



# TEACHERS' RETIREMENT SYSTEM

of the State of Kentucky

---

## BOARD OF TRUSTEES

**BRENDA MCGOWN**, Chair  
Bowling Green

**JOHN BOARDMAN**, Vice Chair  
Lexington

**PAUL BRUCE**  
Louisville

**HOLLIS GRITTON**  
Union

**BEN LITTLEPAGE, Ed.D.**  
Murray

**LAURA SCHNEIDER**  
Walton

**LOUIS STRAUB**  
Louisville

**JOSH UNDERWOOD**  
Tollesboro

**ALISON WRIGHT**  
Georgetown

**MARK METCALF**  
State Treasurer

**ROBIN FIELDS KINNEY**  
Interim Education Commissioner

**GARY L. HARBIN, CPA**  
Executive Secretary

## Quarterly Meeting of the Board of Trustees

### A G E N D A

March 18, 2024, 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 18, 2023

1.1.2. Special Meeting, Scholarship Committee, December 18, 2023

1.1.3. Special Meeting, Insurance Committee, December 18, 2023

1.1.4. Special Meeting, Appeals Committee, January 10, 2024

##### 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. Annual review of disability earnings limitation

#### 6. Executive Secretary's Observations and Comments

General discussion

Adjournment

The meeting will be in the TRS boardroom at 479 Versailles Road, Frankfort, Kentucky.

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

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: March 18, 2024

SUBJECT: Reports for Consent

## 1. Reports for Consent

### 1.1. Consideration/Approval of Minutes

- 1.1.1. Quarterly Meeting, Board of Trustees, December 18, 2023
- 1.1.2. Special Meeting, Scholarship Committee, December 18, 2023
- 1.1.3. Special Meeting, Insurance Committee, December 18, 2023
- 1.1.4. Special Meeting, Appeals Committee, January 10, 2024

Recommendation: The minutes are presented for approval.

### 1.2. Applications for Retirement and Annuity

The list of members who retired December 2023 and January and February 2024 is included in the board materials. Attached is a summary of the payments and a comparison to the same period a year ago. Initial retirements for the period included 294 retirees with monthly payments totaling \$872,223.61. During the same period last year, 308 retirements resulted in monthly payments totaling \$887,095.73.

Recommendation: The board is requested to approve the initial payments listed as reported.

### 1.3. Survivor Benefits

The list of persons qualifying for survivor benefit payments for the quarter ended December 31 is included in the board materials. Twenty-one survivor benefits commenced with a total monthly payment of \$6,130.69.

Recommendation: The board is requested to approve the survivor benefit payments as reported.

### 1.4. Life Insurance Benefits

The list of payments of life insurance benefits due to death of active and retired teachers for the quarter ended December 31 is included in the board materials. Fourteen payments to the estates or beneficiaries of active teachers and 252 payments to the estates or beneficiaries of retired teachers combined for total payments of \$1,288,000.00. During the same quarter in 2022, 281 payments amounted to \$1,363,000.00.

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

1.5. Refunds

The report of refunds for the quarter ended December 31 is included in the board materials. During the quarter, refunds paid consisted of:

Regular withdrawals	647	\$6,391,665.91
Deaths	<u>42</u>	<u>\$1,004,463.16</u>
Totals	689	\$7,396,129.07

During the same quarter in 2022, 680 refunds totaled \$5,290,654.89.

Recommendation: The board is requested to approve the payment of refunds as reported.

1.6. Interim Financial Statements

Attached are the Interim Financial Statements for the quarter ended December 31, 2023.

Recommendation: The Interim Financial Statements are provided for information and require no action.

**Teachers' Retirement System of Kentucky**  
**Initial Applications for Retirement and Annuity**  
**2023-2024**

	<b>December</b>	<b>January</b>	<b>February</b>	<b>Total</b>	<b>Same Period 2023</b>
<b>Handicapped Child</b>	<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
<b>Disability Retirement</b>	<i>5</i> \$13,937.46	<i>8</i> \$29,702.85	<i>11</i> \$31,344.26	<i>24</i> \$74,984.57	<i>21</i> \$66,815.89
<b>Service Retirement</b>	<i>44</i> \$104,061.87	<i>164</i> \$537,256.30	<i>59</i> \$146,973.33	<i>267</i> \$788,291.50	<i>286</i> \$818,587.11
<b>Beneficiary of Member Eligible to Retire</b>	<i>2</i> \$7,370.22	<i>1</i> \$1,577.32	<i>0</i> \$0.00	<i>3</i> \$8,947.54	<i>1</i> \$1,692.73
<b>TOTALS</b>	<i>51</i> \$125,369.55	<i>173</i> \$568,536.47	<i>70</i> \$178,317.59	<i>294</i> \$872,223.61	<i>308</i> \$887,095.73

**Reports for Consent  
Member Account Refunds  
For the period October 2023 - December 2023**

<b>Active Refunds</b>	<b>Count</b>	<b>Net Refund</b>	<b>Taxes Withheld</b>	<b>Rollovers</b>	<b>Total</b>
October	210	1,471,217.23	367,921.87	583,726.15	2,422,865.25
November	219	1,131,794.38	278,665.06	770,526.64	2,180,986.08
December	221	851,482.42	204,691.14	731,641.02	1,787,814.58
<b>Total</b>	<b>647</b>				<b>6,391,665.91</b>

<b>Deceased Refunds</b>	<b>Count</b>	<b>Net Refund</b>	<b>Taxes Withheld</b>	<b>Rollovers</b>	<b>Total</b>
October	17	585,092.21	86,622.68	79,950.46	751,665.35
November	19	174,032.82	15,224.67	28,029.60	217,287.09
December	6	34,151.52	591.08	768.12	35,510.72
<b>Total</b>	<b>42</b>				<b>1,004,463.16</b>

