



TEACHERS' RETIREMENT SYSTEM

of the State of Kentucky

BOARD OF TRUSTEES

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Education Commissioner

GARY L. HARBIN, CPA
Executive Secretary

Quarterly Meeting of the
TRRS Board of Trustees

A G E N D A

December 16, 2024, 10 a.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, September 16, 2024

1.1.2. Special Meeting, Board of Trustees, November 25, 2024

1.1.3. Special Meeting, Insurance Committee, September 16, 2024

1.1.4. Special Meeting, Legislative Committee, September 16, 2024

1.1.5. Special Meeting, Governance and Audit Committee, November 15, 2024

1.1.6. Special Meeting, Legislative Committee, November 15, 2024

1.1.7. Special Meeting, Personnel Committee, November 25, 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. Report of the Legislative Committee

5. Report of the Personnel Committee

6. Report of the Scholarship Committee

7. 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: December 16, 2024

SUBJECT: Reports for Consent

1.1. Consideration/Approval of Minutes

- 1.1.1. Quarterly Meeting, Board of Trustees, September 16, 2024
- 1.1.2. Special Meeting, Board of Trustees, November 25, 2024
- 1.1.3. Special Meeting, Insurance Committee, September 16, 2024
- 1.1.4. Special Meeting, Legislative Committee, September 16, 2024
- 1.1.5. Special Meeting, Governance and Audit Committee, November 15, 2024
- 1.1.6. Special Meeting, Legislative Committee, November 15, 2024
- 1.1.7. Special Meeting, Personnel Committee, November 25, 2024

1.2. Applications for Retirement and Annuity

The list of members who retired in September, October and November is included in the board materials. Attached is a summary of the payments and a comparison to the same period last year. The 378 initial retirements retirees for the period resulted in monthly payments totaling \$1,232,848.11. During the same period last year, 379 retirements resulted in monthly payments totaling \$1,144,889.19.

1.3. Survivor Benefits

The list of persons qualifying for survivor benefit payments for the quarter ended Sept. 30 is included in the board materials. Seventeen survivor benefits commenced with a total monthly payment of \$2,348.21.

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 Sept. 30 is included in the board materials. Fifteen payments to the estates or beneficiaries of active teachers and 309 payments to the estates or beneficiaries of retired teachers combined for total payments of \$1,545,000. During the same quarter last year, 309 payments amounted to \$1,530,000.

1.5. Refunds

The report of refunds for the quarter ended Sept. 30 is included in the board materials. During the quarter, refunds paid consisted of:

Regular withdrawals	510	\$6,527,158.13
Deaths	39	<u>\$ 659,083.20</u>
Total	549	\$7,186,241.33

During the same quarter last year, 572 refunds totaled \$8,182,144.06.

1.6. Interim Financial Statements

The Interim Financial Statements for the quarter ended September 30 are included in the board materials.

Recommendation: The board is requested to approve the minutes and benefit payment reports as presented in the Reports for Consent. The Interim Financial Statements are for information and require no action.

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

	September	October	November	Total	Same Period 2023
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>11</i> \$38,574.69	<i>6</i> \$15,974.02	<i>3</i> \$10,125.26	<i>20</i> \$64,673.97	<i>17</i> \$48,574.27
Service Retirement	<i>148</i> \$523,361.18	<i>114</i> \$352,812.88	<i>95</i> \$290,630.72	<i>357</i> \$1,166,804.78	<i>361</i> \$1,091,990.12
Beneficiary of Member Eligible to Retire	<i>1</i> \$1,369.36	<i>0</i> \$0.00	<i>0</i> \$0.00	<i>1</i> \$1,369.36	<i>1</i> \$4,324.80
TOTALS	<i>160</i> \$563,305.23	<i>120</i> \$368,786.90	<i>98</i> \$300,755.98	<i>378</i> \$1,232,848.11	<i>379</i> \$1,144,889.19

Reports for Consent
Member Account Refunds
For the period July 2024 - September 2024

Active Refunds	Count	Net Refund	Taxes Withheld	Rollovers	Total
July	138	816,919.85	204,229.97	255,246.17	1,276,395.99
August	186	1,263,310.42	302,828.73	899,068.75	2,465,207.90
September	187	1,449,182.08	362,295.56	974,076.60	2,785,554.24
Total	510				6,527,158.13

Deceased Refunds	Count	Net Refund	Taxes Withheld	Rollovers	Total
July	15	182,589.31	45,589.96	0.00	228,179.27
August	9	207,357.31	17,293.77	147,810.93	372,462.01
September	15	25,418.48	880.43	32,143.01	58,441.92
Total	39				659,083.20

Total Refunds	Count	Net Refund	Taxes Withheld	Rollovers	Total
July	153	999,509.16	249,819.93	255,246.17	1,504,575.26
August	195	1,470,667.73	320,122.50	1,046,879.68	2,837,669.91
September	202	1,474,600.56	363,175.99	1,006,219.61	2,843,996.16
Total	549				7,186,241.33

TEACHERS' RETIREMENT SYSTEM

OF THE STATE OF KENTUCKY



INTERIM FINANCIAL STATEMENTS

QUARTER ENDED SEPTEMBER 30, 2024

(FAIR VALUE - UNAUDITED)

Statements of Plan Net Assets
as of September 30, 2024 and 2023
(Fair Value - Unadjusted & Unaudited)

