



TEACHERS' RETIREMENT SYSTEM

of the State of Kentucky

BOARD OF TRUSTEES

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GARY L. HARBIN, CPA
Executive Secretary

Quarterly Meeting of the Board of Trustees

A G E N D A

March 15, 2021, 12:30 p.m. ET

Board Called to Order
Roll Call

1. Reports for Consent

1.1. Consideration/Approval of Minutes

1.1.1. Quarterly Meeting, Board of Trustees, December 21, 2020

1.1.2. Special Meeting, Scholarship Committee, December 21, 2020

1.1.3. Special Meeting, Benefits and Funding Committee, December 21, 2020

1.1.4. Special Meeting, Insurance Committee, December 21, 2020

1.2. Applications for Retirement and Annuity

1.3. Survivor Benefits

1.4. Life Insurance Benefits

1.5. Refunds

1.6. Interim Financial Statements

2. Report of the Investment Committee

3. Report of the Governance and Audit Committee

4. Legislative Update

5. Executive Secretary's Observations and Comments

General Discussion

Adjournment

The meeting will be conducted by live video teleconference.
Information on accessing the meeting will be provided on TRS's website at:
<https://trs.ky.gov/administration>

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: March 15, 2021

SUBJECT: Reports for Consent

1.1. Consideration/Approval of Minutes

- 1.1.1. Quarterly Meeting, Board of Trustees, December 21, 2020
- 1.1.2. Special Meeting, Scholarship Committee, December 21, 2020
- 1.1.3. Special Meeting, Benefits & Funding Committee, December 21, 2020
- 1.1.4. Special Meeting, Insurance Committee, December 21, 2020

1.2. Applications for Retirement and Annuity

The list of members who retired in December 2020, January and February 2021 is included in the board materials. Initial retirements for the period included 316 retirees with monthly payments totaling \$885,058.92. A summary of the particular payments and a comparison to the same period last year follows.

Recommendation: The board is requested to approve the initial payments listed in the report.

During the same period last year, there were 293 retirements with monthly payments totaling \$850,744.70.

1.3. Survivor Benefits

The list of persons qualifying for survivor benefit payments for the quarter October 1, 2020, through December 31, 2020, is included in the board materials. During the period, there were 21 survivor benefits with a total monthly payment of \$7,495.65.

Recommendation: The board is requested to approve the survivor benefit payments for the period October 1, 2020, through December 31, 2020, as listed in the report.

1.4. Life Insurance Benefits

The list of payments of life insurance benefits due to death of active and retired teachers for the period October 1, 2020, through December 31, 2020, is included in the board materials. There were 11 payments to the estates or beneficiaries of active teachers and 247 payments to the estates or beneficiaries of retired teachers for total payments of \$1,257,000.

Recommendation: The board is requested to approve the payment of life insurance benefits as listed in the report.

During the same quarter in 2020, there were 242 payments in the amount of \$1,189,000.

1.5. Refunds

The report of refunds for the quarter ended December 31, 2020, is attached. There were 1,034 refunds for the quarter October 1, 2020, through December 31, 2020, and the amount refunded was \$7,376,999.26. The refunds are for the following categories:

Regular withdrawals	999	\$6,712,538.36
Deaths	<u>35</u>	<u>\$ 664,460.90</u>
Totals	1,034	\$7,376,999.26

Recommendation: The board is requested to approve the payment of refunds as listed in the report.

During the same quarter in 2020 there were 1,007 refunds totaling \$7,568,722.21.

1.6. Interim Financial Statements

Attached are the Interim Financial Statements for the quarter ended December 31, 2020.

Recommendation: The Interim Financial Statements are provided for informational purposes only and require no action by the board.

Teachers' Retirement System of Kentucky
Initial Applications for Retirement and Annuity
2020-2021

	December	January	February	Total	Same Period 2020
Handicapped Child	<i>0</i> \$0.00	<i>0</i> \$0.00	<i>0</i> \$0.00	<i>0</i> \$0.00	<i>0</i> \$0.00
Disability Retirement	<i>5</i> \$14,822.36	<i>7</i> \$20,144.36	<i>2</i> \$4,056.73	<i>14</i> \$39,023.45	<i>28</i> \$82,836.95
Service Retirement	<i>65</i> \$129,753.62	<i>187</i> \$558,045.76	<i>48</i> \$152,478.15	<i>300</i> \$840,277.53	<i>263</i> \$762,302.65
Beneficiary of Member Eligible to Retire	<i>1</i> \$2,043.57	<i>0</i> \$0.00	<i>1</i> \$3,714.37	<i>2</i> \$5,757.94	<i>2</i> \$5,605.10
TOTALS	<i>71</i> \$146,619.55	<i>194</i> \$578,190.12	<i>51</i> \$160,249.25	<i>316</i> \$885,058.92	<i>293</i> \$850,744.70

**Reports for Consent
Member Account Refunds
For the period October 2020 - December 2020**

Active Refunds	Count	Net Refund	Taxes Withheld	Rollovers	Total
October	272	1,035,409.15	230,245.83	677,836.01	1,943,490.99
November	419	1,315,068.21	307,342.62	1,029,347.62	2,651,758.45
December	311	1,011,379.92	242,520.49	863,388.51	2,117,288.92
Total	999				6,712,538.36

Deceased Refunds	Count	Net Refund	Taxes Withheld	Rollovers	Total
October	7	13,042.92	3,155.30	147,924.67	164,122.89
November	16	141,125.88	32,230.39	161,848.71	335,204.98
December	12	88,687.60	2,658.77	73,786.66	165,133.03
Total	35				664,460.90

Total Refunds	Count	Net Refund	Taxes Withheld	Rollovers	Total
October	279	1,048,452.07	233,401.13	825,760.68	2,107,613.88
November	435	1,456,194.09	339,573.01	1,191,196.33	2,986,963.43
December	323	1,100,067.52	245,179.26	937,175.17	2,282,421.95
Total	1,034				7,376,999.26