<b>Total Refunds</b>	<b>Count</b>	<b>Net Refund</b>	<b>Taxes Withheld</b>	<b>Rollovers</b>	<b>Total</b>
October	227	2,056,309.44	454,544.55	663,676.61	3,174,530.60
November	238	1,305,827.20	293,889.73	798,556.24	2,398,273.17
December	227	885,633.94	205,282.22	732,409.14	1,823,325.30
<b>Total</b>	<b>689</b>				<b>7,396,129.07</b>

# TEACHERS' RETIREMENT SYSTEM

OF THE STATE OF KENTUCKY



*INTERIM FINANCIAL STATEMENTS*

**QUARTER ENDED DECEMBER 31, 2023**

**(FAIR VALUE - UNAUDITED)**

**Statements of Plan Net Assets**  
**as of December 31, 2023 and 2022**  
(Fair Value - Unadjusted & Unaudited )

	Retirement Annuity Trust		Health Insurance Trust		Life Insurance Trust		Other Funds		TOTAL	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
<b>ASSETS</b>										
Cash	\$ 194,651,285	\$ 220,754,309	\$ 202,167,831	\$ 151,666,724	\$ 581,336	\$ 352,680	\$ 201,383	\$ 42,448	\$ 397,601,835	\$ 372,816,161
<b>Receivables</b>										
Contributions	48,576,918	50,526,572	12,068,376	14,111,640	60,464	54,426			60,705,758	64,692,638
Investment Income	59,043,290	49,654,767	5,424,732	3,099,024	319,147	290,175	4,380	3,160	64,791,549	53,047,126
Investment Sales Receivable	19,387,115	6,802,668	3,248,272	1,748,680	6,054	-			22,641,441	8,551,348
Installment Account Receivable	14,902	23,985							14,902	23,985
Other Receivables	21,954	24,667	46,974,164	37,307,524					46,996,118	37,332,191
Due from Other Funds	7,977,382	5,964,536							7,977,382	5,964,536
<b>Total Receivables</b>	<b>135,021,561</b>	<b>112,997,195</b>	<b>67,715,544</b>	<b>56,266,868</b>	<b>385,665</b>	<b>344,601</b>	<b>4,380</b>	<b>3,160</b>	<b>203,127,150</b>	<b>169,611,824</b>
<b>Investments at Market Value</b>										
Short Term Investments	515,176,114	583,115,513	191,458,218	134,680,596	6,429,750	6,407,003	373,158	357,865	713,437,240	724,560,977
Bonds and Mortgages	3,138,317,428	3,029,572,986	176,091,250	147,879,283	17,144,115	18,240,939	213,188	213,640	3,331,765,981	3,195,906,848
Stocks	14,762,917,917	12,832,414,892	1,569,570,229	1,183,720,827	57,132,608	48,901,498	527,374	427,714	16,390,148,128	14,065,464,931
Alternative Investments	2,010,870,417	2,294,938,876	231,160,004	203,999,797	5,908,081	4,170,606			2,247,938,502	2,503,109,279
Real Estate	1,733,920,570	1,855,581,772	155,764,643	167,076,307	6,720,220	6,606,630			1,896,405,433	2,029,264,709
Additional Categories	2,589,693,570	1,921,401,778	433,300,284	383,366,287	2,925,580	2,771,139			3,025,919,434	2,307,539,204
<b>Total Investments</b>	<b>24,750,896,016</b>	<b>22,517,025,817</b>	<b>2,757,344,628</b>	<b>2,220,723,097</b>	<b>96,260,354</b>	<b>87,097,815</b>	<b>1,113,720</b>	<b>999,219</b>	<b>27,605,614,718</b>	<b>24,825,845,948</b>
Capital Assets ( net of accumulated depreciation )	7,466,047	9,255,981							7,466,047	9,255,981
<b>Total Assets</b>	<b>25,088,034,909</b>	<b>22,860,033,302</b>	<b>3,027,228,003</b>	<b>2,428,656,689</b>	<b>97,227,355</b>	<b>87,795,096</b>	<b>1,319,483</b>	<b>1,044,827</b>	<b>28,213,809,750</b>	<b>25,377,529,914</b>
<b>LIABILITIES</b>										
<b>Liabilities</b>										
Accrued Expenses and Other Liabilities	2,301,457	2,084,473	13,062,293	5,769,356					15,363,750	7,853,829
State of Kentucky	29,211,585	26,943,547	10,443,709	119,901	39,839	62,105			39,695,133	27,125,553
Investment Purchases Payable	33,351,206	13,399,102	6,313,601	2,740,985	21,435	-	-	-	39,686,242	16,140,087
Investment Fees Payable	19,469,192	15,073,093	2,290,078	1,610,807	72,654	49,320	-	-	21,831,924	16,733,220
Due to Other Funds	-	-	7,823,791	5,849,474	149,111	111,477	4,480	3,585	7,977,382	5,964,536
<b>Total Liabilities</b>	<b>84,333,440</b>	<b>57,500,215</b>	<b>39,933,472</b>	<b>16,090,523</b>	<b>283,039</b>	<b>222,902</b>	<b>4,480</b>	<b>3,585</b>	<b>124,554,431</b>	<b>73,817,225</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 25,003,701,469</b>	<b>\$ 22,802,533,087</b>	<b>\$ 2,987,294,531</b>	<b>\$ 2,412,566,166</b>	<b>\$ 96,944,316</b>	<b>\$ 87,572,194</b>	<b>\$ 1,315,003</b>	<b>\$ 1,041,242</b>	<b>\$ 28,089,255,319</b>	<b>\$ 25,303,712,689</b>

**Statements of Changes in Plan Net Assets**  
**For the Six Months Ended December 31, 2023 and 2022**  
(Fair Value - Unadjusted & Unaudited )

