ARKANSAS TEACHER RETIREMENT SYSTEM

April 7, 2025

1400 West Third Street
BOARD ROOM
Little Rock, AR 72201

Board of Trustees Meeting
11:00 a.m.

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

April 7, 2025
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201

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

II. ***Adoption of Agenda.** page 2.

III. Executive Summary. (Attachment No. 1) page 6.

IV. ***Approval of February 3, 2025, Minutes.** (Attachment No. 2) page 15.

V. Executive Director Report. *Mark White, Executive Director* (Attachment No. 3) page 24.

VI. ***Legislative Audit Report - June 30, 2024.** *Mark White, Executive Director* (Attachment No. 4) page 27.

VII. ***GASB Report - June 30, 2024.** *Mark White, Executive Director* (Attachment No. 5) page 57.

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

IX. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411. (Attachment No. 6) page 82.

X. ***Manifest Injustice Claims.**
   A. ***In Re: 2025-001 ID #216724.** (Attachment No. 7) page 83.
   B. ***In Re: 2025-004 ID# 227970.** (Attachment No. 8) page 85.

XI. Audit Committee Report. *Ms. Maggie Garrett, Audit Committee Chair*
   A. ***Executive Session - Evaluation of Kevin Chadwick, Internal Auditor.**

* Action Item

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

A. Arkansas Related and Investment Update.

1. List of Fund Closings.

a. The Veritas Capital Fund IX, LP, a private equity fund specializing in companies that provide services and/or products to the U.S. government, the Board authorized commitment of up to $35 million dollars on September 30, 2024 was accepted and closed on January 29, 2025.

b. Franklin Park Corporate Finance Access Fund III, LP, the Board authorized commitment of up to $40 million dollars on February 3, 2025 was accepted and closed on February 24, 2025.

c. Kennedy Capital Management Extended Market Small Cap strategy transition to Kennedy Capital Small-Mid Cap Value strategy, the Board approved transition on February 3, 2025 was accepted and closed on February 13, 2025.

2. Board Policies Report. (Attachment No. 9) page 87.

3. Arkansas Related Update. (Attachment No. 10) page 90.

4. Update to Board Policy 4 - Investment Policy. (Attachment No. 11) page 94.

B. General Investment Consultant.

1. Preliminary Performance Report for the Month Ending February 28, 2025. (Attachment No. 12) page 122.

C. Real Assets.

1. ***Recommendation to approve for Board adoption Resolution 2025-14 authorizing an investment of up to $100 million dollars in Ares Industrial Real Estate Fund, LP.** (Attachment No. 13) page 147.

a. ***Resolution 2025-14.** (Attachment No. 14) page 156.

2. ***Recommendation to approve for Board adoption Resolution 2025-15 authorizing an investment of up to $100 million dollars in Carlyle Property Investors, LP.** (Attachment No. 15) page 157.

a. ***Resolution 2025-15.** (Attachment No. 16) page 166.

3. ***Recommendation to approve for Board adoption Resolution 2025-16 authorizing an additional investment of up to $50 million dollars in AxInfra NA II, LP.** (Attachment No. 17) page 167.

* Action Item

a. ***Resolution 2025-16.** (Attachment No. 18) page 176.

4. ***Recommendation to approve for Board adoption Resolution 2025-17 authorizing an additional investment of up to $50 million dollars in KKR Diversified Core Infrastructure Fund, LP.** (Attachment No. 19) page 177.

a. ***Resolution 2025-17.** (Attachment No. 20) page 186.

D. Private Equity.

1. ***Recommendation to approve for Board adoption Resolution 2025-18 authorizing an investment of up to €40 million euros (approximately the equivalent of $43 million dollars) in MML Capital Partnership VIII, SCSp with Imminent Need.** (Attachment No. 21) page 187.

a. ***Resoultion 2025-18.** (Attachment No. 22) page 191.

2. ***Recommendation to approve for Board adoption Resolution 2025-19 authorizing an additional investment of up to $40 million dollars in Franklin Park Venture Capital Fund XV, L.P. with Imminent Need.** (Attachment No. 23) page 193.

a. ***Resolution 2025-19.** (Attachment No. 24) page 203.

3. ***Recommendation to approve for Board adoption Resolution 2025-20 authorizing an additional investment of up to $40 million dollars in Franklin Park Venture Capital Opportunity Fund II, L.P. with Imminent Need.** (Attachment No. 25) page 205.

a. ***Resolution 2025-20.** (Attachment No. 26) page 215.

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

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

1. Open Forum.

B. ATRS 2025 Legislative Update.

C. Update to ATRS Board Policy 4 - Investment Policy. (Attachment No. 27) page 217.

XIV. ***Staff Reports.**

A. ***Medical Committee Report. A total of 3 disability applications were approved.** *Mr. Willie Kincade, Director of Operations* (Attachment No. 28) page 245.

XV. Securities Litigation Update. *Mr. Mark White, Executive Director and Ms. Jennifer Liwo, General Counsel*

* Action Item

XVI. ***Executive Session - Evaluation of Executive Director Mark White.** *Mr. Danny Knight, Board Chair*

XVII. Resignation of Trustee Mr. Shawn Higginbotham.

XVIII. ***Fulfillment of Vacancy Pursuant to A.C.A 24-7-302(b)(2).**

XIX. Other Business.

XX. ***Adjourn.**

* Action Item

EXECUTIVE SUMMARY

TO: Board of Trustees

FROM: ATRS Staff

RE: Executive Summary

DATE: April 7, 2025

V. Executive Director Report. *Mark White, Executive Director* page 24.

VI. *Legislative Audit Report - June 30, 2024. *Mark White, Executive Director* page 27.

The Division of Legislative Audit has provided ATRS staff with the annual financial report for the fiscal year that ended on June 30, 2024. There were no findings in the report. This report still has been reviewed by the Legislative Joint Auditing

Committee.

VII. *GASB Report - June 30, 2024. *Mark White, Executive Director* page 57.

The Division of Legislative Audit and GRS Actuaries have completed their annual report required by the Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions." There were no findings in the report. This report has been reviewed by the Legislative Joint Auditing Committee.

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

No member interest was waived for this reporting period. This is a standard report

for information and is not an action item.

IX. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411. page 82.

ATRS may also waive employer interest and penalties when reports or payments are late or have issues due to a new bookkeeper, inclement weather, sickness and other situations that justify a waiver. 11 employer penalties and interest amounts were waived for this reporting period in the amount of $3,762.75. This is a standard report for information and is not an action item.

X. *Manifest Injustice Claims.

A. *In Re: 2025-001 ID #216724. page 83.

2025-001: Manifest Injustice Claim No. 2025-001 involves the question of whether a manifest injustice exists in relation to contributions that were not paid by Member # 216724 during the 2001-2002 fiscal year. The Executive Director has concurred with the Manifest Injustice Committee's recommendation to: (a) find that a manifest injustices does not exist, (b) confirm that collection of the $16,317.92 underpayment will not be pursued, and (c) direct ATRS staff to close the account receivable. As the underpayment amount is in excess of $5,000, the approval of the Board is required before the proposed resolution to the claim may be implemented.

B. ***In Re: 2025-004 ID# 227970.** page 85.

2025-004: Manifest Injustice Claim No. 2025-004 involves the question of whether or not Member # 227970 should be required to repay retirement benefits paid to him by the Arkansas Teacher Retirement System. The Executive Director has concurred with the Manifest Injustice Committee's recommendation to find that a manifest injustices does exist and also waive the Member's obligation to repay the System $12,019.20 in benefits that he will have received through April 30, 2025. As the repayment amount is in excess of $5,000, the approval of the Board is required before the proposed resolution to the claim may be implemented.

XI. **Audit Committee Report.** *Ms. Maggie Garrett, Audit Committee Chair*

A. ***Executive Session - Evaluation of Kevin Chadwick, Internal Auditor.**

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

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

1. **List of Fund Closings.**

a. **The Veritas Capital Fund IX, LP, a private equity fund specializing in companies that provide services and/or products to the U.S. government, the Board authorized commitment of up to $35 million dollars on September 30, 2024 was accepted and closed on January 29, 2025.**

The ATRS full commitment of $35 million dollars was negotiated, accepted, and closed on January 29, 2025.

b. **Franklin Park Corporate Finance Access Fund III, LP, the Board authorized commitment of up to $40 million dollars on February 3, 2025 was accepted and closed on February 24, 2025.**

The ATRS full commitment of up to $40 million dollars was negotiated, accepted, and closed on February 24, 2025.

c. **Kennedy Capital Management Extended Market Small Cap strategy transition to Kennedy Capital Small-Mid Cap Value strategy, the Board approved transition on February 3, 2025 was accepted and closed on February 13, 2025.**

The transition was negotiated, accepted, and closed on February 13, 2025.

2. **Board Policies Report.** page 87.

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

3. **Arkansas Related Update.** page 90.

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

4. **Update to Board Policy 4 - Investment Policy.** page 94.

Board Policy 4 currently delegates proxy voting authority for ATRS-owned equities to the respective investment managers holding those stocks on the System's behalf. The proposed changes would authorize the Executive Director to retain an independent proxy vote management service to vote proxies on the System's behalf. The changes would also authorize the Executive Director in the alternative to vote proxies directly, provide binding voting instructions to investment managers, or delegate voting authority to investment managers. In every case, proxy votes must comply with the requirements of state law that the votes be based solely upon pecuniary factors.

B. **General Investment Consultant.**

1. **Preliminary Performance Report for the Month Ending February 28, 2025.** page 122.

P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a preliminary portfolio update for the month ending February 28, 2025.

C. **Real Assets.**

1. ***Recommendation to approve for Board adoption Resolution 2025-14 authorizing an investment of up to $100 million dollars in Ares Industrial Real Estate Fund, LP.** page 147.

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

The fund's strategy began in 2017 and aims to outperform the NPI Industrial index by 50 to 100 basis points over market cycles. The current net IRR is 11.2% over the last five years. ATRS has not previously invested in Ares funds although Ares did purchase Landmark Partners, an ATRS real estate secondaries manager. ATRS staff concurs with Aon Hewitt Investment Consulting's recommendation to commit up to $100 million dollars in Ares Industrial Real Estate Fund, LP.

a. ***Resolution 2025-14.** page 156.

2. ***Recommendation to approve for Board adoption Resolution 2025-15 authorizing an investment of up to $100 million dollars in Carlyle Property Investors, LP.** page 157.

Carlyle Property Investors Fund is an open-end, U.S. core plus real estate fund targeting a long-term total net return of 9% to 11% per year. The fund has a focus on investing in demographic-based demand sectors and in assets that have the potential to become core properties through minor repositioning. These sectors include manufactured housing, senior housing, data centers, single family rentals, industrial, and self-storage.

The fund is sponsored by The Carlyle Group which was founded in 1987 by William Conway Jr., Daniel D'Aniello, and David Rubenstein. Headquartered in Washington, D.C., Carlyle now employs over 2,200 professionals in 30 offices on six continents and has over $426 billion dollars in assets under management. ATRS has previously invested in Carlyle Reality Funds VII, VIII, IX, and X. These previous investments are in opportunistic funds as opposed to this recommendation for a core plus fund and have averaged over a 10% net IRR. ATRS staff concurs with Aon Hewitt Investment Consulting's recommendation to commit up to $100 million dollars in Carlyle Property Investors, LP.

a. ***Resolution 2025-15.** page 166.

3. ***Recommendation to approve for Board adoption Resolution 2025-16 authorizing an additional investment of up to $50 million dollars in AxInfra NA II, LP.** page 167.

This recommended investment is in addition to the original ATRS fund investment of $50 million dollars in 2020. The fund is an open-end vehicle primarily focused on acquiring and operating core infrastructure assets or portfolios of core infrastructure assets with an ability to invest in late-stage greenfield projects across renewable energy, utilities, transportation, and social infrastructure located in United States and Canada. The fund is targeting net returns of 7 to 9% with a cash yield target of 3 to 5%.

Headquartered in Montreal, Canada with offices in Toronto, Vancouver, and New York, Axium is a specialist infrastructure investment firm that has approximately $9.2 billion in total assets under management across four funds. Axium Infrastructure is a majority employee owned, independent firm with 102 employees. The Axium Infrastructure investment team is led by Pierre Anctil, Stephane Mailhot, Juan Caceres and Thierry Vandal and is comprised of 47 investment professionals and supporting staff. To date ATRS has received a net IRR of 8.2% on the previous investment. ATRS staff concurs with Aon Hewitt Investment Consulting's recommendation to commit to an additional investment of up to $50 million dollars in AxInfra NA II, LP.

a. ***Resolution 2025-16.** page 176.

4. ***Recommendation to approve for Board adoption Resolution 2025-17 authorizing an additional investment of up to $50 million dollars in KKR Diversified Core Infrastructure Fund, LP.** page 177.

This recommendation amount is in addition to the initial ATRS investment of $50 million dollars in 2021 and subsequent investment of $25 million dollars in 2022. The fund is sponsored by KKR Associates Diversified Core Infrastructure SCSp, an arm of KKR. Based in New York, KKR was founded in 1976 by Jerome Kohlberg Jr., Henry Kravis and George R. Roberts, all of whom had previously worked together at Bear Stearns where they completed some of the earliest leveraged buyout transactions. KKR is a global investment firm with over $638 billion in assets under management across alternative asset classes, including private equity, energy, infrastructure, real estate, credit and hedge funds.

The strategy is an open-end fund that seeks to pursue core infrastructure investments with a buy-and-hold approach and a particular focus on investments in contracted and / or regulated cash flows from existing projects, assets and businesses located in North America, Western Europe and Asia. The fund was "seeded" with $650 million dollars in assets in 2020 (ATRS was an early investor), and is now close to $10 billion dollars in assets. The fund targets a 4 to 6% cash yield and has a net IRR in excess of 10%. ATRS staff concurs with Aon Hewitt Investment Consulting's recommendation to commit to an additional investment of up to $50 million dollars in KKR Diversified Core Infrastructure Fund, LP.

a. ***Resolution 2025-17.** page 186.

D. Private Equity.

1. ***Recommendation to approve for Board adoption Resolution**

2025-18 authorizing an investment of up to €40 million euros (approximately the equivalent of $43 million dollars) in MML Capital Partnership VIII, SCSp with Imminent Need. page 187.

The general partner was founded in 1988 as Mezzanine Management Limited by Rory Brooks and Jim Read. Today the firm is led by Bal Johal, Ian Wallis, Henry-Louis Merieux, Richard Mayers, Rob Devonshire, Sean Quinn and Louis de Montille (principals) who are based in London, Paris, New York and Dublin. The fund is being formed to provide structured capital solutions to middle-market companies in Europe and the U.S. Approximately 80% of platform investments will be in Europe and 20% in the U.S. with many of the European platforms completing add-ons in the U.S. Typical investments will be 75% debt / 25% equity and will often be made alongside business owners who materially re-invest in the company. The fund will usually take a control position in a company or a non-control position with protections and rights. The fund has a broad sector focus including business services, information/technology and software professional services, healthcare, education and industrials.

The general partner has raised seven prior funds since its inception. The first four funds were focused on private equity-sponsored investments, whereas the latter three and the current fund are not. The more recent non-sponsored funds (V, VI and VII) have generated an aggregate gross IRR of 31.4% as of September 30, 2024. Due to the fact that there is no scheduled meeting of the Arkansas Legislative Council before the fund's anticipated closing date in the second quarter of 2025, Imminent Need is requested. ATRS staff concurs with Franklin Park's recommendation to commit up to 40 million euros (approximately the equivalent of $43 million dollars) in MML Capital Partnership VIII, SCSp with Imminent Need.

a. *Resoultion 2025-18. page 191.

2. *Recommendation to approve for Board adoption Resolution 2025-19 authorizing an additional investment of up to $40 million dollars in Franklin Park Venture Capital Fund XV, L.P. with Imminent Need. page 193.

ATRS has invested in venture capital through Franklin Park vehicles for the last seventeen years with excellent results. Venture capital generally involves more risk than other types of private equity. In order to offset some of that risk, Franklin Park acquires an interest in several successful venture funds and spreads those through its investors to create greater diversity of managers and styles. The venture capital portfolio that Franklin Park has created and managed for ATRS has performed very well generating an aggregate net IRR of 19.1% for all of the venture vehicles since 2008. ATRS invested an initial $40 million dollars in Fund XV in December 2023 as part of the 2024 pacing. The additional commitment of up to $40 million dollars presented today is part of the 2025 pacing to help maintain the 10% target (of total private equity) for venture capital. Within the new fund, non-clients will be charged a management fee of .9% and carried interest of 5%. Existing clients such as ATRS, that invest $60 million dollars or more in the 2 to 3 year fund will not pay a management fee, and their carried interest is reduced from 5% to 4%. The fees and carried interest provide a source of incentive compensation for Franklin Park's investment staff. The small size and high level of expertise of the firm are of significant benefit to ATRS because they allow Franklin Park to access top-tier venture funds that are often top-decile performers. ATRS staff concurs with Franklin Park's recommendation to make an additional commitment of up to $40 million dollars in Franklin Park Venture Capital Fund XV, L.P. with Imminent Need and to the fee structure as well.

a. ***Resolution 2025-19.** page 203.

3. ***Recommendation to approve for Board adoption Resolution 2025-20 authorizing an additional investment of up to $40 million dollars in Franklin Park Venture Capital Opportunity Fund II, L.P. with Imminent Need.** page 205.

This fund is a Franklin Park vehicle that invests in later stage venture capital funds, growth funds and co-investments in later stage venture businesses. Some of these funds are managed by early stage venture firms that have insight into the most promising companies in their existing portfolios and may have greater access to deals at their later stages. Investments will also be made with firms that are successful with investing primarily in later stage venture and growth companies. Approximately 25 to 35% of the fund will be invested in co-investments in later stage venture businesses alongside Franklin Park vetted venture managers. The risk/return profile with later stage venture is lower than that of early stage; however, target returns for these investments are still high (25 to 30% IRR). Franklin Park has extensive experience in the area of venture capital and has long-standing relationships with top-tier managers. In June 2024, ATRS committed $40 million dollars in Franklin Park Venture Capital Opportunity Fund II as part of the 2024 pacing. Both Fund I and Fund II are young but on track to perform well.

There will be no management fee or carried interest on investments made in funds for this vehicle. However, Franklin Park will be entitled to 10% carried interest on co-investments after achieving an 8% preferred return and a multiple of 2.0X cost on the co-investment portfolio. Franklin Park recommends an additional commitment of up to $40 million dollars in Franklin Park Venture Capital Opportunity Fund II, L.P. with Imminent Need. ATRS staff concurs with both the recommendation and the fee structure.

a. ***Resolution 2025-20.** page 215.

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

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

1. Open Forum.

This is a standard part of the Committee agenda to allow Committee Members and Board Members in attendance to address topics and issues for consideration

B. ATRS 2025 Legislative Update.

C. Update to ATRS Board Policy 4 - Investment Policy. page 217.

ATRS staff is recommending changes to Board Policy 4 provisions concerning proxy voting and proxy vote management. This is a discussion item.

XIV. *Staff Reports.

A. *Medical Committee Report. A total of 3 disability applications were approved. *Mr. Willie Kincade, Director of Operations* page 245.

The Medical Committee Report is a standard report made by staff on behalf of the Medical Committee approving disability cases. A total of 8 disability applications were received, 3 were approved, 1 was denied, and 4 needed more information. This is an action

XV. Securities Litigation Update. *Mr. Mark White, Executive Director and Ms. Jennifer Liwo, General Counsel*

ATRS is a class member in a pending class action securities lawsuit against General Electric Company for stock purchases made between April 2019 and April 2020. Since that time, the System's securities litigation counsel has entered into a series of agreements with GE to preserve the right of ATRS to pursue an independent action against GE on the same facts, depending on the progress of the class action. The class action has now been settled, and the System's securities litigation counsel recommends that ATRS remain a member of the class and participate in the settlement, rather than pursue an independent action. ATRS staff concur with this recommendation.

XVI. *Executive Session - Evaluation of Executive Director Mark White. *Mr. Danny Knight, Board Chair*

XVII. Resignation of Trustee Mr. Shawn Higginbotham.

XVIII. *Fulfillment of Vacancy Pursuant to A.C.A 24-7-302(b)(2).

A.C.A.Sec. 24-7-302(b)(2) states that if a vacancy occurrs by an elected Trustee, the Board, by majority vote, may fill the vacancy by (1) a special election; or (2) Appointment of a Trustee until the next system election.

XIX. Other Business.

* Action Item

MINUTES
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES
February 3, 2025
10:30 a.m.
1400 West Third Street
Little Rock, AR 72201

ATTENDEES

Board Members Present

Danny Knight, Chair
Shawn Higginbotham, Vice Chair
Kelsey Bailey
Anita Bell
Susan Ford*
Keri Hamilton
Dr. Mike Hernandez
Bobby Lester
Arthur “Chip” Martin
Jeff Stubblefield
John Ahlen, designee for Susannah Marshall, Bank Commissioner
Kelly Griffin, designee for Jacob Oliva, Sec, Dept of Ed.

Jason Brady, designee for Hon, Dennis Milligan, State Auditor
Hon. John Thurston

ATRS Staff Present

Mark White, Executive Director
Rod Graves, Deputy Director
Sarah Linam, Deputy Director
Tammy Porter, Board Secretary
AnneMarie Berardi, Dir. Outreach/Engagement
Curtis Carter, Chief Financial Officer
Kevin Chadwick, Internal Auditor
Braeden Duke, Software Support Analyst
Demetrios Gully, Internal Audit
Willie Kincade, Director of Operations
Jennifer Liwo, General Counsel
Jerry Meyer, Manager, Real Assets
Manju, Director, Information Services
Stephanie Lilly-Palmer, Director, Human Resources
Logan Penter, Staff Attorney
Amber Sevilla, Ex. Assistant to Director
Misty Yant, Manager, Accounting/Reporting*

Guest Present

PJ Kelly, Aon Hewitt Consulting
Jack Dowd, Aon Hewitt Consulting
Katie Comstock, Aon Hewitt Consulting*
Cyril Espanol, With Intelligence*
Mknapp*
Douglass Appell*
Fireflies.ai.Notetake.nate*
Gar Chung, Fin-News*
Bill Huffman, AR Treasurer’s Office
Ben Ellis, AR Treasurer’s Office
Kenneth Burleson, AR Treasurer’s Office
Michael Harry, AR Treasurer’s Office
Donna Morey, ARTA

ZOOM

I. Call to Order/Roll Call. Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 10:54 a.m. Roll call was taken. All members were present.

II. Motion to Excuse Absent Board Members. None

III. Adoption of Agenda.

Mr. Lester *moved for adoption* of the Agenda. Ms. Bell *seconded the motion,* and the Board *unanimously approved the motion.*

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

V. Approval of Prior Meeting Minutes.

A. December 2, 2024, Minutes.

Mr. Martin *moved for approval* of the Minutes of the Board of Trustees meeting of December 2, 2024. Mr. Brady *seconded the motion*, and the Board *unanimously approved the motion.*

VI. Executive Director Report. Executive Director Mark White gave the Board a report on ATRS activity.

VII. Staff Empowerment.

A. Authority to Transact Business.

1. Resolution 2025-01.

Mr. Stubblefield *moved* to *adopt* Resolution 2025-01, Authority to Transact Business on behalf of the ATRS Board of Trustees. Mr. Lester *seconded* the *motion*, and the Board *unanimously adopted the resolution.*

B. Specific Powers of Executive Director.

1. Resolution 2025-02.

Mr. Brady moved to adopt Resolution 2025-02, Authorizing Specific Powers of Executive Director on behalf of the ATRS

Board of Trustees. Mr. Higginbotham *seconded* the *motion* and the Board *unanimously adopted the resolution.*

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

1. Resolution 2025-03.

Mr. Brady *moved* to *adopt* Resolution 2025-03, Appointment of ATRS as Manager of LLC's. Mr. Higginbotham *seconded* the *motion*, and the Board *unanimously adopted the resolution.*

VIII. Authority to Reimburse Trustee Expenses for 2025.

A. Resolution 2025-04.

Ms. Hamilton *moved* to *adopt* Resolution 2025-04, authorizing ATRS to reimburse ATRS Trustees for miscellaneous expenses and losses in salary resulting from Board of Trustees meeting attendance or other official Board duties. Ms. Bell *seconded* the *motion*, and the Board *unanimously adopted the resolution.*

IX. Authorization for Board Travel and Expense Reimbursement for 2025.

A. Resolution 2025-05

Ms. Griffin *moved* to *adopt* Resolution 2025-05, authorizing ATRS to reimburse ATRS Trustees for expenses used in traveling for official Board duties. Mr. Stubblefield *seconded* the *motion,* and the Board *unanimously adopted the resolution.*

X. Adoption of 2025-2026 Employer Contribution Rate.

A. Resolution 2025-06.

Ms. Bell *moved* to *adopt* Resolution 2025-06, Adoption Employer Contribution Rate at the rate of 15.00% for the fiscal year starting July 1, 2025. Dr. Hernandez *seconded* the *motion*, and the Board *unanimously adopted the resolution.*

XI. Adoption of 2025-2026 Member Contribution Rate.

A. Resolution 2025-07

Mr. Johnson *moved* to *adopt* Resolution 2025-07, for Adoption of Member Contribution Rate at the rate of 7.00% for the fiscal year starting July 1, 2025. Mr. Brady *seconded* the *motion*, and the Board *unanimously adopted the resolution.*

XII. Surcharge Rate for Outsourced Positions.

A. Resolution 2025-08

Ms. Ford *moved* to *adopt* Resolution 2025-08, Surcharge Rate of 4% applied to Outsourced Positions. Mr. Johnson *seconded* the *motion*, and the Board *unanimously adopted the resolution.*

XIII. Actuarial Valuations, June 30, 2024. Executive Director Mark White presented the annual reports prepared by the Actuaries concerning the valuation of liability to active and inactive members along with the valuation of liabilities for annuities being paid to current retirees and current beneficiaries.

A. Active & Inactive Members. This report reflects the liabilities owed by ATRS to active and inactive members.

Mr. Higginbotham *moved* to *accept* the Actuarial Valuations for Active & Inactive as of June 30, 2024. Mr. Brady *seconded* the *motion*, and the Board *unanimously approved* the *motion*.

B. Retirees & Beneficiaries. This report reflects the liabilities to ATRS retirees, beneficiaries, survivors, and incapacitated children.

Mr. Stubblefield *moved* to *accept* the Actuarial Valuations for Retirees & Beneficiaries as of June 30, 2024. Ms. Bell *seconded* the *motion*, and the Board *unanimously approved* the *motion*.

XIV. Report of Member Interest Waived Under A. C. A. Section 24-7-205. Executive Director Mark White presented the member interest amount waived report. ATRS waives interest for members when there is a dispute between ATRS and the member as to whether ATRS made a mistake or otherwise did not do all that was required on the member's account. No member interest was waived for this reporting period.

XV. Report of Employer Interest and Penalties Waived Under A. C. A. Sec. 24-7-411. Executive Director Mark White presented the employer interest and penalties waived report. ATRS may also waive employer interest and penalties when reports or payments are late or have issues due to a new bookkeeper, inclement weather, sickness and other situations that justify a waiver.

XVI. Disability Review.

A. In the Matter of Disability Review Applicant, ATRS ID# 497875.

Mr. Stubblefield *moved to approve* the Disability Order of the Medical Committee finding of Disability Retiree ID# 497875. Mr. Lester *seconded the motion* and the Board *unanimously approved the motion*.

B. In the Matter of Disability Review Applicant, ATRS ID# 327046.

Mr. Bailey *moved to approve* the Disability Order of the Medical Committee finding of Disability Retiree ID# 327046. Ms. Bell *seconded the motion* and the Board *unanimously approved the motion*.