TEACHERS' RETIREMENT SYSTEM

OF THE STATE OF KENTUCKY



INTERIM FINANCIAL STATEMENTS

QUARTER ENDED DECEMBER 31, 2020

(FAIR VALUE - UNAUDITED)

**Statements of Plan Net Assets
as of December 31, 2020 and 2019**

(Fair Value - Unaudited)

	Retirement Annuity Trust		Health Insurance Trust		Life Insurance Trust		Other Funds		TOTAL	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
ASSETS										
Cash	\$ 177,032,677	\$ 132,561,038	\$ 57,286,788	\$ 38,023,016	\$ 549,354	\$ 483,276	\$ 104,533	\$ 129,270	\$ 234,973,352	\$ 171,196,600
Receivables										
Contributions	53,939,286	38,277,522	25,205,437	22,738,889	13,058	19,353			79,157,781	61,035,764
State of Kentucky	-	-	-	826,203	118,031	120,308			118,031	946,511
Investment Income	42,747,821	51,446,307	2,942,288	2,420,395	273,122	325,174	2,682	3,345	45,965,913	54,195,221
Investment Sales Receivable	6,805,656	4,330,185	1,188,125	650,009	10,525	-			8,004,306	4,980,194
Installment Account Receivable	64,002	139,028							64,002	139,028
Other Receivables	-	23,036	31,412,432	27,667,098					31,412,432	27,690,134
Due from Other Funds	2,084,771	-							2,084,771	-
Total Receivables	105,641,536	94,216,078	60,748,282	54,302,594	414,736	464,835	2,682	3,345	166,807,236	148,986,852
Investments at Market Value										
Short Term Investments	1,139,770,163	473,259,511	97,483,297	42,217,027	14,758,193	15,071,506	360,060	364,135	1,252,371,713	530,912,179
Bonds and Mortgages	3,223,752,126	3,162,527,767	126,812,748	108,243,520	16,402,982	16,996,073	302,046	270,632	3,367,269,902	3,288,037,992
Stocks	15,039,473,746	13,541,188,440	1,163,336,067	946,593,298	64,002,362	52,509,604	423,072	366,197	16,267,235,247	14,540,657,539
Alternative Investments	1,569,200,833	1,448,639,203	138,942,462	114,609,286	464,431	258,563			1,708,607,726	1,563,507,052
Real Estate	1,256,280,200	1,221,073,281	89,641,010	81,122,112	2,821,420	2,295,804			1,348,742,630	1,304,491,197
Additional Categories	1,679,211,235	1,431,873,028	291,903,820	232,923,213	2,165,901	1,320,116			1,973,280,956	1,666,116,357
Total Investments	23,907,688,303	21,278,561,230	1,908,119,404	1,525,708,456	100,615,289	88,451,666	1,085,178	1,000,964	25,917,508,174	22,893,722,316
Capital Assets (net of accumulated depreciation)	12,072,094	14,087,302							12,072,094	14,087,302
Total Assets	24,202,434,610	21,519,425,648	2,026,154,474	1,618,034,066	101,579,379	89,399,777	1,192,393	1,133,579	26,331,360,856	23,227,993,070
LIABILITIES										
Liabilities										
Accrued Expenses and Other Liabilities	6,163,912	3,825,035	9,039,424	5,920,066					15,203,336	9,745,101
State of Kentucky			15,176,069						15,176,069	-
Contributions Not Posted	14,929,045	27,215,409	291,343	-					15,220,388	27,215,409
Investment Purchases Payable	18,224,414	12,653,579	2,549,579	896,378	10,316	-	-	-	20,784,309	13,549,957
Investment Fees Payable	16,422,249	14,728,037	2,859,798	1,304,530	27,685	19,654	-	-	19,309,732	16,052,221
Due to Other Funds	-	-	2,047,237	-	35,980	-	1,554	-	2,084,771	-
Total Liabilities	55,739,620	58,422,060	31,963,450	8,120,974	73,981	19,654	1,554	-	87,778,605	66,562,688
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS										
	<u>\$ 24,146,694,990</u>	<u>\$ 21,461,003,588</u>	<u>\$ 1,994,191,024</u>	<u>\$ 1,609,913,092</u>	<u>\$ 101,505,398</u>	<u>\$ 89,380,123</u>	<u>\$ 1,190,839</u>	<u>\$ 1,133,579</u>	<u>\$ 26,243,582,251</u>	<u>\$ 23,161,430,382</u>

Statements of Changes in Plan Net Assets
For the Six Months Ended December 31, 2020 and 2019
(Fair Value - Unaudited)

