman & Company
CLARENDON CAPITAL
GREENBRIAR
CELEBRATING TWENTY YEARS CAROUSEL CAPITAL
SHERIDAN CAPITAL PARTNERS
DIVERSIS CAPITAL
NOVACAP
GODSPEED CAPITAL
TRUELINK CAPITAL
bv
CenterOak PARTNERS
CIVC PARTNERS
ASTARA CAPITAL PARTNERS
MAIN POST PARTNERS
TOWER ARCH CAPITAL
cogenuity
Riverside.
CenterGate CAPITAL
A|C|P ARLINGTON CAPITAL PARTNERS
WATER STREET
FUSION CAPITAL PARTNERS
CLEARHAVEN PARTNERS
ENHANCED HEALTHCARE PARTNERS
BISON CAPITAL
PRINCETON EQUITY GROUP
LLR
SUNSTONE PARTNERS
KINGSWOOD CAPITAL MANAGEMENT
BayHawk Capital

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Sponsors presented are for illustrative purposes only and should not be considered representative sponsor relationships available to the Fund or in which the Fund will invest. No assurance can be given that Franklin Park's sponsor relationships will gain the Fund access, or obtain desired allocation amounts, to investments for which a commitment is sought. The sponsors listed have been selected at the sole discretion of Franklin Park and are not intended to represent a complete list of sponsors with which Franklin Park has existing relationships. References to the sponsors in this presentation should not be considered a recommendation or solicitation for the sponsors mentioned.

Franklin Park's Co-Investment Track Record

Model performance based on 0.5% management fee and 10% carried interest

Fund	Vintage Year	# of Deals	Invested Capital	Distributed Capital	Remaining Value	ROI	TVPI	Gross IRR	Net IRR
Fund I	2012-2021	41	216.3	377.8	86.2	2.15x	1.94x	18.2%	16.2%
Fund II	2015	14	73.7	98.6	30.1	1.75x	1.61x	14.5%	12.8%
Fund III	2017	17	70.1	115.0	62.0	2.52x	2.28x	38.0%	34.1%
Fund IV	2018	15	21.7	32.0	22.4	2.52x	2.26x	33.3%	29.7%
Fund V	2021	32	328.8	73.9	436.8	1.55x	1.45x	15.6%	13.3%
Fund VI	2023	26	266.7	1.7	342.5	1.29x	1.23x	28.5%	22.4%
Total		**145**	**977.2**	**699.0**	**980.0**	**1.72x**	**1.59x**	**19.2%**	**16.9%**

As of June 30, 2025. $in millions. The vehicles include ATRS/FP Private Equity Fund, L.P. ("Fund I"); Raspberry Street Fund I, L.P. ("Fund II"); Raspberry Street Fund II, L.P. ("Fund III"), Franklin Park Private Equity Co-Investment Fund I, L.P. ("Fund IV"), Franklin Park Co-Investment Fund V, L.P. ("Fund V") and Franklin Park Co-Investment Fund VI, L.P. ("Fund VI"), (collectively, the "CF Co-Invest Vehicles" or the "Vehicles"). The Vehicles make corporate finance co-investments alongside private equity fund sponsors. Please see the Footnotes in the Appendix regarding Fund I's strategy.

Vintage Year represents the year in which the Vehicle made an initial co-investment. Fund I is an evergreen fund structure. Vintage Years for Fund I represent the years in which co-investment deals were made. Number of Deals represents the co-investment transactions completed by each Vehicle. There are co-investments held by more than one Vehicle. The Vehicles hold 101 unique co-investments as of June 30, 2025.

ROI and Gross IRR of the Vehicles, individually and in aggregate, are based on the actual Gross Activity of each Vehicle in U.S. Dollars since the inception of each Vehicle through June 30, 2025, and is calculated excluding Franklin Park's advisory fees, Vehicle expenses, and carried interest charges.

TVPI and Net IRR are Model Performance calculations ("Model Performance") based on the expected management fee and carried interest rates of the Fund applicable to ATRS. No individual investor received the net performance returns presented. Hypothetical performance results have inherent limitations and no representation is being made that any Franklin Park investor, fund, or investment portfolio will or is likely to achieve profits similar to those shown. There will be differences between hypothetical performance and actual results achieved. Hypothetical performance is for illustrative purposes only and does not reflect the actual returns of any Franklin Park investor, fund, or investment portfolio. Hypothetical performance as presented from more than one portfolio and may not be a meaningful comparison for a single investment fund due to a variety of reasons including vehicle specific investment criteria, diversification, investment allocation, risk, time horizon, leverage, certain commingled fund expenses and market conditions. The performance information is for illustrative purposes only and may not be a meaningful indicator of the Fund's performance.