XVII. 2025 Board Election.

A. Certification of Mr. Arthur "Chip" Martin, III – Member Trustee Position #3

1. Resolution 2025-09.

Mr. Lester *moved* to *adopt* Resolution 2025-09, Certification of Mr. Arthur "Chip" Martin III, Member Trustee Position #3. Mr. Johnson *seconded* the *motion*, and the Board *unanimously adopted the resolution*

XVIII. Correction of Resolution 2024-42 Waiver of Employer Late Fees and Interest Penalties. Ms. Jennifer Liwo, General Counsel presented the Board with the recommendation to correct resolution 2024-42.

A. Resolution 2025-10

Mr. Higginbotham *moved* to *adopt* Resolution 2025-10. Mr. Martin *seconded the motion* and the Board *unanimously approved the motion.*

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

A. Arkansas Related and Investment Update.

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

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

3. **Arkansas Related Update.** Executive Director Mark White gave the Board the Arkansas Related Update

4. **Discussion and recommendation to change the frequency of presentations and performance reports for Private Equity and Real Assets.**

B. Private Equity Report. Franklin Park.

1. **Private Equity Portfolio Review for the Quarter Ending September 30, 2024.** Franklin Park provided the Committee with the Private Equity Portfolio Review for the Quarter Ending September 30, 2024.

2. **Recommendation to approve for Board adoption Resolution 2025-11 authorizing an additional investment of up to $40 million dollars in Franklin Park Corporate Finance Access Fund III, LP with Imminent Need.** Franklin Park presented the Committee with the recommendation to authorize an additional investment of up to $40 million dollars in Franklin Park Corporate Finance Access Fund III, LP, with Imminent Need.

    Mr. Martin *moved to approve* Resolution 2025-11, authorizing an additional investment of up to $40 million dollars in Franklin Park Corporate Finance Access Fund III, LP with Imminent Need and the Board *unanimously approved the motion.*

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

1. **Preliminary Performance Report for the Quarter ended December 31, 2024.** Aon Hewitt Investment Consulting provided the Committee with a Performance Report for the quarter ended

December 31, 2024. The report was for information purposes and no action was taken.

2. **Recommendation to approve for Board adoption Resolution 2025-12 approving transition from the Kennedy Capital Management Extended Market Small Cap strategy to the Kennedy Capital Small-Mid Cap Value Strategy.** Aon Hewitt Investment Consulting presented the Committee with the recommendation to approve transition from the Kennedy Capital Management Extended Market Small cap strategy to the Kennedy Capital Small-Mid Cap Value Strategy.

   Staff concurs with the recommendation.

   Mr. Martin *moved to approve* Resolution 2025-12, approving transition from the Kennedy Capital Management Extended Market Small cap strategy to the Kennedy Capital Small-Mid Cap Value Strategy and the Board *unanimously approved the motion.*

D. **Real Asset Consultant.** ***Aon Hewitt Consulting***

1. **Performance Report for the Quarter Ended September 30, 2024**. Aon Hewitt Investment Consulting provided the Committee with a Performance Report for the quarter ended September 30, 2024. The report was for information purposes and no action was taken.

2. **Recommendation to approve for Board adoption Resolution 2025-13, authorizing an investment of up to $100 million dollars in Strategic Partners Infrastructure IV, L.P with Imminent Need.** Aon Hewitt Investment Consulting presented the Committee with the recommendation to authorize an investment of up to $100 million dollars in Strategic Partners Infrastructure IV, L.P with Imminent Need.

   Staff concurs with the recommendation.

   Mr. Martin *moved to approve* Resolution 2025-13, authorizing an investment of up $100 million dollars in Strategic Partners Infrastructure IV, L.P with Imminent Need, and the Board *unanimously approved the motion.*

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

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

1. **Open Forum.** None.

B. ATRS 2025 Legislative Update. Executive Director Mark White presented the Committee with an update on the 2025 Legislative Package.

C. Other 2025 Legislative Update. Executive Director Mark White presented the Committee with an update on other 2025 Legislation.

D. Update on ATRS Technology Assessment Update. Deputy Director Sarah C. Linam provided the Committee with an update on ATRS Technology Assessment.

XXI. Staff Reports.

A. Medical Committee Report. Mr. Willie Kincade reported that a total of 15 Disability Retirement Applications were approved.

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

XXII. Other Business: None.

XXIII. Adjourn. With no other business, Mr. Danny Knight, Chair, entertained a motion to adjourn the meeting.

Meeting adjourned at 11:12 a.m.

Mr. Mark White, Executive Director	Mr. Danny Knight, Board Chair

Tammy Porter, Board Secretary	Date

Executive Director Board Report
March 31, 2025

To the ATRS Board of Trustees:

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

Operations Improvement

- In your February meeting we discussed the concerns raised by members regarding the 2025 payment schedule. Thanks to our Finance staff, we were able to revise the payment schedule for the remainder of the year such that members can expect to receive their benefits no later than the 27th day of each month. The revised schedule is posted to the ATRS website and was widely distributed on social media.
- Retirement Season is well under way, and we continue to counsel members who are considering retirement this year. Over Spring Break, we received phone calls from 1,329 members, an increase of 83 over last year, plus 137 in-office visitors. To help members considering retirement, this year we revamped the Retirement Planner that is sent out to school districts each spring to make it more attractive and easier to use. Electronic copies were distributed to every covered employer and posted on our website.
- In February we sent out this year's round of Benefit and Address Verification Affidavit (BAVA) letters to 5,531 out-of-state payees. We send these each year as one way to verify that retirees and beneficiaries receiving benefits are still alive and still eligible to receive payment, and that we have their correct contact information. Starting this year, we also sent electronic copies to the 5,174 of those payees who have email addresses in our system, to help speed response and help ensure that the payees receive the letter. On March 5, we mailed 2nd notices to the 963 payees that we had not heard from yet. Later this summer, we will suspend benefits for any payees who do not respond.

Member Engagement

- In March we sent out our second round of welcome letters to new members, with 1,528 letters going out to those who joined the System in the October-December quarter. The welcome letter includes a link and QR code directing the members to our new Member Handbook.
- The last month has been especially strong for our social media presence – ATRS posts on Facebook, Instagram, and LinkedIn have accumulated more than 94,500 views, and 8,300 individuals are actively following the ATRS Facebook page.
- For the monthly Executive Director Update emails, the most recent Update was distributed to 47,387 subscribers, an increase of 1,474 over the previous month, and was opened by at least 57.4% of the recipients. We also continue to add subscribers to the weekly Legislative Update emails, with the most recent Update going out to 2,511 subscribers.

Human Resources

- Last fall, the Governor announced that she would propose significant changes to pay scales, career ladders, and job titles for state employees. She said that two-thirds of state employees will receive a pay raise in her proposal. The pay plan proposal is now under consideration by the Legislature as Senate Bill 329, and we have received some information from the Office of Personnel Management (OPM) on the impact. I estimate that about half of ATRS employees will receive a pay raise, some much larger than others, with the raises increasing our total salary expenditures by 4% - 6%. I will be meeting with OPM in April to obtain more information and discuss some potential problems. I will also be exploring what flexibility we will have to address the disparities and inequities that may inadvertently be caused by the changes.

Investments

- Last fall we discussed the possibility of hiring a vendor to manage all proxy votes for the public equities held by ATRS. After some additional research, I believe we are ready to move forward. In this month's meeting you will be reviewing a proposed change to our Investment Policy to allow for voting authority to be delegated to a vendor or to individual investment managers. We have developed a Scope of Work for a vendor and have distributed it to some possible candidates. I plan to bring a recommended vendor to you for consideration in your June meeting.

Finance & Reporting

- Arkansas Legislative Audit has publicly released our FY2024 audit, and it is a clean audit with no findings. Because the Legislature is now in session, the audit report will not be presented to the legislative committee until later this year. The reports are included in your packet for acceptance in this month's meeting.

Progress on Strategic Plan Objectives and Initiatives

- **Outreach & Engagement:** As noted above we revamped the Retirement Planner distributed to members through the school districts and made it available on our website. We are seeing a steady increase in the number of requests for in-person seminars, and we are working on plans to continue to meet this demand.

- **Integrated Systems & Technology:** We have begun a pilot project using Microsoft Office 365 for selected staff members, to help us prepare for a full roll-out this summer. This will be a big change for many staff, as our current Microsoft products are the 2019 editions, and our current email program is freeware. We are developing plans to offer as much training as is needed to help staff adapt, and we expect this change will boost efficiency and time savings. We are also working with Linea Solutions for next steps in upgrading our overall IT infrastructure and deciding the future of our membership system.

- **Staff Development:** We are identifying training opportunities for a comprehensive professional development program that will be rolled out later this year and will include annually-required trainings for all staff. We have postponed work on the agency-wide assessment of organizational structure and staffing needs until we know the full extent of how the Governor's new pay plan will change our staffing and available resources.

Future Plans & Priorities
In the coming months, I will be focused on the following issues:

- **Pay Plan Implementation** – The changes that will come as a result of the Governor's new pay plan proposal will have a significant impact on our staff. After I meet with OPM, I will be working with our deputy directors and HR director to prepare our implementation plan.
- **Legislature** – The ATRS legislative package is now law, but there are still several bills affecting ATRS that are pending before the Legislature. Now that they have returned from Spring Break, legislators will be moving at breakneck speed to finish their business by April 16. We will be present at Committee meetings and monitoring these bills to ensure nothing harmful makes its way through.

Respectfully submitted,

Mark White
Executive Director
Arkansas Teacher Retirement System

ARKANSAS TEACHER RETIREMENT SYSTEM

Annual Financial Report

June 30, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS TEACHER RETIREMENT SYSTEM
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Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Arkansas Teacher Retirement System, an office of Arkansas state government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Arkansas Teacher Retirement System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Arkansas Teacher Retirement System as of June 30, 2024, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the office, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As indicated above, the financial statements of the Arkansas Teacher Retirement System are intended to present the financial position and the changes in financial position of only that portion of the State that is attributable to the transactions of the Arkansas Teacher Retirement System. They do not purport to, and do not, present fairly the financial position of the State of Arkansas as of June 30, 2024, or the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the office's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the office's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Governmental Accounting Standards Board requires that a Management's Discussion and Analysis be presented to supplement government-wide financial statements. However, as discussed in the "Emphasis of Matter" paragraph above, the financial statements of the Arkansas Teacher Retirement System are only for the specific transactions and activity of the Agency and not for the State as a whole. Therefore, the Management's Discussion and Analysis is not required to be presented for the Arkansas Teacher Retirement System individually. Our opinion on the basic financial statements is not affected by the omission of this information.

Other Information

Management is responsible for the other information included in the report. The other information comprises the Schedule of Selected Information but does not include the basic financial statements, required supplementary information, and our auditor's reports thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the office's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
January 14, 2025
SA1037524

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Arkansas Teacher Retirement System
Legislative Joint Auditing Committee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Arkansas Teacher Retirement System (the "Agency"), an office of Arkansas state government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Arkansas Teacher Retirement System's basic financial statements, and have issued our report thereon dated January 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Tom Bullington, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 14, 2025

ARKANSAS TEACHER RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Arkansas Teacher Retirement Pension Trust Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets:	
Cash and cash equivalents	$ 382,291,377
Receivables:	
Member contributions	11,440,916
Employer contributions	27,147,042
Investment trades pending	24,089,275
Accrued investment income	28,237,558
Due from other state agencies	4,278,604
Other receivables	5,271,495
Total Receivables	100,464,890
Investments:	
Public equities	4,294,178,731
Fixed income	1,842,669,015
Real estate	167,593,445
Pooled investments	5,654,476,103
Alternative investments	9,851,978,884
State recycling tax credits	203,200,000
Investment derivatives	14,174
Total Investments	22,014,110,352
Securities lending collateral	427,158,820
Capital assets, net of accumulated depreciation	60,740
Other assets	134,684
Total Assets	22,924,220,863
Deferred outflows of resources - related to other post employment benefits	262,602
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	22,924,483,465
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Liabilities:	
Accrued expenses and other liabilities	489,298
Compensated absences	607,116
Post-employment benefit liability	3,028,728
Investment trades pending payable	115,302,262
Accrued investment expenses	14,946,956
Securities lending liability	427,105,534
Due to other state agencies	2,296,649
Total Liabilities	563,776,543
Deferred inflows of resources - related to other post employment benefits	1,475,538
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	565,252,081
NET POSITION RESTRICTED FOR PENSIONS	$ 22,359,231,384

The accompanying notes are an integral part of these financial statements.

ARKANSAS TEACHER RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit B

	Arkansas Teacher Retirement Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	$ 554,738,036
Member	211,036,048
Total Contributions	765,774,084
Investment income:	
From investing activities:	
Net increase (decrease) in the fair value of investments	2,276,418,789
Interest and dividends	185,055,402
Real estate operating income (loss)	6,369,111
Total Investment Income (Loss)	2,467,843,302
Less investment expense	57,645,258
Net Investment Income (Loss)	2,410,198,044
From securities lending activities:	
Securities lending income	23,019,193
Less securities lending expense	20,517,401
Net Securities Lending Income	2,501,792
Other additions	120,741
TOTAL ADDITIONS (LOSSES)	3,178,594,661
DEDUCTIONS	
Benefits	1,473,871,266
Refunds of contributions	12,116,533
Administrative expenses	8,427,396
TOTAL DEDUCTIONS	1,494,415,195
NET INCREASE (DECREASE) IN NET POSITION	1,684,179,466
NET POSITION - BEGINNING OF YEAR	20,675,051,918
NET POSITION - END OF YEAR	$ 22,359,231,384

The accompanying notes are an integral part of these financial statements.

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity/History

Act 266 of 1937, as amended, established the Arkansas Teacher Retirement System (ATRS) as an office of Arkansas state government for the purpose of providing retirement benefits for public school and other public education employees. Act 427 of 1973, as amended, provided that the general administration of ATRS, responsibility for its proper operation, and responsibility for making effective the provisions of the Teacher Retirement law are vested in a 15-member Board of Trustees. The State Bank Commissioner, Treasurer of State, Auditor of State, and Commissioner of Elementary and Secondary Education are ex-officio trustees. The remaining 11 trustees are elected and consist of seven active members with at least five years of actual service, three retired members receiving an annuity, and one active or retired member from a minority racial ethnic group. The seven active trustees consist of one member from each of the four congressional districts; two employed in positions requiring an administrator's license, of which one must be a superintendent or an educational cooperative director; and one member employed in a position that does not require state licensure. The trustees are elected in accordance with rules adopted by the Board. Board members serve without compensation but may receive reimbursement for reasonable expenses incurred while performing their duties as trustee.

B. Plan Description

The teacher retirement plan (the "plan"),is a cost-sharing, multiple-employer defined benefit pension plan that covers employees of public schools and education-related agencies, including Arkansas School for the Blind, Arkansas School for the Deaf, Arkansas Activities Association, State Board of Education, regional education service cooperatives, ATRS, Arkansas Educational Television Division, area vocational-technical schools, Arkansas Rehabilitation Services, enterprises privatized by a public school district, and educational nonprofit organizations licensed and regulated by Division of Developmental Disabilities Services of the Department of Human Services.

On June 30, 2024, the number of employers participating in the plan was as follows:

Public schools	257
State colleges and universities	37
State agencies	15
Other/privatized	26
Total	335

Members are eligible for full retirement benefits at age 60 with five or more years of actual and reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual and reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary (FAS) (effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) and (2) the number of years of service. For active members as of June 30, 2018, a benchmark 3-year FAS was established as a minimum FAS.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 907 of 1999, effective July 1, 1999, requires all new members under contract for 181 or more days to be contributory. Act 443 of 2021, effective July 1, 2021, increased the required number of contract days to 185 or more days. Act 385 of 2005 allows noncontributory members to make an irrevocable election to become contributory on July 1 of each fiscal year.

NOTE 1: Summary of Significant Accounting Policies

B. Plan Description (Continued)

A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is calculated by multiplying 100% of the member's base retirement annuity times 3%. Act 780 of 2017 allows the Board of Trustees to evaluate any future COLA adjustments on an annual basis to determine if a simple or compound COLA increase will be given based on the financial condition of the system.

Act 1096 of 1995 created a teacher deferred retirement option plan (T-DROP) for members with 30 or more years of service credit. Effective September 1, 2003, Act 992 of 2003 requires employers to make contributions on behalf of all members participating in T-DROP at rates established by the Board of Trustees. Member contributions and accumulation of service credit will cease once a member enters T-DROP. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits will be calculated beginning with the member's plan benefit reduced by 1% for each year of credited service. The Board of Trustees may authorize early participation in T-DROP for members with at least 28 years but less than 30 years of credited service. The plan deposit for early participation will be calculated the same as the regular T-DROP deposit with a further reduction of at least .5% but not more than 1% for each month of credited service under 30 years. The T-DROP account accrues interest at a variable rate that is set annually by the ATRS Board of Trustees. T-DROP deposits into member accounts cease at the completion of 10 years of participation in the program; however, a member may continue employment and will continue to receive interest on the account balance at the 10-year plus interest rate that is also set annually by the Board of Trustees. When T-DROP participation ceases, the member may receive a distribution as a lump-sum cash payment or monthly annuity, roll it into another tax-deferred account, or defer the distribution into a T-DROP cash balance account held by ATRS.

Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity.

Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 or more years of actual service. The minimum benefit amount is $6,667, and an additional amount is provided based on the member's retirement date and years of contributory service up to a $10,000 maximum.

On June 30, 2024, membership in the plan consisted of the following:

Retirees or beneficiaries currently receiving benefits	56,177
T-DROP participants	2,981
Inactive plan members (not receiving benefits)	14,775
Active members	68,265
Total	142,198

C. Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds, if applicable to this Agency, are recognized in the accompanying financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

Fiduciary Funds

Trust and Custodial Funds – Trust and custodial funds are used to report resources held by the Agency in a trustee capacity or as an agent for individuals, other governmental units, and other funds. These include Pension Trust Funds, Employee Health Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Custodial Funds. The specific activity accounted for at this Agency includes the following:

Arkansas Teacher Retirement Pension Trust Fund

D. Basis of Accounting

Basis of accounting refers to when additions and deductions are recognized and reported in the financial statements. The economic resources measurement focus and accrual basis of accounting are used in all Fiduciary Fund financial statements. Under the accrual basis, additions are recognized when earned, and deductions are recorded when incurred.

E. Federal Income Tax Status

During the year ended June 30, 2024, the plan qualified under 26 USC § 401(a) and was exempt from federal income taxes under 26 USC § 501(a).

F. Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, imprest accounts, cash in State Treasury, cash on deposit with investment managers, and short-term investment funds (STIF). The STIF accounts are created through daily sweeps of excess cash by the custodial bank into bank-sponsored commingled funds that are invested in U.S. Government and agency securities and other short-term investments. The STIF accounts have an average weighted maturity of 90 days or less and the holdings are stated at fair value.

G. Deposits and Investments

Exhibit A presents all highly liquid investments with maturity of three months or less when purchased as cash equivalents. As such, the amounts presented in the exhibit may not agree with amounts shown in this note. Below is a reconciliation from this note to the amounts presented in the exhibit:

	Cash and Cash Equivalents	Securities Lending Collateral	Investments	Total
Note 1G:				
Deposits:				
Cash in bank	$ 28,154,105			$ 28,154,105
Foreign currency held in non-U.S. bank		$ 20,347,478		20,347,478
Cash in State Treasury	4,481,561			4,481,561
Cash on deposit with investment managers	5,209,292			5,209,292
Investments:				
Investments measured at fair value			$ 6,507,655,365	6,507,655,365
Investments measured at NAV	344,446,344	406,811,342	15,506,454,987	16,257,712,673
Petty cash	75			75
Total Exhibit A	$ 382,291,377	$ 427,158,820	$ 22,014,110,352	$ 22,823,560,549

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Deposits and Investments (Continued)

Deposits

Deposits are carried at cost and consist of cash in bank; cash in foreign currency held as securities lending collateral, cash in State Treasury, and cash on deposit with investment managers totaling $28,154,105, $20,347,478, $4,481,561, and $5,209,292, respectively. State Treasury Management Law governs the management of funds held in the State Treasury, and the Treasurer of State is responsible for ensuring these funds are adequately insured and collateralized.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the Agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Agency has adopted the State Board of Finance Policy requiring the use of depository insurance and collateralization procedures to manage the risk that deposits may not be returned.

As of June 30, 2024, none of the Agency's bank balance of $28,173,368 was exposed to custodial credit risk as it was fully insured by the Federal Deposit Insurance Corporation. However, $25,556,769, consisting of cash in foreign currency held as securities lending collateral and cash on deposit with investment managers was exposed to custodial credit risk as it was uninsured and uncollateralized.

Investments

Ark. Code Ann. §§ 24-2-601 — 24-2-619 authorizes the plan's Board of Trustees to have full power to invest and reinvest monies of ATRS and to hold, purchase, sell, assign, transfer or dispose of any of the investments or investment proceeds in accordance with the prudent investor rule.

Each investment manager is required to invest within the specific guidelines and parameters set by the Board of Trustees. Asset allocation guidelines have been established as follows:

Asset Allocation	Minimum	Target	Maximum
Total equity	43.0%	48.0%	53.0%**
Fixed income	17.0%	20.0%	23.0%
Opportunistic/Alternatives	N/A*	5.0%	N/A*
Real assets***	N/A*	15.0%	N/A*
Private equity	N/A*	12.0%	N/A*
Cash equivalents	0.0%	0.0%	5.0%

*Due to the illiquid nature of opportunistic/alternatives, real assets, and private equity, it is not prudent to set rebalancing ranges for these asset classes.
**Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted alternatives, real assets, and private equity.
***Real assets include real estate, timber, agriculture, and infrastructure.

The fair value measurement of investments is categorized within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. In instances where inputs used to measure fair value fall into different levels, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The hierarchy of inputs is defined as follows:

Level 1: Unadjusted quoted prices for identical instruments in active markets.

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Deposits and Investments (Continued)

Investments (Continued)

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

Assets classified in Level 1 are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3 are valued using an internal fair value as provided by the investment manager due to lack of an independent pricing source. Investments that are valued using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument(s) and should not be perceived as the particular investment's risk. The fair value measurement of plan investments and securities lending collateral as of June 30, 2024, was as follows:

	Total	Level 1	Level 2	Level 3
Investments Measured at Fair Value:				
Public equity investments:				
Domestic equities	$ 3,058,323,991	$ 3,058,323,991		
International equities	1,119,977,193	1,119,977,193		
Preferred equities	115,877,547	106,924,132		$ 8,953,415
Fixed income investments:				
U.S. Government obligations	63,752,318		$ 63,752,318	
Corporate obligations	1,361,437,265		1,361,437,265	
Term loans	15,921,706		15,921,706	
Asset- and mortgage-backed securities	47,296,381		47,296,381	
Fixed income funds	54,676,137		54,676,137	
Promissory notes	299,585,208			299,585,208
Real estate investments:				
Real estate	77,677,205			77,677,205
Real estate investment trusts	89,916,240	89,916,240		
State recycling tax credits	203,200,000		203,200,000	
Derivative investments:				
Forward contracts	14,174		14,174	
Total Measured at Fair Value	$ 6,507,655,365	$ 4,375,141,556	$ 1,746,297,981	$ 386,215,828
Investments Measured at Net Asset Value or Equivalent (NAV):				
Pooled investments:				
Collective investment trusts	$ 4,607,501,683			
Closed end funds	1,015,539,061			
Exchange traded funds	31,435,359			
Alternative investments:				
Private equity funds	3,229,358,249			
Real estate funds	2,037,106,413			
Hedge funds	1,327,175,832			
Other private investments	3,258,338,390			
Securities lending collateral - compass fund*	406,811,342			
Short-term investment fund	344,446,344			
Total Measured at NAV	$ 16,257,712,673			

*Cash collateral received and invested in the compass fund totaled $406,758,056. The amount reported above is the market value of this collateral at June 30, 2024.

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Deposits and Investments (Continued)

Investments (Continued)

Investments Classified as Level 1 – Level 1 investments in the preceding table are exchange-traded securities whose values are based on published market prices and quotations from either national security exchanges or active markets for those securities.

Investments Classified as Level 2 – Level 2 investments in the preceding table include publicly-traded debt securities and other investments in inactive markets. Investments in this category are sourced from reputable pricing vendors using pricing matrix models and techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

Investments Classified as Level 3 – Level 3 investments in the preceding table are unobservable, meaning the assets lack an independent pricing source. Values for the preferred equities are provided by the investment manager using cash flow or market comparable techniques. The promissory notes are made directly with the other entities and valued using expected cash flow. Real estate investments are comprised of ATRS owned properties leased to commercial enterprises. The properties are valued using professional valuations or appraisals, net of debt borrowed against the related assets. Appraisals and valuations are updated every 3 years.

Investments Measured at the Net Asset Value or Equivalent (NAV) – Investments measured at NAV have no readily ascertainable fair value. The value is determined by using the net asset value per share or its equivalent. Pooled or commingled fund values are based on each investor's proportionate share of the total underlying assets in the fund, less any liabilities for client withdrawals, investment purchases, or other accrued expenses. Limited partnership values are based on the capital account balance the general partner reports at the end of each reporting period, adjusted by subsequent contributions, distributions, management fees, and changes in values of assets held in the partnership. There are inherent uncertainties in estimating fair values for these types of investments, and it is possible that the estimates will change in the near-term, or the subsequent sale of assets will be different from the reported net asset value. These investments come with redemption restrictions and rely on the liquidation of the underlying assets or net operating cash flows for distributions. The redemption terms and unfunded commitments are presented in the following table:

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Deposits and Investments (Continued)

Investments (Continued)

	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investments:				
Collective investment trusts	$ 4,607,501,683		Daily	1 - 30 days
Closed end funds	1,015,539,061		Daily	Daily
Exchange traded funds	31,435,359		Daily	Daily
Alternative investments:				
Private equity funds:				
Buyout funds	1,486,255,661	$ 1,813,241,493	N/A	N/A
Distressed debt funds	16,344,994	37,207,326	N/A	N/A
Growth equity funds	33,975,543	39,457,033	N/A	N/A
Hard assets	44,826,362	14,770,786	N/A	N/A
Infrastructure funds	495,413,205	90,523,445	Quarterly - Annually	90 days
Mezzanine funds	61,539,274	22,833,764	N/A	N/A
Multi-strategy funds	477,029,060	285,310,197	N/A	N/A
Structured capital funds	67,714,397	44,494,464	N/A	N/A
Turnaround funds	137,374,539	87,250,755	N/A	N/A
Value added funds		50,000,000	N/A	N/A
Venture capital funds	408,885,214	174,756,310	N/A	N/A
Real estate funds:				
Core funds	733,084,046		Quarterly	30-90 days
Debt funds	133,789,791	56,050,809	Quarterly	90 days
Farmland funds	249,525,748	14,240,587	Quarterly	60 days
Opportunistic funds	212,526,613	415,683,239	N/A	N/A
Timberland funds	363,943,337		Quarterly	90 days
Value added funds	344,236,878	310,022,313	N/A	N/A
Hedge funds:				
Co-investment funds	91,456,393	22,036,074	Quarterly	65 days
Credit funds	231,716,297		Quarterly - Annually	90 days
Equity funds	42,398,038		Quarterly	60 days
Event driven funds	93,890,484		Annually	90 days
Global macro funds	212,285,791		Monthly	3-15 days
Mortgage servicing funds	48,059,441		Semi-annually	90 days
Reinsurance funds	139,050,680		Semi-annually - Annually	60-90 days
Relative value funds	103,575,614		Quarterly	45 days
Risk premia funds	364,743,094		Weekly - Monthly	3-5 days
Value added funds		50,000,000	N/A	N/A
Other:				
Private investments	3,258,338,390		Semi-monthly - Monthly	3-7 days
Securities lending collateral - compass fund	406,811,342		Daily	Daily
Short-term investment fund	344,446,344		Daily	Daily
Totals	$ 16,257,712,673	$ 3,527,878,595		

Pooled Investments Funds – Pooled investment fund include 7 collective investment trusts, 5 closed end funds, and 3 exchange traded or mutual funds. The value of the investments in this type have been determined using the NAV per share (or its equivalent) calculated as assets less liabilities divided by the number of units owned.