	Retirement Annuity Trust		Health Insurance Trust		Life Insurance Trust		Other Funds		TOTAL	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
ADDITIONS										
Contributions										
Employer- State Paid	\$ 520,869,159	\$ 500,231,315	\$ 41,887,401	\$ 80,158,400	\$ 817,741	\$ 641,626	\$ -	\$ -	\$ 563,574,301	\$ 581,031,341
Employer- LSD, Other	37,011,622	36,049,675	52,478,964	47,946,377	154,047	123,123	144,494	-	89,789,127	84,119,175
Member- Active	159,044,821	143,704,977	64,734,664	59,033,333					223,779,485	202,738,310
Member- Retired			30,639,421	29,187,534					30,639,421	29,187,534
Recovery Income			45,179,712	41,352,906					45,179,712	41,352,906
Total Contribution	716,925,602	679,985,967	234,920,162	257,678,550	971,788	764,749	144,494	-	952,962,046	938,429,266
Investment Income/(Loss)										
Net Appreciation/(Depreciation) in										
Fair Value of Investments	3,720,856,156	1,316,627,665	296,718,274	85,950,560	15,292,211	4,605,096	60,953	33,620	4,032,927,594	1,407,216,941
Interest	42,083,676	85,672,415	1,686,499	5,242,016	243,876	444,008	4,759	9,455	44,018,810	91,367,894
Dividends	108,690,961	130,276,887	4,640,489	3,624,097	332,050	338,502	3,123	3,413	113,666,623	134,242,899
Rental Income, Net	10,958,109	13,261,676							10,958,109	13,261,676
Securities Lending, Net	1,113,159	1,109,221			26,405	11,205	400	152	1,139,964	1,120,578
Gross Investment Income	3,883,702,061	1,546,947,864	303,045,262	94,816,673	15,894,542	5,398,811	69,235	46,640	4,202,711,100	1,647,209,988
Less Investment Expense	(32,375,457)	(30,366,472)	(3,095,335)	(2,456,102)	(65,823)	(37,716)	-	-	(35,536,615)	(32,860,290)
Net Investment Income	3,851,326,604	1,516,581,392	299,949,927	92,360,571	15,828,719	5,361,095	69,235	46,640	4,167,174,485	1,614,349,698
Total Additions	4,568,252,206	2,196,567,359	534,870,089	350,039,121	16,800,507	6,125,844	213,729	46,640	5,120,136,531	2,552,778,964
DEDUCTIONS										
Benefits	1,117,883,998	1,083,355,482			2,663,000	2,504,000	75,278	113,089	1,120,622,276	1,085,972,571
Refunds of Contributions	14,003,724	17,737,693							14,003,724	17,737,693
Under 65 Insurance Expenses			51,797,404	54,744,528					51,797,404	54,744,528
Over 65 Insurance Expenses			105,556,921	99,401,557					105,556,921	99,401,557
Administrative Expense	6,669,818	6,380,501	-	-	-	-	-	-	6,669,818	6,380,501
Total Deductions	1,138,557,540	1,107,473,676	157,354,325	154,146,085	2,663,000	2,504,000	75,278	113,089	1,298,650,143	1,264,236,850
Net Increase (Decrease)	3,429,694,666	1,089,093,683	377,515,764	195,893,036	14,137,507	3,621,844	138,451	(66,449)	3,821,486,388	1,288,542,114
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS										
Beginning of year	20,717,000,324	20,371,909,905	1,616,675,260	1,414,020,056	87,367,891	85,758,279	1,052,388	1,200,028	22,422,095,863	21,872,888,268
Ending of period	\$ 24,146,694,990	\$ 21,461,003,588	\$ 1,994,191,024	\$ 1,609,913,092	\$ 101,505,398	\$ 89,380,123	\$ 1,190,839	\$ 1,133,579	\$ 26,243,582,251	\$ 23,161,430,382

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: March 15, 2021

SUBJECT: Report of the Investment Committee

1. Investment Committee Meeting and Actions: New investments presented at the February 25, 2021, Investment Committee meeting were as follows: commitments of up to \$50 million from the Retirement Annuity Trust, up to \$10 million from the Health Insurance Trust and up to \$500,000 from the Life Insurance Trust to the Carlyle Renewable and Sustainable Energy Fund; a commitment of up to \$80 million from the TRS Retirement Annuity Trust, up to \$18 million from the Health Insurance Trust and up to \$3 million from the Life Insurance Trust to the Carlyle Realty Partners IX. Outside managers UBS Asset Management and Todd Asset Management presented on their respective portfolios.

2. Purchases and Disposals: During the quarter ended December 31, 2020, 2,375 purchases amounted to \$3,780,158,090.72 and 3,005 disposals amounted to \$3,350,824,756.59. The disposals consisted of 2,643 sales, 321 principal payments and 41 redemptions. While the TRS investment department initiates each of these transactions, the custodian of securities is responsible for handling and securing each stock, bond or other type of investment. At the end of the quarter, TRS's invested securities had a book value of \$16,865,751,243.07 and a market value of \$23,907,996,775.08.

3. Staff's Comments on Economic and Market Conditions: During the quarter ended December 31, 2020, two closely watched coronavirus vaccine trials from Pfizer/BioNTech and Moderna released promising efficacy results leading to emergency use authorizations from the Food and Drug Administration, allowing market participants to advance expectations for normalized economic activity for much of the developed world in 2021. Investors also reacted favorably to completed negotiations following the November U.S. elections around new fiscal stimulus, which culminated in a \$900 billion package being signed into law under a larger omnibus spending bill. Given the backdrop of supportive monetary and fiscal policies, risk assets posted another quarter of stellar returns. Broad equity market indices provided double-digit gains as the S&P 500, MSCI ACWI Ex-U.S. and MSCI EM Index returned 12.1%, 17%, and 19.7%, respectively. Commodities also benefited from the weaker dollar and an uptick in long-term inflation expectations, as the U.S. five-year, five-year forward breakeven inflation rate reaching 2% during the quarter for the first time since July 2019. Government bonds were the only broad asset class to experience negative returns as increased inflation expectations flowed through to modestly higher nominal interest rates. Though financial markets have rebounded from the sharp drawdown in early 2020, global economic activity remains

well off its prepandemic peak. The World Bank Global Economic Prospects report estimated that 2020 world gross domestic product shrank by 4.3% compared to a year earlier. Meanwhile, the Federal Reserve Open Market Committee indicated it does not anticipate raising the federal funds rate until 2023 or later, and market implied expectations for a rate hike are consistent with that timeline.

U.S. equity markets finished strong in the quarter following a period of heightened volatility due to a drawn-out election process and earlier uncertainty around coronavirus vaccine development. A market rotation toward cyclical stocks accelerated in November with value stocks outperforming their growth counterparts, largely fueled by the potential impact of vaccine distribution. The Russell 1000 Value Index returned 16.3% in the quarter, versus 11.4% for the Russell 1000 Growth Index. Similarly, the Russell 2000 Value Index was up 33.4% in the quarter, compared to 29.6% for the Russell 2000 Growth Index. The prospect of lockdowns easing in 2021 also contributed to strong performance for the energy and financial sectors as well as small-cap stocks, with the Russell 2000 Index up 31.4% relative to the S&P 500 Index returning 12.1%. Overall, broad U.S. indexes finished the volatile year at record levels.