	Retirement Annuity Trust		Health Insurance Trust		Life Insurance Trust		Other Funds		TOTAL	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
<b>ADDITIONS</b>										
<b>Contributions</b>										
Employer- State Paid	\$ 513,801,501	\$ 520,999,336	\$ 50,131,206	\$ 46,584,019	\$ 1,137,499	\$ 1,112,563	\$ -	\$ -	\$ 565,070,206	\$ 568,695,918
Employer- LSD, Other	44,693,970	48,617,362	57,133,320	56,179,419	342,159	312,594	-	1,204	102,169,449	105,110,579
Member- Active	171,417,875	166,820,540	68,428,492	67,581,608			5,792	3,517	239,852,159	234,405,665
Member- Retired			31,532,352	31,966,272					31,532,352	31,966,272
Recovery Income			66,765,434	55,978,944					66,765,434	55,978,944
<b>Total Contribution</b>	<b>729,913,346</b>	<b>736,437,238</b>	<b>273,990,804</b>	<b>258,290,262</b>	<b>1,479,658</b>	<b>1,425,157</b>	<b>5,792</b>	<b>4,721</b>	<b>1,005,389,600</b>	<b>996,157,378</b>
<b>Investment Income/(Loss)</b>										
<b>Net Appreciation/(Depreciation) in Fair Value of Investments</b>										
Fair Value of Investments	1,079,361,656	201,865,147	122,729,407	36,224,022	3,561,773	204,820	31,870	(17,430)	1,205,684,706	238,276,559
Interest	107,478,970	89,447,903	19,924,262	10,458,140	483,008	369,098	17,686	8,399	127,903,926	100,283,540
Dividends	128,474,013	117,551,194	8,473,937	4,657,484	327,850	357,906	4,557	3,552	137,280,357	122,570,136
Rental Income, Net	11,782,231	10,606,960							11,782,231	10,606,960
Securities Lending, Net	1,159,423	1,307,125			22,642	32,141	285	355	1,182,350	1,339,621
<b>Gross Investment Income</b>	<b>1,328,256,293</b>	<b>420,778,329</b>	<b>151,127,606</b>	<b>51,339,646</b>	<b>4,395,273</b>	<b>963,965</b>	<b>54,398</b>	<b>(5,124)</b>	<b>1,483,833,570</b>	<b>473,076,816</b>
<b>Less Investment Expense</b>	<b>(38,926,368)</b>	<b>(35,260,187)</b>	<b>(4,159,333)</b>	<b>(3,644,910)</b>	<b>(133,530)</b>	<b>(118,431)</b>	<b>-</b>	<b>-</b>	<b>(43,219,231)</b>	<b>(39,023,528)</b>
<b>Net Investment Income</b>	<b>1,289,329,925</b>	<b>385,518,142</b>	<b>146,968,273</b>	<b>47,694,736</b>	<b>4,261,743</b>	<b>845,534</b>	<b>54,398</b>	<b>(5,124)</b>	<b>1,440,614,339</b>	<b>434,053,288</b>
<b>Total Additions</b>	<b>2,019,243,271</b>	<b>1,121,955,380</b>	<b>420,959,077</b>	<b>305,984,998</b>	<b>5,741,401</b>	<b>2,270,691</b>	<b>60,190</b>	<b>(403)</b>	<b>2,446,003,939</b>	<b>1,430,210,666</b>
<b>DEDUCTIONS</b>										
Benefits	1,235,675,129	1,197,150,928			2,827,000	3,079,000	21,997	74,713	1,238,524,126	1,200,304,641
Refunds of Contributions	15,932,755	14,171,952							15,932,755	14,171,952
Under 65 Insurance Expenses			52,626,819	51,060,201					52,626,819	51,060,201
Over 65 Insurance Expenses			124,450,808	111,534,320					124,450,808	111,534,320
Administrative Expense	8,488,043	8,051,783	-	-	-	-	-	-	8,488,043	8,051,783
<b>Total Deductions</b>	<b>1,260,095,927</b>	<b>1,219,374,663</b>	<b>177,077,627</b>	<b>162,594,521</b>	<b>2,827,000</b>	<b>3,079,000</b>	<b>21,997</b>	<b>74,713</b>	<b>1,440,022,551</b>	<b>1,385,122,897</b>
<b>Net Increase ( Decrease )</b>	<b>759,147,344</b>	<b>(97,419,283)</b>	<b>243,881,450</b>	<b>143,390,477</b>	<b>2,914,401</b>	<b>(808,309)</b>	<b>38,193</b>	<b>(75,116)</b>	<b>1,005,981,388</b>	<b>45,087,769</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>										
Beginning of year	24,244,554,125	22,899,952,370	2,743,413,081	2,269,175,689	94,029,915	88,380,503	1,276,810	1,116,358	27,083,273,931	25,258,624,920
Ending of period	\$ 25,003,701,469	\$ 22,802,533,087	\$ 2,987,294,531	\$ 2,412,566,166	\$ 96,944,316	\$ 87,572,194	\$ 1,315,003	\$ 1,041,242	\$ 28,089,255,319	\$ 25,303,712,689



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

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: March 18, 2024

SUBJECT: Report of the Investment Committee

1. Investment Committee Meeting and Actions: The Investment Committee met Feb. 22 and approved the proxy voting report for the quarter ended Sept. 30, 2023, and reported it to the board (report). As required by law, the report will be published on the TRS website.

Fort Washington Investment Advisors and Todd Asset Management also presented reviews of their portfolios.

2. Purchases and Disposals: During the quarter, 1,551 purchases amounted to \$2,644,512,100.51 and 2,897 disposals amounted to \$2,529,129,542.61. Disposals consisted of 2,559 sales, 270 principal payments and 28 redemptions. While TRS 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 \$18,789,058,514.07 and a market value of \$24,751,215,122.76.