Private Equity Funds – Private equity funds include 69 buyout funds, 3 distressed debt funds, 4 growth equity funds, 14 hard asset funds, 12 infrastructure funds, 5 mezzanine funds, 5 multi-strategy funds, 5 structured capital funds, 10 turnaround funds, 1 value added fund, and 16 venture capital funds that invest mostly in private companies across a variety of industries. The value of the investments in this type have been determined using the NAV per share (or its equivalent) of the System’s ownership interest in partners’ capital. These investments cannot be easily redeemed. The nature of private equity investments is that distributions are received through the liquidation of the underlying assets of the fund. The expected holding period of a private equity portfolio company is 2 to 10 years.

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Deposits and Investments (Continued)

Investments (Continued)

Real Estate Funds – Real estate funds include 7 core funds, 9 debt funds, 2 farmland funds, 23 opportunistic funds, 2 timberland funds, and 24 value added funds that invest primarily in the United States, Europe, and Asia. Fund investments can be made in the debt, equity, or a combination of both in real estate property ventures. The value of the investments in this asset class have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. These investments can be redeemed with proper notification to the fund manager. Distributions from each fund may be received as cash flows from operations or return of capital from sales of assets. The expected holding period of underlying assets in the real estate funds is 2 to 10 years.

Hedge Funds – Hedge funds consist of 1 co-investment fund, 5 credit funds, 1 equity fund, 1 event driven fund, 2 global macro funds, 1 mortgage servicing fund, 9 re-insurance funds, 1 relative value fund, 2 risk premia funds, and 1 value added fund. The value of the investments in this asset class have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. Redemption ranges from monthly to annually depending on the manager, except for the value added fund which has a 5-year lockup until the end of the initial fund raising period. Distributions are received through liquidation of the underlying assets. The expected holding period is dependent on the discretion of the fund manager.

Other Private Investments – Consist of three funds each with a different strategy or objective including fixed income, U.S. equities, and global equities. The value of the investments in this asset class have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. The redemption frequency is once or twice per month depending on the manager. Distributions are received through liquidation of the underlying assets. The expected holding period is dependent on the discretion of the fund manager.

Securities Lending Collateral – Cash collateral received from borrowers in the securities lending program is invested in a collective investment fund comprised of a liquidity pool. The value of this fund has been determined by the fund administrator using the NAV per share (or its equivalent).

Short-term Investment Fund – The net cash activity is swept into the STIF account daily with the fund maintaining an average dollar-weighted portfolio maturity of 90 days or less. The value of this fund has been determined by the custodial bank, the fund administrator, using the NAV per share (or its equivalent) based on the plan's proportionate share of the units of participation.

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.92%.

Concentration of Investments – Generally accepted accounting principles require each pension plan to disclose investments (other than those issued or explicitly guaranteed by the U.S. Government) in any one organization that represent 5% or more of the pension plan's fiduciary net position. As of June 30, 2024, no investments in any one organization represented 5% or more of the pension plan's fiduciary net position.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The summary shown below indicates that 81% of the Agency's investment maturities are one year or longer.

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Deposits and Investments (Continued)

Investments (Continued)

		Investment Maturities (In Years)			
Investment Type	Fair Value	Less than 1	1 - 5	More than 5 - 10	More than 10
Collective investment trusts	$ 1,385,957,216		$ 412,956,402	$ 973,000,814	
Corporate obligations	1,361,437,265	$ 126,273,005	836,073,157	314,502,669	$ 84,588,434
Private investments	578,356,405			578,356,405	
Short-term investment fund	344,446,344	344,446,344			
Promissory notes	299,585,208		45,976,617	171,488,825	82,119,766
State recycling tax credits	203,200,000	24,800,000	99,200,000	76,000,000	3,200,000
U.S. Government obligations	63,752,318				63,752,318
Convertible preferred equities	63,671,783	1,852,694	31,501,052		30,318,037
Fixed income funds	54,676,137		54,676,137		
Asset- and mortgage-backed securitie	47,296,381		4,784,505	11,114,767	31,397,109
Term loans	15,921,706		844,817	15,076,889	
Totals	$ 4,418,300,763	$ 497,372,043	$ 1,486,012,687	$ 2,139,540,369	$ 295,375,664

Securities Lending Collateral		
Compass fund	$ 406,811,342	$ 406,811,342

Asset-Backed Securities – As of June 30, 2024, asset-backed securities had a fair value of $38,186,848. These securities represent interests in various trusts consisting of pooled financial assets other than mortgage loans conveyed by the issuing parties. ATRS's ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

Mortgage-Backed Securities – As of June 30, 2024, mortgage-backed securities had a fair value of $9,109,533. The yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. Although the full amount of principal will be received if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment, is lost.

Corporate Bonds – As of June 30, 2024, corporate bonds had a fair value of $459,122,612. Corporate bonds are debt instruments that are issued by private corporations. These bonds have a term maturity and can have either a fixed or variable interest rate. Variable interest rate bonds have adjustments that are made periodically and vary directly with movements in interest rates.

Convertible Corporate Bonds – As of June 30, 2024, convertible bonds had a fair value of $902,314,653. Convertible bonds convey an option to the bondholder to exchange each bond for a specified number of shares of common stock of the corporation. Convertible bonds generally offer lower coupon rates and promised yields to maturity in exchange for the value of the option to exchange the bond into stock. Interest rates can be fixed or variable.

Promissory Notes – As of June 30, 2024, promissory notes had a fair value of $299,585,208. Promissory notes are a form of debt that companies use to raise money in exchange for payment of a fixed amount of periodic income at a specified date or on demand. One unsecured promissory note was issued to Big River Steel Holdings, LLC and two secured notes were issued to Highland LP.

Term Loans – As of June 30, 2024, term loans had a fair value of $15,921,706. Term loans are debt financing similar to a mortgage where the borrower pays in regular installments, which include principal and interest over the agreed upon term. Rates can be fixed or floating and is often based on the borrower's credit. Floating rate term loans have adjustments that are made periodically and vary directly with movements in interest rates.

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Deposits and Investments (Continued)

Investments (Continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk is measured by the credit quality of investments in debt securities as described by nationally recognized statistical rating organizations. A formal investment policy that limits investment in debt based on their statistical rating as a means of managing exposure to credit risk has not been adopted by the Board of Trustees. The Agency's exposure to credit risk as of June 30, 2024, as rated by Standard and Poor's and Moody's Investors Service is as follows:

Standard and Poor's		Moody's Investors Service	
Rating	Fair Value	Rating	Fair Value
AAA	$ 4,012,984	Aaa	$ 6,753,581
AA	261,697,991	Aa	270,969,055
A	31,370,649	A	49,229,041
BBB	353,886,281	Baa	317,187,921
BB	172,590,383	Ba	156,667,077
B	26,096,758	B	35,869,260
CCC or below	25,599,429	Caa or below	29,992,115
Not rated	3,479,293,969	Not rated	3,487,880,394
Total	$ 4,354,548,444	Total	$ 4,354,548,444
Securities lending collateral			
Not rated	$ 406,811,342	Not rated	$ 406,811,342

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Agency, and are held by either the counterparty or the counterparty's trust department or agent but not in the Agency's name. A formal investment policy for custodial credit risk has not been adopted by the Board of Trustees. The Agency has adopted the State Board of Finance Policy requiring the use of depository insurance and collateralization procedures to manage the risk that investments may not be returned. As of June 30, 2024, none of the Agency's investments were exposed to custodial credit risk.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Agency's investment in a single issuer (not including investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, or other pooled investments). A formal investment policy to limit the amount it may invest in any one issuer to manage the concentration of credit risk has not been adopted by the Board of Trustees. As of June 30, 2024, no investments in any one issuer represent more than 5% of total plan investments.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. A formal investment policy that limits investment in foreign currency has not been adopted the Board of Trustees. As of June 30,2024, the Agency's exposure to foreign currency risk in U.S. dollars is as follows:

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Deposits and Investments (Continued)

Investments (Continued)

Currency		Total Exposure	Cash Deposits	Equities	Fixed Income	Pooled/Alternatives and Real Estate Measured at NAV	Foreign Currency Contracts	Investment Principal Receivable	Investment Principal Payable	Accrued Income
Brazilian Real	BRL	$ 13,064,444	$ 82,131	$ 9,087,696	$ 3,894,617					
British Pound Sterling	GBP	468,300,907	72,990	130,699,520	4,821,687	$ 330,047,638	$ (27,853)			$ 2,686,925
Canadian Dollar	CAD	23,148,042	139	19,358,070		3,780,372				9,461
Chilean Peso	CLP	4,778,611		4,778,611						
Chinese Yuan Renminbi	CNY	5,222,773	32,277	5,190,496						
Danish Krone	DKK	58,618,493	21	58,549,717			590,048		$ (590,048)	68,755
Euro	EUR	539,018,881	207,266	415,607,807	$ 5,604,195	110,272,035	(1,639,074)	$ 512,641	(468,893)	8,922,904
Hong Kong Dollar	HKD	53,335,199		45,613,422		7,196,792				524,985
Indian Rupee	INR	390,183	390,183							
Indonesian Rupiah	IDR	28,247,250		24,908,628	3,295,613					43,009
Japanese Yen	JPY	247,895,106	21,345,392	226,101,019			2,453,961		(2,453,961)	448,695
Mexican Peso	MXN	7,532,183		4,939,097	2,577,487					15,599
New Taiwan Dollar	TWD	55,595,651		55,458,721						136,930
New Zealand Dollar	NZD	3,397,307			3,369,945					27,362
Norwegian Krone	NOK	3,323,660			3,305,900					17,760
Polish Zloty	PLN	6,447								6,447
South African Rand	ZAR	13,825,284	67	11,491,488	2,253,242					80,487
South Korean Won	KRW	58,126,557		58,126,541						16
Swedish Krona	SEK	20,849,329	25	20,849,304						
Swiss Franc	CHF	73,925,808	293	72,469,407			912,546		(912,546)	1,456,108
Uruguayan Peso	UYU	1,552,000			1,536,837					15,163
Totals		$ 1,680,154,115	$ 22,130,784	$ 1,163,229,544	$ 30,659,523	$ 451,296,837	$ 2,289,628	$ 512,641	$ (4,425,448)	$ 14,460,606

For foreign currency contracts in the schedule above, a positive number represents the market value of contracts to purchase that currency in excess of the market value of contracts to sell that currency. A negative number, therefore, represents the market value of contracts to sell foreign currency in excess of contracts to purchase that currency.

Derivatives – Derivative instruments are financial contracts or agreements whose value is derived from one or more underlying assets, reference rates, and/or financial indexes. Derivative instruments include futures contracts, forward contracts, swap contracts, options contracts, forward foreign currency exchange and rights. Investment guidelines state that derivatives may be used to reduce the risk in a portfolio but should not be used to create a position of leverage or substantially increase the risk of the overall portfolio. Futures and options should be matched by cash or cash equivalent securities, and all short futures positions should be matched by equivalent long security positions. Each investment manager's derivative usage is specified in the investment management agreement or specific guidelines. There is a risk that the counterparties to the contracts will not be able to meet the contract terms. The external investment managers seek to control this risk through counterparty credit evaluations and approvals, credit limits, and exposure monitoring procedures.

The fair value balances of derivative instruments outstanding at June 30, 2024, classified by type, and the changes in fair value for the year then ended, are as follows:

	Changes in Fair Value		Fair Value at June 30, 2024	
Type	Classification	Amount	Classification	Amount
Forwards	Net increase (decrease) in the fair value of investments	$ 31,797	Investment derivatives	$ 14,174

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Deposits and Investments (Continued)

Investments (Continued)

Foreign Currency Forwards – A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. The contracts are valued at forward exchange rates, and the changes in value of open contracts are recognized as net increase (decrease) in fair value of investments, a component of net investment income (loss), in the statement of changes in plan net position. The realized gain or loss on closed forward currency contracts represents the difference between the value of the original contracts and the closing value of such contracts and is included in net increase (decrease) in fair value of investments, a component of net investment income (loss), in the statement of changes in plan net position. As of June 30, 2024, outstanding forward exchange currency contracts to purchase foreign currencies with contract amounts of $4,429,033 and market values of $4,425,448, resulting in a net loss of $3,585. Outstanding forward exchange currency contracts to sell foreign currencies with contract amounts of $2,153,580 had market values of $2,135,821, resulting in a net gain of $17,759.

The net fair value and net notional amounts of foreign currency forwards as of June 30, 2024, were as follows:

Foreign Currency Forwards	Fair Value	Net Notional	
British Pound Sterling	$ (18)	GBP	22,034
Euro	17,777	EUR	1,961,321
United States Dollar	(3,585)	USD	4,429,033
Total	$ 14,174		

Securities Lending Transactions – Arkansas Code Annotated and Board policy permit ATRS to participate in a securities lending program, whereby securities are lent to broker-dealers or other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The securities lending program is administered by State Street Bank and Trust (the “Custodian”). The contractual authorization for the securities lending program is contained in the Securities Lending Authorization Agreement between the Agency and the Custodian. There were no restrictions on the dollar amount of securities loaned, and for the year-ended June 30, 2024, there were no violations of the Securities Lending Authorization Agreement. Brokers who borrow the securities must provide collateral in the form of cash, other securities, or irrevocable bank letters of credit of at least 100% of the market value of the underlying securities. Securities on loan (underlying securities) at year-end include U.S. Government securities, corporate securities, and international securities. ATRS cannot pledge or sell collateral securities received unless the borrower defaults. The cash collateral received on each loan is invested in a collective investment fund comprised of a liquidity pool.

As of June 30, 2024, the liquidity pool had an average duration of 15.86 days and an average weighted final maturity of 103.88 days for USD collateral. Because the loans are terminable at will, their duration generally will not match the duration of the investments made with cash collateral.

At year-end, there was no credit risk exposure to borrowers as due to the custodian’s indemnification agreement to purchase replacement securities or return cash collateral in the event a borrower fails to return a loaned security or fails to pay the Agency for income of the securities while on loan. No borrowers failed to return loaned securities or pay distributions during the year. Investments made with cash collateral appear as an asset on the Statement of Fiduciary Net Position. Corresponding liabilities are recorded, as the cash collateral must be returned to the borrower upon expiration of the loan.

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets purchased (or leased) with costs exceeding $5,000 and an estimated useful life exceeding one year are reported at historical cost, including ancillary costs (such as professional fees and costs, freight costs, preparation or setup costs, and installation costs). Gifts or contributions are generally recorded in the accounts at acquisition value at the time received. Acquisition value is the market value if the Agency would have purchased the item. Depreciation is reported based on a straight-line method, with no salvage value. Estimated useful lives generally assigned are as follows:

Assets:	Years
Equipment	5-20

Capital assets activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Fiduciary activities:				
Equipment	$ 921,936	$ 12,374	$ 63,681	$ 870,629
Less accumulated depreciation	848,440	15,460	54,011	809,889
Fiduciary activities, net	$ 73,496	$ (3,086)	$ 9,670	$ 60,740

I. Compensated Absences – Employee Leave

Annual leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for their unused accrued annual leave up to 30 days. Liabilities for compensated absences are determined at the end of the year based on current salary rates.

Sick leave is earned by all full-time employees and may be accrued up to 120 days. Compensation up to a maximum of $7,500 for unused sick leave is payable to employees upon retirement.

Compensated absences payable attributable to this Agency's employee annual and sick leave as of June 30, 2024 and 2023, amounted to $607,116 and $554,664, respectively. The net changes to compensated absences payable during the year ended June 30, 2024, amounted to $52,452.

J. Postemployment Benefits Other Than Pensions (OPEB)

Arkansas State Employee Health Insurance Plan (Plan)

Plan Description – The Department of Transformation and Shared Services – Employee Benefits Division (DTSS-EBD) provides medical and prescription drug benefits for eligible state employees and retirees. Policies for DTSS-EBD related to medical and prescription drug plans are established by the State Board of Finance (Board) and may include ad hoc benefit changes or annual cost redeterminations. For the current year, no ad hoc or cost redetermination changes occurred. The Constitution of Arkansas, Article 5, vests the General Assembly with legislative power to enact and amend duties of and benefit provisions of the Board and DTSS-EBD, respectively, as published in Subchapter 4, Chapter 5 of Title 21 of the Arkansas Code Annotated. DTSS-EBD is included in the State of Arkansas's Annual Comprehensive Financial Report (ACFR), which includes all applicable financial information, notes, and required supplementary information. That report may be obtained by writing to Department of Transformation and Shared Services, 501 Woodlane, Suite 201, Little Rock, Arkansas 72201 or by calling 501-319-6565.

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Arkansas State Employee Health Insurance Plan (Plan) (Continued)

The Agency contributes to the Plan, a single employer defined benefit OPEB plan administered by DTSS-EBD, on a monthly basis. The Board establishes medical and prescription drug benefits for three classes of covered individuals: active employees, terminated employees with accumulated benefits, and retirees and beneficiaries. The Plan is established on the basis of a pay-as-you-go financing requirement, and no assets are accumulated in a trust, as defined by Governmental Accounting Standards Board (GASB) Statement No. 75. The State's annual OPEB cost for the Plan is based on an actuarially-determined calculated amount made in accordance with GASB Statement No. 75.

Funding Policy – Employer contributions to the Plan are established by Ark. Code Ann. § 21-5-414 and may not exceed $550 per budgeted position. Employees, retirees, and beneficiaries contribute varying amounts based on the type of coverage and inclusion of family members. Benefits for Medicare-eligible retirees are coordinated with Medicare Parts A and B, and the Plan is the secondary payer. The portion of the State's annual OPEB liability attributable to ATRS as of June 30, 2024, is $3,028,728.

K. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a decrease of net position that applies to future periods. Thus, these items will not be recognized as an outflow of resources (a deduction) until a future period.

Deferred inflows of resources represent an increase of net position that applies to future periods. These items will not be recognized as an inflow of resources (addition) until a future period.

L. Contributions

The contribution rate for participating employers, subject to a statutory ceiling of 15%, is established by the Board of Trustees based on an independent actuary's determination of the rate required to adequately fund the plan. For the fiscal year ended June 30, 2024, the employer contribution rate was 15% of active member payroll.

The contribution rate for contributory members (employee contributions), subject to a statutory floor of 6%, is established by the Board of Trustees and may be amended to maintain actuarial soundness of the plan. For the fiscal year ended June 30, 2024, the employee contribution rate was 7%. Employee contributions are refundable if covered employment terminates before a monthly benefit is payable, and any contributions remaining on deposit for a period of one or more years earn interest credits, which are included in the refund amount.

M. Reserves

The reserve accounts are an allocation of the net position restricted for pensions and do not limit the availability of assets to be used for existing pensions or pension administration. They are made to comply with the provisions of Ark. Code Ann. § 24-7-405. At June 30, 2024, the reserve accounts were funded at a level that complied with the Code provisions.

NOTE 1: Summary of Significant Accounting Policies (Continued)

M. Reserves (Continued)

	Arkansas Teacher Retirement Pension Trust Fund Reserves
Members' deposit account reserve	$ 15,084,287,261
Employers' accumulation account reserve	(7,498,703,380)
Retirement reserve	14,294,170,799
Teacher deferred retirement option plan account reserve	349,812,712
Survivor benefit account reserve	119,259,431
Income - expense account reserve	10,404,561
Total	$ 22,359,231,384

NOTE 2: Net Pension Liability of Participating Employers

The components of the net pension liability of the participating employers at June 30, 2024, were as follows:

Total pension liability	$ 26,639,296,570
Less: plan net position	22,359,231,384
Employers' net pension liability	$ 4,280,065,186
Plan net position as a percentage of the total pension liability	83.93%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Wage inflation rate:	2.75%; inclues 2.50% price inflation and 0.25% general economic improvement.
Salary increases:	2.75 - 5.75%
Investment rate of return:	7.25%
Mortality table:	Pub-2010 General Healthy Retired, General Disabled Retiree, and General Employee Mortality amount weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

Table	Scaling Factor Males	Scaling Factor Females
Healthy Retirees	105%	105%
Disabled Retirees	104%	104%
Active Members	100%	100%

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

NOTE 2: Net Pension Liability of Participating Employers (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Asset Allocation	Target	Long-Term Expected Real Rate of Return
Global equity	48.0%	4.7%
Fixed income	20.0%	2.4%
Alternatives	5.0%	4.5%
Real assets	15.0%	4.6%
Private equity	12.0%	6.9%
Cash equivalents	0.0%	1.8%
	100.00%	

Single Discount Rate – A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments or 7.25%. Although not all members contribute, the fiscal year 2024 employer and member contribution rates are 15.00% and 7.00%, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will follow this schedule. This includes payroll for current T-DROP participants and return to work retirees. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability – Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the participating employers' net pension liability, calculated using the current discount rate, as well as what the participating employers' net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher than the current rate:

	Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
	1% Lower than Current Rate	Current Rate 7.25%	1% Higher than Current Rate
Net pension liability	$ 7,611,770,086	$ 4,280,065,186	$ 1,518,115,441

NOTE 3: Required Supplementary Schedules

Detailed historical information about the pension liabilities for which the pension plan's assets are being held and managed and the significant assumptions used to measure these liabilities are required supplementary information. This required supplementary information, prepared in accordance with the parameters of GASB Statement No. 67, as amended, is included immediately following the notes to the financial statements.

ARKANSAS TEACHER RETIREMENT SYSTEM

Schedule 1

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY										
Service cost	$ 426,391,125	$ 395,700,338	$ 379,267,685	$ 340,401,007	$ 331,035,218	$ 325,464,537	$ 315,864,318	$ 307,786,503	$ 305,086,337	$ 298,134,477
Interest	1,836,744,684	1,772,097,027	1,720,782,101	1,655,575,883	1,608,463,162	1,551,511,422	1,504,613,059	1,485,759,965	1,433,768,167	1,371,168,271
Changes in benefit terms								(469,205,711)		
Differences between actual and expected experience	(2,059,205)	164,573,721	4,880,583	108,860,237	(24,869,157)	119,427,343	(7,365,993)	(76,812,667)	(15,341,738)	123,519,055
Changes in assumptions				887,447,380				1,374,950,899		
Benefit payments	(1,473,871,266)	(1,413,477,760)	(1,374,220,915)	(1,308,163,750)	(1,255,065,793)	(1,205,326,555)	(1,160,738,238)	(1,092,952,357)	(1,035,958,950)	(970,719,484)
Refunds of contributions	(12,116,533)	(12,583,767)	(10,426,792)	(9,463,375)	(9,592,091)	(9,679,783)	(9,455,405)	(10,874,003)	(10,145,471)	(10,774,122)
NET CHANGE IN TOTAL PENSION LIABILITY	775,088,805	906,309,559	720,282,662	1,674,657,382	649,971,339	781,396,964	642,917,741	1,518,652,629	677,408,345	811,328,197
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	25,864,207,765	24,957,898,206	24,237,615,544	22,562,958,162	21,912,986,823	21,131,589,859	20,488,672,118	18,970,019,489	18,292,611,144	17,481,282,947
TOTAL PENSION LIABILITY - END OF YEAR (A)	$26,639,296,570	$25,864,207,765	$24,957,898,206	$24,237,615,544	$22,562,958,162	$21,912,986,823	$21,131,589,859	$20,488,672,118	$18,970,019,489	$18,292,611,144
PLAN NET POSITION										
Contributions - employer	$ 554,738,036	$ 536,619,031	$ 501,522,604	$ 472,567,147	$ 446,228,128	$ 430,864,656	$ 424,488,126	$ 414,954,939	$ 410,358,229	$ 408,230,472
Contributions - member	211,036,048	200,610,721	183,315,252	168,129,972	153,105,134	141,885,632	138,766,747	133,109,939	131,100,983	128,555,684
Net investment income, including securities lending activity	2,412,699,836	1,692,309,263	(1,590,291,257)	5,250,953,451	(165,766,491)	898,384,867	1,824,094,695	2,289,818,591	35,579,657	632,166,951
Benefit payments	(1,473,871,266)	(1,413,477,760)	(1,374,220,915)	(1,308,163,750)	(1,255,065,793)	(1,205,326,555)	(1,160,738,237)	(1,092,952,357)	(1,035,958,950)	(970,719,484)
Refunds of contributions	(12,116,533)	(12,583,767)	(10,426,792)	(9,463,375)	(9,592,091)	(9,679,783)	(9,455,405)	(10,874,003)	(10,145,471)	(10,774,122)
Administrative expense	(8,427,396)	(7,892,822)	(6,650,604)	(7,326,797)	(8,454,436)	(7,134,784)	(9,336,430)	(7,825,595)	(8,059,030)	(8,034,857)
Other	120,741		507,446,092							
NET CHANGE IN PLAN NET POSITION	1,684,179,466	995,584,666	(1,789,305,620)	4,566,696,648	(839,545,549)	248,994,033	1,207,819,496	1,726,231,514	(477,124,582)	179,424,644
PLAN NET POSITION - BEGINNING OF YEAR	20,675,051,918	19,679,467,252	21,468,772,872	16,902,076,224	17,741,621,773	17,492,627,740	16,284,808,244	14,558,576,730	15,035,701,312	14,856,276,668
PLAN NET POSITION - END OF YEAR (B)	$22,359,231,384	$20,675,051,918	$19,679,467,252	$21,468,772,872	$16,902,076,224	$17,741,621,773	$17,492,627,740	$16,284,808,244	$14,558,576,730	$15,035,701,312
PARTICIPATING EMPLOYERS' NET PENSION LIABILITY (ASSET) END OF YEAR (A) - (B)	$ 4,280,065,186	$ 5,189,155,847	$ 5,278,430,954	$ 2,768,842,672	$ 5,660,881,938	$ 4,171,365,050	$ 3,638,962,119	$ 4,203,863,874	$ 4,411,442,759	$ 3,256,909,832
Plan net position as a percentage of total pension liability	83.93%	79.94%	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%
Covered employee payroll	$ 3,611,533,918	$ 3,492,029,158	$ 3,320,346,417	$ 3,204,720,806	$ 3,077,558,814	$ 3,027,154,131	$ 2,986,026,715	$ 2,921,965,125	$ 2,888,392,668	$ 2,873,988,053
Participating employers' net pension liability (asset) as a percentage of covered employee payroll	118.51%	148.60%	158.97%	86.40%	183.94%	137.80%	121.87%	143.87%	152.73%	113.32%

ARKANSAS TEACHER RETIREMENT SYSTEM
SCHEDULE OF CONTRIBTUIONS
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

Schedule 2

FY Ending June 30,	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Employee Payroll
2024	$ 534,397,641	$ 554,738,036	$ (20,340,395)	$ 3,611,533,918	15.36%
2023	547,709,158	536,619,031	11,090,127	3,492,029,158	15.37%
2022	493,022,221	501,522,604	(8,500,383)	3,320,346,417	15.10%
2021	474,196,689	472,567,147	1,629,542	3,204,720,806	14.75%
2020	450,612,124	446,228,128	4,383,996	3,077,558,814	14.50%
2019	447,791,482	430,864,656	16,926,826	3,027,154,131	14.23%
2018	422,365,685	424,488,126	(2,122,441)	2,986,026,715	14.22%
2017	423,846,831	414,954,939	8,891,892	2,921,965,125	14.20%
2016	437,434,470	410,358,229	27,076,241	2,888,392,668	14.21%
2015	474,773,530	408,230,472	66,543,058	2,873,988,053	14.20%

ARKANSAS TEACHER RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURNS
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

Schedule 3

FY Ending June 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	11.92%
2023	8.78%
2022	-5.15%
2021	31.82%
2020	-0.96%
2019	5.25%
2018	11.46%
2017	16.09%
2016	0.24%
2015	4.34%

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

A. Schedule of Contributions

1. Changes in Benefit Terms

There were no significant changes in benefit terms for the year ended June 30, 2024.