The Bloomberg U.S. Aggregate Index returned a modest 0.7% in the quarter, capping off a 7.5% year-to-date return and an overall strong year for U.S. fixed income, supported by record fiscal and monetary stimulus. The Treasury yield curve steepened as front-end rates remained anchored near zero, a sign of the Federal Reserve's continued support, while yields for intermediate- and long-dated maturities increased over the quarter. However, rates across the Treasury yield curve remained depressed versus historical levels. Despite record-setting new issuance, credit spreads continued to tighten, compressing to 0.92%, the lowest levels since February 2020. Lower-quality issues outperformed higher-quality across the ratings spectrum, with BBB-rated debt returning 4% to lead investment-grade credit. Non-investment-grade credit fared even better, as the Bloomberg U.S. High Yield Index returned 6.5%.

Core private real estate returned 1.3% in the quarter, as reported by the NFI-ODCE Index, with the total return comprised of 0.9% income and 0.4% price appreciation. While the income component remained relatively healthy and in line with historical levels, price appreciation rebounded meaningfully from a negative return in the prior quarter. Private real estate transaction volumes remain anemic and are down more than 50% on a year-over-year basis. The market did show indications of thawing in the quarter as investors in industrial and multifamily assets came to the market with renewed interest in completing deals. This comes after two consecutive quarters of little to no activity due to the uncertainty around property valuations caused by the pandemic. This increased activity is important as the transactions contribute to establishing a floor for valuations given that measurable market activity is incorporated into appraisal processes.

4. **Performance:** Investment performance was strong for the quarter ending December 31, 2020. The Retirement Annuity Trust Fund's portfolio appreciated 11.69%, outperforming the policy index, which increased 10.72%. TRS's domestic equities increased 16.48%, outgaining the S&P 1500 index, which increased 13.24%. TRS's international stocks

returned 19.03%, outperforming the MSCI All-Country ex-U.S. index, which returned 17.08%. Alternatives and additional categories made positive contributions as private equity returned 9.1% while additional categories returned 4.54%. TRS's fixed income returned 0.61%, underperforming the Bloomberg Barclays Gov/Credit Bond index that returned 0.82%. Real estate returned 2% for the quarter.

Recommendation: The executive secretary recommends that the board accept and ratify the Report of the Investment Committee.

*Teachers' Retirement System of the State of Kentucky
Retirement Annuity Trust
Quarterly Investment Performance
Gross Returns
For the Period Ended December 31, 2020*