3. Staff's Comments on Economic and Market Conditions: In the quarter ended Dec. 31, risk assets rebounded from a weak prior quarter to finish the calendar year with significant positive returns — a stark turnaround compared to performance in 2022. The MSCI All Country World Index, a broad measure of the global stock market, returned 22.2% in 2023 compared to an 18.4% decline in 2022. U.S. stocks outpaced international developed and emerging markets, both of which also finished the year in positive territory. Fixed income markets also ended the year firmly in positive territory. Longer duration securities finished the quarter strongest with the Bloomberg Long Government/Credit Index returning 13.2% for the quarter, well ahead of the returns from the broad fixed income market and shorter duration segments. Despite the positive market performance, some recent economic indicators have provided investors reason for caution. For example, the manufacturing Purchasing Managers' Index (PMI) contracted throughout the year. In addition, wholesale prices, as measured by the Producer Prices Index, unexpectedly declined in December. However, other economic indicators were more positive, and corporate earnings are proving more resilient than some expected. While the labor market remained healthy as the unemployment rate finished the year at 3.7%, the Bureau of Labor Statistics' December report lowered previously announced October and November job gains, with job growth becoming more concentrated across a select number of industries. After peaking in 2022, inflation in 2023 declined to levels closer to target ranges. The Federal Open Markets Committee's current target for short-term interest rates is 5.25 to 5.5%. Within developed international markets, Japan's strong equity market results in 2023 were notable, as investor confidence improved in response to shifts in monetary policy and corporate culture. France and Germany also were among a select group of countries with significant stock market gains during the year. China's performance remained subdued in 2023, as lackluster consumer demand

combined with elevated risks within its real estate sector continued to be a drag on its economy and investor sentiment. In contrast, other emerging market countries – including Brazil, India and Taiwan – experienced positive equity market performance.

Following negative returns in the previous quarter, U.S. equity ended the calendar year on a high note, with the Russell 3000 Index returning 12.1% in the Dec. 31 quarter and 26% for the calendar year. Among U.S. large-cap stocks, growth stocks outpaced value stocks during the quarter, with the Russell 1000 Growth Index ending with a calendar year return of 42.7%, compared to a 9.5% return for the Russell 1000 Value Index. Although small-cap stocks fared better than large-cap stocks in the quarter, they finished the calendar year with a lower return of 16.9% versus 26.5% for large-cap stocks, as measured by the Russell 2000 and Russell 1000 indexes, respectively. Overall, 2023 performance was driven by a group of the largest, growth-oriented companies commonly referred to as the “Magnificent Seven” (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla). These stocks provided substantial returns after a generally negative 2022. Stocks in the high-beta, growth, and quality-factor groups performed best in 2023, according to data from S&P Global. However, value and momentum factors also provided significant absolute returns during the year. Given the strong returns delivered by growth indexes, growth-oriented managers generally had lower rates of success. In contrast, value-oriented managers were relatively more effective in providing excess returns compared to their benchmarks. Non-U.S. equity developed international markets trailed the U.S. markets in the quarter. Similar to their U.S. counterparts, most active managers of non-U.S. equity strategies struggled to beat their indexes in the quarter. All developed market sectors delivered positive absolute performance during the quarter except for energy, which declined in the quarter despite an initial rally following the October start of the Israel/Hamas war. Despite continued pledges of production cuts by OPEC, weak results were driven by waning global demand, moderating inflation and a mild European winter. Emerging market equities lagged developed markets in the quarter. Within China, despite a reported uptick in economic growth for the previous quarter and continued governmental stimulus, the MSCI China Index continued to fall in the quarter as investor sentiment remained muted. Most active emerging market managers outperformed their benchmarks for the quarter and the calendar year.

The fixed income market surged in the quarter, fueled by moderating economic data and cooling inflation, increasing the likelihood of a soft landing for the U.S. economy. The Bloomberg U.S. Aggregate Bond Index gained 6.8% in the quarter and 5.5% for the calendar year. The U.S. 10-year Treasury yield fell 0.71% during the quarter to end the year at 3.9%, matching its yield at the start of year. Longer duration assets (including growth equity) responded to the rate environment with sharply positive results in the quarter. Across risk sectors, spreads tightened and assets rallied amid falling rates. The Bloomberg U.S. Corporate Investment Grade Index returned 8.5% in the quarter and 8.5% for the calendar year, while the Bloomberg U.S. Corporate High Yield Index returned 7.2% in the quarter and 13.5% for the calendar year.

In the quarter, core private real estate declined 4.8%, as reported by the NFI-ODCE Index, with the total return comprising of 1% from income and a 5.8% price depreciation. The income return improved slightly on a percentage basis from the prior quarter, but continues to trend at the lower end of historical levels due to elevated borrowing costs and expenses. In the quarter, private real estate markets continued to experience similar trends as the prior five quarters. Significant

headwinds persisted due to lingering inflation driven disruptions in the capital markets from 2022. The industry remained in a period of elevated volatility as increased borrowing costs led to a reset of pricing expectations. Transaction markets continued to be muted with wide bid-ask spreads as investors remained cautious, leading to limited liquidity. Similar to public equity markets, sectors with resilient underlying fundamentals generally performed better than those that are more cyclically sensitive. The office sector continues to be challenged due to weakness in buyer interest, vacancy, leasing velocity and ability to refinance debt in the current environment.

4. Performance: Investment performance for the quarter ended Dec. 31 was strong with public assets outperforming private assets. The Retirement Annuity Trust's portfolio returned 7.88%, compared to the policy index return of 8.63%. TRS's domestic equity returned 12.21%, outperforming the S&P 1500 Stock index that returned 11.78%. TRS's international stocks returned 9.42%, underperforming the MSCI All Country ex-U.S. index, which returned 9.82%. Real estate declined 1.59%. TRS's fixed income returned 6.54%, compared to the Bloomberg Barclays Gov/Credit Bond index that returned 6.63%. Additional categories returned 4.01% and private equity returned 1.46%.