2. Changes in Assumptions

There were no significant changes in assumptions for the year ended June 30, 2024.

3. Methods and Assumptions Used in Calculations of Actuarially-Determined Contributions

Valuation date:	June 30, 2022
	Actuarially determined contribution rates are calculated as of June 30 in the year which is one year prior to the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule of contributions:

Actuarial cost method:	Entry age normal; funding to retirement
Amortization method:	Level percentage of payroll
Amortization period:	30 years
Asset valuation method:	4-year smoothed market for funding purposes ; 20% corridor
Payroll growth:	2.75%
Salary increases:	2.75 to 5.75% including inflation
Investment rate of return:	7.25%
Mortality table:	Pub-2010 General Healthy Retiree, General Disabled Retiree, and General Employee Mortality tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

	Scaling Factor	
Table	Males	Females
Healthy Annuitant	105%	105%
Disabled Annuitant	104%	104%
Employee Mortality	100%	100%

ARKANSAS TEACHER RETIREMENT SYSTEM
SCHEDULE OF SELECTED INFORMATION
FOR THE FIVE-YEAR PERIOD ENDED JUNE 30, 2024

Schedule 4

	For the Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	$ 22,924,220,863	$ 21,177,931,966	$ 20,501,229,577	$ 22,005,819,561	$ 17,272,901,062
Total Deferred Outflows of Resources	262,602	493,831	685,899	1,034,149	1,310,404
Total Liabilities	563,776,543	501,713,964	820,378,162	537,941,055	371,416,146
Total Deferred Inflows of Resources	1,475,538	1,659,915	2,070,062	139,784	719,096
Net Position Restricted for Pensions	22,359,231,384	20,675,051,918	19,679,467,252	21,468,772,871	16,902,076,224
Total Additions (Losses)	3,178,594,661	2,429,539,015	(398,007,308)	5,891,652,600	433,570,198
Total Deductions	1,494,415,195	1,433,954,349	1,391,298,311	1,324,955,953	1,273,115,747

ARKANSAS TEACHER RETIREMENT PLAN

Schedules of Employer Allocations and Schedule of Pension Amounts by Employer

June 30, 2024

ARKANSAS TEACHER RETIREMENT PLAN
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FOR THE YEAR ENDED JUNE 30, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

Arkansas Teacher Retirement Plan
Legislative Joint Auditing Committee

Report on the Audit of the Employer Schedules

Opinions

We have audited the Arkansas Teacher Retirement Plan's schedule of employer allocations, as of and for the year ended June 30, 2024, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the Arkansas Teacher Retirement Plan's schedule of pension amounts by employer, as of and for the year ended June 30, 2024, and the related notes as listed in the table of contents. These schedules and related notes to the schedules are collectively referred to as the "employer schedules."

In our opinion, the accompanying schedule of employer allocations and specified column totals in the schedule of pension amounts by employer referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities of the Arkansas Teacher Retirement Plan as of and for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Employer Schedules section of our report. We are required to be independent of the Arkansas Teacher Retirement Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Employer Schedules

Management is responsible for the preparation and fair presentation of these employer schedules in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the employer schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Employer Schedules

Our objectives are to obtain reasonable assurance about whether the employer schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the employer schedules.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the employer schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the employer schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Arkansas Teacher Retirement Plan management's internal control over the preparation and fair presentation of these employer schedules. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the employer schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Arkansas Teacher Retirement Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Arkansas Teacher Retirement System, an office of Arkansas state government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Arkansas Teacher Retirement System's basic financial statements. Our report, dated January 14, 2025, expressed an unmodified opinion on those financial statements.

Restrictions on Use

This report is solely for the information and use of the Arkansas Teacher Retirement System's Board of Trustees and management, as well as the Arkansas Teacher Retirement Plan employers and their auditors, and is not intended to be, and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
February 7, 2025
SA1037524S

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2024

ID	Employer Name	Actual Employer Contributions	Allocation Percentage
2001	Academics Plus Charter School	$ 1,570,713	0.28314499%
125	Alma School District	3,190,090	0.57506242%
735	Alpena School District	481,746	0.08684198%
1339	Arch Ford Education Service Cooperative	2,449,104	0.44148833%
119	Arkadelphia School District	1,695,208	0.30558713%
4857	Arkansas Activities Association	183,061	0.03299950%
2000	Arkansas Arts Academy	1,019,509	0.18378212%
6875	Arkansas Association Educational Administrators	61,945	0.01116654%
2034	Arkansas Connections Academy	1,230,000	0.22172632%
6864	Arkansas Easter Seals		
2045	Arkansas Military and First Responders Academy	144,581	0.02606294%
1-335	Arkansas Northeastern College	318,460	0.05740725%
1349	Arkansas River Education Service Cooperative	902,051	0.16260843%
6870	Arkansas School Boards Association	25,320	0.00456438%
1-053	Arkansas State University	436,216	0.07863452%
1-028	Arkansas State University - Beebe	112,732	0.02032174%
1-364	Arkansas State University - Mid-South Community College	9,543	0.00172029%
1-052	Arkansas State University - Mountain Home	9,011	0.00162442%
1-029	Arkansas State University - Newport	57,902	0.01043763%
1-291	Arkansas State University - Three Rivers	167,586	0.03020995%
1-202	Arkansas Teacher Retirement System	929,681	0.16758919%
1-045	Arkansas Tech University	387,089	0.06977864%
2008	Arkansas Virtual Academy	1,434,298	0.25855403%
973	Armorel School District	482,791	0.08703050%
178	Ashdown School District	1,354,746	0.24421370%
693	Atkins School District	1,007,508	0.18161864%
674	Augusta School District	499,723	0.09008264%
337	Bald Knob School District	1,093,212	0.19706822%
365	Barton-Lexa School District	714,353	0.12877299%
333	Batesville School District	3,604,710	0.64980400%
214	Bauxite School District	1,358,685	0.24492377%
637	Bay School District	603,187	0.10873367%
592	Bearden School District	552,807	0.09965198%
336	Beebe School District	3,282,669	0.59175121%
215	Benton School District	5,231,066	0.94297950%
385	Bentonville School District	20,730,001	3.73689921%
956	Bergman School District	1,040,058	0.18748632%
115	Berryville School District	1,951,311	0.35175351%
144	Bismarck School District	962,440	0.17349444%
1-295	Black River Technical College	187,966	0.03388375%
813	Blevins School District	518,955	0.09354957%
586	Blytheville School District	1,536,608	0.27699701%
180	Booneville School District	1,330,027	0.23975763%
9492	Boston Mountain Education Service Cooperative	99,435	0.01792474%
623	Bradford School District	489,871	0.08830673%
630	Brinkley School District	515,436	0.09291516%
629	Brookland School District	2,978,754	0.53696591%
216	Bryant School District	9,650,883	1.73971903%
1333	Buffalo Island Central School District	773,381	0.13941371%
705	Cabot School District	10,761,238	1.93987742%
1165	Caddo Hills School District	617,438	0.11130268%
727	Calico Rock School District	465,949	0.08399442%
396	Camden-Fairview School District	2,442,641	0.44032331%
2029	Capital City Lighthouse Charter School		
622	Carlisle School District	760,109	0.13702123%
719	Cave City School District	1,257,846	0.22674597%
1001	Cedar Ridge School District	874,409	0.15762550%
552	Cedarville School District	910,918	0.16420681%
1991	Centerpoint School District	1,084,044	0.19541555%
480	Charleston School District	863,651	0.15568623%

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2024

ID	Employer Name	Actual Employer Contributions	Allocation Percentage
463	Clarendon School District	$ 593,516	0.10699031%
161	Clarksville School District	2,744,052	0.49465718%
1002	Cleveland County School District	946,141	0.17055639%
662	Clinton School District	1,416,930	0.25542328%
555	Concord School District	549,019	0.09896913%
479	Conway School District	10,544,700	1.90084313%
1359	Conway Vocational Center	272,255	0.04907809%
393	Corning School District	787,413	0.14194329%
250	Cossatot River School District	1,007,248	0.18157178%
106	Cotter School District	722,732	0.13028354%
564	County Line School District	538,634	0.09709703%
2012	Covenant Keepers Charter School		
1074	Cross County School District	682,104	0.12295967%
416	Crossett School District	1,509,685	0.27214383%
1354	Crowley's Ridge Education Service Cooperative	876,124	0.15793470%
1-274	Crowley's Ridge Technical Institute		
131	Cutter Morning Star School District	583,941	0.10526425%
245	Danville School District	871,824	0.15715963%
246	Dardanelle School District	2,155,784	0.38861305%
1338	Dawson Education Service Cooperative	2,952,383	0.53221211%
547	Decatur School District	676,769	0.12199786%
1003	Deer-Mt. Judea School District	432,336	0.07793524%
1-405	Department of Commerce	63,113	0.01137703%
1-401	Department of Commerce - Arkansas Economic Development Commission		
1-404	Department of Commerce - Division of Workforce Services	96,395	0.01737675%
1-115	Department of Commerce - Rehabilitation Services	772,806	0.13931003%
1-328	Department of Corrections - Arkansas Correctional School District	951,109	0.17145199%
1-386	Department of Corrections - Riverside Vocational Technical School		
1-017	Department of Education	2,715,246	0.48946447%
1-406	Department of Education	704,938	0.12707580%
1-224	Department of Education - Arkansas Educational Television Commission	689,200	0.12423877%
1-008	Department of Education - Arkansas School for the Blind	572,502	0.10320230%
1-016	Department of Education - Arkansas School for the Deaf	897,758	0.16183463%
1-294	Department of Education - Division of Career and Technical Education	245,519	0.04425858%
1-391	Department of Education - Division of Higher Education	129,204	0.02329104%
1-409	Department of Health	5,697	0.00102689%
1-403	Department of Human Services - Division of Youth Services	12,170	0.00219377%
1-407	Department of Public Safety	10,016	0.00180563%
224	DeQueen School District	2,422,929	0.43676995%
1353	DeQueen-Mena Education Service Cooperative	845,006	0.15232520%
958	Dermott School District	474,152	0.08547319%
696	Des Arc School District	637,996	0.11500845%
731	Dewitt School District	1,194,555	0.21533678%
566	Dierks School District	573,018	0.10329530%
159	Dollarway School District		
677	Dover School District	1,294,572	0.23336642%
531	Drew Central School District	1,220,567	0.22002578%
657	Dumas School District	1,337,699	0.24114066%
375	Earle School District	460,424	0.08299841%
1-331	East Arkansas Community College	83,397	0.01503360%
676	East End School District	667,339	0.12029811%
1364	East Poinsett County School District	631,643	0.11386321%
6877	Economics Arkansas	30,943	0.00557792%
351	El Dorado School District	4,215,863	0.75997363%
235	Elkins School District	1,331,539	0.24003017%
1004	Emerson-Taylor-Bradley School	1,171,806	0.21123594%
606	England Public School District	772,310	0.13922065%
2016	E-Stem Public Charter School	2,587,454	0.46642817%
765	Eureka Springs School District	812,603	0.14648407%
2027	Exalt Academy Charter School	636,807	0.11479424%

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2024

ID	Employer Name	Actual Employer Contributions	Allocation Percentage
234	Farmington School District	$ 2,392,946	0.43136497%
233	Fayetteville School District	13,525,965	2.43826162%
6873	First Student		
182	Flippin School District	929,303	0.16752107%
539	Fordyce School District	805,536	0.14521015%
645	Foreman School District	535,866	0.09659808%
213	Forrest City School District	2,026,499	0.36530743%
350	Fort Smith School District	16,283,851	2.93541271%
601	Fouke School District	1,131,371	0.20394695%
133	Fountain Lake School District	1,614,894	0.29110930%
2039	Friendship Aspire Academy - Little Rock		
2036	Friendship Aspire Academy - Pine Bluff	1,423,184	0.25655073%
2042	Friendship Aspire Academy - Southeast Pine Bluff		
2033	Future School of Fort Smith	274,502	0.04948316%
873	Genoa Central School District	1,105,781	0.19933387%
538	Gentry School District	1,888,245	0.34038494%
512	Glen Rose School District	968,872	0.17465391%
753	Gosnell School District	1,130,758	0.20383643%
109	Gravette School District	2,245,618	0.40480692%
1350	Great Rivers Education Service Cooperative	330,663	0.05960707%
675	Green Forest School District	1,542,057	0.27797934%
129	Greenbrier School District	3,521,641	0.63482955%
667	Greene County Tech School District	3,778,072	0.68105513%
238	Greenland School District	908,664	0.16380056%
221	Greenwood School District	3,855,751	0.69505806%
117	Gurdon School District	699,276	0.12605520%
1330	Guy Fenter Education Service Cooperative	711,462	0.12825186%
963	Guy-Perkins School District	420,181	0.07574406%
2032	Haas Hall Academy - Bentonville		
2006	Haas Hall Academy - Fayetteville	1,058,620	0.19083235%
335	Hackett School District	865,188	0.15596330%
384	Hamburg School District	1,738,397	0.31337252%
521	Hampton School District	608,328	0.10966037%
484	Harmony Grove School District - Benton	1,150,848	0.20745792%
458	Harmony Grove School District - Camden	923,452	0.16646639%
453	Harrisburg School District	1,370,463	0.24704691%
451	Harrison School District	3,089,404	0.55691222%
493	Hazen School District	605,459	0.10914329%
360	Heber Springs School District	1,518,383	0.27371172%
583	Hector School District	658,283	0.11866549%
196	Helena-West Helena School District	1,266,922	0.22838207%
1-025	Henderson State University	32,447	0.00584912%
111	Hermitage School District	487,468	0.08787347%
1045	Highland School District	1,853,489	0.33411974%
1005	Hillcrest School District	516,073	0.09303011%
2041	Hope Academy of Northwest Arkansas	114,427	0.02062713%
141	Hope School District	2,443,412	0.44046233%
602	Horatio School District	764,494	0.13781179%
134	Hot Springs School District	4,421,154	0.79698051%
165	Hoxie School District	763,775	0.13768214%
625	Huntsville School District	2,293,642	0.41346390%
2003	Imboden Area Charter School	85,120	0.01534416%
1346	Izard County Consolidated School District	708,940	0.12779724%
150	Jackson County School District	885,566	0.15963670%
2020	Jacksonville Lighthouse Charter School	756,935	0.13644910%
1093	Jacksonville-North Pulaski School District	4,982,859	0.89823647%
607	Jasper School District	1,167,354	0.21043337%
135	Jessieville School District	836,452	0.15078326%
394	Jonesboro School District	7,122,251	1.28389448%
1362	Jonesboro Vocational Center	181,954	0.03280001%

ID	Employer Name	Actual Employer Contributions	Allocation Percentage
228	Junction City School District	$ 731,931	0.13194181%
2002	Kipp Delta College Preparatory Charter School	1,334,132	0.24049766%
197	Kirby School District	440,412	0.07939101%
1000	Lafayette County School District	649,951	0.11716367%
136	Lake Hamilton School District	4,064,218	0.73263742%
132	Lakeside School District - Hot Springs	3,374,643	0.60833088%
116	Lakeside School District - Lake Village	1,113,562	0.20073662%
163	Lamar School District	1,378,913	0.24857005%
219	Lavaca School District	828,747	0.14939421%
1011	Lawrence County School District	964,258	0.17382219%
957	Lead Hill School District	423,863	0.07640779%
172	Lee County School District	924,639	0.16668034%
237	Lincoln Consolidated School District	1,183,891	0.21341448%
2007	Lisa Academy - Little Rock	3,794,369	0.68399295%
2019	Little Rock Preparatory Academy		
210	Little Rock School District	30,167,994	5.43824141%
404	Lonoke School District	1,615,142	0.29115406%
181	Magazine School District	558,324	0.10064651%
736	Magnet Cove School District	705,433	0.12716511%
123	Magnolia School District	2,888,682	0.52072902%
503	Malvern School District	2,223,332	0.40078960%
331	Mammoth Spring School District	571,482	0.10301841%
658	Manila School District	1,057,337	0.19060117%
222	Mansfield School District	895,302	0.16139191%
714	Marion School District	3,895,380	0.70220170%
203	Marked Tree School District	592,331	0.10677672%
597	Marmaduke School District	746,910	0.13464196%
195	Marvell-Elaine School District	316,095	0.05698095%
535	Mayflower School District	1,008,187	0.18174118%
501	Maynard School District	595,777	0.10739794%
242	McCrory School District	589,986	0.10635398%
715	McGehee School District	1,229,088	0.22156187%
779	Melbourne School District	835,454	0.15060330%
208	Mena School District	1,638,597	0.29538204%
1371	Metropolitan Vocational Center	292,628	0.05275073%
1347	Midland School District	635,332	0.11452828%
145	Mineral Springs School District	651,890	0.11751318%
330	Monticello School District	1,832,600	0.33035410%
1363	Monticello Vocational Center	74,437	0.01341840%
186	Mount Ida School District	530,835	0.09569105%
964	Mount Vernon-Enola School District	541,008	0.09752500%
682	Mountain Home School District	3,836,555	0.69159761%
965	Mountain Pine School District	733,054	0.13214419%
530	Mountain View School District	1,866,569	0.33647757%
126	Mountainburg School District	685,425	0.12355825%
756	Mulberry-Pleasant View Bi-County School District	569,217	0.10261008%
515	Nashville School District	1,773,382	0.31967922%
1-330	National Park Community College	170,637	0.03075987%
795	Nemo Vista School District	561,807	0.10127431%
702	Nettleton School District	4,383,731	0.79023440%
1343	Nevada School District	532,969	0.09607575%
545	Newport Special School District	1,392,318	0.25098662%
471	Norfork School District	515,378	0.09290470%
1-329	North Arkansas College	500,883	0.09029188%
1365	North Central Career Center	27,334	0.00492735%
212	North Little Rock School District	9,844,821	1.77467935%
1332	Northcentral Arkansas Education Service Cooperative	425,767	0.07675092%
1337	Northeast Arkansas Education Service Cooperative	541,195	0.09755874%
2024	Northwest Arkansas Classical Academy	1,128,366	0.20340512%
1-388	Northwest Arkansas Community College	425,714	0.07674138%

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2024

ID	Employer Name	Actual Employer Contributions	Allocation Percentage
1351	Northwest Arkansas Education Service Cooperative	$ 724,141	0.13053750%
1-321	Northwest Technical Institute	405,531	0.07310319%
704	Omaha School District	457,158	0.08240974%
185	Osceola School District	1,319,204	0.23780673%
1006	Ouachita River School District	781,785	0.14092872%
750	Ouachita School District	495,396	0.08930278%
2030	Ozark Montessori Academy		
1008	Ozark Mountain School District	631,063	0.11375871%
130	Ozark School District	1,735,102	0.31277862%
1-314	Ozarka College	109,079	0.01966321%
1336	Ozarks Unlimited Resource Education Service Cooperative	740,910	0.13356026%
486	Palestine-Wheatley School District	758,210	0.13667894%
724	Pangburn School District	897,586	0.16180361%
1344	Paragould School District	3,397,892	0.61252190%
386	Paris School District	1,206,078	0.21741399%
820	Parkers Chapel School District	739,811	0.13336223%
1092	Pea Ridge School District	2,553,233	0.46025914%
192	Perryville School District	876,003	0.15791291%
1-320	Phillips Community College - Dewitt	3,756	0.00067700%
571	Piggott School District	819,926	0.14780419%
2022	Pine Bluff Lighthouse Charter School		
593	Pine Bluff School District	4,006,908	0.72230633%
558	Pocahontas School District	1,715,180	0.30918738%
569	Pottsville School District	1,774,663	0.31991006%
757	Poyen School District	472,570	0.08518791%
232	Prairie Grove School District	1,967,075	0.35459526%
2025	Premier High School of Little Rock	196,460	0.03541486%
2040	Premier High School of North Little Rock	92,085	0.01659965%
2044	Premier High School of Springdale	48,822	0.00880087%
188	Prescott School District	996,204	0.17958094%
211	Pulaski County Special School District	16,017,035	2.88731509%
1-290	Pulaski Technical College	347,534	0.06264836%
2026	Quest Middle School - Pine Bluff		
2028	Quest Middle School - West Little Rock		
651	Quitman School District	778,560	0.14034736%
1335	Rector School District	697,339	0.12570594%
1-315	Rich Mountain Community College	68,863	0.01241357%
1366	River Valley Career Academy		
1114	Rivercrest School District	1,255,020	0.22623650%
1348	Riverside School District	755,505	0.13619133%
434	Riverview School District	1,203,320	0.21691687%
2031	Rockbridge Montessori		
108	Rogers School District	16,301,774	2.93864359%
847	Rose Bud School District	815,932	0.14708416%
209	Russellville School District	6,148,164	1.10830041%
565	Salem School District	780,973	0.14078239%
2038	Scholarmade Achievement Place	374,157	0.06744746%
548	Scranton School District	456,646	0.08231742%
1010	Searcy County School District	940,458	0.16953191%
443	Searcy School District	3,769,214	0.67945841%
139	Sheridan School District	3,754,729	0.67684727%
230	Shirley School District	389,149	0.07015011%
2023	SIATech Charter School	295,527	0.05327317%
110	Siloam Springs School District	4,788,770	0.86324885%
395	Sloan-Hendrix School District	738,347	0.13309835%
872	Smackover-Norphlet School District	1,216,667	0.21932285%
1-344	South Arkansas Community College	280,371	0.05054109%
1-392	South Arkansas Developmental Center	487,034	0.08779537%
1355	South Central Education Service Cooperative	383,383	0.06911068%
1293	South Conway County School District	2,336,239	0.42114281%

ID	Employer Name	Actual Employer Contributions	Allocation Percentage
251	South Pike County School District	$ 762,421	0.13743806%
1-197	Southeast Arkansas College	206,216	0.03717364%
1308	Southeast Arkansas Education Service Cooperative	1,148,757	0.20708105%
2037	Southeast Arkansas Preparatory High School		
1-268	Southern Arkansas University - East Camden	105,860	0.01908283%
1-051	Southern Arkansas University - Magnolia	173,923	0.03135221%
771	Southside School District - Batesville	1,972,475	0.35556868%
536	Southside School District - Bee Branch	718,115	0.12945123%
1307	Southwest Arkansas Education Service Cooperative	450,894	0.08128049%
143	Spring Hill School District	618,764	0.11154161%
239	Springdale School District	25,650,577	4.62390815%
687	Star City School District	1,329,007	0.23957380%
227	Strong-Huttig School District	407,564	0.07346965%
746	Stuttgart School District	1,595,048	0.28753183%
1372	Texarkana Career and Technological Center		
184	Texarkana School District	4,664,556	0.84085747%
2035	The Excel Center Charter at Goodwill	182,437	0.03288712%
608	Trumann School District	1,400,572	0.25247446%
1009	Two Rivers School District	854,609	0.15405625%
1-399	University of Arkansas - Arkansas School for Math, Sciences and the Arts	63,181	0.01138934%
1-402	University of Arkansas - Cooperative Extension Service	39,202	0.00706671%
1-327	University of Arkansas - Cossatot Community College	81,814	0.01474818%
1-389	University of Arkansas - Fayetteville	49,740	0.00896631%
1-256	University of Arkansas - Fort Smith	47,247	0.00851694%
1-390	University of Arkansas - Little Rock		
1-005	University of Arkansas - Monticello	69,367	0.01250442%
1-254	University of Arkansas - Phillips Community College	5,979	0.00107774%
1-006	University of Arkansas - Pine Bluff	12,547	0.00226185%
1-318	University of Arkansas Community College - Batesville	63,571	0.01145972%
1-249	University of Arkansas Community College - Hope	59,343	0.01069743%
1-220	University of Arkansas Community College - Morrilton	161,182	0.02905560%
1-400	University of Arkansas for Medical Sciences	11,802	0.00212747%
1-054	University of Central Arkansas	1,410,513	0.25426654%
747	Valley Springs School District	888,430	0.16015308%
863	Valley View School District	2,829,895	0.51013177%
560	Van Buren School District	5,948,346	1.07228015%
698	Vilonia School District	2,989,433	0.53889085%
794	Viola School District	504,942	0.09102345%
513	Waldron School District	1,667,055	0.30051211%
113	Warren School District	1,505,930	0.27146687%
1373	Warren Vocational Center	95,042	0.01713271%
154	Watson Chapel School District	1,776,255	0.32019715%
240	West Fork School District	967,012	0.17431871%
376	West Memphis School District	4,835,627	0.87169561%
502	West Side School District - Greers Ferry	695,763	0.12542197%
1342	Western Yell County School District	398,021	0.07174931%
1091	Westside Consolidated School District - Jonesboro	1,716,599	0.30944319%
1321	Westside School District - Hartman	659,953	0.11896664%
2043	Westwind School of Performing Arts	72,411	0.01305318%
987	White County Central School District	841,404	0.15167597%
153	White Hall School District	2,721,790	0.49064427%
1345	Wilbur D. Mills Education Service Cooperative	643,362	0.11597583%
780	Wonderview School District	505,060	0.09104485%
121	Woodlawn School District	550,994	0.09932509%
656	Wynne School District	2,586,629	0.46627929%
626	Yellville-Summit School District	1,046,969	0.18873209%
	TOTAL	$ 554,738,036	100.00000000%

The accompanying notes are an integral part of these employer schedules.