Investments in private funds such as the Fund are illiquid, high-risk investments and involve substantial risk of loss. Past results are not necessarily indicative of future performance. Wherever there is the potential for profit, there is the potential for loss. There can be no assurance that investments made by Franklin Park will realize the rates of returns indicated in this Presentation. See additional important definitions, disclosures and information regarding returns and performance calculation methodologies, including Model Performance in the Footnotes section in the Appendix.

FRANKLIN PARK

2026 Commitment Plan

Plan approved during the December 2025 ATRS IC and board meetings

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[1]	TBD
FP Venture XVI (10%)	Early Stage VC	U.S./Non-U.S.	$50m[1]	TBD
Total			**$500m**	

[1] Proposed commitment to a Franklin Park-managed private fund.

FRANKLIN PARK

Proposal

ATRS considers committing 15% of annual PE pacing to corporate finance co-investments

The current proposal is to consider committing 15% of the 2026 PE pacing ($75 million) to Franklin Park Co-Investment Fund VII, L.P.

Terms:

- Management Fees: 0.5% for ATRS (1.0% of commitments for non-existing FP clients)
- Carried Interest: 10% carried interest once 8% preferred return is achieved

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Represents proposed terms only, which are subject to change. The Fund's governing documents will prevail.

Footnotes

Based in Bala Cynwyd, Pennsylvania, Franklin Park was formed in April 2003. Franklin Park is an independent, registered investment adviser with the U.S. Securities and Exchange Commission. Franklin Park assists its clients in building and managing customized investment portfolios of private market investments.

Invested Capital represents the amount of capital contributed to co-investments.

Distributed Capital represents the amount of capital distributed from co-investments.

Remaining Value represents the remaining Unrealized Value of co-investments.

Unrealized Value represents fair value of the investments as determined by Franklin Park in accordance with its valuation policy

ROI is the ratio of Distributed Capital plus Remaining Value to Invested Capital.

TVPI is the ratio of distributions plus remaining value to contributed capital on a net basis.

IRR is the discount rate that results in a net present value of zero of a series of cash flows and considers both cash flow timing and amount.

Liquidity Risk:
Private fund investments such as the Fund are long-term, illiquid investments. Private funds such as the Fund generally have a term of ten years or more, and investors are generally not able to redeem their interests in private funds. Please refer to the Fund's governing documents for complete terms and conditions.

Valuation Risk:
There can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Accordingly, the actual realized return of these unrealized investments may differ materially from the returns indicated herein.
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No Investment Advice:
References to the sponsors or co-investments in this Presentation should not be considered a recommendation or solicitation for the sponsors or co-investments mentioned, nor should individual sponsor or co-investment performance be considered representative of portfolio investments held, or to be held, by the Fund.

Risk of Loss:
Past performance is not a guarantee. Investments in private equity funds such as the Fund are speculative and involve a substantial risk of loss. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. Information about other investments made by Franklin Park, including the past performance of other Franklin Park vehicles and investments, is provided solely to illustrate Franklin Park's investment experience, and processes and strategies used by Franklin Park in the past with respect to other Franklin Park vehicles and investments. The performance information relating to Franklin Park's previous investments is not intended to be indicative of the Fund's future results. Past performance is not necessarily indicative, or a guarantee, of future results. There can be no assurance that the Fund will achieve comparable results as those presented or that investors in the Fund will not lose any of their invested capital.

Please refer to the Fund's Private Placement Memorandum and other governing documents for discussion of additional risk factors.

Model Performance:
In order to approximate the impact on performance utilizing the expected applicable fee structure of the Fund for ATRS, had it been charged to other Franklin Park-managed vehicles, a model is utilized to calculate performance. The model is based on the investment activity of Franklin Park-managed vehicles (the "Gross Activity"). Gross Activity represents the cash flows and Remaining Values of the co-investments.