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, 2023*

FINAL

	<u>Market Value</u>	<u>Last Qtr</u>	<u>FYTD</u>	<u>1-Year</u>	<u>3-Year*</u>	<u>5-Year*</u>	<u>10-Year*</u>	<u>20-Year*</u>
<b>TOTAL PLAN</b>	\$ 24,751,215,122.76	7.88	5.63	14.64	4.46	10.19	7.88	7.35
<i>Policy Benchmark</i>		8.63	5.91	16.34	5.70	10.25	7.93	-
<b><u>Total Equity</u></b>	\$ 14,892,069,948.90	11.33	7.48	21.76	4.75	13.16	9.26	8.30
<b><u>Domestic Equity</u></b>	\$ 10,144,027,606.90	12.21	8.95	25.19	8.10	15.32	11.30	9.59
<i>S&amp;P 1500 Index</i>		11.78	8.02	25.47	9.83	15.39	11.76	9.75
<b><u>All-Cap Equities</u></b>	\$ 543,834,911.82	10.85	6.05	26.44	10.04	16.77	-	-
<i>Russell 3000 Index</i>		12.07	8.43	25.96	8.54	15.16	-	-
<b><u>Large-Cap Equities</u></b>	\$ 8,245,953,296.90	12.19	9.45	26.72	8.72	15.86	11.63	9.72
<i>S&amp;P 500 Index</i>		11.69	8.04	26.29	10.00	15.69	12.03	9.69
<b><u>Mid-Cap Equities</u></b>	\$ 776,737,595.27	11.57	5.32	13.56	2.48	11.02	9.13	-
<i>S&amp;P 400 Index</i>		11.67	6.98	16.44	8.09	12.62	9.27	-
<b><u>Small-Cap Equities</u></b>	\$ 577,501,802.91	14.38	9.07	17.31	4.88	11.48	8.68	-
<i>S&amp;P 600 Index</i>		15.12	9.45	16.05	7.28	11.03	8.66	-
<b><u>International Equity</u></b>	\$ 4,748,042,342.00	9.46	4.35	14.68	-1.86	8.80	5.00	-
<i>MSCI AC World Ex US</i>		9.82	5.78	16.21	2.04	7.60	4.32	-
<b><u>Fixed Income</u></b>	\$ 3,250,869,188.52	6.54	3.51	6.09	-3.12	1.76	2.37	3.87
<i>Bloomberg Barclays Govt/Credit Index</i>		6.63	3.44	5.72	-3.53	1.41	1.97	3.24
<b><u>Real Estate</u></b>	\$ 1,733,920,570.09	-1.59	-2.12	-5.58	9.04	7.51	9.46	8.48
<b><u>In House Real Estate Equity</u></b>	\$ 400,230,070.32	1.37	1.37	5.71	4.86	4.74	7.14	7.98
<i>CPI plus 2%</i>		0.94	2.66	5.36	7.74	6.17	4.84	4.63
<b><u>Core Real Estate</u></b>	\$ 862,051,949.40	-1.99	-3.56	-9.22	9.44	7.77	9.41	-
<i>NCREIF ODCE (VW) Index</i>		-4.83	-6.64	-12.02	4.92	4.25	7.29	-
<b><u>Non-Core Real Estate</u></b>	\$ 471,638,550.37	-3.25	-3.41	-7.40	13.05	10.59	13.23	-
<i>NCREIF Property Index</i>		-3.02	-4.35	-7.94	4.57	4.33	6.80	-
<b><u>Private Equity</u></b>	\$ 2,010,870,416.75	1.46	3.80	8.15	17.36	14.02	13.77	-
<b><u>Mature Private Equity</u></b>	\$ 1,152,505,873.65	0.58	3.00	6.77	17.18	12.31	12.26	-
<i>S&amp;P 500 Index plus 3%</i>		12.52	9.64	30.08	13.30	19.16	15.39	-
<b><u>Private Equity &lt; 5 Years</u></b>	\$ 858,364,543.10	1.36	3.64	10.05	19.35	16.73	-	-
<b><u>Timberland</u></b>	\$ 487,205,541.98	1.74	4.05	8.84	2.44	3.78	4.17	-
<i>NCREIF Timberland Index</i>		4.34	5.76	9.45	10.50	6.62	5.77	-
<b><u>Additional Categories</u></b>	\$ 2,153,606,892.34	4.01	5.43	9.75	4.65	5.43	4.71	-
<i>B of A Merrill Lynch U.S. High Yield Master II Constrained</i>		7.07	7.64	13.47	2.01	5.19	4.51	-
<b><u>Cash (Unallocated)</u></b>	\$ 222,672,564.18	1.44	2.85	4.96	2.21	1.83	1.25	1.65
<i>90 Day T-Bill</i>		1.37	2.70	5.02	2.15	1.88	1.24	1.43

**Total Trust Gross Return for 30-year period\***

**7.78**

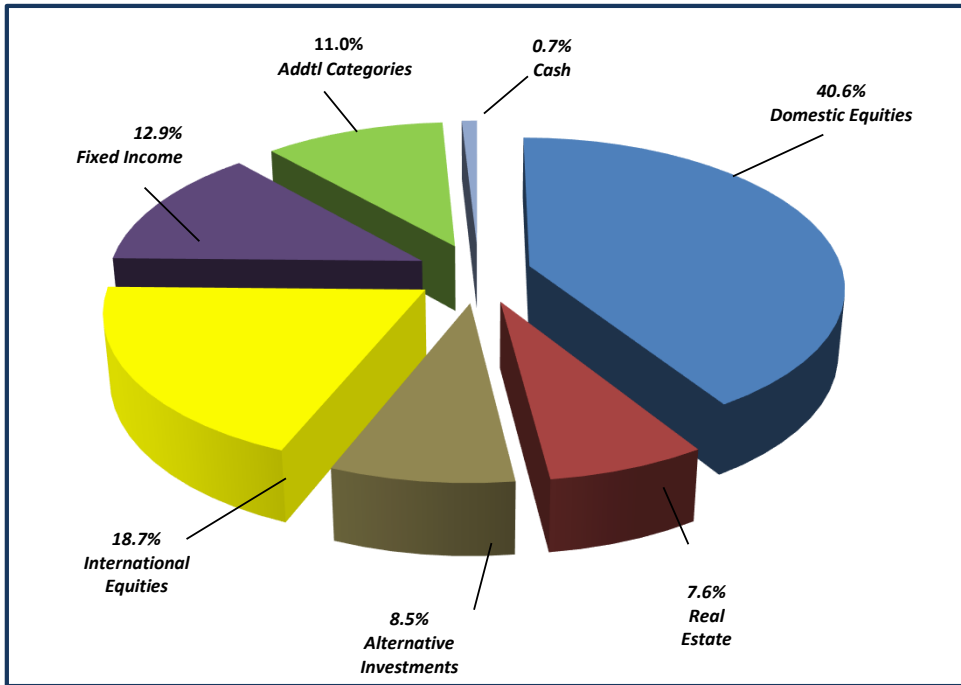
\*Returns are annualized for periods longer than one year

\*\* 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.