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2024

		Deferred Outflows of Resources					Deferred Inflows of Resources				
	Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	T Deferre of Re
	$ 12,118,790	$ 353,439		$ 588,748	$ 2,336,475	$ 3,278,662	$ 8,508	$ 1,338,378			$
	24,613,046	717,827		1,195,737	265,631	2,179,196	17,281	2,718,221		$ 1,089,350	
	3,716,894	108,401		180,572	116,090	405,064	2,610	410,487		293,935	
	18,895,988	551,092		917,995	1,584,848	3,053,934	13,267	2,086,839		7,903,462	1
	13,079,329	381,452		635,413	497,369	1,514,233	9,183	1,444,458		633,991	
	1,412,400	41,192		68,616	3,388	113,197	992	155,983		46,172	
	7,865,994	229,408		382,141	1,287,671	1,899,220	5,523	868,706		242,245	
	477,935	13,939		23,219	50,010	87,168	336	52,782		127,017	
	9,490,031	276,772		461,039	2,232,995	2,970,807	6,663	1,048,062			
					148	148				10,141	
	1,115,511	32,533		54,193	885,926	972,652	783	123,195			
	2,457,068	71,659		119,368	65,737	256,764	1,725	271,354		436,395	
	6,959,747	202,978		338,115	308,560	849,652	4,886	768,622		320,082	
	195,358	5,698		9,491	84,232	99,420	137	21,575		1,938	
	3,365,609	98,156		163,506		261,662	2,363	371,692		819,335	
	869,784	25,367		42,255		67,622	611	96,057		285,265	
	73,629	2,147		3,577		5,724	52	8,131		193,328	
	69,526	2,028		3,378	1,034	6,439	49	7,678		5,931	
	446,737	13,029		21,703		34,732	314	49,337		225,848	
	1,293,005	37,710		62,816		100,526	908	142,797		278,116	
	7,172,926	209,195		348,471	1,023,183	1,580,849	5,036	792,165		61,343	
	2,986,571	87,102		145,092		232,194	2,097	329,832		837,297	
	11,066,281	322,743		537,616	1,616,966	2,477,325	7,770	1,222,140			
	3,724,962	108,637		180,964	44,234	333,835	2,615	411,378		194,877	
	10,452,506	304,842		507,798	228,513	1,041,153	7,339	1,154,356		529,839	
	7,773,396	226,707		377,643	56,573	660,923	5,458	858,480		105,419	
	3,855,596	112,447		187,310	214,336	514,093	2,707	425,805		356,271	
	8,434,648	245,992		409,767	172,577	828,337	5,922	931,508		453,409	
	5,511,568	160,742		267,760	36,425	464,927	3,870	608,688		236,809	
	27,812,035	811,124		1,351,149	1,807,858	3,970,132	19,527	3,071,512		401,883	
	10,482,897	305,728		509,274	282,727	1,097,730	7,360	1,157,713		709,395	
	4,653,872	135,728		226,092	233,989	595,809	3,267	513,965		82,214	
	4,265,170	124,392		207,208	82,685	414,285	2,995	471,038		92,960	
	25,327,338	738,659		1,230,439	1,349,166	3,318,264	17,782	2,797,106		756,399	
	40,360,137	1,177,083		1,960,754	2,732,743	5,870,580	28,336	4,457,302		404,399	
	159,941,722	4,664,621		7,770,201	2,116,688	14,551,510	112,293	17,663,680			1
	8,024,537	234,032		389,844	103,856	727,731	5,634	886,216		77,776	
	15,055,280	439,080		731,407	434,608	1,605,095	10,570	1,662,678		403,186	
	7,425,675	216,566		360,750	838,783	1,416,099	5,213	820,078		647,408	
	1,450,247	42,296		70,455	4,485	117,236	1,018	160,163		154,716	

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2024

	Deferred Outflows of Resources					Deferred Inflows of Resources				
Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	T Deferr of Re
$ 4,003,983	$ 116,774		$ 194,519	$ 209,254	$ 520,548	$ 2,811	$ 442,193		$ 281,007	$
11,855,653	345,764		575,965	125,695	1,047,424	8,324	1,309,317		2,718,792	
10,261,783	299,280		498,532	588,729	1,386,542	7,205	1,133,293		136,606	
767,190	22,375		37,271	9,307	68,953	539	84,727		100,377	
3,779,585	110,230		183,618	129,733	423,580	2,654	417,411		96,377	
3,976,830	115,982		193,200	154,686	463,869	2,792	439,194		323,210	
22,982,491	670,273		1,116,523	2,703,265	4,490,060	16,136	2,538,145			
74,461,108	2,171,621		3,617,429	3,167,645	8,956,695	52,278	8,223,353		1,432,916	
5,966,998	174,025		289,885	311,746	775,656	4,189	658,985		286,940	
83,028,018	2,421,471		4,033,622	2,195,926	8,651,019	58,293	9,169,467		1,200,930	1
4,763,827	138,935		231,434	202,235	572,603	3,345	526,109		149,924	
3,595,016	104,847		174,651	109,834	389,332	2,524	397,027		4,752	
18,846,125	549,638		915,572	201,945	1,667,155	13,232	2,081,333		1,318,172	
									512,579	
5,864,598	171,038		284,911	483,980	939,928	4,117	647,676		24,756	
9,704,875	283,038		471,477	279,900	1,034,415	6,814	1,071,789		387,722	
6,746,474	196,758		327,754	171,705	696,216	4,737	745,069		482,440	
7,028,159	204,973		341,438	309,829	856,240	4,934	776,177		159,485	
8,363,913	243,929		406,331	320,182	970,442	5,872	923,696		181,414	
6,663,472	194,337		323,721	180,460	698,518	4,678	735,902		362,192	
4,579,255	133,552		222,467	57,367	413,386	3,215	505,725		324,735	
21,171,650	617,461		1,028,549	757,701	2,403,711	14,864	2,338,159		824,153	
7,299,925	212,899		354,641	555,098	1,122,637	5,125	806,191		511,779	
10,932,283	318,835		531,106	325,226	1,175,166	7,675	1,207,342		442,793	
4,235,943	123,539		205,788	48,918	378,246	2,974	467,810		260,563	
81,357,325	2,372,746		3,952,457	644,383	6,969,586	57,120	8,984,958		1,929,640	1
2,100,574	61,262		102,049	129,541	292,852	1,475	231,984		81,756	
6,075,265	177,182		295,145	53,759	526,087	4,265	670,942		263,095	
7,771,391	226,649		377,545	249,876	854,070	5,456	858,259		655,093	
5,576,220	162,628		270,901	224,579	658,107	3,915	615,828		153,121	
4,155,816	121,202		201,896	194,956	518,054	2,918	458,961		22,678	
									20,932	
5,262,754	153,486		255,672	525,441	934,599	3,695	581,209		243,312	
11,647,933	339,706		565,874	88,820	994,399	8,178	1,286,377		356,065	
6,759,708	197,144		328,396	75,923	601,463	4,746	746,530		215,130	
4,505,378	131,397		218,878	361,290	711,565	3,163	497,566		13,963	
6,726,534	196,176		326,785	19,658	542,619	4,723	742,867		139,280	
16,632,892	485,090		808,050	358,396	1,651,536	11,678	1,836,907		562,943	
22,779,025	664,339		1,106,638	7,762,497	9,533,474	15,993	2,515,675			

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2024

		Deferred Outflows of Resources					Deferred Inflows of Resources				
	Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	T Deferre of Re
	$ 5,221,588	$ 152,285		$ 253,672	$ 195,871	$ 601,829	$ 3,666	$ 576,663			$
	3,335,679	97,283		162,052	68,471	327,807	2,342	368,386		106,948	
	486,944	14,201		23,656	136,867	174,725	342	53,777		423,571	
Department of Commerce - Arkansas Economic Development Commission										7,917	
	743,736	21,691		36,132	74,949	132,772	522	82,137		245,281	
	5,962,560	173,895		289,670		463,565	4,186	658,495		2,769,377	
Department of Corrections - Arkansas Correctional School District	7,338,257	214,017		356,503	559,740	1,130,260	5,152	810,424		431,883	
Department of Corrections - Riverside Vocational Technical School					77,796	77,796				512,311	
	20,949,399	610,979		1,017,752	338,797	1,967,528	14,708	2,313,614		4,270,034	
	5,438,927	158,624		264,231	1,595,786	2,018,640	3,819	600,665			
Department of Education - Arkansas Educational Television Commission	5,317,500	155,082		258,332	179,382	592,796	3,733	587,255		707,662	
	4,417,126	128,823		214,590	165,903	509,317	3,101	487,820		724,619	
	6,926,628	202,012		336,506	210,906	749,423	4,863	764,964		1,063,366	
Department of Education - Division of Career and Technical Education	1,894,296	55,246		92,028	87,066	234,340	1,330	209,203		613,137	
	996,872	29,073		48,429	108,684	186,186	700	110,093		114,799	
	43,951	1,282		2,135	23,594	27,011	31	4,854		65,393	
	93,895	2,738		4,562	65,290	72,590	66	10,370		30,785	
	77,282	2,254		3,754	6,045	12,053	54	8,535		2,065	
	18,694,039	545,202		908,184	86,882	1,540,268	13,125	2,064,536		881,973	
	6,519,618	190,141		316,733	135,353	642,227	4,577	720,015		631,681	
	3,658,308	106,693		177,726	183,107	467,526	2,568	404,017		125,652	
	4,922,437	143,560		239,139	348,816	731,516	3,456	543,625		34,121	
	9,216,555	268,796		447,754	154,569	871,119	6,471	1,017,860		540,744	
	4,421,106	128,939		214,784	94,028	437,751	3,104	488,259		132,434	
										3,929,093	
	9,988,235	291,302		485,243	105,372	881,916	7,013	1,103,083		246,156	
	9,417,247	274,649		457,504	592,954	1,325,106	6,612	1,040,024		219,570	
	10,320,978	301,006		501,408		802,414	7,246	1,139,830		839,098	
	3,552,386	103,604		172,580		276,184	2,494	392,319		724,042	
	643,448	18,766		31,260	213	50,239	452	71,061		478,830	
	5,148,837	150,163		250,138	151,842	552,144	3,615	568,628		58,006	
	4,873,419	142,131		236,758	46,731	425,619	3,422	538,212		513,745	
	238,739	6,963		11,598	129,227	147,788	168	26,366			
	32,527,367	948,645		1,580,227	959,322	3,488,193	22,837	3,592,265		931,661	
	10,273,448	299,620		499,099	935,047	1,733,766	7,213	1,134,581		31,864	
	9,041,036	263,677		439,227	153,378	856,282	6,348	998,476		70,917	
	5,958,734	173,784		289,484	283,630	746,898	4,184	658,072		183,751	
	19,963,430	582,224		969,852	1,048,205	2,600,281	14,016	2,204,726		1,413,125	
	6,269,614	182,850		304,587	24,624	512,061	4,402	692,405		58,959	
	4,913,269	143,293		238,694	1,148,776	1,530,763	3,450	542,613			

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2024

	Deferred Outflows of Resources					Deferred Inflows of Resources				
Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	T Deferr of Re
$ 18,462,702	$ 538,456		$ 896,945	$ 1,351,121	$ 2,786,522	$ 12,962	$ 2,038,988		$ 510,519	$
104,359,187	3,043,584		5,069,921	2,358,144	10,471,649	73,269	11,525,243		850,338	1
									31,279	
7,170,011	209,110		348,330	428,272	985,711	5,034	791,843		309,357	
6,215,089	181,260		301,938	158,443	641,641	4,364	686,383		338,698	
4,134,461	120,579		200,858	196,121	517,559	2,903	456,602		6,034	
15,635,396	455,999		759,590	433,969	1,649,558	10,977	1,726,745		2,611,985	
125,637,577	3,664,158		6,103,656	449,074	10,216,887	88,209	13,875,191		4,247,825	1
8,729,063	254,579		424,071	536,826	1,215,476	6,129	964,022		424,410	
12,459,668	363,380		605,309	754,100	1,722,789	8,748	1,376,024		22,955	
				159,967	159,967				947,313	
10,980,538	320,242		533,450	5,666,356	6,520,048	7,709	1,212,671			
				110,344	110,344				242,559	
2,117,911	61,768		102,891	252,189	416,848	1,487	233,898			
8,531,620	248,820		414,478	147,478	810,777	5,990	942,217		130,348	
14,568,697	424,889		707,768	1,440,157	2,572,814	10,229	1,608,941		84,850	
7,475,301	218,013		363,161	40,214	621,388	5,248	825,559		198,127	
8,724,332	254,441		423,841	91,821	770,103	6,125	963,500		517,469	
17,326,000	505,304		841,722	1,075,281	2,422,308	12,164	1,913,453			
2,551,221	74,405		123,942	14,460	212,807	1,791	281,752		1,048,155	
11,897,697	346,990		578,007	525,922	1,450,919	8,353	1,313,961		170,771	
27,171,119	792,432		1,320,012	766,214	2,878,659	19,077	3,000,730		780,787	
29,149,604	850,134		1,416,130	1,012,070	3,278,334	20,466	3,219,230		578,668	
7,010,771	204,466		340,593	79,983	625,042	4,922	774,257		136,547	
29,748,938	867,613		1,445,247	790,432	3,103,291	20,886	3,285,420		1,328,340	
5,395,245	157,350		262,109	5,459	424,918	3,788	595,841		458,267	
5,489,263	160,092		266,676	873,509	1,300,277	3,854	606,224		67,996	
3,241,895	94,548		157,496	251,357	503,401	2,276	358,029		9,086	
				9,277	9,277				439,970	
8,167,749	238,208		396,801	1,172,924	1,807,934	5,734	902,032		43,179	
6,675,331	194,683		324,297	680,331	1,199,311	4,687	737,212		63,924	
13,412,548	391,170		651,601	473,747	1,516,518	9,417	1,481,258		526,547	
4,693,535	136,885		228,019	82,684	447,587	3,295	518,346		372,167	
8,879,334	258,961		431,371	110,222	800,554	6,234	980,618		41,412	
7,124,870	207,793		346,137	87,524	641,454	5,002	786,858		509,473	
10,573,769	308,379		513,689	326,804	1,148,871	7,424	1,167,748		356,752	
23,836,206	695,171		1,157,997	1,475,566	3,328,734	16,735	2,632,428		725	
4,671,404	136,239		226,944	164,220	527,403	3,280	515,902		84,000	
11,715,040	341,663		569,134	594,006	1,504,803	8,225	1,293,788		526,017	
5,078,960	148,125		246,743	229,869	624,737	3,566	560,911		68,119	

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2024

	Deferred Outflows of Resources					Deferred Inflows of Resources				
Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	T Deferr of Re
$ 9,774,902	$ 285,080		$ 474,879	$ 925,762	$ 1,685,722	$ 6,863	$ 1,079,523		$ 1,177,237	$
250,346	7,301		12,162		19,463	176	27,648		321,356	
3,761,042	109,689		182,717	293,029	585,435	2,641	415,363		324,283	
14,300,543	417,068		694,741	737,355	1,849,165	10,040	1,579,327		423,628	
3,981,749	116,126		193,439	174,569	484,134	2,796	439,737		142,586	
882,855	25,748		42,890	258,030	326,669	620	97,501		87,817	
18,852,075	549,811		915,861	716,251	2,181,924	13,236	2,081,990		100,056	
5,898,434	172,025		286,554		458,579	4,141	651,413		306,241	
34,111,285	994,839		1,657,176	2,166,097	4,818,111	23,949	3,767,190		540,228	
5,892,885	171,863		286,285	69,556	527,704	4,137	650,800		299,268	
17,696,525	516,110		859,723	328,032	1,703,865	12,425	1,954,373		1,268,173	
656,740	19,153		31,905	143,926	194,985	461	72,529		3,444	
5,469,805	159,524		265,731	641,498	1,066,753	3,840	604,076			
6,832,555	199,268		331,935	85,812	617,016	4,797	754,575		121,611	
5,840,111	170,324		283,721	2,701,951	3,155,996	4,100	644,971		4,322,999	
38,445,107	1,121,232		1,867,719	4,901,989	7,890,940	26,992	4,245,809		295,511	
9,006,686	262,676		437,558	371,916	1,072,150	6,323	994,682		31,462	
6,453,622	188,217		313,526	274,288	776,031	4,531	712,727		519,483	
54,951,521	1,602,634		2,669,625	1,400,401	5,672,660	38,581	6,068,748		1,657,102	
1,403,862	40,943		68,202	17,652	126,796	986	155,040		56,055	
5,647,195	164,698		274,349	296,150	735,196	3,965	623,666		143,976	
10,293,456	300,204		500,071	853,544	1,653,818	7,227	1,136,791		2,389,677	
3,397,987	99,101		165,079	249,590	513,769	2,386	375,268			
5,014,681	146,251		243,620	49,436	439,307	3,521	553,812		526,866	
31,357,359	914,522		1,523,386	917,068	3,354,975	22,016	3,463,051		3,159,055	
26,036,958	759,355		1,264,913	221,863	2,246,131	18,280	2,875,475		607,563	
8,591,658	250,571		417,395	393,366	1,061,333	6,032	948,847		705,078	
10,638,960	310,280		516,856	498,247	1,325,383	7,469	1,174,948			
6,394,170	186,483		310,638	115,249	612,369	4,489	706,161		154,303	
7,439,703	216,975		361,432	385,811	964,218	5,223	821,628		73,455	
3,270,303	95,377		158,876	263,221	517,473	2,296	361,166		6,580	
7,134,027	208,060		346,581	1,188,951	1,743,593	5,009	787,869		797,898	
9,134,279	266,397		443,757	648,106	1,358,259	6,413	1,008,774		93,505	
29,275,344	853,801		1,422,239	4,848,503	7,124,542	20,554	3,233,117			
									433,360	
232,760,277	6,788,338		11,307,832	6,509,436	24,605,606	163,418	25,705,632		2,809,196	2
12,461,583	363,436		605,402	185,601	1,154,439	8,749	1,376,235		649,281	
4,307,736	125,633		209,276	91,472	426,381	3,024	475,739		102,997	
5,442,750	158,735		264,417	259,065	682,217	3,821	601,088		162,776	
22,287,541	650,005		1,082,761	1,387,270	3,120,036	15,648	2,461,396		2,602,519	

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ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2024

	Deferred Outflows of Resources					Deferred Inflows of Resources				
Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	T Deferr of Re
$ 17,154,056	$ 500,290		$ 833,369	$ 1,738,418	$ 3,072,076	$ 12,044	$ 1,894,463		$ 776,268	$
4,409,255	128,594		214,208	193,697	536,499	3,096	486,950		5,023	
8,157,854	237,920		396,320	68,075	702,316	5,728	900,939		360,897	
6,907,679	201,459		335,585	467,644	1,004,689	4,850	762,872		138,108	
30,054,690	876,530		1,460,100	1,026,922	3,363,553	21,101	3,319,187		1,365,034	
4,570,113	133,285		222,023	473,908	829,216	3,209	504,715		21,569	
5,762,764	168,068		279,963	299,500	747,531	4,046	636,429		135,772	
2,438,822	71,127		118,481	197,993	387,601	1,712	269,339		1,022,369	
7,778,641	226,860		377,898	545,935	1,150,693	5,461	859,059		772,192	
4,596,702	134,061		223,314	527,417	884,792	3,227	507,652		107,738	
4,552,020	132,757		221,144	133,193	487,094	3,196	502,717		362,553	
9,482,993	276,567		460,698	252,457	989,721	6,658	1,047,285		480,780	
6,445,919	187,992		313,152	61,614	562,758	4,526	711,876		213,636	
12,642,544	368,714		614,193	494,864	1,477,771	8,876	1,396,220		339,582	
2,257,766	65,847		109,686	198,932	374,464	1,585	249,344		70,289	
4,901,885	142,961		238,141	186,463	567,565	3,442	541,355		127,602	
5,029,641	146,687		244,347	22,554	413,588	3,531	555,465		400,603	
14,139,371	412,368		686,911	326,093	1,425,372	9,927	1,561,527		578,657	
574,316	16,750		27,901	66,138	110,789	403	63,426		86,867	
4,095,639	119,447		198,972	326,565	644,984	2,876	452,315		306,344	
4,174,134	121,737		202,785	235,003	559,525	2,931	460,984		155,226	
29,600,829	863,293		1,438,051	1,284,656	3,586,001	20,782	3,269,063		1,278,458	
5,655,858	164,950		274,770	440,699	880,419	3,971	624,623		480,476	
14,401,460	420,011		699,644	832,348	1,952,003	10,111	1,590,472		801,839	
5,288,374	154,233		256,917	152,896	564,045	3,713	584,039		332,457	
4,391,778	128,084		213,359	228,192	569,635	3,083	485,020			
13,682,479	399,043		664,715	231,122	1,294,879	9,606	1,511,069		1,001,350	
1,316,542	38,396		63,960		102,356	924	145,397		525,678	
4,334,606	126,417		210,581	51,624	388,622	3,043	478,706		151,509	
33,822,548	986,418		1,643,148	2,554,142	5,183,708	23,746	3,735,302		379,788	
4,112,105	119,927		199,772	395,294	714,993	2,887	454,134		95,865	
10,742,391	313,296		521,881	868,913	1,704,091	7,542	1,186,371		23,547	
3,976,382	115,969		193,178	203,715	512,863	2,792	439,145		56,232	
3,864,551	112,708		187,746	48,377	348,830	2,713	426,794		240,215	
210,894	6,151		10,246	28,282	44,678	148	23,291		38,938	
75,957,433	2,215,261		3,690,122	717,681	6,623,065	53,329	8,388,604		2,042,531	1
3,284,989	95,805		159,590	163,672	419,066	2,306	362,788		925,255	
4,175,578	121,779		202,856	21,497	346,131	2,932	461,143		111,663	
8,705,872	253,902		422,944	1,972,903	2,649,749	6,112	961,461			
3,284,581	95,793		159,570	88,729	344,092	2,306	362,743		314,091	

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2024

		Deferred Outflows of Resources					Deferred Inflows of Resources				
	Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	T Deferre of Re
	$ 5,587,090	$ 162,945		$ 271,429	$ 20,785	$ 455,159	$ 3,923	$ 617,028		$ 204,536	$
	3,128,864	91,252		152,005	395,728	638,984	2,197	345,546		139,380	
	3,527,190	102,869		171,356	156,830	431,055	2,476	389,537		236,925	
	10,178,283	296,845		494,476	447,906	1,239,226	7,146	1,124,071		672,500	
	6,031,841	175,916		293,036	181,501	650,452	4,235	666,146		98,730	
	3,822,217	111,473		185,689	269,736	566,898	2,684	422,119		51,407	
										52,618	
	4,868,947	142,000		236,541	54,380	432,921	3,418	537,718		636,926	
	13,387,129	390,429		650,366	457,462	1,498,258	9,399	1,478,451		686,011	
	841,598	24,545		40,886	149,368	214,799	591	92,945		21,214	
	5,716,466	166,718		277,714	289,466	733,898	4,013	631,316		67,194	
	5,849,948	170,611		284,199	548,681	1,003,491	4,107	646,058		50,685	
	6,925,300	201,973		336,441	473,896	1,012,310	4,862	764,818		290,529	
	26,216,337	764,586		1,273,628	1,021,399	3,059,613	18,406	2,895,286		100,678	
	9,305,461	271,389		452,073	170,968	894,430	6,533	1,027,679		207,957	
	5,707,990	166,471		277,302	172,801	616,574	4,008	630,380		341,561	
	19,699,391	574,523		957,025	1,735,586	3,267,134	13,831	2,175,566			
	6,758,776	197,116		328,351	464,534	990,002	4,745	746,427		603,128	
	28,976	845		1,408	763	3,016	20	3,200		48,644	
	6,326,116	184,498		307,332	201,937	693,767	4,441	698,645		193,165	
					5,694	5,694				720,413	
	30,915,182	901,626		1,501,904	4,945,208	7,348,738	21,705	3,414,218		5,938,990	
	13,233,421	385,946		642,899	528,355	1,557,200	9,291	1,461,476		1,353,402	
	13,692,359	399,331		665,195	359,155	1,423,680	9,613	1,512,160		203,386	
	3,646,098	106,337		177,133	171,680	455,150	2,560	402,669		307,223	
	15,176,908	442,627		737,316	687,557	1,867,500	10,656	1,676,111			
	1,515,779	44,207		73,639	517,463	635,309	1,064	167,400		137,236	
	710,476	20,721		34,516	237,011	292,248	499	78,464			
	376,683	10,986		18,300	162,051	191,337	264	41,600		20,949	
	7,686,181	224,164		373,406	399,995	997,565	5,396	848,848		131,980	
	123,578,968	3,604,119		6,003,646	2,932,408	12,540,173	86,763	13,647,842		2,437,619	1
	2,681,391	78,201		130,266		208,467	1,883	296,128		803,241	
										48,864	
	6,006,958	175,190		291,827	683,853	1,150,870	4,217	663,398		68,112	
	5,380,296	156,914		261,383	350,479	768,775	3,777	594,190		70,284	
	531,309	15,495		25,812		41,307	373	58,677		235,194	
										99,375	
	9,683,070	282,402		470,418	356,027	1,108,846	6,798	1,069,381		230,640	
	5,829,078	170,002		283,185	110,931	564,118	4,093	643,753		304,062	

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2024

		Deferred Outflows of Resources					Deferred Inflows of Resources				
	Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	T Deferr of Re
	$ 9,284,183	$ 270,769		$ 451,039	$ 75,735	$ 797,542	$ 6,518	$ 1,025,329		$ 904,896	$
	125,775,861	3,668,191		6,110,374	538,657	10,317,221	88,306	13,890,463		3,970,258	1
	6,295,298	183,599		305,835	203,039	692,473	4,420	695,242		378,314	
	47,435,980	1,383,447		2,304,509	364,976	4,052,932	33,304	5,238,745		756,584	
	6,025,578	175,733		292,731	156,171	624,636	4,230	665,454		266,755	
	2,886,795	84,192		140,245	575,734	800,171	2,027	318,813		717,619	
	3,523,239	102,754		171,164	238,926	512,843	2,474	389,100		81,193	
	7,256,076	211,620		352,511	190,439	754,569	5,094	801,348		461,066	
	29,081,263	848,141		1,412,810	622,861	2,883,812	20,418	3,211,683		1,436,728	
	28,969,504	844,881		1,407,381	50,551	2,302,813	20,339	3,199,341		407,311	
	3,002,470	87,566		145,864	105,520	338,950	2,108	331,587		96,437	
	2,280,126	66,499		110,772	1,321,202	1,498,473	1,601	251,813		36,241	
	36,947,613	1,077,559		1,794,969	1,544,822	4,417,350	25,940	4,080,429		1,167,809	
	5,696,696	166,141		276,754	264,231	707,126	4,000	629,133		11,972	
	9,387,161	273,772		456,042	291,487	1,021,300	6,591	1,036,701		200,391	
	2,163,192	63,088		105,091	164,440	332,619	1,519	238,899		88,413	
	3,757,699	109,591		182,554	524,249	816,395	2,638	414,994		207,171	
	2,957,982	86,268		143,703	6,140	236,111	2,077	326,674		257,923	
	18,025,187	525,696		875,690	272,647	1,674,032	12,655	1,990,670		269,562	
	5,882,438	171,558		285,777	122,285	579,621	4,130	649,646		236,652	
	1,591,056	46,402		77,296		123,698	1,117	175,713		451,087	
	8,863,204	258,491		430,587	128,138	817,217	6,223	978,836		1,102,729	
						-				141,230	
	816,757	23,820		39,679		63,500	573	90,201		371,879	
	1,341,895	39,136		65,191	20,731	125,058	942	148,197		1,083,855	
	15,218,571	443,842		739,340	453,985	1,637,168	10,685	1,680,712			
	5,540,597	161,589		269,170	166,512	597,271	3,890	611,894		19,873	
	3,478,858	101,459		169,008	269,994	540,461	2,442	384,199		184,518	
	4,774,054	139,233		231,930	467,164	838,328	3,352	527,238		110,359	
	197,906,283	5,771,839		9,614,574	441,632	15,828,045	138,948	21,856,418		4,038,602	2
	10,253,915	299,050		498,150	335	797,536	7,199	1,132,424		415,921	
	3,144,549	91,709		152,767	76,128	320,604	2,208	347,278		80,694	
	12,306,550	358,914		597,870	318,541	1,275,325	8,640	1,359,113		578,831	
										20,155	
	35,989,248	1,049,609		1,748,410	837,650	3,635,669	25,268	3,974,589		338,036	
	1,407,590	41,052		68,383	374,093	483,528	988	155,452		1,376	
	10,806,071	315,154		524,975	934,100	1,774,229	7,587	1,193,403		743,642	
	6,593,708	192,302		320,332	290,145	802,779	4,629	728,197		550,553	
University of Arkansas - Arkansas School for Math, Sciences and the Arts	487,471	14,217		23,682		37,899	342	53,835		175,963	

ARKANSAS TEACHER RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2024

	Deferred Outflows of Resources					Deferred Inflows of Resources				
Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	T Deferr of Re
$ 302,460	$ 8,821		$ 14,694	$ 465	$ 23,981	$ 212	$ 33,403		$ 20,260	$
631,232	18,410		30,666		49,076	443	69,712		157,080	
383,764	11,192		18,644	13,101	42,937	269	42,382		250,493	
364,530	10,631		17,709	4,281	32,621	256	40,258		41,011	
									72,770	
535,198	15,609		26,001		41,609	376	59,106		140,234	
46,128	1,345		2,241	2,781	6,367	32	5,094		30,362	
96,809	2,823		4,703		7,526	68	10,691		9,156	
490,484	14,305		23,828		38,133	344	54,168		291,738	
457,857	13,353		22,243		35,597	321	50,565		120,667	
1,243,599	36,269		60,416	6,425	103,110	873	137,341		116,552	
91,057	2,656		4,424		7,079	64	10,056		16,887	
10,882,774	317,391		528,701	467,139	1,313,231	7,641	1,201,874		589,822	
6,854,656	199,913		333,009	407,539	940,461	4,813	757,016		64,511	
21,833,972	636,777		1,060,726	1,203,056	2,900,559	15,329	2,411,305		246,382	
45,894,289	1,338,484		2,229,611	512,793	4,080,889	32,222	5,068,484		1,790,173	
23,064,880	672,676		1,120,525	410,645	2,203,846	16,194	2,547,244		996,080	
3,895,863	113,621		189,267	212,170	515,058	2,735	430,252		52,313	
12,862,114	375,117		624,860	612,253	1,612,230	9,030	1,420,469		259,603	
11,618,959	338,861		564,466	348,906	1,252,233	8,158	1,283,177		448,939	
733,291	21,386		35,624	31,335	88,346	515	80,983		25,189	
13,704,647	399,689		665,792	44,438	1,109,919	9,622	1,513,517		2,610,632	
7,460,954	217,595		362,464	220,033	800,092	5,238	823,975		113,091	
37,309,140	1,088,103		1,812,532	864,646	3,765,281	26,194	4,120,355		3,781,199	
5,368,142	156,559		260,792	310,516	727,868	3,769	592,848		65,534	
3,070,917	89,562		149,190	174,473	413,224	2,156	339,147		318,362	
13,244,370	386,265		643,431	387,011	1,416,707	9,299	1,462,685		420,402	
5,091,850	148,501		247,369	155,303	551,174	3,575	562,335		245,896	
558,685	16,294		27,142	271,802	315,237	392	61,700		10,951	
6,491,830	189,331		315,383	475,277	979,991	4,558	716,946		49,639	
20,999,895	612,452		1,020,205	518,155	2,150,812	14,744	2,319,191		267,844	
4,963,841	144,768		241,151	245,997	631,916	3,485	548,198		61,428	
3,896,779	113,648		189,311	262,912	565,871	2,736	430,353		106,440	
4,251,179	123,984		206,528	282,885	613,397	2,985	469,493		22,305	
19,957,058	582,038		969,543	122,755	1,674,336	14,012	2,204,022		856,198	
8,077,856	235,587		392,434	1,124,624	1,752,644	5,671	892,104			
$ 4,280,065,186	$ 124,825,978	$ 0	$ 207,931,776	$ 178,710,440	$ 511,468,194	$ 3,004,985	$ 472,682,798	$ 0	$ 178,710,440	$ 65

The accompanying notes are an integral part of these employer schedules.