	Retirement Annuity Trust		Health Insurance Trust		Life Insurance Trust		Other Funds		TOTAL	
	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024
ASSETS										
Cash	\$ 198,504,497	\$ 199,929,584	\$ 189,664,874	\$ 241,593,373	\$ 231,386	\$ 431,935	\$ 182,202	\$ 204,514	\$ 388,582,959	\$ 442,159,406
Receivables										
Contributions	50,326,612	48,576,918	12,521,802	12,068,376	55,791	60,464			62,904,205	60,705,758
State of Kentucky	-	-	-	-	55,327	-			55,327	-
Investment Income	73,083,001	59,043,290	7,854,183	5,424,732	328,869	319,147	4,439	4,380	81,270,492	64,791,549
Investment Sales Receivable	17,753,824	10,982,263	4,927,961	1,939,283	-	-			22,681,785	12,921,546
Installment Account Receivable	7,669	16,640							7,669	16,640
Other Receivables	19,296	21,638	49,992,247	46,972,936					50,011,543	46,994,574
Due from Other Funds	10,135,426	7,977,382							10,135,426	7,977,382
Total Receivables	151,325,828	126,618,131	75,296,193	66,405,327	439,987	379,611	4,439	4,380	227,066,447	193,407,449
Investments at Market Value										
Short Term Investments	818,225,788	583,457,006	188,556,808	162,164,951	6,334,731	7,323,769	379,594	361,402	1,013,496,921	753,307,128
Bonds and Mortgages	3,442,584,348	2,760,998,778	247,296,595	154,082,298	15,304,195	16,188,082	212,796	195,468	3,705,397,934	2,931,464,626
Stocks	16,057,205,305	13,603,687,891	1,954,062,382	1,357,596,050	67,155,770	51,423,029	629,388	475,885	18,079,052,845	15,013,182,855
Alternative Investments	2,115,306,011	1,976,515,671	248,212,669	225,739,842	6,513,492	5,418,011			2,370,032,172	2,207,673,524
Real Estate	1,710,980,946	1,751,230,449	157,894,436	156,290,589	7,266,126	6,641,726			1,876,141,508	1,914,162,764
Additional Categories	2,756,136,775	2,515,710,927	509,096,187	415,803,072	3,144,766	2,839,363			3,268,377,728	2,934,353,362
Total Investments	26,900,439,173	23,191,600,722	3,305,119,077	2,471,676,802	105,719,080	89,833,980	1,221,778	1,032,755	30,312,499,108	25,754,144,259
Capital Assets (net of accumulated depreciation)	5,729,384	7,466,047							5,729,384	7,466,047
Total Assets	27,255,998,882	23,525,614,484	3,570,080,144	2,779,675,502	106,390,453	90,645,526	1,408,419	1,241,649	30,933,877,898	26,397,177,161
LIABILITIES										
Liabilities										
Accrued Expenses and Other Liabilities	2,552,749	2,302,167	22,931,226	13,062,293					25,483,975	15,364,460
State of Kentucky	12,345,650	29,211,585	9,559,340	10,443,709	-	39,839			21,904,990	39,695,133
Investment Purchases Payable	67,247,030	31,659,310	13,159,334	6,421,705	-	-	-	-	80,406,364	38,081,015
Investment Fees Payable	19,220,337	19,469,192	2,278,030	2,290,078	80,086	72,654	-	-	21,578,453	21,831,924
Due to Other Funds	-	-	9,944,788	7,823,791	185,760	149,111	4,878	4,480	10,135,426	7,977,382
Total Liabilities	101,365,766	82,642,254	57,872,718	40,041,576	265,846	261,604	4,878	4,480	159,509,208	122,949,914
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 27,154,633,116	\$ 23,442,972,230	\$ 3,512,207,426	\$ 2,739,633,926	\$ 106,124,607	\$ 90,383,922	\$ 1,403,541	\$ 1,237,169	\$ 30,774,368,690	\$ 26,274,227,247

Statements of Changes in Plan Net Assets
For the Three Months Ended September 30, 2024 and 2023
(Fair Value - Unadjusted & Unaudited)