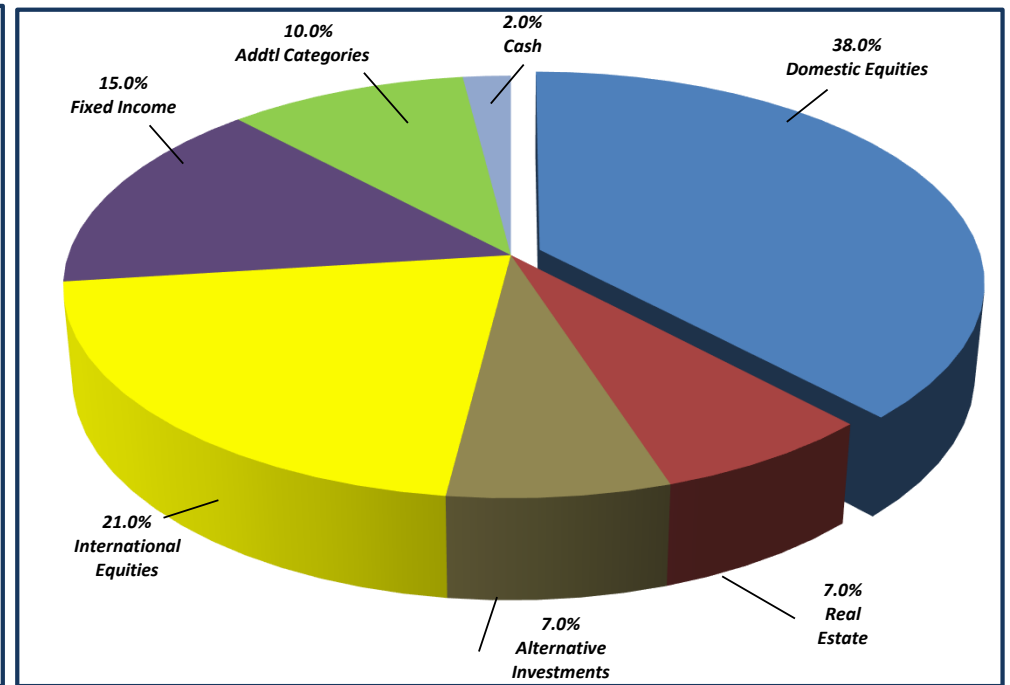
**Teachers' Retirement System of Kentucky**  
 Quarterly Investment Update  
 For the period ended December 31, 2023

(\$ in millions)	\$'s	12/31/2023 Actual %	9/30/2023 Actual %	Target %	Strategic Ranges
Domestic Equities	\$10,144.0	41.0%	40.6%	38.0%	29.0 - 40.0%
Real Estate	1,733.9	7.0%	7.6%	7.0%	4.0 - 10.0%
Alternative Inv.	2,010.9	8.1%	8.5%	7.0%	4.0 - 10.0%
International Equities	4,748.0	19.2%	18.7%	21.0%	16.0 - 27.0%
Fixed Income	3,250.9	13.1%	12.9%	15.0%	8.0 - 22.0%
Addtl Categories	2,640.8	10.7%	11.0%	10.0%	4.0 - 15.0%
Cash	222.7	0.9%	0.7%	2.0%	1.0 - 5.0%
<b>Total</b>	<b>\$24,751.2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

**ACTUAL %**



**TARGET %**



*Teachers' Retirement System of the State of Kentucky  
Health Insurance Trust  
Quarterly Investment Performance  
Gross Returns  
For the Period Ended December 31, 2023*

FINAL

	<u>Market Value</u>	<u>Last Qtr</u>	<u>FYTD</u>	<u>1-Year</u>	<u>3-Year*</u>	<u>5-Year*</u>	<u>10-Year*</u>	<u>20-Year*</u>
<b>TOTAL PLAN</b>	\$ 2,757,344,628.17	7.32	5.58	14.90	5.73	10.00	7.25	-
<i>Policy Benchmark</i>		8.64	6.15	16.22	5.54	9.73	-	-
<b>Total Equity</b>	\$ 1,593,772,415.28	11.14	7.20	22.63	5.27	12.25	-	-
<b>Domestic Equity</b>	\$ 1,047,973,509.69	11.83	7.85	26.30	-4.98	11.04	-	-
<i>S&amp;P 500 Index</i>		11.69	8.04	26.29	10.00	15.69	-	-
<i>Russell 3000</i>		12.07	8.43	25.96	8.54	15.16	-	-
<b>International Equities</b>	\$ 545,798,905.59	9.74	5.92	15.58	-	-	-	-
<i>MSCI AC World ex USA IMI Index</i>		9.87	6.15	16.21	-	-	-	-
<b>Fixed Income</b>	\$ 183,180,819.53	4.85	3.72	5.91	-2.04	2.25	1.92	-
<i>Barclays Government Credit</i>		6.63	3.44	5.72	-3.53	1.41	1.97	-
<b>Real Estate</b>	\$ 155,764,642.51	-2.41	-3.25	-8.08	12.88	10.76	-	-
<b>Core Real Estate</b>	\$ 81,590,833.35	-1.30	-2.68	-7.44	11.70	9.54	-	-
<i>NCREIF ODCE (VW)</i>		-4.83	-6.64	-12.02	4.92	4.25	-	-
<b>Non-Core Real Estate</b>	\$ 74,173,809.16	-3.62	-3.88	-8.76	13.97	11.80	-	-
<i>NCREIF Property Index</i>		-3.02	-4.35	-7.94	4.57	4.33	-	-
<b>Private Equity</b>	\$ 231,160,003.83	1.11	3.34	7.52	19.90	14.83	15.99	-
<b>Mature Private Equity</b>	\$ 109,767,508.89	1.23	2.86	5.70	23.80	15.33	15.48	-
<i>S&amp;P 500 plus 3%</i>		12.52	9.64	30.08	13.30	19.16	15.39	-
<b>Private Equity &lt; 5 Years</b>	\$ 121,392,494.94	1.01	3.94	9.41	15.85	13.18	-	-
<b>Additional Categories</b>	\$ 455,796,381.67	4.45	5.92	10.09	3.84	5.32	4.45	-
<i>B of A Merrill Lynch High Yield Master II</i>		7.07	7.64	13.47	2.01	5.19	4.51	-
<b>Cash (Unallocated)</b>	\$ 137,670,365.35	1.36	2.70	4.83	2.49	2.04	1.35	-
<i>90 Day T-Bill</i>		1.37	2.70	5.02	2.15	1.88	1.24	-