NOTE 1: Summary of Significant Accounting Policies

A. Plan Description

The Arkansas Teacher Retirement Plan is a cost-sharing, multiple-employer defined benefit pension plan that covers employees of public schools and education-related agencies, including Arkansas School for the Blind, Arkansas School for the Deaf, Arkansas Activities Association, State Board of Education, regional education service cooperatives, Arkansas Teacher Retirement System, Arkansas Educational Television Division, area vocational-technical schools, Arkansas Rehabilitation Services, enterprises privatized by a public school district, and educational nonprofit organizations licensed and regulated by Division of Developmental Disabilities Services of the Department of Human Services.

On June 30, 2024, the number of employers participating in the plan was as follows:

Public schools	257
State colleges and universities	37
State agencies	15
Other/privatized	26
Total	335

Members are eligible for full retirement benefits at age 60 with five or more years of actual and reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual and reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary (FAS) (effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) and (2) the number of years of service. For active members as of June 30, 2018, a benchmark 3-year FAS was established as a minimum FAS.

The plan has both contributory and noncontributory components. The contributory component has been in effect since the beginning of the plan. The noncontributory component became available July 1, 1986. Act 907 of 1999, effective July 1, 1999, requires all new members under contract for 181 or more days to be contributory. Act 443 of 2021, effective July 1, 2021, increased the required number of contract days to 185 or more days. Act 385 of 2005 allows noncontributory members to make an irrevocable election to become contributory on July 1 of each fiscal year.

A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is calculated by multiplying 100% of the member's base retirement annuity times 3%. Act 780 of 2017 allows the Board of Trustees to evaluate any future COLA adjustments on an annual basis to determine if a simple or compound COLA increase will be given based on the financial condition of the plan.

Act 1096 of 1995 created a teacher deferred retirement option (T-DROP) for members with 30 or more years of service credit. Effective September 1, 2003, Act 992 of 2003 requires employers to make contributions on behalf of all members participating in T-DROP at rates established by the Board of Trustees. Member contributions and accumulation of service credit will cease once a member enters T-DROP. During participation in T-DROP, a member's account is credited with plan deposits and interest. The monthly deposit is calculated by multiplying the member's plan benefit by 1% for each year of plan participation and reciprocal service credit, then subtracting the product from the regular monthly benefit. The Board of Trustees may authorize early participation in T-DROP for members with at least 28 years but less than 30 years of credited service.

NOTE 1: Summary of Significant Accounting Policies (Continued)

A. Plan Description (Continued)

The plan deposit for early participation will be calculated the same as the regular T-DROP deposit with a further reduction of at least .5% but not more than 1% for each month of credited service under 30 years. The T-DROP account accrues interest at a variable rate that is set annually by the ATRS Board of Trustees. T-DROP deposits into member accounts cease at the completion of 10 years of participation in the program; however, a member may continue employment and will continue to receive interest on the account balance at the 10-year plus interest rate that is also set annually by the Board of Trustees. When T-DROP participation ceases, the member may receive a distribution as a lump-sum cash payment or monthly annuity, roll it into another tax-deferred account, or defer the distribution into a T-DROP cash balance account held by ATRS.

Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity.

Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. The plan also provides a lump sum death benefit for active and retired members with 10 or more years of actual service. The minimum benefit amount is $6,667 and an additional amount is provided based on the member's retirement date and years of contributory service up to a $10,000 maximum.

On June 30, 2024, membership in the plan consisted of the following:

Retirees and beneficiaries currently receiving benefits	56,177
T-DROP participants	2,981
Inactive plan members (not receiving benefits)	14,775
Active members	68,265
Total	142,198

B. Basis of Presentation

The purpose of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (employer schedules) is to provide member employers with the information to report financial statement amounts in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions.* The employer schedules present amounts that are considered elements of the financial statements of the Arkansas Teacher Retirement System (ATRS) or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of ATRS or the participating employers.

C. Basis of Accounting

Information about the fiduciary net position and change in fiduciary net position of the plan, as reported in the basic financial statements of ATRS, is recognized using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, contributions and other revenues are recognized when earned. Benefits, refunds, and other expenses are recorded when incurred. Investments are reported at fair value. All of these items are used in measuring the employer contributions, total net pension liability, total deferred outflows of resources and total deferred inflows of resources related to pensions, and total pension expense.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Basis of Allocation – Employer Contributions

The proportionate share of the total net pension liability, total deferred outflows of resources and total deferred inflows of resources related to pensions, and total pension expense was determined using actual employer contributions. Each employer's proportionate share was calculated based on the ratio of their contributions to total employer contributions from all member employers.

The general financial objective of all Arkansas public employee retirement plans is to have rates of contribution that remain relatively level for Arkansas citizens from generation to generation. Contribution provisions applicable to the participating employers are established by the ATRS Board of Trustees based on an independent actuary's determination of the rate required to adequately fund the plan. However, Arkansas law does not allow the rate to exceed 15%. For the fiscal year ended June 30, 2024, the employer contribution rate was 15% of active member payroll.

E. Use of Estimates

The preparation of the employer schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported during the period. Actual results could differ from those estimates, and differences could be material.

NOTE 2: Collective Net Pension Liability and Actuarial Information

The components of the net pension liability of the participating employers at June 30, 2024, were as follows:

Total pension liability	$ 26,639,296,570
Less: plan net position	22,359,231,384
Employers' net pension liability	$ 4,280,065,186
Plan net position as a percentage of the total pension liability	83.93%

Actuarial Assumptions – The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2024. The significant assumptions used in the valuation were as follows:

NOTE 2: Collective Net Pension Liability and Actuarial Information (Continued)

Actuarial cost method:	Entry age normal
Discount rate:	7.25%
Wage inflation rate:	2.75%; includes 2.50% price inflation and 0.25% general economic improvement.
Salary increases:	2.75% - 5.75%
Investment rate of return:	7.25%
Mortality table:	Pub-2010 General Healthy Retired, General Disabled Retiree, and General Employee Mortality amount weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

	Scaling Factor	
Table	Males	Females
Healthy Retirees	105%	105%
Disabled Retirees	104%	104%
Active Members	100%	100%

All other actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

Long-Term Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Asset Allocation	Target	Long-Term Expected Real Rate of Return
Global equity	48.00%	4.70%
Fixed income	20.00%	2.40%
Alternatives	5.00%	4.50%
Real assets	15.00%	4.60%
Private equity	12.00%	6.90%
Cash equivalents	0.00%	1.80%
	100.00%	

NOTE 2: Collective Net Pension Liability and Actuarial Information (Continued)

Discount Rate – A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate of 7.00% and that employer contributions will continue at the rate of 15%. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the participating's employers' net pension liability, calculated using a single discount rate of 7.25%, as well as what the participating employers' net pension liability would be if it were calculated using a single discount rate that is 1% lower and 1% higher than the current rate:

	1% Lower than Current Rate (6.25%)	Current Rate (7.25%)	1% Higher than Current Rate (8.25%)
Net pension liability	$ 7,611,770,086	$ 4,280,065,186	$ 1,518,115,441

NOTE 3: Deferred Outflows and Deferred Inflows of Resources Related to Pensions

In accordance with GASB Statement No. 68, the recognition period for outflows or inflows of resources from the net difference between projected and actual earnings on pension plan investments was five years. All other deferred outflows and inflows of resources related to pensions were amortized over the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

For the five fiscal years ended June 30, 2020 - 2024, the components of collective deferred outflows of resources and deferred inflows of resources related to pensions, by type, and the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan are as follows:

NOTE 3: Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

	2024	2023	2022	2021	2020
Deferred Outflows of Resources:					
Differences between expected and actual experience	$ 124,825,978	$ 188,709,296	$ 101,739,824	$ 140,874,960	$ 75,044,585
Net difference between projected and actual investment earnings on pension plan investments		341,735,825	772,566,574		930,550,214
Changes of assumptions	207,931,776	377,810,677	547,689,578	834,259,498	368,342,995
Changes in proportion and differences between employer contributions and proportionate share of contributions	178,710,440	164,090,305	162,795,287	146,902,374	140,875,430
Total Deferred Outflows of Resources	$ 511,468,194	$ 1,072,346,103	$ 1,584,791,263	$ 1,122,036,832	$ 1,514,813,224
Deferred Inflows of Resources:					
Differences between expected and actual experience	$ 3,004,985	$ 6,071,609	$ 11,361,669	$ 23,935,152	$ 45,656,773
Net difference between projected and actual investment earnings on pension plan investments	472,682,798			2,293,377,903	
Changes of assumptions					
Changes in proportion and differences between employer contributions and proportionate share of contributions	178,710,440	164,090,305	162,795,286	146,902,373	140,875,430
Total Deferred Inflows of Resources	$ 654,398,223	$ 170,161,914	$ 174,156,955	$ 2,464,215,428	$ 186,532,203
Average remaining service lives of employees provided with pensions through the plan	4.8288	4.8997	4.9506	5.224	5.292

NOTE 4: Pension Expense

The components of pension expense for the year ending June 30, 2024, are as follows:

Service cost	$ 426,391,125
Interest on the total pension liability	1,836,744,684
Current-period benefit changes	
Employee contributions (made negative for addition here)	(211,036,048)
Projected earnings on pension plan investments (made negative for addition here)	(1,472,528,024)
Pension plan administrative expense	8,427,396
Other changes in plan fiduciary net position	
Amortization of deferred outflows of resources related to pensions	233,762,219
Amortization of deferred (inflows) of resources related to pensions	(130,999,759)
Total Pension Expense	$ 690,761,593

NOTE 5: Additional Financial and Actuarial Information

Additional financial and actuarial information required for GASB Statement No. 68 disclosures is available in ATRS' annual financial report for the year ended June 30, 2024. This report can be found on Arkansas Legislative Audit's website at www.arklegaudit.gov. The GASB Statement No. 68 actuarial valuation report is available from the ATRS website at www.artrs.gov. The report may also be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, AR 72201 or by calling 501-682-1517.

ARTRS
Arkansas Teacher Retirement System

Waiver of Employer Penalties Report

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

Date: March 20, 2025
Prepared By: Misty Yant, Accounting Reporting Section Manager

Employer Delinquent Report Penalties Waived

ATRS Employer #	Amount Waived
02049	$ 150.00
00479	$ 450.00
01359	$ 450.00
02041	$ 450.00
02047	$ 300.00
00539	$ 450.00
00552	$ 450.00
01091	$ 450.00
01330	$ 150.00
01347	$ 450.00
Total Employer Delinquent Report Penalties Waived:	**$ 3,750.00**

Employer Delinquent Contribution Interest Penalties Waived

ATRS Employer #	Amount Waived
02049	$ 12.75
Total Employer Delinquent Contribution Interest Penalties Waived:	**$ 12.75**

Manifest Injustice Claim Referrals
April 7, 2025

***Board Action Required**

Claim #: 2025-001

Claim Type: Underpayment of Contributions

Issue: Manifest Injustice Claim No. 2025-001 involves the question of whether a manifest injustice exists in relation to contributions that were not paid by Member # 216724's ("Member") during the 2001-2002 fiscal year.

Facts and Circumstances: On October 10, 2003, ATRS staff mailed a letter to the Member advising her that an audit of her records showed that she had earned $58,314.01 with her covered employer during the 2001-2002 fiscal year ("FY02"), but her employee contributions of $3,498.85[1] had not been paid.

The Member was informed that she could set up a payment account with an initial payment of $150 if she preferred to repay the underpayment in installments. Finally, the Member was advised that her service credit for FY02 had been removed and would be restored when the Underpayment was paid in full.

An account receivable was established due to the underpayment and several letters were mailed to the Member concerning the underpayment[2]. The Member's reported an address located on Dorset Drive, Little Rock, AR, in 1999, as her personal address. This address has never been changed with the System. All the underpayment letters, including the October 10, 2023, were mailed to the Dorset Drive, Little Rock, AR, address with none being returned as undeliverable.

The Member never established payment account and her service credit for FY02 was never restored. The Member became a T-DROP participant on July 1, 2006, and later retired on July 1, 2017. The FY02 service credit was not used in the calculation of the Member's retirement benefit. As there is an outstanding account receivable, ATRS staff filed this claim referral on behalf of the Member.

Findings and Recommendations of Committee: In 2003 and 2006, the Arkansas Code and ATRS Rules did not require ATRS to collect an underpayment of contributions. Rather, the law gave ATRS *the right to collect* an underpayment of contributions. The law also required ATRS to remove service credit until the underpayment relating to the service credit was paid in full. As such, the System is not required to collect the underpayment and the Member is not required to pay ATRS the underpayment.

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[1] As of today, the amount is now $16, 317.92 ($3,498.84 in contributions and $12,819.08 in interest).

[2] Letters concerning the underpayment were sent on April 9, 2009, November 6, 2009, April 13, 2010, and April 5, 2012.

ATRS staff acted in accordance with the law and rules at the time when they notified the Member of the Underpayment, gave her an opportunity and options to repay the underpayment, and advised her that service credit for FY02 would be removed until the underpayment was paid in full.

The Member was adequately notified of the underpayment and her repayment options. She was also adequately notified of the removal of service credit for FY02. The Member never communicated or otherwise indicated to ATRS that she would prefer to pay the underpayment in full and receive service credit for FY02. As the service credit for FY02 was removed before the Member entered T-DROP and retired, there has been no underpayment or overpayment of retirement benefits to the Member.

For the foregoing reasons, the Manifest Injustice Committee recommends that the Executive Director, subject to the approval of the Board of Trustees of the Arkansas Teacher Retirement System:

- Find that a manifest injustice does not exist;
- Confirm that ATRS is declining to pursue collection of the underpayment totaling $16,317.92; and
- Direct ATRS staff to close the account receivable.

Executive Director Remedy: Concurs with the Manifest Injustice Committee's recommendation.

***Board Action Required**

Claim #: 2025-004

Claim Type: Repayment of Retirement Benefits

Issue: Manifest Injustice Claim No. 2025-004 involves the question of whether or not Member # 227970 ("Member") should be required to repay retirement benefits paid to him by the Arkansas Teacher Retirement System ("ATRS" or "System").

Facts and Circumstances:

<u>Bus Driver Trainings</u>
Bus driver trainings required under Ark. Code Ann. § 6-19-108 are routinely hosted by school districts. A person must attend a bus driver training in order to be certified as a bus driver. Bus driver training may be attended by current paid employees, potential employees, and non-employee unpaid volunteers of a school district. School districts pay all attendees, employees and non-employees alike, for attending a bus driver training.

After being certified as a bus driver, a person may be employed as a school bus driver. A person who attends a bus driver training is not required to be employed as a school bus driver by the school district that hosted the bus driver training or any other school district at any time. As such, members often do not consider attending and being paid for attending a bus driver training as conduct that would violate the termination separation period requirement.

Additionally, despite being aware of the termination separation period requirement and knowing that some attendees of the bus driver trainings may be retired member of ATRS, school districts that host and pay attendees for attending a bus driver training do not caution attendees to contact ATRS to verify that attending and being paid for attending the bus driver training will not violate the termination separation period requirement. Failing to caution attendees as described is an error of judgment on the part of covered employers that host bus driver trainings.

Member Information
The Member filed an application for retirement on or about May 3, 2024, noting his last day of employment with his covered employer as June 28, 2024. As part of his retirement application, the Member signed the *Acknowledgement of Termination Requirements* in which he acknowledged understanding that he could not form any express or implied agreements, or take any action to entitle any ATRS covered employer to her services until after his termination separation period.

In conjunction with his retirement application, ATRS received a *Certification of Service and Final Salary for Retirement* from the Member's covered employer that certified the Member's last day of employment as June 28, 2024.

By letter dated May 10, 2024, ATRS notified the Member of his effective July 1, 2024, retirement date. In this letter, the Member was advised that he could not return to work for an ATRS covered employer until after October 31, 2024. Thereafter, the Member began receiving benefits from the System after July 1, 2024.

On or about January 17, 2025, ATRS received information from the Member's covered employer indicating that on August 7, 2024, during the termination separation period, the Member attended bus driver training and was paid by the covered employer for his attendance. The Member's covered employer provided a concise check history report showing that the Member was paid $33[3] on December 19, 2024, for attending the August 7, 2024, bus driver training.

Given the history surrounding bus driver trainings, a manifest injustice claim referral was filed on behalf of the Member to determine whether the Member should be required to repay the System retirement benefits paid to him.

Findings and Recommendations of Committee: The Member violated the termination separation period by attending, and being paid by a covered employer for attending, the bus driver training during his termination separation period. As such, the law requires the Member to repay the System the retirement benefits he has received since July 1, 2024, and also file a new completed retirement application with the System.

With regard to the Member's repayment obligation, the Member attended and was paid a nominal amount for attending a bus driver training hosted by his covered employer. After attending the bus driver training, no other payments were issued to the Member from the covered employer or any other covered employer during the Member's termination separation period. The Member's record is devoid of any other information indicating any other conduct violative of the termination separation period requirement. As such, the Member's singular attendance at the August 7, 2024, bus driver training does not indicate an intentional disregard of the termination separation period requirement, but rather an unfortunate unawareness, fueled by the lack of guidance offered by the covered employer, that attending and being paid for attending the bus driver training would be a violation of the termination separation period requirement.

The Member's apparent unawareness that his conduct would be a violation coupled with lack of guidance provided to him does not support finding intentional nondisclosure, fraud, misrepresentation, or other fault on the part of the Member. As such, it would be fundamentally unfair and unconscionable to require the Member to repay the System $12,019.20[4] when he only received $33 for attending the bus driver training.

For the foregoing reasons, the Committee recommends that the Executive Director, subject to the approval of the Board of Trustees of the Arkansas Teacher Retirement System:

- Find that a manifest injustice does exist; and
- Waive the Member's obligation to repay the System $12,019.20.

Executive Director Remedy: Concurs with the Manifest Injustice Committee's recommendation.

[3] This payment met the definition of "salary" under Ark. Code Ann. § 24-7-202(40).
[4] Through the end of April 2025, the total retirement benefits received by the Member will be $12,019.20.

ATRS Private Equity Investment Guidelines - 3Q24

2025 Commitments

Investment	Strategy	Region	ATRS Board Approval	ATRS
None				-
2025 commitments previously approved by ATRS' board				**$0**
FP CF Access III	Mid Market Corporate Finance	U.S.	Feb-25	40,000,000
2025 commitments being considered during current board meeting				**$40,000,000**
Additional commitments to be completed in 2025				$360,000,000
Total targeted 2025 commitments				**$400,000,000**

Private Equity Allocation	Target	9/30/2024
Private Equity Value		$2,984,397,094
Total Assets		$22,892,000,691
Private Equity Value as a % of Total Assets	**12.0%**	**13.0%**

Other Guidelines

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

ATRS Strategy/Region Guidelines (% of Commitments)

Strategy	Target %	Post-2006 Portfolio Commitments (as of 9/30/24)	% of Total
Corporate Finance (buyout, growth and debt strategies)	80-100%	3,773,323,718	88%
Venture Capital	0-20%	525,000,000	12%
Total (Post-2006 Portfolio)		**4,298,323,718**	**100%**

Region	Target %	Post-2006 Portfolio Commitments (as of 9/30/24)	% of Total
U.S. and Western Europe	80-100%	4,011,477,035	93%
Other[1]	0-20%	286,846,683	7%
Total (Post-2006 Portfolio)		**4,298,323,718**	**100%**

[1] *Other represents ATRS' % of commitments made outside of the U.S. and Western Europe in FP VC and FP International vehicles*

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

100% of the commitments made to primary funds since 2006

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

100% of the commitments made to primary funds since 2006

ATRS shall limit aggregate new commitments to a single investment sponsor to 35% of total Program allocation.

Manager	Aggregate Commitment	2025 Commitments to Single Sponsor	Notes
FP CF Access III	40,000,000	< 3.0%	Expected to include 4-6 investment sponsors
Other commitments to be c	360,000,000		
Total	$400,000,000		

Note: % of 2025 Commitments for FP CF Access III represents ATRS' % of the estimated commitments to underlying investment

As of September 30, 2024	ATRS' Portfolio $ in Millions
Number of Investments	93
Total Commitments	4,752.8
Unfunded Commitments	739.0
Total Paid-In Capital	4,315.2
Total Distributions	3,746.8
Net Asset Value	2,674.4
Gross Asset Value	4,021.2
DPI	0.9x
TVPI	1.5x
Since Inception IRR	6.7%
**Active and Liquidated*	

PORTFOLIO COMPOSITION TARGETS (As of September 30, 2024)		
	Target	Actual Funded
Target Real Asset Allocation	15%	11.7%
Portfolio Style Composition		
Real Estate	8%	6.7%
Core*	50%-70%	53.5%
Non-Core	30%-50%	46.5%
Value-Added*	*N/A*	*26.5%*
Opportunistic*	*N/A*	*20.0%*
Agriculture	1%	1.1%
Timber	2%	1.6%
Infrastructure	4%	2.3%
Leverage	50%	33.5%

RISK MANAGEMENT						
Property Type - Real Estate	**NFI-ODCE**	**Target/Constraint**	**Minimum**	**Maximum**	**Actual**	**Compliant?**
Office	16.90	NFI-ODCE +/- 50%	8.45	25.35	16.03	Yes
Retail	10.90	NFI-ODCE +/- 50%	5.45	16.35	6.94	Yes
Industrial	33.90	NFI-ODCE +/- 50%	16.95	50.85	31.42	Yes
Apartment	29.30	NFI-ODCE +/- 50%	14.65	43.95	31.39	Yes
Other	9.00	20%	0.00	20.00	14.22	Yes
Geography - Real Estate	**NFI-ODCE**	**Target/Constraint**	**Minimum**	**Maximum**	**Actual**	**Compliant?**
West	43.70	NFI-ODCE +/- 50%	21.85	65.55	45.18	Yes
East	29.00	NFI-ODCE +/- 50%	14.50	43.50	24.90	Yes
Midwest	5.80	NFI-ODCE +/- 50%	2.90	8.70	7.45	Yes
South	21.50	NFI-ODCE +/- 50%	10.75	32.25	12.63	Yes
Other2,3	0.00	n/a	n/a	n/a	2.79	Yes
Non-U.S.	0.00	40%	0.00	40.00	7.05	Yes
Geography - Timber	**NCREIF Timberland**	**Target/Constraint**	**Minimum**	**Maximum**	**Actual**	**Compliant?**
Lake States	3.81	0%-20%	0.00	20.00	0.00	Yes
Northeast	4.64	0%-20%	0.00	20.00	0.97	Yes
Northwest	26.96	0%-50%	0.00	50.00	15.61	Yes
South	63.97	40%-80%	40.00	80.00	73.05	Yes
Other	0.00	0%-20%	0.00	20.00	10.37	Yes
Geography - Agriculture	**NCREIF Farmland**	**Target/Constraint**	**Minimum**	**Maximum**	**Actual**	**Compliant?**
Appalachian	0.67		0.00	50.00	0.00	Yes
Corn Belt	10.88		0.00	50.00	10.13	Yes
Delta States	19.89		0.00	50.00	37.29	Yes
Lake States	2.68		0.00	50.00	16.48	Yes
Mountain	8.54		0.00	50.00	13.03	Yes
Northeast	0.00		0.00	50.00	0.00	Yes
Northern Plains	2.06		0.00	50.00	1.56	Yes
Pacific Northwest	8.11		0.00	50.00	4.51	Yes
Pacific West	39.50		0.00	50.00	8.08	Yes
Southeast	5.67		0.00	50.00	6.93	Yes
Southern Plains	1.93		0.00	50.00	2.00	Yes
Other	0.00		0.00	50.00	0.00	Yes
Non-U.S.	0.00		0.00	50.00	0.00	Yes
Geography - Infrastructure	**Target/Constraint**		**Minimum**	**Maximum**	**Actual**	**Compliant?**
U.S.			40.00	100.00	43.49	Yes
Non-U.S.			0.00	60.00	56.51	Yes
Asset Type - Infrastructure	**Target/Constraint**		**Minimum**	**Maximum**	**Actual**	**Compliant?**
Energy/Utilities			0.00	70.00	49.69	Yes
Transportation			0.00	70.00	29.79	Yes
Social			0.00	70.00	3.85	Yes
Communications			0.00	70.00	12.19	Yes
Other			0.00	70.00	4.47	Yes
Manager	**Target/Constraint**		**Minimum**	**Maximum**	**Max**	**Compliant?**
			0.00	30.00	14.06	Yes
Style - Real Estate	**Target/Constraint**		**Minimum**	**Maximum**	**Actual**	**Compliant?**
Core			50.00	70.00	53.46	Yes
Non-Core			30.00	50.00	46.54	Yes

As of 12/31/2024 (9/30/24 for Illiquid Asset Classes)

	Actual	Interim Target**	Difference (Actual vs. Interim)	Long-Term Target	Difference* (Actual vs. Long-Term)	Range***
Total Equity	50.1%	51.2%	-1.1%	48.0%	2.1%	43 - 53%
Fixed Income	20.1%	20.0%	0.1%	20.0%	0.1%	18 - 22%
Opportunistic/Alternatives	5.0%	5.1%	0.0%	5.0%	0.0%	*NA*
Real Assets[1]	11.7%	11.8%	0.0%	15.0%	-3.3%	*NA*
Real Estate	*6.7%*	*7.8%*	-1.1%	*8.0%*	-1.3%	*NA*
Core RE	*3.6%*	*4.7%*	-1.1%	*4.8%*	-1.2%	*4.0 - 5.6%*
Non-Core	*3.1%*	*3.1%*	0.0%	*3.2%*	-0.1%	*2.4 - 4.0%*
Agriculture	*1.1%*	*1.6%*	-0.5%	*1.0%*	0.1%	*NA*
Timber	*1.6%*	*0.8%*	0.8%	*2.0%*	-0.4%	*NA*
Infrastructure[1]	*2.3%*	*1.6%*	0.7%	*4.0%*	-1.7%	*NA*
Private Equity	12.9%	12.0%	0.9%	12.0%	0.9%	*NA*
Cash	0.2%	0.0%	0.2%	0.0%	0.2%	0 - 5%
	100.0%	100.0%	--	100.0%	--	--

* Uninvested assets/commitments for the Opportunistic, Real Assets and Private Equity asset classes are invested in public equities.
** The interim target reflects the beginning period actual allocation to this asset class
*** The actual allocation to equity may exceed the range to account for uninvested assets/commitments for the Opportunistic, Real Assets and Private Equity Asset Classes
[1]Real Estate and Infrastructure updated targets were approved on December 2, 2024. The targets were reviised frm 10% Real Estate and 2% Infrastructure.