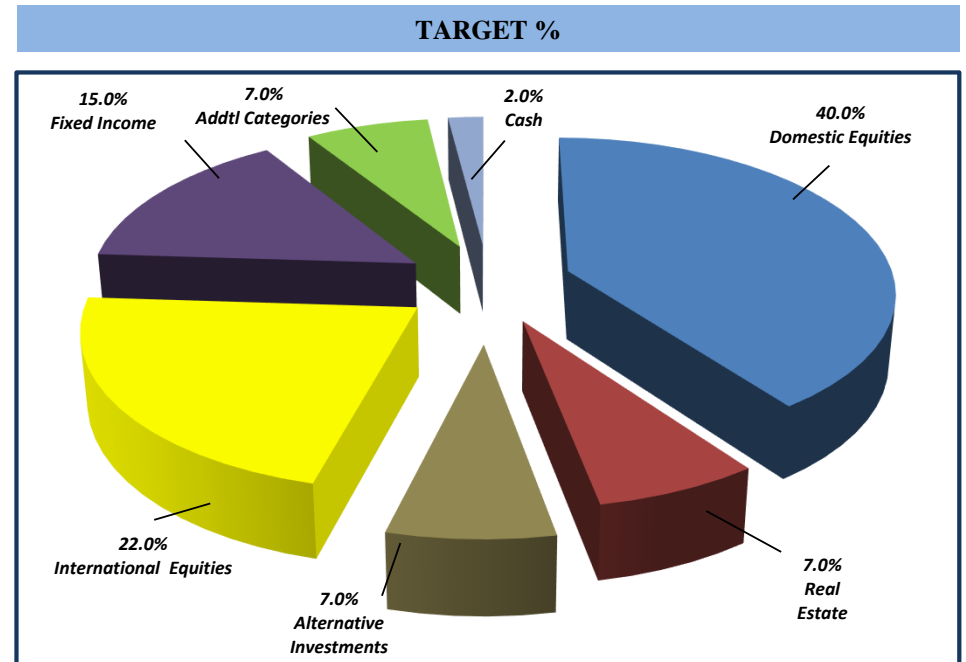
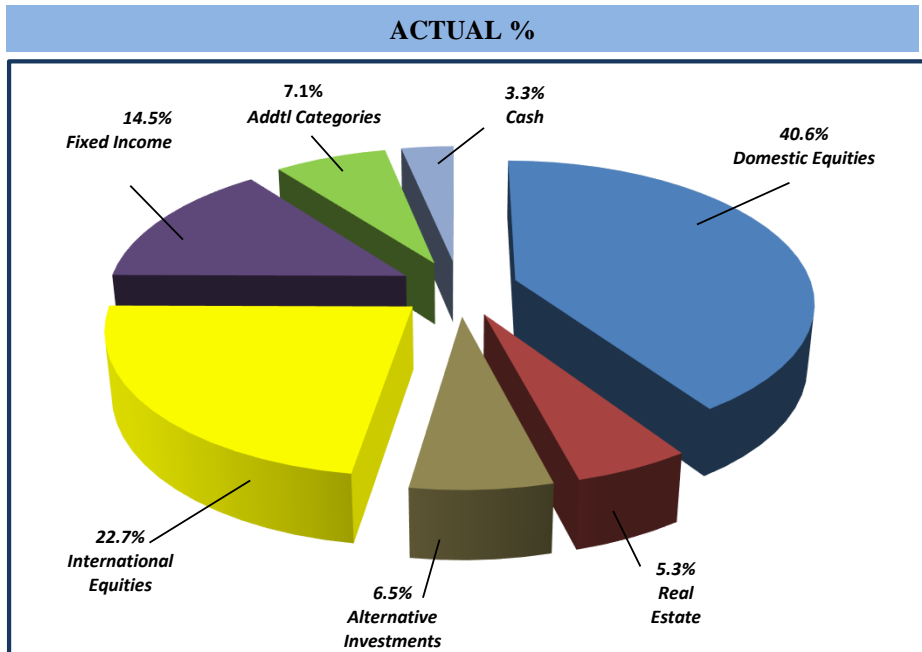
FINAL	Market Value	Last Qtr	FYTD	1-Year	3-Year*	5-Year*	10-Year*	20-Year*
TOTAL PLAN	\$23,907,996,775.08	11.69	18.96	16.87	10.71	11.56	9.92	6.96
<i>Policy Benchmark</i>		<i>10.72</i>	<i>17.13</i>	<i>13.98</i>	<i>9.75</i>	<i>11.16</i>	<i>9.42</i>	-
Total Equity	\$15,126,228,481.90	17.38	28.12	23.09	13.02	14.44	12.16	7.12
Domestic Equity	\$ 9,712,654,256.72	16.48	27.21	21.77	14.22	15.16	13.84	7.88
<i>S&P 1500 Index</i>		<i>13.24</i>	<i>22.93</i>	<i>17.92</i>	<i>13.63</i>	<i>14.97</i>	<i>13.67</i>	<i>7.45</i>
All-Cap Equities	\$ 471,924,317.49	14.82	28.25	27.51	15.81	-	-	-
<i>Russell 3000 Index</i>		<i>14.68</i>	<i>25.24</i>	<i>20.89</i>	<i>14.49</i>	-	-	-
Large-Cap Equities	\$ 7,925,226,025.51	14.94	26.18	21.76	14.55	15.27	13.95	-
<i>S&P 500 Index</i>		<i>12.15</i>	<i>22.16</i>	<i>18.40</i>	<i>14.18</i>	<i>15.22</i>	<i>13.88</i>	-
Mid-Cap Equities	\$ 817,094,749.67	25.49	31.37	20.65	12.60	15.04	13.22	-
<i>S&P 400 Index</i>		<i>24.37</i>	<i>30.31</i>	<i>13.66</i>	<i>8.45</i>	<i>12.35</i>	<i>11.51</i>	-
Small-Cap Equities	\$ 498,409,164.05	31.51	37.00	17.10	9.93	13.42	12.88	-
<i>S&P 600 Index</i>		<i>31.31</i>	<i>35.48</i>	<i>11.29</i>	<i>7.74</i>	<i>12.37</i>	<i>11.92</i>	-
International Equity	\$ 5,413,574,225.18	19.03	29.83	25.41	10.87	13.04	7.96	-
<i>MSCI AC World Ex US</i>		<i>17.08</i>	<i>24.52</i>	<i>11.13</i>	<i>5.38</i>	<i>9.44</i>	<i>5.40</i>	-
Fixed Income	\$ 3,461,822,791.12	0.61	1.74	9.65	6.36	5.36	4.77	5.60
<i>Bloomberg Barclays Govt/Credit Index</i>		<i>0.82</i>	<i>1.60</i>	<i>8.93</i>	<i>5.97</i>	<i>4.98</i>	<i>4.19</i>	<i>5.01</i>
Real Estate	\$ 1,256,280,199.99	2.00	2.14	3.93	6.87	8.59	8.69	9.04
In House Real Estate Equity	\$ 403,430,071.63	1.05	1.38	4.86	6.06	8.12	8.06	8.45
<i>CPI plus 2%</i>		<i>1.10</i>	<i>2.79</i>	<i>3.31</i>	<i>3.88</i>	<i>3.98</i>	<i>3.77</i>	<i>4.05</i>
Core Real Estate	\$ 501,197,051.95	0.96	0.38	3.32	6.52	7.38	10.59	-
<i>NCREIF ODCE (VW) Index</i>		<i>1.30</i>	<i>1.79</i>	<i>1.19</i>	<i>4.92</i>	<i>6.21</i>	<i>9.88</i>	-
Non-Core Real Estate	\$ 351,653,076.41	4.61	5.67	3.52	8.33	10.71	-	-
<i>NCREIF Property Index</i>		<i>1.15</i>	<i>1.89</i>	<i>1.60</i>	<i>4.89</i>	<i>5.91</i>	-	-
Private Equity	\$ 1,332,082,147.85	9.10	15.59	10.30	11.54	11.90	12.57	-
Mature Private Equity	\$ 689,416,702.19	8.87	14.03	6.86	8.80	8.65	-	-
<i>S&P 500 Index plus 3%</i>		<i>12.98</i>	<i>23.98</i>	<i>21.95</i>	<i>17.60</i>	<i>18.67</i>	-	-
Private Equity < 5 Years	\$ 642,665,445.66	9.78	19.12	15.88	14.12	15.04	-	-
Timberland	\$ 237,118,685.68	3.49	5.77	8.65	1.81	2.94	4.53	-
<i>NCREIF Timberland Index</i>		<i>0.58</i>	<i>0.62</i>	<i>0.81</i>	<i>1.77</i>	<i>2.30</i>	<i>4.55</i>	-
Additional Categories	\$ 1,707,622,674.54	4.54	9.73	4.50	5.34	6.27	6.14	-
<i>B of A Merrill Lynch U.S. High Yield Master II Index</i>		<i>6.48</i>	<i>11.49</i>	<i>6.17</i>	<i>5.88</i>	<i>8.43</i>	<i>6.62</i>	-
Cash (Unallocated)	\$ 786,841,794.00	0.00	0.02	0.37	1.49	1.15	0.62	1.61
<i>90 Day T-Bill</i>		<i>0.03</i>	<i>0.07</i>	<i>0.67</i>	<i>1.61</i>	<i>1.18</i>	<i>0.62</i>	<i>1.43</i>
Total Trust Gross Return for 30-year		8.49						

*Returns are annualized for periods longer than one year

** Prior to July 1, 2008, TRS did not benchmark overall fund performance. Effective July 1, 2008, the Board of Trustees approved a Policy Index that represents the returns of appropriate benchmarks for the various asset classes weighted by the mid-point of the strategic range for the current fiscal year.