\*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

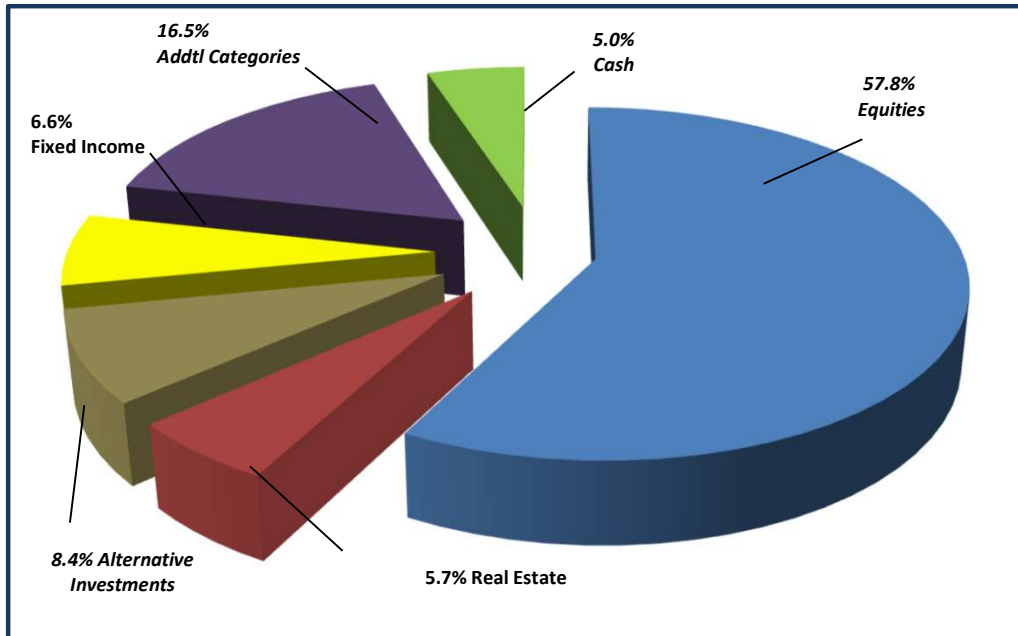
## Insurance Trust Fund

Quarterly Investment Update

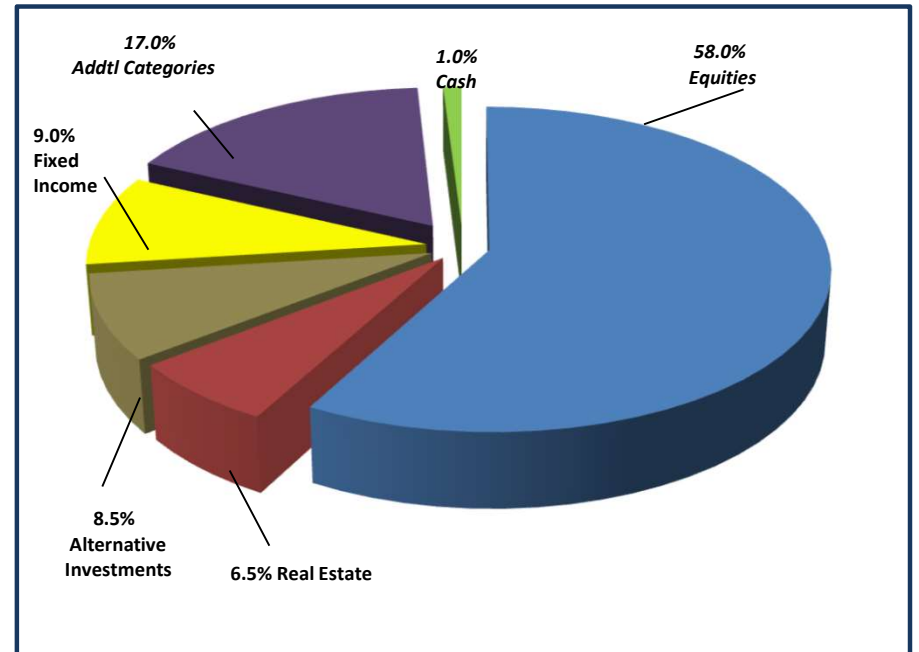
For the period ended December 31, 2023

<i>(\$ in thousands)</i>	<b>\$'s</b>	<b>12/31/2023 Actual %</b>	<b>9/30/2023 Actual %</b>	<b>Target %</b>	<b>Strategic Ranges</b>
Equities	\$1,593,772.4	57.8%	55.9%	58.0%	51.0 - 64.0%
Real Estate	\$155,764.6	5.7%	6.3%	6.5%	4.0 - 12.0%
Alternative Inv.	\$231,160.0	8.4%	9.1%	8.5%	5.0 - 12.0%
Fixed Income	\$183,180.8	6.6%	7.1%	9.0%	6.0 - 14.0%
Addtl Categories	\$455,796.4	16.5%	17.6%	17.0%	14.0 - 25.0%
Cash	\$137,670.4	5.0%	4.0%	1.0%	0.0 - 5.0%
<b>Total</b>	<b><u>\$2,757,344.6</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	