Real Assets Breakdown	Absolute	%	2024 Pacing Commitment ($M)	Commitment Progress ($M) As of 9/30/2024
Real Estate	8%	66.7%	$400	$100
Core	*5-7%*	*50-70%*	*$250*	*$0*
Non-Core	*3-5%*	*30-50%*	*$150*	*$100*
Ag	1%	6.7%	$0	$0
Timber	2%	13.3%	$0	$0
Infrastructure	4%	13.3%	$50	$100
Total Real Assets	15%	100.0%	$ 450	$ 200

EMPOWERING ENTREPRENEURS

March 24, 2025

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

Re: Update for Highland LP Investment

Dear Mr. White:

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

Background

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

- Highland Pellets, LLC and Highland FR LLC are the main operational assets of the Fund. They comprise two wood pellet production plants in Pine Bluff, Arkansas, which produce pellets under offtake agreements for a major UK utility customer (through 2026) and a major Danish utility customer (through 2027).
- Highland Port LLC owns approximately 54 acres of development property at the Port of Pine Bluff.
- Highland Pellets South LLC owns approximately 350 acres of development property in Ogemaw, Arkansas.
- Highland Grenada LLC, a wholly owned subsidiary of Highland LLC, owns a 120-acre brownfield former Georgia Pacific OSB plant in Grenada, MS, along with certain conditional development grants from the state of MS. The site continues to be actively marketed for both white pellets and biocarbon.

- Highland Maine LLC, a wholly owned subsidiary of Highland LLC, is focused on developing the site for industrial applications as opposed to energy production. Ongoing development work continues.

ACC staff and ATRS staff conducted a site visit on February 27, 2025, touring the two production facilities in Pine Bluff and meeting with management to discuss the companies operational progress. Subsequently ACC staff received financial updates from management of Highland LP.

From prior updates ATRS may recall that Highland is working with Barclays Capital to raise additional financing which would support the companies future growth and repay the most recent ATRS note. Barclays has previously advised the company that keys to obtaining additional financing include: 3 consecutive months of +50,000 tonnes of production at Highland Pellets, LLC, incremental reduction in the cost of goods and an extension of the offtake agreement for Highland Pellets, LLC.

Production Update

During the time period October 1, 2024 through December 31, 2024 approximately 4.24% more pellets were shipped to the customer of Highland Pellets LLC compared to the prior quarter. For the 12 months ending December 31, 2024, the plant shipped 9.39% more pellets than the prior year.

Management is projecting a total of 600,000 tonnes for the 2025 calendar year. Pellet production was lower in January and February than either the target production levels or Decembers production levels. The lower production levels were attributed to winter weather related events and to intentional scheduled downtime for maintenance. To mitigate these weather-related slowdowns in production the company is installing equipment that will increase BTU's (energy capacity) to address wet and cold events which should help maintain higher year-round production.

Management represents the facility is on track to produce target production in March and they have no scheduled full plant outages scheduled until June. The focus for 2025 is to focus on reducing maintenance costs, to hit or exceed 50,000 tonnes per month production, to continue organizational process improvements and maintain safety. The Osorno Group wrapped up their active full-time on-site phase of their project and will perform quarterly audits of the facility through 2025.

Highland FR acquired the property, plant and equipment of another Pine Bluff based production facility in September 2023 to begin producing wood pellets for a long-term agreement with a Danish company which would purchase substantially all the plants production through 2027.

The Highland FR facility completed most of the scheduled capex works in December 2024. These investments should result in higher production volumes and lower employee headcount due to automation improvements. The Osorno Group is now focused on operational process and behavior improvements for this facility similar to what was performed at Highland Pellets LLC.

Following the December upgrades to production capacity the facilities production capacity is 150,000 tonnes per year. Management expects the facility to meet its 2025 production target of 150,000 tonnes. Highland Pellets FR actual 2025 production to date was below target production levels in January and in February.

Current mortgage rates in the US has caused housing starts, particularly in Texas to slow, that has impacted the sawmill industry in Arkansas by requiring forced outages due to the low price of lumber and market demand. That has in turn reduced the amount of fiber residuals available for Highland Pellets FR. Management has procured a truck dump which has materially increased fiber deliveries. It has also repurposed grinding equipment on site to process cut end fiber. These steps are helping to mitigate some of the market downturn for fiber availability.

Offtake Agreement Update

The extension of the off-take agreement term for Highland Pellets LLC beyond 2026 is key to securing future financing and assuring investors of long- term revenue. The company is currently in active offtake agreement negotiations with two UK counterparties for post 2026 production. Highland Pellets LLC anticipates they will know pricing and volume details for the offtake agreement within the next 30-60 days.

Additionally management believes that the focus on power and fuel security in the United States is opening opportunities for wood pellets in solving data center demand issues. The company is working to explore domestic US markets which could open new opportunities for price and volume opportunities.

Summary

We previously reported that management believes they have a pathway for refinancing of debt and/or an equity raise targeting the 3rd quarter of 2025. The company continues to work on the barriers to additional capital and the major debt provider appears to remain patient and has extended their forbearance agreement through 2025.

ATRS Board Policy 4
STATEMENT OF INVESTMENT POLICY

A.C.A. § 24-7-305

I. Board - Investment Policies and Procedures

A. Statement of Investment Policy

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees (“Board”) may take appropriate levels of risk to earn higher levels of investment return.

2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System (“the System”). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.

3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the System’s plan beneficiaries.

4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.

5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's recommendation. The System shall not approve any material changes in any direct investment without first receiving written advice or a written recommendation from a third-party investment consultant and, if needed, outside legal counsel, and,

without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

   1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.

   2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

   1. In order to comply with Arkansas Code § 25-1-1201 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:

      a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or

      b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.

   2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

D. Standard of Care

1. When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.

2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.

3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary’s evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.

4. Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

E. Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

Asset Category	**Minimum***	**Target**	**Maximum***
Total Equity	43.0%	48.0%	53.0%**
Fixed Income	17.0%	20.0%	23.0%
Opportunistic/Alternatives	N/A	5.0%	N/A
Real Assets***	N/A	15.0%	N/A
Private Equity	N/A	12.0%	N/A
Cash Equivalents	0.0%	0.0%	5.0%

* Due to the illiquid nature of opportunistic/alternatives, real assets, and private equity, it is not prudent to set rebalancing ranges for these asset classes.

**Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, and private equity.

***Real assets includes real estate, timber, agriculture, and infrastructure.

F. Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.

2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or

risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.

4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.

5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.

6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System's investment strategy.

2. Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.

3. It is the policy of the Board to include, whenever appropriate, qualified minority–owned and women-owned business enterprises in the System's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.

4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance,

organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.

5. The Board shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.

6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.

2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

I. Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.

2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

J. Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.

2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income,

equities, private equity, and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.

2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:

· 8% Real Estate

· 2% Timber

· 1% Agriculture

· 4% Infrastructure

The total target of the asset class will be 15%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset allocation be exceeded, the Executive Director, working with the Real Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity

Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a five-year period, it is expected to meet or exceed the NFIODCE over rolling five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

   The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

   The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

   The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

K. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The

investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.

2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

L. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.
2. The System's cash management goal shall be to preserve capital and maintain liquidity.

M. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

N. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

O. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative

usage shall be specified in the investment management agreement or specific guidelines.

2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

P. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.

2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

Q. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a $1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.

2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

R. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

S. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The

Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

T. Proxies

1. All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.

2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.

~~3. The System authorizes the investment manager to vote all proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801 et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries.~~

3. The Executive Director is authorized to vote all proxies related to stocks owned by the System and to provide binding voting instructions to the System's investment managers regarding proxies related to stocks in which they invest the System's assets. The Executive Director shall exercise this authority in compliance with Arkansas Code § 24-2-801 et seq. The Executive Director shall cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by the Executive Director must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the Executive Director must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

4. The Executive Director may retain an independent proxy vote management service to analyze proxy issues, make voting recommendations, vote proxies as the System's agent, and provide voting instructions to the System's investment managers. The System requires the proxy vote management service to act in a manner that complies with Arkansas Code § 24-2-801 et seq. Any vote, instruction, or recommendation made by the proxy vote management service must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the proxy vote management service must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

5. The Executive Director may delegate voting authority to an investment manager to vote proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801 et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by an investment manager pursuant to a delegation must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the investment manager must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

U. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

HISTORY

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Amended: April 7, 2025

ATRS Board Policy 4
STATEMENT OF INVESTMENT POLICY

A.C.A. § 24-7-305

I. Board - Investment Policies and Procedures

A. Statement of Investment Policy

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees (“Board”) may take appropriate levels of risk to earn higher levels of investment return.

2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System (“the System”). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.

3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the System’s plan beneficiaries.

4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.

5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's recommendation. The System shall not approve any material changes in any direct investment without first receiving written advice or a written recommendation from a third-party investment consultant and, if needed, outside legal counsel, and,

without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.

2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:

    a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or

    b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.

2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

D. Standard of Care

1. When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.

2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.

3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary's evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.

4. Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

E. Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

Asset Category	**Minimum***	**Target**	**Maximum***
Total Equity	43.0%	48.0%	53.0%**
Fixed Income	17.0%	20.0%	23.0%
Opportunistic/Alternatives	N/A	5.0%	N/A
Real Assets***	N/A	15.0%	N/A
Private Equity	N/A	12.0%	N/A
Cash Equivalents	0.0%	0.0%	5.0%

* Due to the illiquid nature of opportunistic/alternatives, real assets, and private equity, it is not prudent to set rebalancing ranges for these asset classes.

**Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, and private equity.

***Real assets includes real estate, timber, agriculture, and infrastructure.

F. Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.

2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or

risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.

4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.

5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.

6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System's investment strategy.

2. Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.

3. It is the policy of the Board to include, whenever appropriate, qualified minority–owned and women-owned business enterprises in the System's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.

4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance,

organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.

5. The Board shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.

6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.

2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

I. Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.

2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

J. Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.

2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income,

equities, private equity, and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.

2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:

· 8% Real Estate

· 2% Timber

· 1% Agriculture

· 4% Infrastructure

The total target of the asset class will be 15%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset allocation be exceeded, the Executive Director, working with the Real Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity

Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a five-year period, it is expected to meet or exceed the NFIODCE over rolling five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

   The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

   The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

   The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

K. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The

investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.

2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

L. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.

2. The System's cash management goal shall be to preserve capital and maintain liquidity.

M. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

N. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

O. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative

usage shall be specified in the investment management agreement or specific guidelines.

2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

P. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.

2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

Q. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a $1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.

2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

R. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

S. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The

Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

T. Proxies

1. All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.

2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.

3. The Executive Director is authorized to vote all proxies related to stocks owned by the System and to provide binding voting instructions to the System's investment managers regarding proxies related to stocks in which they invest the System's assets. The Executive Director shall exercise this authority in compliance with Arkansas Code § 24-2-801 et seq. The Executive Director shall cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by the Executive Director must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the Executive Director must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

4. The Executive Director may retain an independent proxy vote management service to analyze proxy issues, make voting recommendations, vote proxies as the System's agent, and provide voting instructions to the System's investment managers. The System requires the proxy vote management service to act in a manner that complies with Arkansas Code § 24-2-801 et seq. Any vote, instruction,

or recommendation made by the proxy vote management service must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the proxy vote management service must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

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AON

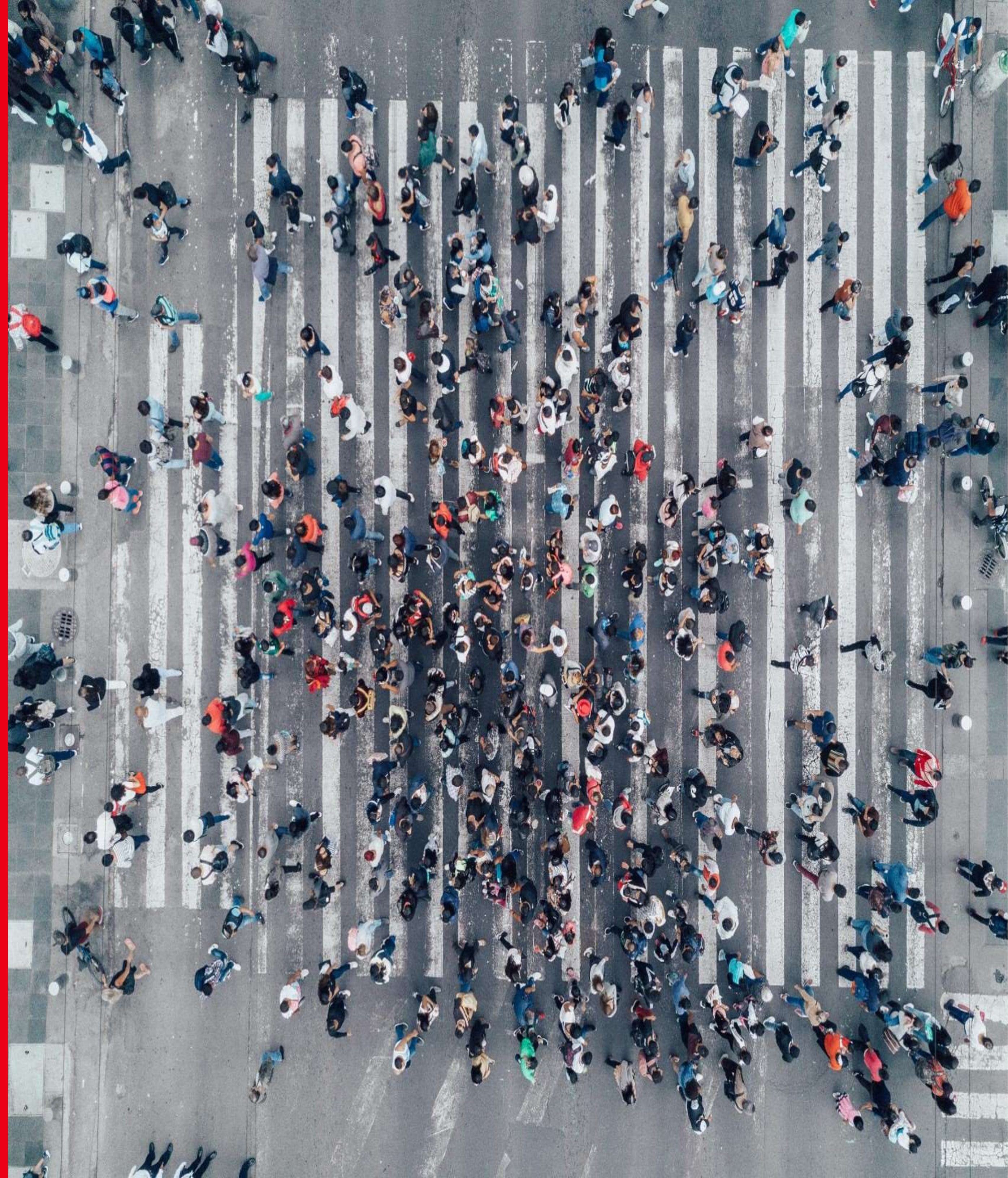
Preliminary February Flash Report

Arkansas Teacher Retirement System | February 28, 2025

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

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

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



Asset Allocation & Performance

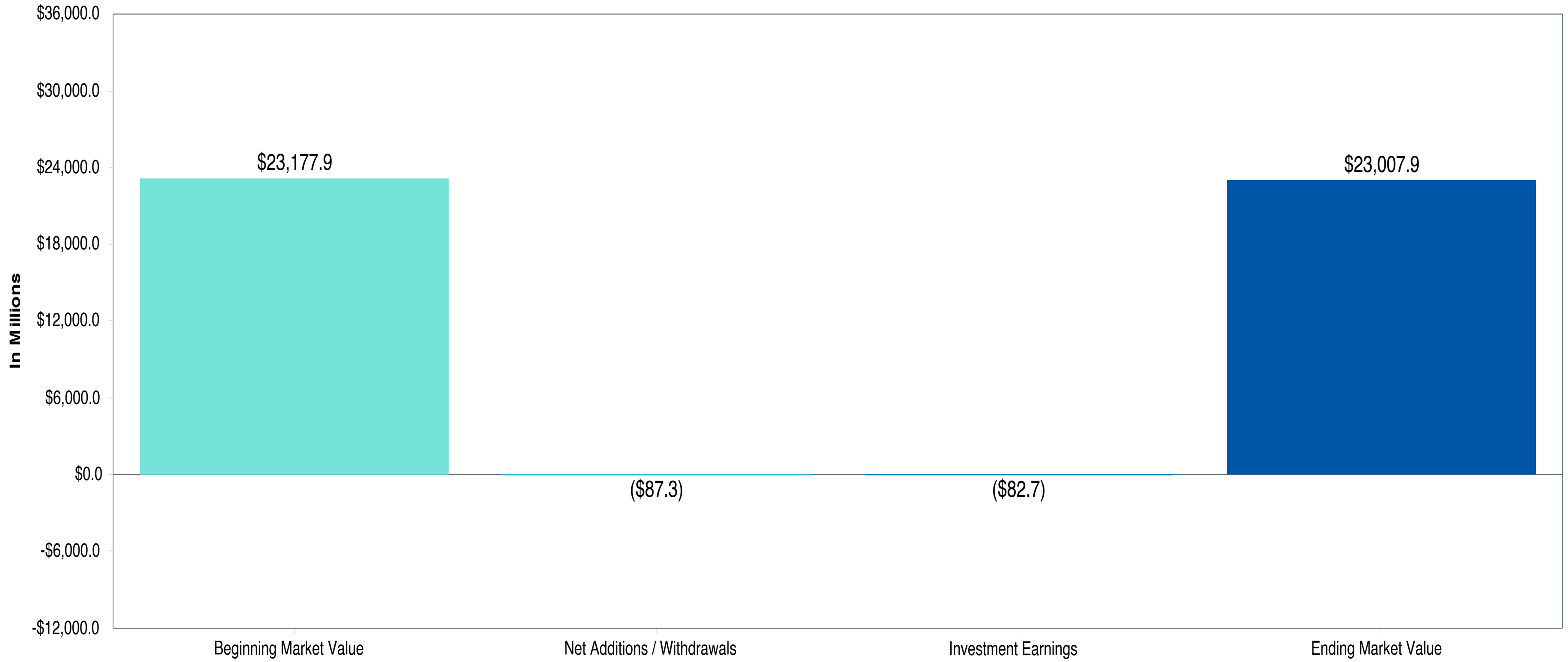
Market Environment

	Performance %						
	1 Month	Year to Date	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
Dow Jones U.S. Total Stock Market Index	-1.9	1.1	10.3	17.5	11.5	16.0	12.3
S&P 500 Index	-1.3	1.4	10.0	18.4	12.6	16.9	13.0
Russell 1000 Index	-1.7	1.4	10.5	18.1	12.1	16.5	12.7
Russell 1000 Value Index	0.4	5.1	12.7	15.8	8.7	12.5	9.0
Russell 1000 Growth Index	-3.6	-1.7	8.6	19.7	14.8	19.7	16.0
Russell 2000 Index	-5.3	-2.9	6.5	6.7	3.3	9.4	7.2
Russell 2000 Value Index	-3.8	-1.9	7.0	7.6	2.8	10.3	6.9
Russell 2000 Growth Index	-6.8	-3.8	6.0	5.8	3.6	7.9	7.2
MSCI AC World IMI Index (Net)	-0.9	2.4	8.0	14.1	8.5	12.4	8.8
MSCI AC World ex USA IMI (Net)	1.1	4.7	4.7	8.9	4.1	7.5	4.9
MSCI EAFE (Net)	1.9	7.3	5.8	8.8	6.4	8.7	5.3
MSCI Emerging Markets (Net)	0.5	2.3	2.3	10.1	0.5	4.3	3.5
Blmbg. U.S. Universal Index	2.1	2.7	5.1	6.3	0.1	-0.1	1.9
Blmbg. U.S. Aggregate Index	2.2	2.7	4.8	5.8	-0.4	-0.5	1.5
Blmbg. U.S. Government Index	2.1	2.7	4.2	5.0	-1.1	-1.1	1.0
Blmbg. Barc. Credit Bond Index	2.0	2.6	5.2	6.4	0.4	0.0	2.4
Blmbg. U.S. Mortgage Backed Securities	2.6	3.1	5.3	6.5	-0.3	-0.5	1.1
Blmbg. U.S. Corp: High Yield Index	0.7	2.0	7.6	10.1	4.9	4.9	5.1
Citigroup 90-Day T-Bill	0.3	0.7	3.4	5.3	4.3	2.6	1.9

AON

Total Plan Asset Summary

As of February 28, 2025



Summary of Cash Flows	1 Month	Year to Date	Fiscal YTD	1 Year
Total Fund				
Beginning Market Value	23,177,924,321	22,708,471,404	22,387,955,711	21,816,051,998
+ Additions / Withdrawals	-87,273,958	-152,618,298	-589,578,317	-721,093,240
+ Investment Earnings	-82,702,134	452,095,124	1,209,570,836	1,912,989,471
= Ending Market Value	**23,007,948,230**	**23,007,948,230**	**23,007,948,230**	**23,007,948,230**

Asset Allocation & Performance

As of February 28, 2025

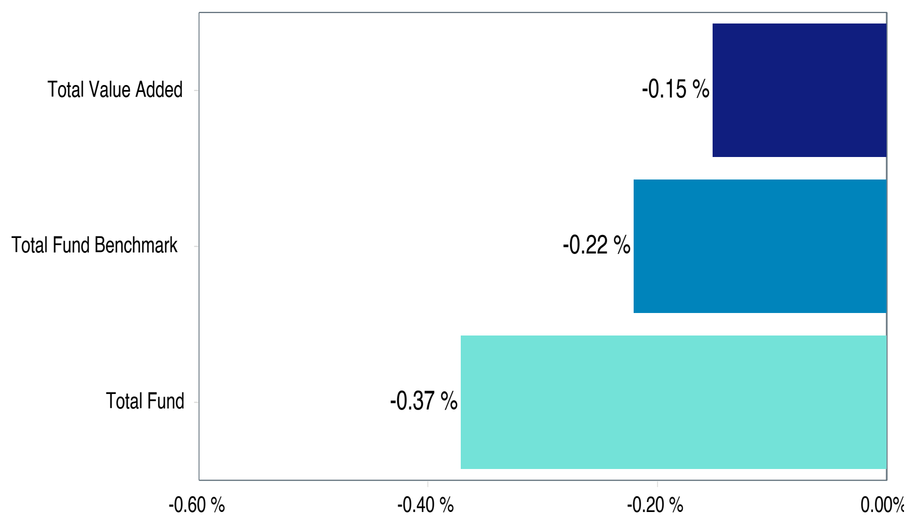
	Allocation			Performance %								
	Market Value $ ($)	%	Policy %	1 Month	Year to Date	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund*	**23,007,948,230**	**100.0**	**100.0**	**-0.4**	**2.0**	**5.3**	**8.7**	**5.7**	**9.6**	**8.2**	**8.5**	**04/01/1986**
Performance Benchmark				*-0.2*	*1.6*	*7.0*	*13.0*	*7.1*	*10.4*	*8.5*	*8.7*	
Total Equity	**11,436,235,568**	**49.7**	**50.8**	**-1.4**	**2.9**	**8.0**	**13.3**	**8.5**	**12.8**	**9.4**	**9.7**	**07/01/2015**
Total Equity Performance Benchmark				*-1.2*	*2.0*	*8.7*	*15.2*	*9.5*	*13.6*	*10.0*	*10.4*	
Fixed Income	**4,612,347,590**	**20.0**	**20.0**	**1.7**	**2.4**	**5.1**	**6.4**	**1.6**	**1.5**	**2.7**	**4.9**	**07/01/1992**
Performance Benchmark				*2.1*	*2.7*	*5.1*	*6.3*	*0.1*	*-0.1*	*1.9*	*4.8*	
Opportunistic/Alternatives	**1,178,873,238**	**5.1**	**5.1**	**-0.1**	**1.1**	**6.0**	**10.1**	**9.7**	**6.5**	**3.6**	**4.4**	**05/01/2011**
Custom Alternatives Benchmark				*-0.4*	*0.6*	*3.2*	*6.2*	*5.5*	*5.0*	*2.8*	*2.8*	
Real Assets	**2,786,746,174**	**12.1**	**12.1**									
Real Estate	**1,601,167,730**	**7.0**										
Timber	**376,307,910**	**1.6**										
Agriculture	**247,396,140**	**1.1**										
Infrastructure	**561,874,394**	**2.4**										
Private Equity	**2,899,895,828**	**12.6**	**12.0**									
Cash	**93,849,831**	**0.4**	**0.0**									

*Preliminary Results
*Policy % is the interim target used for benchmarking purposes. See page 15 for long-term targets. Beginning July 1, 2013, an updated Investment Policy was adopted which includes the new Real Assets category, which includes Real Estate, Timber, Agriculture and Infrastructure.
*Real Assets and Private Equity are valued on a quarterly basis and reported on a quarter lag. Market values have been adjusted for the current month's cash flows. Updated results for these portfolios are not yet available and will be included in the quarterly performance report.
*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 21 of this report.
*Includes investment gains from Allianz litigation income received on 2/28/2022.