Teachers' Retirement System of Kentucky
 Quarterly Investment Update
 For the period ended December 31, 2020

(\$ in millions)	\$'s	12/31/2020 Actual %	9/30/2020 Actual %	Target %	Strategic Ranges
Domestic Equities	\$9,712.7	40.6%	40.0%	40.0%	34.0 - 48.0%
Real Estate	1,256.3	5.3%	5.7%	7.0%	4.0 - 10.0%
Alternative Inv.	1,569.2	6.5%	7.1%	7.0%	4.0 - 10.0%
International Equities	5,413.6	22.7%	21.8%	22.0%	18.0 - 25.0%
Fixed Income	3,461.8	14.5%	15.2%	15.0%	8.0 - 22.0%
Addtl Categories	1,707.6	7.1%	7.3%	7.0%	4.0 - 15.0%
Cash	786.8	3.3%	2.9%	2.0%	1.0 - 5.0%
Total	\$23,908.0	100.0%	100.0%	100.0%	



*Teachers' Retirement System of the State of Kentucky
Health Insurance Trust
Quarterly Investment Performance
Gross Returns
For the Period Ended December 31, 2020*

FINAL	Market Value	Last Qtr	FYTD	1-Year	3-Year*	5-Year*	10-Year*	20-Year*
TOTAL PLAN	\$1,908,119,404.06	11.38	19.12	14.71	9.61	10.86	7.45	-
<i>Policy Benchmark</i>		<i>10.91</i>	<i>17.73</i>	<i>13.40</i>	<i>8.86</i>	<i>10.62</i>	-	-
Total Equity	\$1,165,880,922.27							
All Cap Equities	\$ 52,454,847.12	14.85	28.32	27.24	15.03	-	-	-
<i>Russell 3000</i>		<i>14.68</i>	<i>25.24</i>	<i>20.89</i>	<i>14.49</i>	-	-	-
Global Equities	\$1,016,946,880.56	15.75	25.21	17.00	10.03	12.52	-	-
<i>MSCI AC World IMI (Net)</i>		<i>15.70</i>	<i>25.08</i>	<i>16.25</i>	<i>9.72</i>	<i>12.15</i>	-	-
Fixed Income	\$ 133,867,614.79	0.55	1.45	9.30	6.03	4.61	-	-
<i>Barclays Government Credit</i>		<i>0.82</i>	<i>1.61</i>	<i>8.93</i>	<i>5.97</i>	<i>4.98</i>	-	-
Core Real Estate	\$ 38,170,837.40	1.70	1.94	4.73	7.33	7.40	-	-
<i>NCREIF ODCE (VW)</i>		<i>1.30</i>	<i>1.79</i>	<i>1.19</i>	<i>4.92</i>	<i>6.21</i>	-	-
Non-Core Real Estate	\$ 51,470,172.85	5.78	7.37	7.01	9.55	12.66	-	-
<i>NCREIF Property Index</i>		<i>1.15</i>	<i>1.90</i>	<i>1.60</i>	<i>4.89</i>	<i>5.91</i>	-	-
Private Equity	\$ 138,942,461.56	9.69	13.79	8.52	10.57	12.23	-	-
Mature Private Equity	\$ 40,451,070.89	6.79	6.44	-3.18	9.55	10.82	-	-
<i>S&P 500 plus 3%</i>		<i>12.98</i>	<i>23.98</i>	<i>21.95</i>	<i>17.60</i>	<i>18.67</i>	-	-
Private Equity < 5 Years	\$ 98,491,390.67	10.76	17.66	12.79	11.31	12.85	-	-
Additional Categories:	\$ 297,863,888.38	5.02	10.91	5.10	5.48	6.92	-	-
<i>B of A Merrill Lynch High Yield Master II</i>		<i>6.48</i>	<i>11.50</i>	<i>6.17</i>	<i>5.88</i>	<i>8.43</i>	-	-
Cash (Unallocated)	\$ 81,923,506.81	0.01	0.03	0.39	1.56	1.18	0.64	-
<i>90 Day T-Bill</i>		<i>0.03</i>	<i>0.07</i>	<i>0.67</i>	<i>1.61</i>	<i>1.18</i>	<i>0.62</i>	-