**ACTUAL %**



**TARGET %**



TOTAL BV INVESTED AT 09/30/23 \$ 18,673,675,956.17

October Activity

Purchases	687,832,577.60	
Disposals	(610,032,180.94)	
Paydowns	(1,914,964.85)	
Redemptions	(3,367,754.85)	
Short-Term Pool Net	113,464,779.08	185,982,456.04

November Activity

Purchases	541,055,927.24	
Disposals	(433,672,709.24)	
Paydowns	(1,365,549.98)	
Redemptions	(8,939,298.28)	
Short-Term Pool Net	(65,087,037.11)	31,991,332.63

December Activity

Purchases	499,212,967.99	
Disposals	(495,838,022.72)	
Paydowns	(1,098,281.72)	
Redemptions	(8,504,115.29)	
Short-Term Pool Net	(96,363,779.03)	(102,591,230.77)

TOTAL BV INVESTED AT 12/31/23 \$ 18,789,058,514.07

\* 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, (\$13,997,836.30) 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	\$ 515,495,213	
- Pending Payable	13,997,836	
Net	\$ 501,497,377	



**INVESTMENT ACTIVITY**  
**October 1, 2023 -- December 31, 2023**

**Total Book Value Invested @ 10/1/23** \$ 18,673,675,956.17

Purchases:

330	Cash Equivalents	\$	916,410,627.68	
256	Fixed Income Securities		536,321,473.37	
0	Principal Paydowns		-	
0	Additional Redemptions / Maturities		-	
697	Equity Securities		697,635,043.37	
35	Real Estate		61,987,853.78	
97	Alternative Investments		144,555,711.11	
136	Additional Categories		287,601,391.20	
<hr/>				
1551	Total Purchases	\$		2,644,512,100.51

Disposals:

304	Cash Equivalents	\$	964,396,664.74	
74	Fixed Income Securities		321,880,412.88	
269	Principal Paydowns		4,231,399.28	
22	Redemptions / Maturities		14,469,025.48	
1885	Equity Securities		827,429,612.14	
42	Real Estate		25,647,781.41	
153	Alternative Investments		97,498,897.04	
141	Additional Categories		267,086,209.43	
1	Additional Principal Paydowns		147,397.27	
6	Additional Redemptions / Maturities		6,342,142.94	
<hr/>				
2897	Total Disposals	\$		2,529,129,542.61

**Total Book Value Invested @ 12/31/23** \$ 18,789,058,514.07

**Total Par Value Invested @ 12/31/23** \$ 18,447,601,461.17

**Total Market Value Invested @ 12/31/23** \$ 24,751,215,122.76

\* 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, (\$13,997,836.30) 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	\$	515,495,213
- Pending Payable		13,997,836
Net	\$	<u>501,497,377</u>

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

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: March 18, 2024

SUBJECT: Report of the Governance and Audit Committee

The Governance and Audit Committee will have a special meeting on March 18, 2024, 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 18, 2024

SUBJECT: Legislative update

During the meeting, staff will report on the 2024 Regular Session of the Kentucky General Assembly. This report is for information and requires no action.

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

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: March 18, 2024

SUBJECT: Annual Review of Disability Earnings Limitation

KRS 161.661(12) allows the board to increase the disability earnings limitation by the percentage increase in the annual average of the Consumer Price Index (CPI) for all urban consumers for the most recent calendar year as published by the Federal Bureau of Labor Statistics (BLS) not to exceed 5%. The board periodically reviews whether the limitation should be increased to account for inflation. Most recently, the board authorized increasing the disability earnings limitation to \$47,121 effective for calendar year 2023. In January 2024, the BLS published the CPI for all urban consumers for calendar 2023 as a 3.4% increase.

Recommendation: The board is recommended to increase the disability earnings limitation by 3.4% to \$48,723 effective for calendar year 2024 as allowed under KRS 161.661(12).

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

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: March 18, 2024

SUBJECT: Executive Secretary's Observations and Comments

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

2. Member Nominating Committee: The Member Nominating Committee, consisting of representatives from the 12 statutorily designated districts and one retiree representative, met on February 17.

The committee nominated candidates for the active teacher trustee seat in this year's election. Current trustee, Josh Underwood, of Tollesboro, was nominated for the first position on the ballot, and Ashley Burnette, of Bowling Green, was nominated for the second position.

Again, this year, members of TRS will be able to vote electronically for the trustee position. The electronic ballot will be available on Pathway to members from April 1 through April 14. 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 31.

Ballots will be tallied by the state education commissioner, and the results will be announced at the board's June 17 quarterly meeting.

3. Junita Losey Scholarship Fund Update: Checks for scholarships in the amount of \$2,000 have been sent to each of the eight public universities in Kentucky. 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: The executive secretary has had meetings with several groups recently and will report to the board concerning the following:

Jan. 16	Meeting with Mulloy Borland
Jan. 31	Meeting with Ecosystem Investment Partners
Feb. 1	Meeting with Todd Asset Management

Feb. 5	Meeting with Know Your Rx (KYRx)
Feb. 9	Meeting with Managed Medical Review Organization
Feb. 12	Meeting with Coalition to Sustain the Education Profession
Feb. 17	Attend Member Nominating Committee meeting
Feb. 26	Meeting with Northern Kentucky Education Association
March 4	Meeting with State Treasurer Mark Metcalf
March 5	Attend KYRx board meeting
March 11	Meeting with Calloway County Retired Teachers Association
March 14	Meeting with Jefferson County Teachers Association

5. Next Meeting: The next quarterly meeting of the board will be Monday, June 17.