	Retirement Annuity Trust		Health Insurance Trust		Life Insurance Trust		Other Funds		TOTAL	
	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024
ADDITIONS										
Contributions										
Employer- State Paid	\$ 302,562,218	\$ 247,378,939	\$ 24,635,702	\$ 24,487,799	\$ 536,180	\$ 518,241	\$ -	\$ -	\$ 327,734,100	\$ 272,384,979
Employer- LSD, Other	20,825,199	20,768,237	26,092,357	24,401,549	169,306	149,393	-	-	47,086,862	45,319,179
Member- Active	80,520,639	74,492,652	31,290,642	29,118,569			4,833	868	111,816,114	103,612,089
Member- Retired			16,226,111	15,990,362					16,226,111	15,990,362
Recovery Income			35,346,625	31,591,740					35,346,625	31,591,740
Total Contribution	403,908,056	342,639,828	133,591,437	125,590,019	705,486	667,634	4,833	868	538,209,812	468,898,349
Investment Income/(Loss)										
Net Appreciation/(Depreciation) in Fair Value of Investments										
Fair Value of Investments	1,180,998,761	(617,659,972)	143,123,585	(53,648,045)	5,073,653	(3,128,078)	44,425	(37,339)	1,329,240,424	(674,473,434)
Interest	65,835,672	54,324,032	12,172,378	9,416,615	247,768	243,516	6,666	6,517	78,262,484	63,990,680
Dividends	55,633,902	63,790,665	4,615,489	4,089,902	169,224	153,220	1,641	1,720	60,420,256	68,035,507
Rental Income, Net	6,162,134	5,488,196							6,162,134	5,488,196
Securities Lending, Net	1,168,104	675,713			12,347	9,316	183	111	1,180,634	685,140
Gross Investment Income	1,309,798,573	(493,381,366)	159,911,452	(40,141,528)	5,502,992	(2,722,026)	52,915	(28,991)	1,475,265,932	(536,273,911)
Less Investment Expense	(18,364,526)	(20,308,655)	(2,102,922)	(2,177,124)	(69,769)	(58,601)	-	-	(20,537,217)	(22,544,380)
Net Investment Income	1,291,434,047	(513,690,021)	157,808,530	(42,318,652)	5,433,223	(2,780,627)	52,915	(28,991)	1,454,728,715	(558,818,291)
Total Additions	1,695,342,103	(171,050,193)	291,399,967	83,271,367	6,138,709	(2,112,993)	57,748	(28,123)	1,992,938,527	(89,919,942)
DEDUCTIONS										
Benefits	637,106,215	618,648,028			1,573,224	1,533,000	16,291	11,518	638,695,730	620,192,546
Refunds of Contributions	7,853,425	8,035,004							7,853,425	8,035,004
Under 65 Insurance Expenses			29,377,612	26,802,338					29,377,612	26,802,338
Over 65 Insurance Expenses			67,525,787	60,248,184					67,525,787	60,248,184
Administrative Expense	3,885,424	3,848,670	-	-	-	-	-	-	3,885,424	3,848,670
Total Deductions	648,845,064	630,531,702	96,903,399	87,050,522	1,573,224	1,533,000	16,291	11,518	747,337,978	719,126,742
Net Increase (Decrease)	1,046,497,039	(801,581,895)	194,496,568	(3,779,155)	4,565,485	(3,645,993)	41,457	(39,641)	1,245,600,549	(809,046,684)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS										
Beginning of year	26,108,136,077	24,244,554,125	3,317,710,858	2,743,413,081	101,559,122	94,029,915	1,362,084	1,276,810	29,528,768,141	27,083,273,931
Ending of period	\$ 27,154,633,116	\$ 23,442,972,230	\$ 3,512,207,426	\$ 2,739,633,926	\$ 106,124,607	\$ 90,383,922	\$ 1,403,541	\$ 1,237,169	\$ 30,774,368,690	\$ 26,274,227,247

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

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: December 16, 2024

RE: Report of the Investment Committee

1. Investment Committee Meeting and Actions: The Investment Committee met November 21 and approved an investment of \$50 million from the Health Insurance Trust to Galliard Capital Management Core Fixed Income and the amendment of the Todd Asset Management's fee cap for fiscal 2025 to \$1.6 million from \$1.5 million.

The committee also approved the proxy voting report for the quarter ended September 30 and reported it to the board (report). As required by law, the report will be published on the TRS website.

Outside investor, State Street Global Advisors, reported on its portfolio.

2. Purchases and Disposals: During the quarter ended September 30, 1,703 purchases amounted to \$2,644,077,974.91 and 3,075 disposals amounted to \$2,231,372,655.46. Disposals consisted of 2,630 sales, 369 principal payments and 76 redemptions. While TRS initiates these transactions, the custodian of securities is responsible for handling and securing each stock, bond or other type of investment. At the quarter's end, TRS's invested securities had a book value of \$19,683,960,337.23 and a market value of \$26,900,769,731.90.

3. Staff's Comments on Economic and Market Conditions: In the quarter ended September 30, reversals of recent trends in public equity and fixed income characterized market conditions. This was due to heightened expectations that global central banks, including the U.S. Federal Reserve, would reduce policy rates. At the same time, inflation continued to moderate amid forecasts of stable economic growth. In this environment, non-U.S. stocks, value-oriented stocks, and smaller-cap stocks performed especially well in public equity. Within public fixed income, longer-duration and non-U.S. denominated securities outpaced other types of securities. Recent U.S. data points to stabilizing inflation, with the Core Consumer Price Index finishing the quarter at 3.3% – the same reading as at the end of the prior quarter. The Purchasing Managers' Index for service industries – in contrast to the prior quarter – moved into expansionary territory, while the reading for manufacturing industries remained in contractionary territory. U.S. labor market indicators did not shift significantly, with wage growth at similar levels compared to the prior quarter and the unemployment rate remaining at 4.1%.

In the quarter, U.S. equity markets strengthened despite August turbulence from growing concerns of slowing global economic growth. Despite heightened volatility, the Russell 3000 Index returned 6.2% in the quarter as market participants reacted positively to the Federal Open Market Committee lowering the Federal Funds rate in September. During the quarter, with the exception of energy, all other sectors generated positive returns. Utilities provided the strongest results, particularly small-cap utility securities. Value widely outperformed growth, with the

Russell 3000 Value Index returning of 9.5% compared to 3.4% for the Russell 3000 Growth Index. Additionally, small-cap stocks outperformed large-cap stocks, particularly in the growth space, with the Russell 2000 Growth Index and the Russell 1000 Growth Index returning 8.4% and 3.2%, respectively. The median manager did not achieve excess returns across style and size spectrums.

Developed international markets outperformed the United States in the quarter after trailing for six straight quarters, with the MSCI EAFE Index returning 7.3%. In a reversal from the prior two quarters, developed small-cap stocks outperformed large-cap, although value stocks continued to outpace their growth counterparts. The predominant driver of developed market returns was Japan. Japanese markets reached highs at the start of the quarter and then saw historic volatility in August after the Bank of Japan raised rates. Amid the market strength, developed market active managers broadly struggled to beat their benchmarks in the quarter across all styles and market capitalizations.