The model applies the expected management fee and carried interest rates of the Fund, and estimated annual expenses, to the Gross Activity to produce a resulting stream of cash flows net of estimated expenses and anticipated investment advisory fees and carried interest (the "Net Activity"). The Net Activity is utilized to calculate TVPI and Net IRR performance returns ("Model Performance") approximating the impact of the Fund's fee structure to Franklin Park-managed vehicles. Model Performance is measured in U.S. dollars on an inception to date basis through June 30, 2025. No individual investor received the Model Performance returns.

Model Performance does not consider such terms as may be applicable to the Fund such as management fee offsets, capital recycling, use of credit facilities, or other terms and conditions which may have an impact on performance results.

Model Performance is hypothetical performance. Hypothetical performance results have inherent limitations, and no representation is being made that any Franklin Park investor, fund, or investment portfolio will or is likely to achieve profits similar to those shown. There will be differences between hypothetical performance and actual results achieved. Hypothetical performance is for illustrative purposes only and does not reflect the actual returns of any Franklin Park investor, fund, or investment portfolio. Additional information on the risks and limitations of using model performance calculations in making investment decisions is available upon request.

Co-Investment Track Record – by Vehicle(p. 7).:
Co-investments are made through direct purchase of company securities or through an interest in a special purpose vehicle that holds company securities.

Total performance as presented is hypothetical performance and is from more than one portfolio and may not be a meaningful comparison for a single investment fund due to a variety of reasons including vehicle specific investment criteria, diversification, investment allocation, risk, time horizon, leverage, certain commingled fund expenses and market conditions. The performance information is for illustrative purposes only and may not be a meaningful indicator of FP Co-Invest VII's performance.

Footnotes

Fund I is an evergreen vehicle that invested in co-investments over a 10-year period from 2012-2021, which is longer than the expected five-year investment period of the Fund. Additionally, Fund I invests in private equity funds and the appraisal rights of private companies in addition to co-investments. The performance calculations presented for Fund I are based the investment activity of Fund I only for the 41 co-investments made by Fund I as of June 30, 2025, and exclude investments in 15 private funds and the appraisal rights of two private companies. The Fund I performance including the private fund investments and appraisal rights is available upon request. The investments for Fund I are extracted performance and the results may have been different if Fund I had invested only in co-investments. Extracted performance is for illustrative purposes only and does not reflect the actual returns of any single investor, fund, or investment portfolio. The extracted performance as presented is from a subset of one fund and may not be a meaningful comparison for a single investment fund due to a variety of reasons including vehicle specific investment criteria, diversification, investment allocation, risk, and time horizon. The performance information is for illustrative purposes only and may not be a meaningful indicator of the Fund's performance.

Franklin Park Associates, LLC
251 St. Asaphs Road
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Bala Cynwyd, PA 19004

For more information, please contact us at info@franklinparkllc.com

Franklin Park Associates, LLC is an SEC registered investment advisor pursuant to the Investment Advisers Act of 1940

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

R E S O L U T I O N
No. 2026-15

Approving Investment in Franklin Park Co-Investment Fund VII, 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 **Franklin Park Co-Investment Fund VII, L.P.**, a fund of individual co-investments managed by Franklin Park.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$75 million dollars ($75,000,000.00)** in **Franklin Park Co-Investment Fund VII, 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 2nd day of February 2026.

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

ATRS Signature ~~&~~ and Verification Policy
~~Electronic Signatures~~

I. Purpose.

This policy specifies the standards and guidelines regarding acceptance of an electronic, digital, and original signature, and ~~to govern~~governs when electronic signatures may be used and accepted.
The use of electronic and digital signatures can significantly reduce costs, simplify transactions, and speed up transaction time when combined with processes which ensure the integrity, security, and authenticity of a signature.

II. Definitions.

"Electronic Signature" means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record, including clicking OK on a screen or email, using a password or PIN number, a digital signature, a fingerprint scan, or a retina scan.

"Digital Signature" is a type of electronic signature that uses certificate-based IDs to verify a signature's validity, or a signature made with a computer mouse or stylus.

Original ("Wet Signature") is a handwritten signature in ink.

III. Policy.

This policy authorizes use and acceptance of electronic and digital signatures in accordance with the Uniform Electronic Transactions Act, A.C.A. § 25-32-101 et seq.

The Arkansas Teacher Retirement System ("ATRS" or "System") will recognize the legal effect and enforceability of electronic signatures as described in this ~~document~~policy.