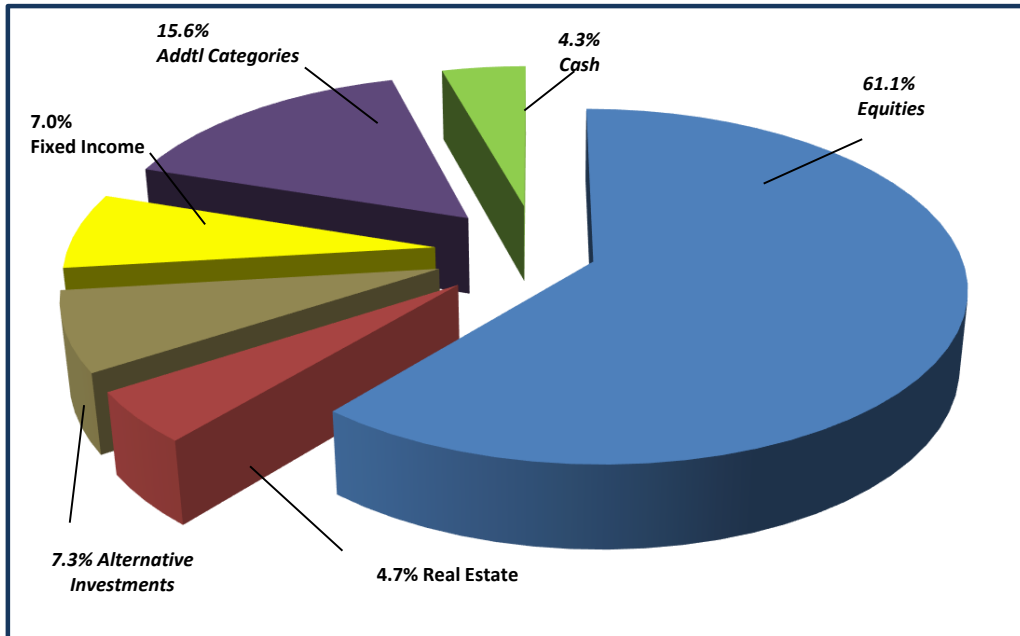
*Returns are annualized for periods longer than one year

** Prior to July 1, 2015, TRS did not benchmark overall fund performance. Effective July 1, 2015, the Board of Trustees approved a Policy Index that represents the returns of appropriate benchmarks for the various asset classes weighted by the mid point of the strategic range for the current fiscal year.

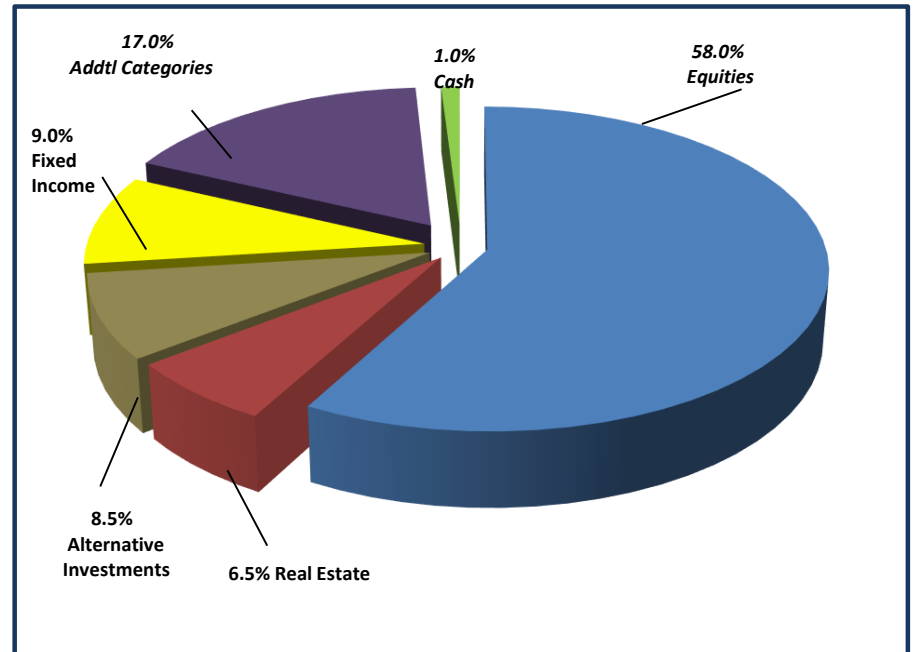
Teachers' Retirement System of Kentucky
Insurance Trust Fund
 Quarterly Investment Update
 For the period ended December 31, 2020

<i>(\$ in thousands)</i>	<u>\$'s</u>	<u>12/31/2020 Actual %</u>	<u>9/30/2020 Actual %</u>	<u>Target %</u>	<u>Strategic Ranges</u>
Equities	\$1,165,880.9	61.1%	59.2%	58.0%	51.0 - 64.0%
Real Estate	\$89,641.0	4.7%	4.9%	6.5%	4.0 - 12.0%
Alternative Inv.	\$138,942.5	7.3%	7.1%	8.5%	5.0 - 12.0%
Fixed Income	\$133,867.6	7.0%	8.0%	9.0%	6.0 - 12.0%
Addtl Categories	\$297,863.9	15.6%	16.8%	17.0%	14.0 - 21.0%
Cash	\$81,923.5	4.3%	4.0%	1.0%	0.0 - 4.0%
Total	<u>\$1,908,119.4</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	

ACTUAL %



TARGET %



TOTAL BV INVESTED AT 09/30/20 \$ 16,436,417,908.94

October Activity

Purchases	901,419,583.50	
Disposals	(806,830,025.14)	
Paydowns	(2,538,100.15)	
Redemptions	(15,107,322.41)	
Short-Term Pool Net	34,073,792.28	111,017,928.08

November Activity

Purchases	424,592,983.01	
Disposals	(404,809,511.43)	
Paydowns	(2,552,078.61)	
Redemptions	(18,293,546.32)	
Short-Term Pool Net	26,832,211.46	25,770,058.11

December Activity

Purchases	1,061,720,137.04	
Disposals	(889,180,359.11)	
Paydowns	(2,859,730.06)	
Redemptions	(5,728,126.69)	
Short-Term Pool Net	128,593,426.76	292,545,347.94

TOTAL BV INVESTED AT 12/31/20 \$ 16,865,751,243.07

* TRS recognizes investment transactions on the date they occur. Transaction settlements, generally, occur days following transactions. The interim period between transaction date and settlement date represents a "pending period". At the time this statement was produced, (\$11,418,752.43) in net transactions had occurred but had not settled. The statement does not include either expected cash receipts or disbursements associated with these pending trades. Upon settlement of these pending transactions, the net effect would be as follows:

Total Short Term	1,140,078,635	
- Pending Payable	11,418,752	
Net	1,128,659,883	

INVESTMENT ACTIVITY
October 1, 2020 -- December 31, 2020

Total Book Value Invested @ 10/1/20 \$ 16,436,417,908.94

Purchases:

383	Cash Equivalents	\$ 1,392,425,387.17	
63	Fixed Income Securities	395,964,982.07	
0	Principal Paydowns	-	
0	Redemptions / Maturities	-	
1587	Equity Securities	1,464,380,207.86	
33	Real Estate	63,127,734.65	
90	Alternative Investments	210,726,346.06	
219	Additional Categories	253,533,432.91	
<u>2375</u>	Total Purchases	<u>\$ 3,780,158,090.72</u>	

Disposals:

311	Cash Equivalents	\$ 1,202,925,956.67	
49	Fixed Income Securities	201,418,063.55	
321	Principal Paydowns	7,949,908.82	
25	Redemptions / Maturities	32,090,227.90	
1880	Equity Securities	1,410,678,147.41	
42	Real Estate	39,568,825.77	
165	Alternative Investments	223,961,295.65	
196	Additional Categories	225,193,563.30	
0	Additional Principal Paydowns	-	
16	Additional Redemptions / Maturities	7,038,767.52	
<u>3005</u>	Total Disposals	<u>\$ 3,350,824,756.59</u>	

Total Book Value Invested @ 12/31/20 \$ 16,865,751,243.07

Total Par Value Invested @ 12/31/20 \$ 16,865,114,431.14

Total Market Value Invested @ 12/31/20 \$ 23,907,996,775.08

* TRS recognizes investment transactions on the date they occur. Transaction settlements, generally, occur days following transactions. The interim period between transaction date and settlement date represents a "pending period". At the time this statement was produced, (\$11,418,752.43 in net transactions had occurred but had not settled. The statement does not include either expected cash receipts or disbursements associated with these pending trades. Upon settlement of these pending transactions, the net effect would be as follows:

Total Short Term	1,140,078,635
- Pending Payable	11,418,752
Net	<u><u>1,128,659,883</u></u>

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: March 15, 2021

SUBJECT: Report of the Governance and Audit Committee

The Governance and Audit Committee will have a special meeting on March 15, 2021, prior to the quarterly board meeting. The committee will present a report to the board during the quarterly meeting.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: March 15, 2021

SUBJECT: Legislative Update

During the meeting, staff will report on the 2021 Regular Session of the Kentucky General Assembly.

Recommendation: this report is provided for informational purposes.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: March 15, 2021

SUBJECT: Executive Secretary's Observations and Comments

1. Statement of Financial Disclosure Due Wednesday, April 15: Each member of the Board of Trustees must file a Statement of Financial Disclosure with the Executive Branch Ethics Commission by Wednesday, April 15.

2. Member Nominating Committee for Board of Trustees Positions: The Member Nominating Committee, consisting of representatives from the 12 KEA districts and one retiree representative, met via live videoconference on February 13. The committee nominated candidates for two positions on the board with terms beginning on July 1. The positions on the board are for an active teacher and retired teacher.

In the election for the active teacher seat, current trustee Laura Schneider, of Walton, was nominated for the first position on the ballot, and Brian Collier, of Mayfield, was nominated for the second position. Chance Hendrickson, of Corbin, was nominated as the alternate.

In the election for the retired teacher seat, current trustee Brenda McGown, of Bowling Green, was nominated for the first position on the ballot, and Tom Shelton, of Lexington, was nominated for the second position on the ballot.

Again, this year, members of TRS will be able to vote electronically for the trustee positions. The electronic ballot will be available on Pathway to members from April 1 through April 18. Thereafter, paper ballots will be mailed to all active and retired members who did not vote by electronic ballot. The paper ballots must be postmarked by May 29 (the 30th is a Sunday and 31st is a holiday). Electronic and paper ballots will be tallied by the state education commissioner, and the results will be announced at the board's June 21 quarterly meeting.

3. Junita Losey Scholarship Fund Update: Scholarship checks in the amount of \$2,000 have been sent to each of the eight public universities in Kentucky. TRS is expecting responses from the universities that the scholarship money has been received. Recipients may apply scholarship funds toward tuition, books or fees.

In addition, the Campbell County Schools district selects a student in May who intends to enroll in one of Kentucky's public universities and major in education to receive the Losey Scholarship. The student must enroll in a Kentucky public university in the fall and then notify TRS to verify enrollment. At that time, a check in the amount of \$1,000 is sent to the university where the student is enrolled. Upon completing the first university semester, the student is to inform TRS whether the student remains in compliance with the scholarship criteria. If so, TRS then will distribute another \$1,000 check to the university.

4. Executive Secretary’s Meetings: Staff has had meetings with several persons and groups recently. The board will receive reports concerning the following meetings:

January 13, 2021	Meeting with Coriell Life Sciences
January 13, 2021	Meeting with Know Your Rx Coalition staff
January 14, 2021	Know Your Rx Coalition Special board meeting
January 19, 2021	Meeting with Ice Miller
January 20, 2021	Meeting with prospective investment manager
January 21, 2021	Meeting with medical benefits consultant
January 25, 2021	Meeting with Jefferson County Teachers Association
January 27, 2021	Meeting with actuary
February 3, 2021	Meeting with Carlyle
February 3, 2021	Meeting with actuary
February 5, 2021	Meeting with Aon Investments
February 13, 2021	Member Nominating Committee meeting
February 17, 2021	Meeting with Kentucky Education Development Corp. (KEDC)
February 19, 2021	Meeting with Fort Washington investment manager
February 22-24, 2021	Attended NASRA Winter System Roundtable and Legislative Conference
March 2, 2021	Attended Know Your Rx Coalition board meeting

5. Next Meeting: The next quarterly meeting of the board will be Monday, June 21.