During the quarter, U.S. Treasury yields declined as economic data spurred market participants to anticipate the eventual reduction to the Federal Funds rate in September. The 10-year yield fell by 0.55% to end at 3.81%. The Bloomberg U.S. Aggregate Bond Index returned 5.2%. In addition to the impact of declining rates, tightening spreads for credit securities further bolstered returns. The Bloomberg U.S. Corporate Investment Grade Index returned 5.8% and outpaced the 5.3% return of the Bloomberg U.S. Corporate High Yield Index, which benefited less from declining rates given the lower duration of this asset class.

Core private real estate gained 0.3% total return in the quarter as reported by the NFI-ODCE Index, consisting of a 1.1% income gain and price depreciation of 0.8%. Income returns improved slightly on a percentage basis quarter-over-quarter, with the one-year trailing income return of 4.1% at levels similar to longer-term trailing period returns. Conversely, this is the ninth consecutive quarter of price depreciation for the NFI-ODCE. Return volatility for core real estate managers may narrow in scale in the near term, as most have written down property valuations over past quarters. However, appraisers have been reluctant to take drastic actions without corresponding closed transactions.

4. Performance: Investment performance for the quarter ending September 30 was strong with public assets outperforming private assets. The Retirement Annuity Trust returned 5.06%, compared to the Policy Index that returned 5.49%. TRS's domestic equity returned 5.96%, while the S&P 1500 returned 6.04%. TRS's international stocks returned 7.59%, underperforming the MSCI All Country ex U.S., which returned of 8.17%. Real estate returned 0.79%. TRS's fixed income returned 4.77%, while the Bloomberg Barclays Gov/Credit Bond Index returned 5.1%. Additional categories returned 3.49% and private equity returned 1.69%.

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 September 30, 2024

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>
TOTAL PLAN	\$ 26,900,769,731.90	5.06	5.06	20.47	5.33	9.73	8.52	7.81
<i>Policy Benchmark</i>		5.49	5.49	23.15	6.74	10.11	8.74	-
<u>Total Equity</u>	\$ 16,201,723,183.91	6.50	6.50	30.00	6.64	12.87	10.43	9.05
<u>Domestic Equity</u>	\$ 10,696,241,146.79	5.96	5.96	33.64	9.33	15.15	12.42	10.45
<i>S&P 1500 Index</i>		6.04	6.04	35.54	11.46	15.59	13.12	10.70
<u>All-Cap Equities</u>	\$ 643,229,731.38	6.98	6.98	31.09	9.60	17.45	-	-
<i>Russell 3000 Index</i>		6.23	6.23	35.19	10.29	15.26	-	-
<u>Large-Cap Equities</u>	\$ 8,562,641,388.49	5.55	5.55	34.86	10.19	15.83	12.75	10.61
<i>S&P 500 Index</i>		5.89	5.89	36.35	11.91	15.98	13.38	10.71
<u>Mid-Cap Equities</u>	\$ 841,870,978.32	6.97	6.97	26.97	3.81	9.60	10.07	-
<i>S&P 400 Index</i>		6.94	6.94	26.79	7.47	11.78	10.32	-
<u>Small-Cap Equities</u>	\$ 648,499,048.60	9.32	9.32	27.44	3.84	10.56	10.15	9.85
<i>S&P 600 Index</i>		10.13	10.13	25.86	3.99	10.21	10.05	9.69
<u>International Equity</u>	\$ 5,505,482,037.12	7.59	7.59	22.59	1.11	8.17	6.33	-
<i>MSCI AC World Ex US</i>		8.17	8.17	25.96	4.67	8.10	5.72	-
<u>Fixed Income</u>	\$ 3,570,583,140.19	4.77	4.77	11.64	-0.96	0.85	2.41	3.94
<i>Bloomberg Barclays Govt/Credit Index</i>		5.10	5.10	11.31	-1.50	0.41	2.00	3.29
<u>Real Estate</u>	\$ 1,710,980,945.98	0.79	0.79	-3.84	4.94	5.94	8.34	7.96
<u>In House Real Estate Equity</u>	\$ 400,175,037.77	1.63	1.63	6.07	5.28	4.95	7.07	7.79
<i>CPI plus 2%</i>		1.02	1.02	4.46	6.83	6.26	4.91	4.61
<u>Core Real Estate</u>	\$ 800,715,699.10	-0.56	-0.56	-8.44	3.96	5.18	7.67	-
<i>NCREIF ODCE (VW) Index</i>		0.25	0.25	-7.27	-0.18	2.94	6.10	-
<u>Non-Core Real Estate</u>	\$ 510,090,209.11	2.25	2.25	-3.72	7.04	8.76	11.73	-
<i>NCREIF Property Index</i>		0.78	0.78	-3.47	0.87	3.26	5.88	-
<u>Private Equity</u>	\$ 2,115,306,010.98	1.96	1.96	7.40	9.54	13.97	12.66	-
<u>Mature Private Equity</u>	\$ 1,264,906,718.59	2.13	2.13	6.01	9.60	13.09	11.06	-
<i>S&P 500 Index plus 3%</i>		6.67	6.67	40.44	15.27	19.46	16.78	-
<u>Private Equity < 5 Years</u>	\$ 850,399,292.39	1.65	1.65	8.47	11.00	16.34	-	-
<u>Additional Categories (Evergreen and Non-Evergreen)</u>	\$ 2,321,885,732.20	3.49	3.49	11.97	4.19	5.37	4.88	-
<i>B of A Merrill Lynch U.S. High Yield Master II Constrained</i>		5.28	5.28	15.67	3.08	4.53	4.95	-
<u>Timberland</u>	\$ 493,222,476.28	0.31	0.31	5.49	7.36	4.01	4.17	-
<i>NCREIF Timberland Index</i>		1.53	1.53	10.02	10.86	7.47	5.90	-
<u>Cash (Unallocated)</u>	\$ 487,068,242.36	1.33	1.33	5.63	3.59	2.31	1.66	1.81
<i>90 Day T-Bill</i>		1.37	1.37	5.46	3.49	2.32	1.64	1.59