IV. ATRS Staff Use of Electronic Signatures.

The ATRS Board and ATRS staff may use electronic signatures in a form and manner approved by the Executive Director for signing documents in accordance with ATRS Board-delegated authority. ~~The~~ When necessary, the Executive Director will consult the National Institute of Standards and Technology (NIST) *Digital Identity Guidelines* ~~in establishing the~~ to establish the standards for use of electronic signatures.

If an electronic signature is used on external correspondence, contracts, amendments or agreements, a copy of the document must be included with the System's official records.

When a document which requires a signature is sent from one ATRS Board member or ATRS ~~employee~~ staff member to another ATRS ~~employee~~staff member via email, the receiving ATRS ~~employee~~staff member may accept any form of signature, including a typed or digital signature as long as the document is attached to a verifiable ATRS email address or ATRS Board member email address.

V. Acceptance of Signature.

A. Generally.

ATRS staff may accept a signature as valid on its face, whether it is a name, mark, symbol, scribble, stamp or other reasonable indication of the signatory's intent to sign. The validity of a signature by mark will be evaluated in light of the requirements of A.C.A. § 1-1-102. Rarely, circumstances may clearly and convincingly cast doubt about the validity of a signature whether the signature is on paper or in any electronic format.

If, in the exercise of professional judgment, an ~~employee feels~~ATRS staff member forms the opinion that circumstances clearly and convincingly cast doubt about the authenticity of a signature, the ~~employee~~ATRS staff member will first inform a supervisor. Following approval from a supervisor, the ~~employee~~ ATRS staff member may contact the signatory to verify the signatory's intent. Such contact must be documented. If, after contact has been made, there remains clear and convincing evidence that the signature needs additional verification, ATRS may require two (2) witnesses or notarization to attest to the signature prior to acceptance of the document.

B. Electronic.

ATRS staff may accept electronic signatures in a form and manner approved by the Executive Director in accordance with ATRS Board-delegated authority. ~~The~~When necessary, the Executive Director will consult the National Institute of Standards and Technology (NIST) *Digital Identity Guidelines* ~~in establishing~~to establish the standards for use of electronic signatures.

The following methods of electronic signature are examples of those that may be accepted by ATRS staff:

- Signature on ~~a~~ an ATRS form submitted via ~~he~~the Member Portal on the ATRS website, including a statement that the person intends ~~that~~ for the electronic signature to be their legal signature.
- Electronic signature on a document that has also been notarized.~~,~~
- Electronic signature on ~~a~~ an ATRS form and the member has independently attested to signing the ~~document~~form.
- Electronic signature on an ATRS form and the member has completed an ATRS form authorizing ATRS to accept their electronic signature on any ATRS form.

VI. Notification

ATRS will notify the member either by letter, email, or phone to confirm the authenticity of the member's signature when a change to member's account has been requested.

Adopted: ~~________________________________,~~ February 2, 2026~~2022~~

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

R E S O L U T I O N
No. 2026-18

Adoption of Revised ATRS Signature and Verification Policy, Electronic Signatures

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WHEREAS, A.C.A. § 25-32-118 authorizes the Board of Trustees of the Arkansas Teacher Retirement System (“Board”) to determine whether and the extent to which it will send and accept electronic records and electronic signatures; and

WHEREAS, the Uniform Electronic Transactions Act, A.C.A. § 25-32-101 et seq., establishes a framework to which a state agency must adhere in determining its policies regarding electronic records and electronic signatures; and

WHEREAS, ATRS staff has determined that the adoption of the revisions to the ATRS Signature and Verification Policy, Electronic Signatures (“Policy”) is consistent with the Uniform Electronic Transactions Act, A.C.A. § 25-32-101 et seq., and will improve member experiences with managing their member accounts, increase the security of member transactions, and improve the operating efficiency of ATRS.

NOW, THEREFORE, BE IT RESOLVED, that the Board in accordance with the standards of the Uniform Electronic Transactions Act, A.C.A. § 25-32-101 et seq., hereby adopts the revisions to the Policy presented during the Board’s February 2, 2026, regular meeting, to be effective immediately upon its adoption.

Adopted this 2nd day of February, 2026.