Total Trust Gross Return for 30-year period*

8.20

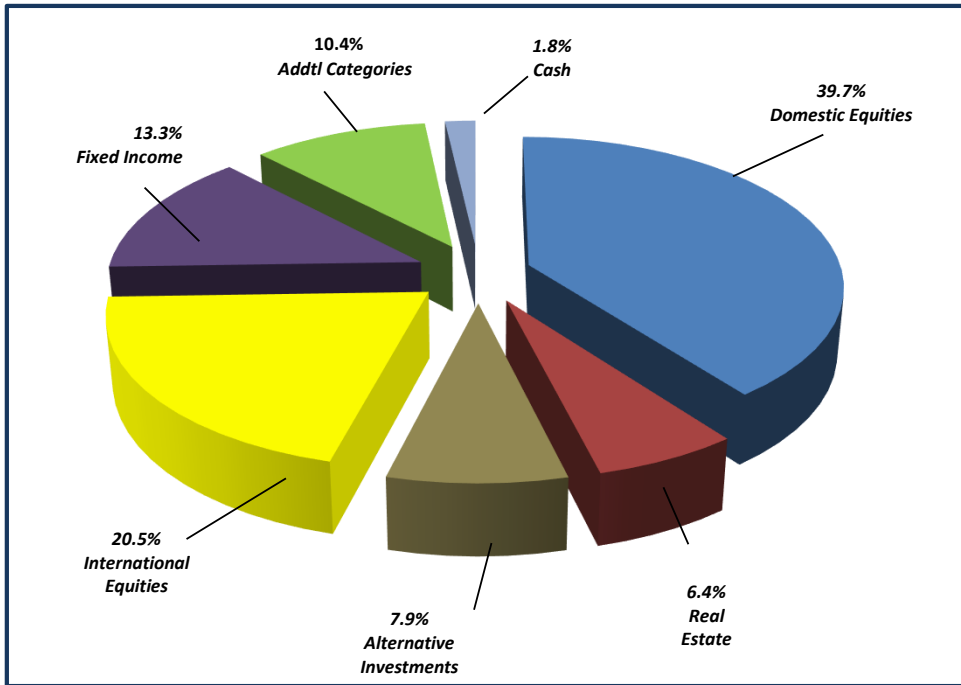
*Returns are annualized for periods longer than one year

** 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.

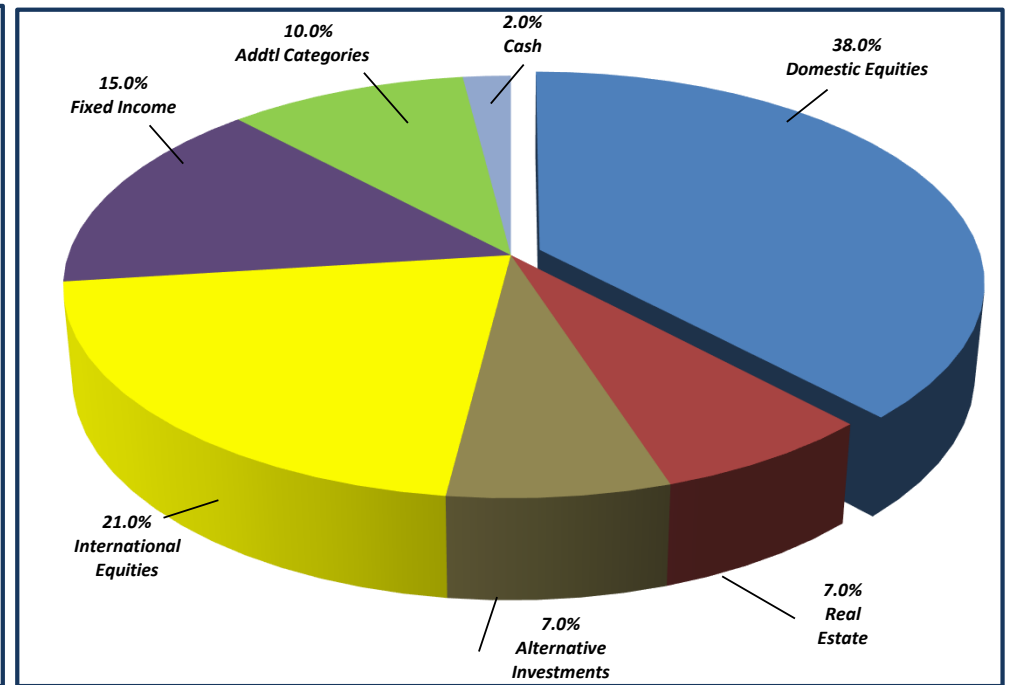
Teachers' Retirement System of Kentucky
 Quarterly Investment Update
 For the period ended September 30, 2024

(\$ in millions)	\$'s	9/30/2024 Actual %	6/30/2024 Actual %	Target %	Strategic Ranges
Domestic Equities	\$10,696.2	39.7%	40.3%	38.0%	29.0 - 40.0%
Real Estate	1,711.0	6.4%	6.6%	7.0%	4.0 - 10.0%
Alternative Inv.	2,115.3	7.9%	8.1%	7.0%	4.0 - 10.0%
International Equities	5,505.5	20.5%	19.9%	21.0%	16.0 - 27.0%
Fixed Income	3,570.6	13.3%	13.3%	15.0%	8.0 - 22.0%
Addtl Categories	2,815.1	10.4%	10.7%	10.0%	4.0 - 15.0%
Cash	487.1	1.8%	1.1%	2.0%	1.0 - 5.0%
Total	\$26,900.8	100.0%	100.0%	100.0%	

ACTUAL %



TARGET %



*Teachers' Retirement System of the State of Kentucky
Health Insurance Trust
Quarterly Investment Performance
Gross Returns
For the Period Ended September 30, 2024*

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>
<u>TOTAL PLAN</u>	\$ 3,305,119,076.52	5.03	5.03	20.36	6.06	10.01	8.18	-
<i>Policy Benchmark</i>		5.46	5.46	23.18	6.32	9.85	-	-
<u>Total Equity</u>	\$ 2,033,133,745.82	6.82	6.82	30.90	7.22	12.67	9.73	-
<u>Domestic Equity</u>	\$ 1,268,356,507.76	6.16	6.16	34.44	-2.01	12.06	-	-
<i>S&P 1500 Index</i>		6.04	6.04	35.54	11.46	15.59	-	-
<u>International Equities</u>	\$ 764,777,238.06	8.04	8.04	24.33	-	-	-	-
<i>MSCI AC World ex USA IMI Index</i>		8.29	8.29	25.67	-	-	-	-
<u>Fixed Income</u>	\$ 269,349,162.67	3.69	3.69	9.63	0.05	1.50	2.28	-
<i>Barclays Government Credit</i>		5.10	5.10	11.31	-1.50	0.41	2.00	-
<u>Real Estate</u>	\$ 157,894,435.46	1.15	1.15	-5.76	6.48	8.59	11.04	-
<u>Core Real Estate</u>	\$ 76,819,803.83	0.08	0.08	-6.50	6.07	7.13	-	-
<i>NCREIF ODCE (VW)</i>		0.25	0.25	-7.27	-0.18	2.94	-	-
<u>Non-Core Real Estate</u>	\$ 81,074,631.63	2.18	2.18	-5.09	6.86	9.91	12.21	-
<i>NCREIF Property Index</i>		0.78	0.78	-3.47	0.87	3.26	5.88	-
<u>Private Equity</u>	\$ 248,212,669.43	0.53	0.53	5.66	9.53	14.63	14.57	-
<u>Mature Private Equity</u>	\$ 131,704,680.74	0.08	0.08	3.49	11.32	14.37	14.36	-
<i>S&P 500 plus 3%</i>		6.67	6.67	40.44	15.27	19.46	16.78	-
<u>Private Equity < 5 Years</u>	\$ 116,507,988.69	0.99	0.99	8.35	7.61	13.46	-	-
<u>Additional Categories</u>	\$ 523,213,599.17	3.59	3.59	12.40	3.73	5.04	4.83	-
<i>B of A Merrill Lynch High Yield Master II</i>		5.28	5.28	15.67	3.08	4.53	4.95	-
<u>Cash (Unallocated)</u>	\$ 73,315,463.97	1.29	1.29	5.42	3.83	2.45	1.75	-
<i>90 Day T-Bill</i>		1.37	1.37	5.46	3.49	2.32	1.64	-