____

Dr. Mike Hernandez, Chair
Arkansas Teacher Retirement System Board

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

R E S O L U T I O N
No. 2026-19

United States Postal Service - Postmark Rule

WHEREAS, ATRS Board Policy 3 – Executive Director, provides that the waiver of a deadline is an exclusive remedy of the Board of Trustees of the Arkansas Teacher Retirement System ("Board"); and

WHEREAS, 24 CAR § 10-303(a) provides that any application, form, or other document (collectively, "Document") that is required to be submitted to the Arkansas Teacher Retirement System ("ATRS") by a specified deadline shall be accepted as timely submitted if the Document has a postmark that is on or before the submission deadline; and

WHEREAS, on or about December 24, 2025, the United States Postal Service ("USPS") adopted a new rule clarifying that a postmark confirms when USPS accepted custody of mail, but does not necessarily indicate the first day on which USPS had possession of the mail. Therefore, mail may reflect a postmark date that is one or more days after the date on which a person delivers their mail to a USPS retail unit or processing facility (collectively, "USPS Unit"); and

WHEREAS, in its adopted new rule, USPS advised that persons who wish to obtain proof of the date on which USPS first accepted possession of their mail may: (i) request a manual postmark or Postage Validation Imprinter (PVI) label when delivering their mail, or (ii) purchase a Certificate of Mailing, Registered Mail service, or Certified Mail service. Therefore, persons delivering mail to a USPS Unit are responsible for ensuring that they obtain proof of the date on which USPS first accepts possession of their mail; and

WHEREAS, several benefit participants of ATRS may be unaware of the new rule adopted by USPS and may be under the impression that their mail will have a postmark date that reflects the date on which they delivered their mail to USPS when, in fact, the postmark may reflect a date that is one or more days after the date on which they delivered their mail to a USPS Unit; and

WHEREAS, benefit participants who, on or before an ATRS submission deadline, deliver to a USPS Unit mail that includes Documents may inadvertently miss their submission deadline if the postmark date reflects a date that is one or more days after the date on which they delivered their mail to the USPS Unit; and

WHEREAS, a temporary waiver of deadlines for submitting Documents would allow time for benefit participants to become aware of their obligations under the new rule adopted by USPS and would assist benefit participants with not inadvertently missing ATRS submission deadlines; and

WHEREAS, ATRS staff recommends that the Board: (i) waive submission deadlines for benefit participants who mail Documents to ATRS if their mail has a postmark date that is no later than ten (10) days from the applicable submission deadline permit, and (ii) permit ATRS staff to accept as timely submitted any Documents mailed to ATRS if the mail has a postmark date that is no later than ten (10) days from the applicable submission deadline.

NOW, THEREFORE, BE IT RESOLVED, that the Board approves and adopts the recommendation of ATRS staff. As such, the Board: (i) waives submission deadlines for benefit participants who mail Documents to ATRS and their mail has a postmark date that is no later than ten (10) days from the applicable submission deadline permit, and (ii) directs ATRS staff to accept as timely submitted any Documents mailed to ATRS if the mail has a postmark date that is no later than ten (10) days from the applicable submission deadline. This resolution shall not be effective on and after the day following the Board's regularly scheduled meeting in February 2027.

Adopted this 2nd day of February, 2026.

____

Dr. Mike Hernandez, Chair
Arkansas Teacher Retirement System Board

Arkansas Teacher Retirement System

SUMMARY OF DISABILITY REVIEW APPLICATIONS SUBMITTED

FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 8:45 a.m. on December 3, 2025. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Andrew Carle & Logan Penter of the Teacher Retirement System was also in attendance.

A total of one review disability applicant was considered. The one applicant was approved: ATRS ID: 308882 .

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Respectfully Submitted,

Eddie Phillips, M.D.
Medical Committee Chairman

Respectfully Submitted,

Andrew Carle
Retirement Benefits Counselor

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ARTRS
Arkansas Teacher Retirement System

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. January 7, 2026. 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 twelve (12) disability applications were considered. Of the twelve (12) applicants, Ten (10) were approved: ATRS ID 380864, 372754, 368729, 392102, 296573, 159707, 260126, 458149, 388805, 392178; and Two (2) had more info requested: ATRS ID 173121, 177660.

Respectfully Submitted,

Eddie Phillips, M.D.
Medical Committee Chairman

Respectfully Submitted,

Andrew Carle
Retirement Benefits Counselor

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