*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

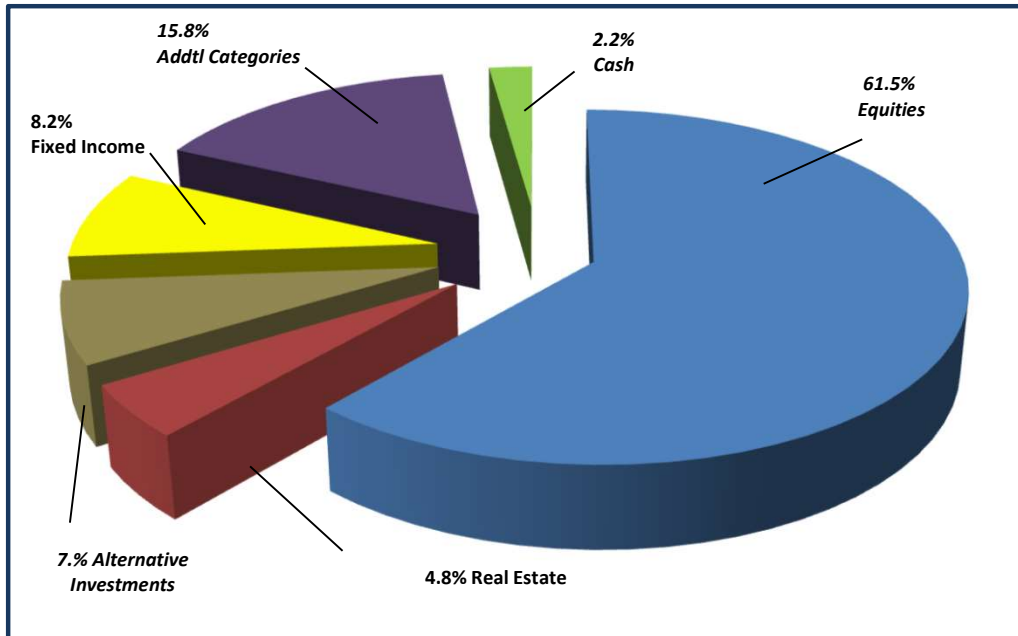
Insurance Trust Fund

Quarterly Investment Update

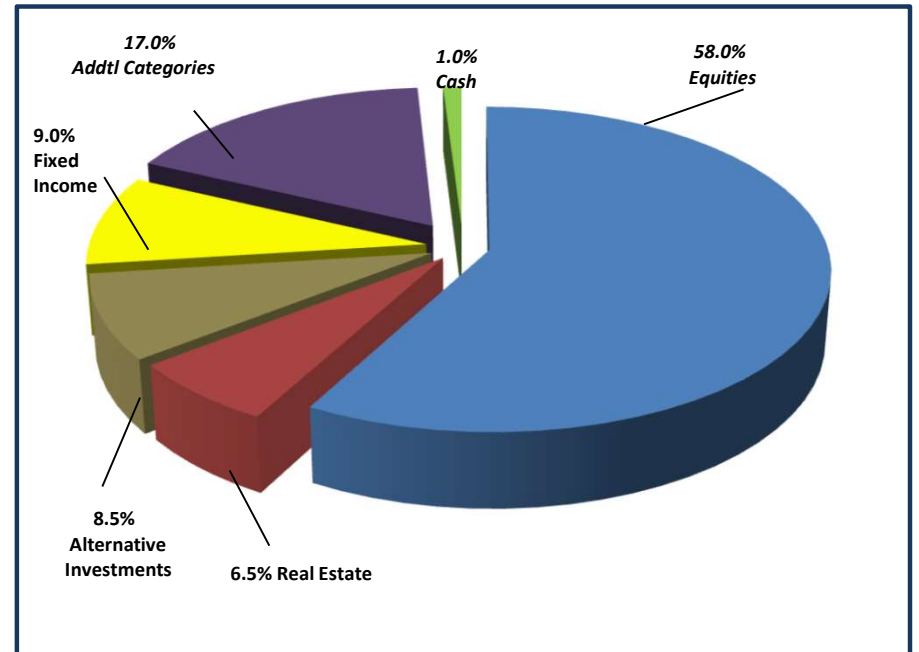
For the period ended September 30, 2024

<i>(\$ in thousands)</i>	\$'s	9/30/2024 Actual %	6/30/2024 Actual %	Target %	Strategic Ranges
Equities	\$2,033,133.7	61.5%	58.3%	58.0%	51.0 - 64.0%
Real Estate	\$157,894.4	4.8%	5.0%	6.5%	4.0 - 12.0%
Alternative Inv.	\$248,212.7	7.5%	7.8%	8.5%	5.0 - 12.0%
Fixed Income	\$269,349.2	8.2%	8.2%	9.0%	6.0 - 14.0%
Addtl Categories	\$523,213.6	15.8%	16.2%	17.0%	14.0 - 25.0%
Cash	\$73,315.5	2.2%	4.5%	1.0%	0.0 - 5.0%
Total	<u>\$3,305,119.1</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	

ACTUAL %



TARGET %



INVESTMENT ACTIVITY
July 1, 2024 -- September 30, 2024

Total Book Value Invested @ 07/01/24 \$ 19,271,255,017.78

Purchases:

370	Cash Equivalents	\$	824,360,532.73	
165	Fixed Income Securities		500,685,025.32	
1	Principal Paydowns		0.01	
2	Additional Redemptions / Maturities		528,000.00	
858	Equity Securities		820,766,731.19	
33	Real Estate		40,094,912.52	
109	Alternative Investments		190,344,489.48	
165	Additional Categories		267,298,283.66	
<hr/>				
1703	Total Purchases	\$		2,644,077,974.91

Disposals:

308	Cash Equivalents	\$	568,353,779.91	
103	Fixed Income Securities		389,199,238.85	
369	Principal Paydowns		7,816,358.46	
64	Redemptions / Maturities		128,350,927.64	
1861	Equity Securities		734,208,766.50	
59	Real Estate		39,654,397.10	
170	Alternative Investments		118,995,884.06	
129	Additional Categories		236,750,871.29	
12	Additional Redemptions / Maturities		8,042,431.65	
<hr/>				
3075	Total Disposals	\$		2,231,372,655.46

Total Book Value Invested @ 09/30/24 \$ 19,683,960,337.23

Total Par Value Invested @ 09/30/24 \$ 19,355,509,023.52

Total Market Value Invested @ 09/30/24 \$ 26,900,769,731.90

* 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, (\$49,493,200.61) 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	\$	818,555,707
- Pending Payables		49,493,201
Net	\$	<u>769,062,506</u>

TOTAL BV INVESTED AT 06/30/24 \$ 19,271,255,017.78

July Activity

Purchases	743,203,256.38	
Disposals	(690,692,242.01)	
Paydowns	(2,150,223.54)	
Redemptions	(21,482,133.59)	
Short-Term Pool Net	214,563,779.21	243,442,436.45

August Activity

Purchases	505,188,224.89	
Disposals	(387,711,502.56)	
Paydowns	(2,313,163.59)	
Redemptions	(70,003,846.68)	
Short-Term Pool Net	(20,398,694.63)	24,761,017.43

September Activity

Purchases	570,797,960.90	
Disposals	(440,405,413.23)	
Paydowns	(3,352,971.32)	
Redemptions	(44,379,379.02)	
Short-Term Pool Net	61,841,668.24	144,501,865.57

TOTAL BV INVESTED AT 09/30/24 \$ 19,683,960,337.23

* 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, (\$49,493,200.61) 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	\$ 818,555,707	
- Pending Payables	49,493,201	
Net	\$ 769,062,506	

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

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: December 16, 2024

SUBJECT: Report of the Governance and Audit Committee

The Governance and Audit Committee had a special meeting on November 15, and the following is a summary of the committee's actions.

1. Report of the Auditor of Public Accounts for Fiscal Year Ended June 30, 2024: The committee unanimously accepted the audit of the financial statements for the years ended June 30, 2024, and 2023, by the Office of the Auditor of Public Accounts. The auditor's office also reported concerning internal controls and compliance at TRS.
2. Reports of the Independent Actuary: The committee unanimously accepted the actuarial valuations as of June 30, 2024, for the retirement annuity, health and life insurance trusts.

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

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

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: December 16, 2024

SUBJECT: Report of the Legislative Committee

The Legislative Committee met November 15 and will meet on December 16 prior to the quarterly board meeting to discuss possible legislation for the 2025 legislative session. No action was taken at the November 15 meeting.

Recommendation: This report is for information, and any actions by the committee on December 16 will be reported to the board with a request for those actions to be accepted and ratified.

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

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: December 16, 2024

SUBJECT: Report of the Personnel Committee

The Personnel Committee met November 25 to review the performance of the executive secretary. The committee unanimously voted to recommend to the board the contract with the executive secretary be amended replacing the current four-year term with a four-year term from January 1, 2025, through December 31, 2028. Additionally, the executive secretary will receive the same salary increase available to TRS employees.

Recommendation: The Personnel Committee recommends that the board approve and ratify the report of the Personnel Committee.

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

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: December 16, 2024

SUBJECT: Report of the Scholarship Committee

The Scholarship Committee will meet on December 16, prior to the quarterly board meeting to consider scholarship awards for the 2025-2026 school year.

Background: Ms. Junita Losey was a retired teacher from Northern Kentucky who taught for 30 years in the Campbell County school district. Ms. Losey, who died in 1997, left more than \$400,000 to TRS in her will in appreciation of the benefits she received from TRS during her retired years. The board used these funds to establish a scholarship fund in Ms. Losey's name.

In the past, the board awarded a \$2,000 scholarship to each of the eight public universities in Kentucky (for a total of \$16,000 per year). The universities select the recipient who is to be a student who:

1. Is a graduate of a Kentucky public high school;
2. Is a junior or senior in college majoring in education;
3. Is a full-time student;
4. Maintains a GPA of 2.8 on a 4.0 scale

Additionally, the board also has awarded a \$2,000 scholarship for tuition, books and fees to a Campbell County High School senior who intends to major in education in a Kentucky public university. This student must have an average GPA in high school of 2.8 on a 4.0 scale.

The committee also will receive a report from investment staff concerning funds available for scholarship awards.

Recommendation: This report is for information, and any actions by the committee will be reported to the board with a request for those actions to be accepted and ratified.

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

FROM: Gary L. Harbin, CPA
Executive Secretary

DATE: December 16, 2024

SUBJECT: Executive Secretary's Observations and Comments

1. 2024 Award for Funding and Administration: The Public Pension Coordinating Council awarded the Certificate of Achievement to the Teachers' Retirement System (TRS) for 2024 for implementing and maintaining high professional standards for plan funding and administering the affairs of the system. The award is based on compliance with principles judged to underlie exemplary retirement system achievements in the areas of funding, investment, disclosure, actuarial valuation, financial reporting and benefits. These principles are widely acknowledged to be marks of excellence for retirement systems and represent the highest standards of excellence in the public pension industry.

In addition to the certificate of achievement in administration, TRS again was awarded the certificate of achievement for funding. A renewed emphasis on funding of the Retirement Annuity Trust by the legislature demonstrated in the current and recent budgets qualified the plan for the funding award again this year; TRS did not receive this certificate during the period of the state's underfunding the trust.

The Public Pension Coordinating Council is a confederation of the National Council on Teacher Retirement, the National Association of State Retirement System Administrators and the National Conference on Public Employee Retirement Systems.

2. Certificate of Achievement for Excellence in Financial Reporting: TRS, for the 36th consecutive year, has received an Award for Financial Reporting Achievement for its Annual Comprehensive Financial Report. This award, presented by the Government Finance Officers Association of the United States and Canada, is given to those governmental units and retirement systems that achieve the highest standards in government accounting and financial reporting. This certificate highlights the standards used in providing transparent information that is comparable to that information presented by other public plans.

3. Annual Comprehensive Financial Report (ACFR): TRS will be publishing the ACFR for the fiscal years ended June 30, 2024, and 2023, which includes TRS's annual audit and actuarial valuations. The report provides trustees, elected officials and the public with information necessary to better understand TRS, which is the largest financial institution in the state. A link to the ACFR will be provided when it is published to TRS's website.

4. Executive Secretary's Meetings: The executive secretary will report to the board concerning the following recent meetings:

September 18	Meeting regarding potential investment
September 24	Meeting with Fort Washington Investment Advisors
September 25	Meeting with pharmacy data analytics firm
September 26	Meeting with State Rep. James Tipton
September 30	Meeting with Office of State Budget Director's new policy and budget analysts
October 3	Meeting with Leigh Snell with National Council on Teacher Retirement
December 10	Know Your Rx board meeting
December 11	PGx Summit

5. 2025 Board Meeting Dates: Dates for the quarterly board meetings for 2025 are listed below. The meetings will begin at 12:30 p.m. ET, unless otherwise announced.

Monday, March 17

Monday, June 16

Monday, September 15

Monday, December 15