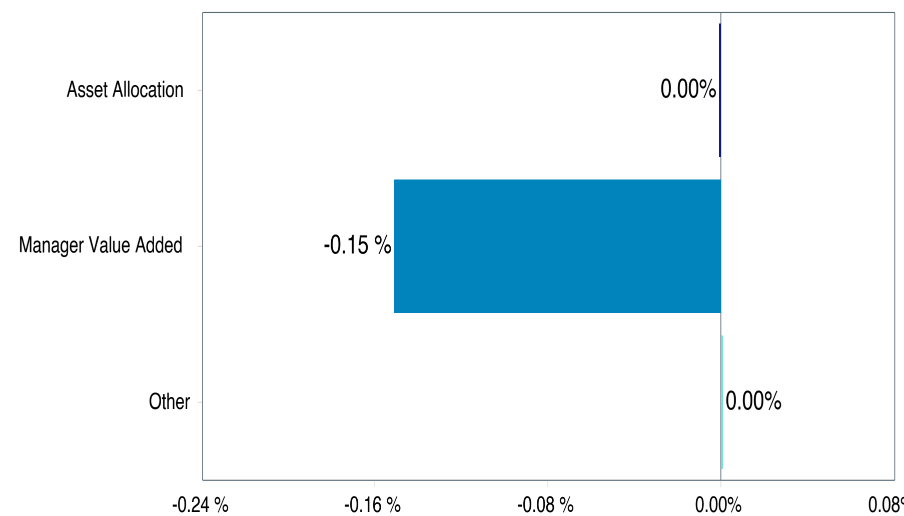
Total Fund Attribution

1 Month Ending February 28, 2025

Total Fund Performance

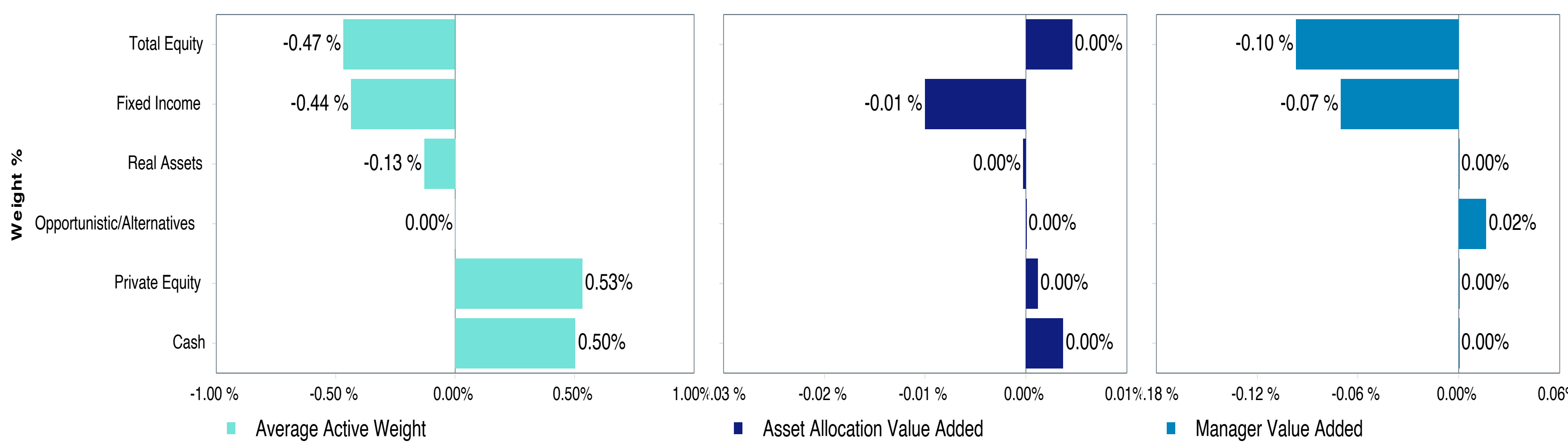


Total Value Added: -0.15 %



Total Asset Allocation: 0.00%

Total Manager Value Added: -0.15 %

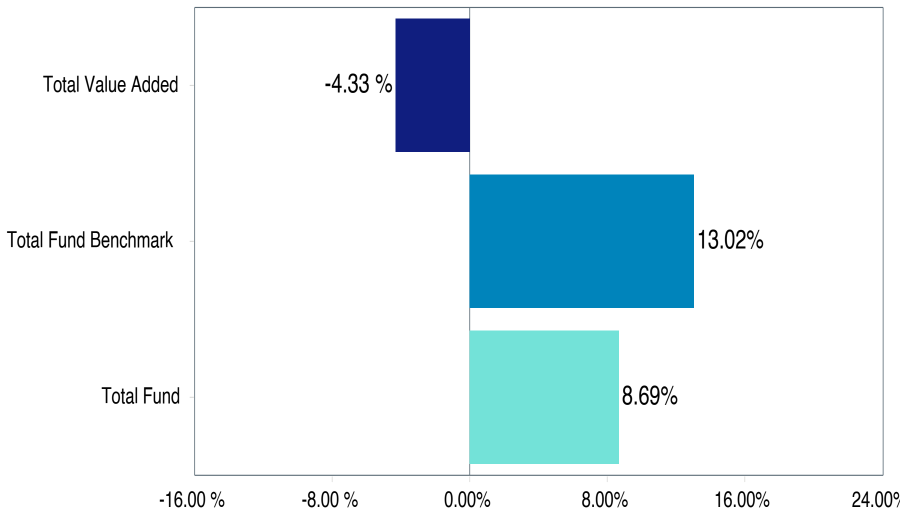


*Preliminary Results

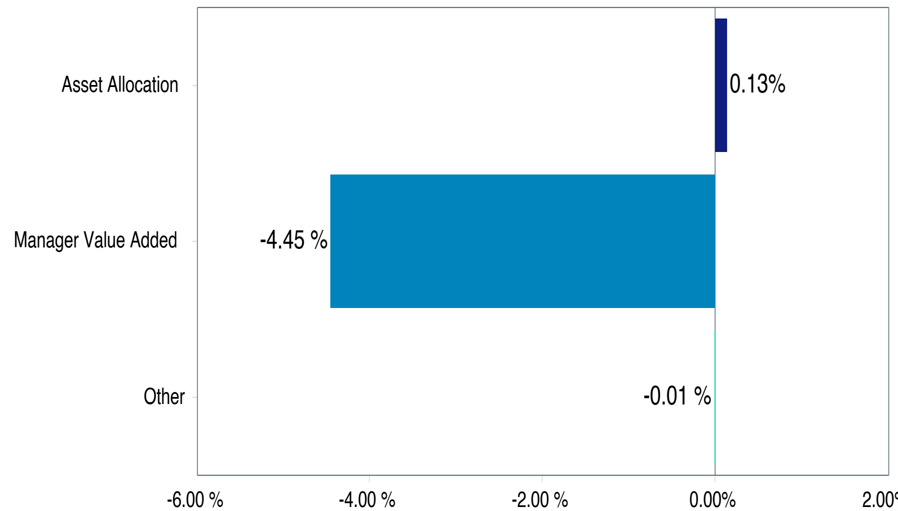
Total Fund Attribution

1 Year Ending February 28, 2025

Total Fund Performance

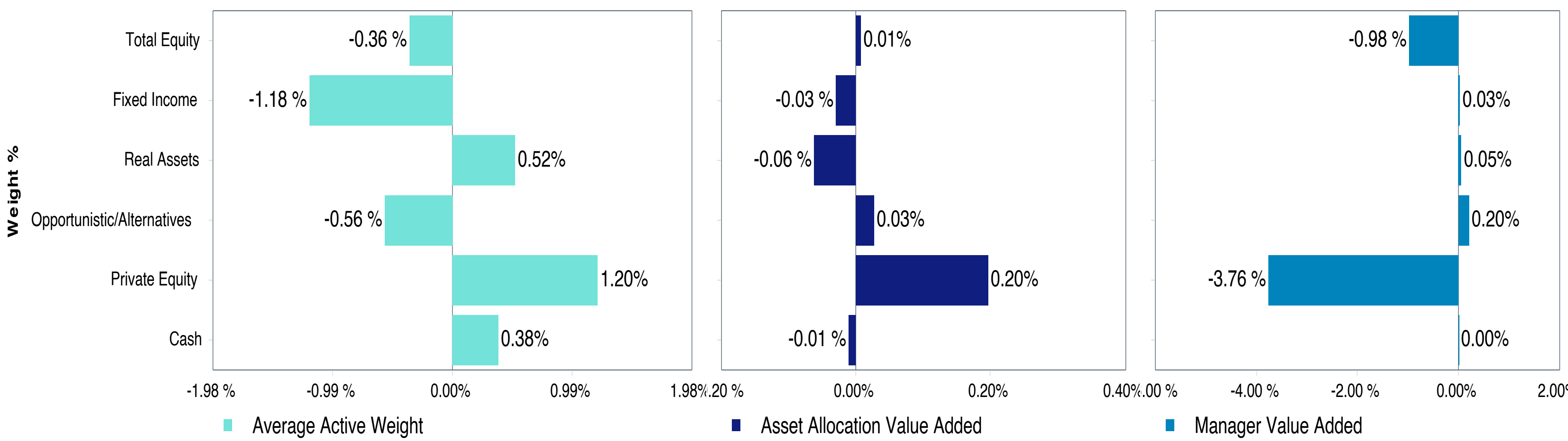


Total Value Added: -4.33 %



Total Asset Allocation: 0.13%

Total Manager Value Added: -4.45 %



*Preliminary Results

Asset Allocation & Performance

As of February 28, 2025

	Allocation		Performance %							
	Market Value $	%	1 Month	Year to Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Equity	**11,436,235,568**	**100.0**	**-1.4**	**2.9**	**8.0**	**13.3**	**8.5**	**12.8**	**9.7**	**07/01/2015**
Total Equity Performance Benchmark			*-1.2*	*2.0*	*8.7*	*15.2*	*9.5*	*13.6*	*10.4*	
Jacobs Levy 130/30	**1,318,452,713**	**11.5**	**-2.9**	**1.3**	**10.5**	**16.3**	**17.0**	**23.8**	**13.3**	**01/01/2008**
Russell 3000 Index			*-1.9*	*1.2*	*10.3*	*17.5*	*11.6*	*16.1*	*10.4*	
Kennedy Capital Management	**435,674,406**	**3.8**	**-5.4**	**-3.4**	**4.3**	**6.4**	**1.2**	**10.7**	**11.4**	**01/01/1994**
Russell 2000 Value Index			*-3.8*	*-1.9*	*7.0*	*7.6*	*2.8*	*10.3*	*9.2*	
Stephens	**427,638,318**	**3.7**	**-7.2**	**-2.5**	**5.4**	**5.3**	**3.9**	**10.7**	**9.5**	**08/01/2006**
Russell 2000 Growth Index			*-6.8*	*-3.8*	*6.0*	*5.8*	*3.6*	*7.9*	*8.5*	
Voya Absolute Return	**1,045,444,434**	**9.1**	**-0.1**	**3.6**	**8.8**	**17.3**	**11.0**	**13.7**	**10.8**	**10/01/2008**
Performance Benchmark Voya Absolute Return			*-0.6*	*2.7*	*8.4*	*15.1*	*9.1*	*12.8*	*10.6*	
Voya U.S. Convertibles	**886,352,895**	**7.8**	**-2.8**	**0.3**	**10.7**	**13.8**	**3.6**	**11.0**	**10.2**	**12/01/1998**
Performance Benchmark			*-2.0*	*0.6*	*9.5*	*11.8*	*3.2*	*9.8*	*8.1*	
Pershing Square Holdings	**385,509,049**	**3.4**	**2.4**	**13.3**	**2.3**	**9.2**	**15.1**	**26.9**	**10.7**	**01/01/2013**
Dow Jones U.S. Total Stock Market Index			*-1.9*	*1.1*	*10.3*	*17.5*	*11.5*	*16.0*	*14.0*	
SSgA Global Index	**909,305,597**	**8.0**	**-0.8**	**2.4**	**8.1**	**14.3**	**8.7**	**12.7**	**7.6**	**04/01/2008**
MSCI AC World IMI Index (Net)			*-0.9*	*2.4*	*8.0*	*14.1*	*8.5*	*12.4*	*7.3*	
BlackRock MSCI ACWI IMI Fund	**881,065,465**	**7.7**	**-0.9**	**2.4**	**8.1**	**14.4**	**8.9**	**12.7**	**9.2**	**07/01/2011**
MSCI AC World IMI (Net)			*-0.9*	*2.4*	*8.0*	*14.1*	*8.5*	*12.4*	*8.8*	

*Preliminary Results

*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 22 of this report.

Asset Allocation & Performance

As of February 28, 2025

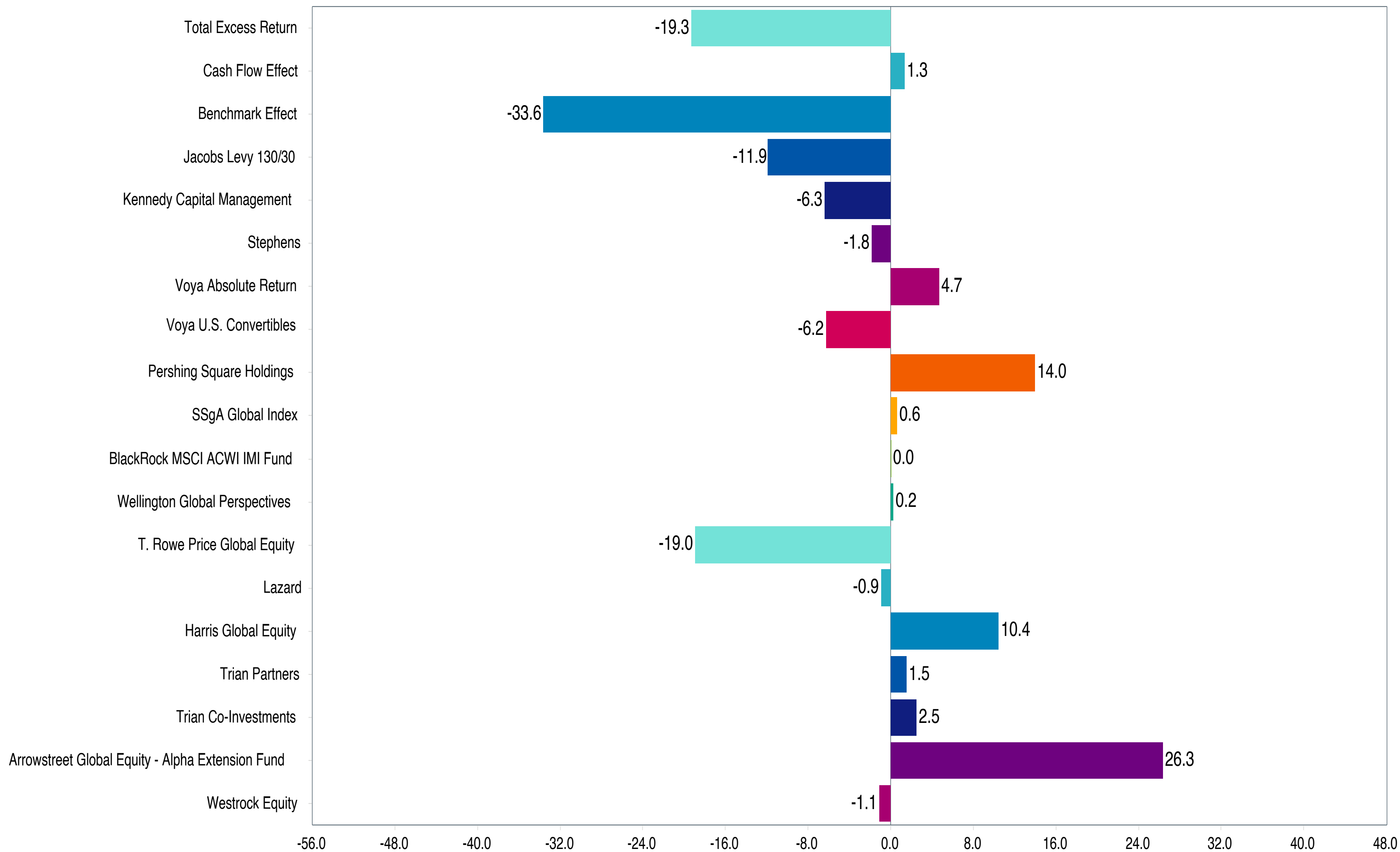
	Allocation		Performance %							
	Market Value $	%	1 Month	Year to Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Wellington Global Perspectives	**730,389,958**	**6.4**	**-3.2**	**-0.3**	**2.7**	**5.5**	**2.6**	**10.2**	**11.5**	**07/01/2009**
Performance Benchmark			*-3.2*	*-0.7*	*4.5*	*6.3*	*3.1*	*9.2*	*9.7*	
T. Rowe Price Global Equity	**1,296,425,673**	**11.3**	**-2.3**	**2.7**	**4.1**	**11.2**	**6.9**	**14.3**	**13.2**	**08/01/2009**
MSCI AC World Index (Net)			*-0.6*	*2.7*	*8.4*	*15.1*	*9.1*	*12.8*	*9.9*	
MSCI AC World Index Growth (Net)			*-2.6*	*-0.1*	*6.8*	*15.7*	*10.2*	*14.4*	*11.8*	
Lazard	**908,494,746**	**7.9**	**-0.7**	**3.0**	**6.2**	**14.2**	**6.0**	**10.2**	**8.7**	**08/01/2009**
MSCI AC World Index (Net)			*-0.6*	*2.7*	*8.4*	*15.1*	*9.1*	*12.8*	*9.9*	
Harris Global Equity	**764,475,047**	**6.7**	**0.9**	**6.7**	**10.9**	**12.6**	**5.9**	**12.0**	**7.3**	**06/01/2014**
MSCI World Index (Net)			*-0.7*	*2.8*	*9.2*	*15.6*	*10.2*	*13.9*	*9.6*	
MSCI World Value (Net)			*1.6*	*6.1*	*11.4*	*15.2*	*8.3*	*11.1*	*6.6*	
Arrowstreet Global Equity - Alpha Extension Fund	**1,243,454,331**	**10.9**	**1.6**	**7.7**	**13.9**	**20.6**			**27.9**	**04/01/2023**
MSCI AC World IMI Index (Net)			*-0.9*	*2.4*	*8.0*	*14.1*			*17.1*	
Trian Partners	**107,605,053**	**0.9**	**0.3**	**3.1**	**14.6**	**17.7**	**8.3**	**9.5**	**8.6**	**11/01/2015**
S&P 500 Index			*-1.3*	*1.4*	*10.0*	*18.4*	*12.6*	*16.9*	*14.0*	
Trian Co-Investments	**79,997,881**	**0.7**	**2.4**	**6.3**	**12.3**	**19.7**	**14.7**	**14.0**	**9.8**	**01/01/2017**
S&P 500 Index			*-1.3*	*1.4*	*10.0*	*18.4*	*12.6*	*16.9*	*14.7*	
Westrock Equity Fund	**15,950,000**	**0.1**	**-8.3**	**-0.6**	**-37.6**	**-37.0**			**-26.1**	**09/01/2023**
Total Equity Performance Benchmark			*-1.2*	*2.0*	*8.7*	*15.2*			*18.6*	

*Preliminary Results
*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 22 of this report.

Asset Class Attribution

1 Month Ending February 28, 2025

1 Month

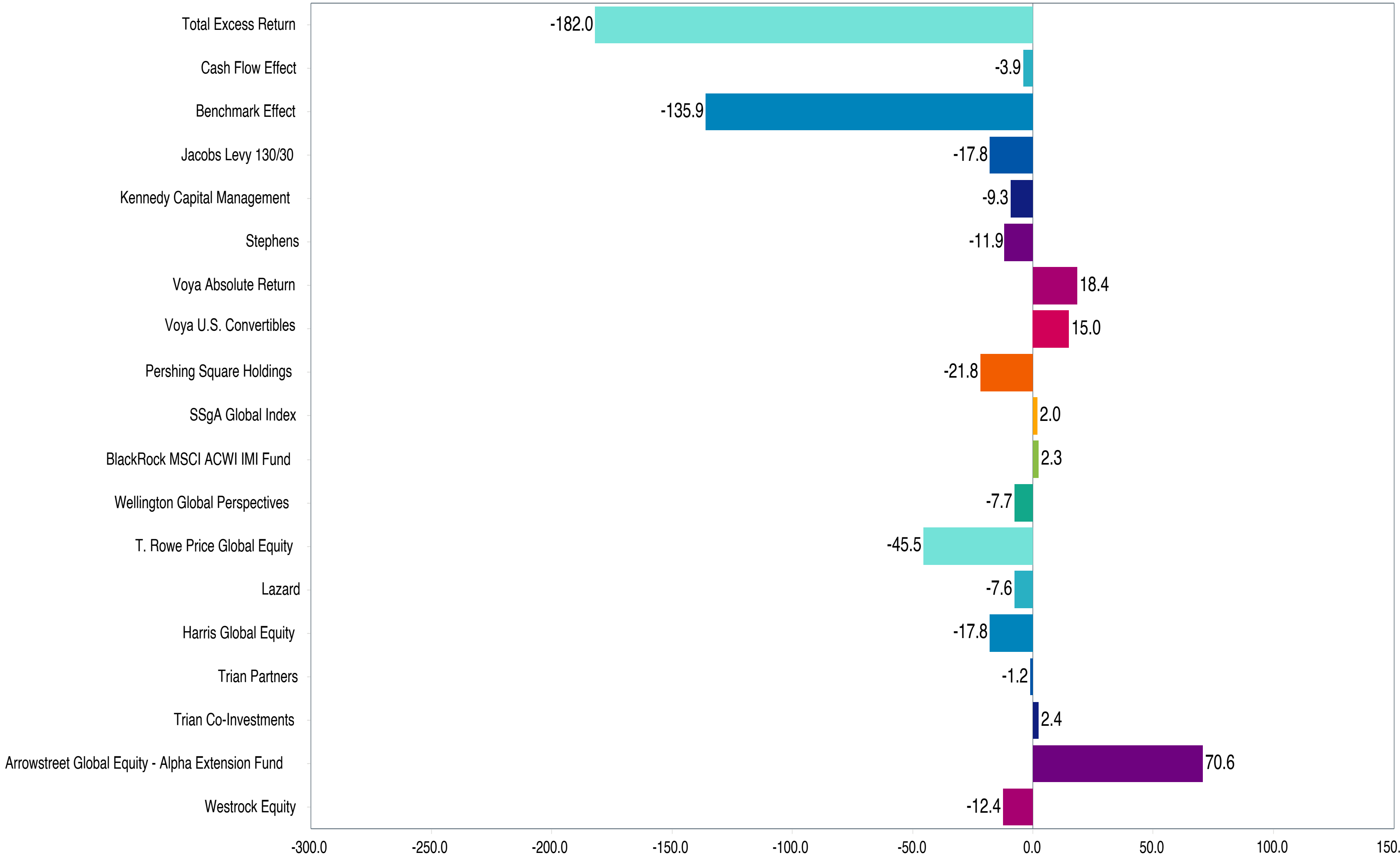


*Preliminary Results

Asset Class Attribution

1 Year Ending February 28, 2025

1 Year



*Preliminary Results

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Asset Allocation & Performance

As of February 28, 2025

	Allocation		Performance %							
	Market Value $	%	1 Month	Year to Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	**4,612,347,590**	**100.0**	**1.7**	**2.4**	**5.1**	**6.4**	**1.6**	**1.5**	**4.9**	**07/01/1992**
Performance Benchmark			*2.1*	*2.7*	*5.1*	*6.3*	*0.1*	*-0.1*	*4.8*	
BlackRock	**272,616,574**	**5.9**	**2.2**	**2.8**	**4.9**	**6.2**	**-0.1**	**0.0**	**3.6**	**10/01/2003**
Performance Benchmark			*2.1*	*2.7*	*5.1*	*6.3*	*0.1*	*-0.1*	*3.5*	
Loomis Sayles	**739,551,500**	**16.0**	**1.5**	**2.8**	**7.4**	**9.2**	**2.7**	**3.1**	**6.7**	**09/01/2008**
Performance Benchmark			*1.6*	*2.4*	*5.6*	*7.1*	*1.4*	*1.4*	*4.5*	
SSgA Aggregate Bond Index	**1,362,770,973**	**29.5**	**2.2**	**2.7**	**4.8**	**5.8**	**-0.4**	**-0.5**	**2.3**	**06/01/2010**
Blmbg. U.S. Aggregate Index			*2.2*	*2.7*	*4.8*	*5.8*	*-0.4*	*-0.5*	*2.3*	
Wellington Global Total Return	**434,780,568**	**9.4**	**-0.1**	**0.4**	**5.1**	**7.0**	**6.3**	**4.3**	**3.2**	**06/01/2014**
ICE BofA 3 Month U.S. T-Bill			*0.3*	*0.7*	*3.3*	*5.1*	*4.1*	*2.5*	*1.7*	
Reams Core Plus Bond Fund	**608,034,886**	**13.2**	**2.4**	**3.0**	**5.0**	**6.1**	**0.4**	**2.0**	**2.9**	**06/01/2014**
Blmbg. U.S. Aggregate Index			*2.2*	*2.7*	*4.8*	*5.8*	*-0.4*	*-0.5*	*1.7*	
Baird Core Plus Bond	**834,773,325**	**18.1**	**2.1**	**2.8**	**4.2**				**4.2**	**07/01/2024**
Blmbg. U.S. Universal Index			*2.1*	*2.7*	*5.1*				*5.1*	
BRS Recycling Tax Credit	**186,500,000**	**4.0**								
BRS Recycling Tax Credit Phase 2	**91,200,000**	**2.0**								
BRS Recycling Tax Credit Phase 2	**91,200,000**	**2.0**								

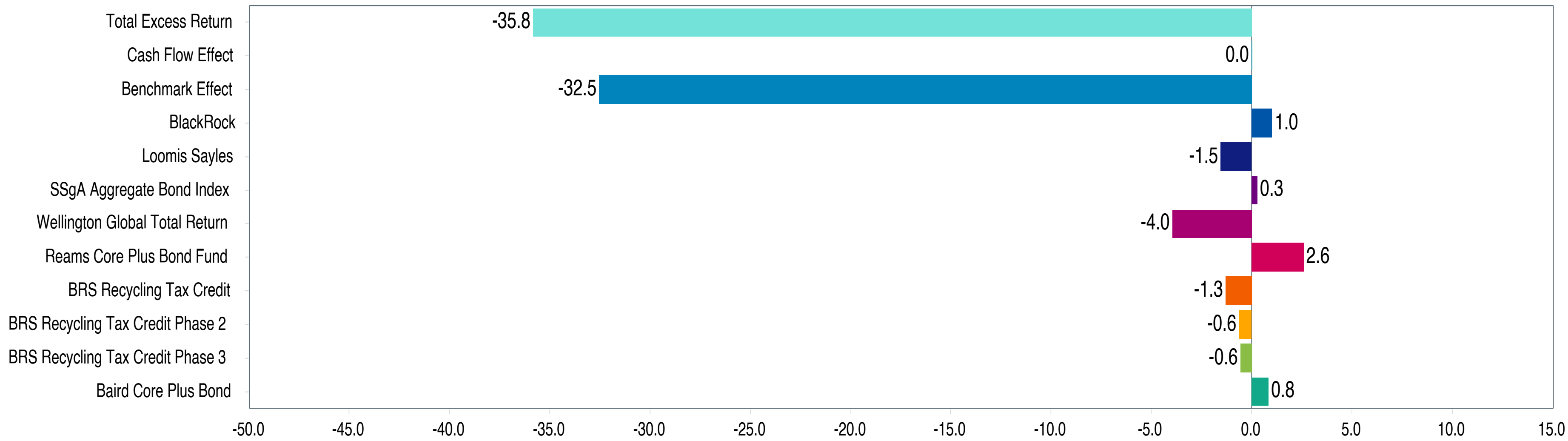
*Preliminary Results

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

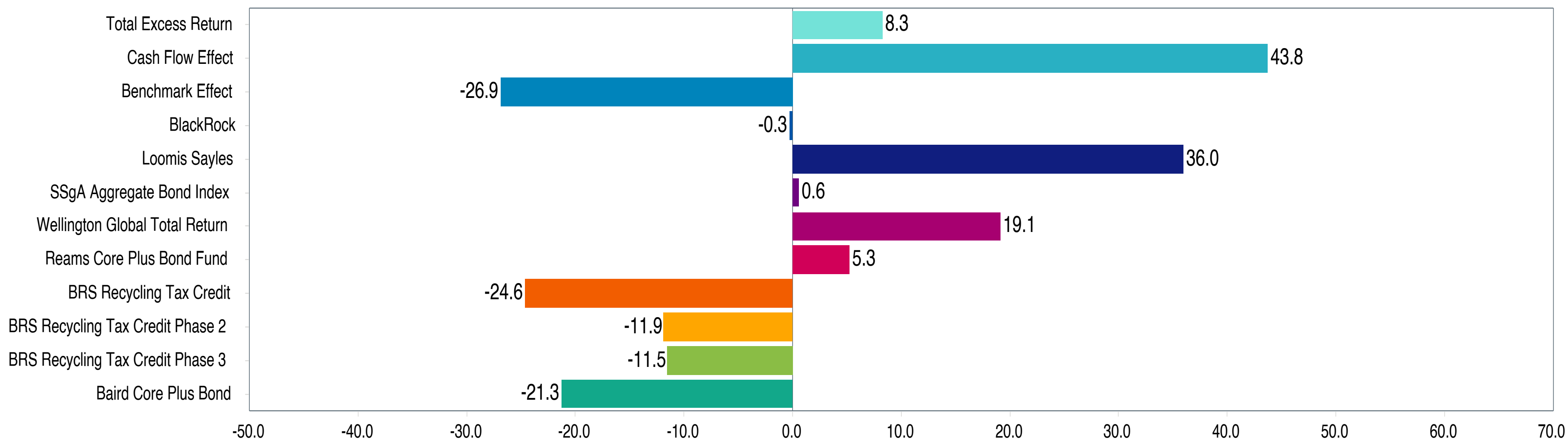
Asset Class Attribution

As of February 28, 2025

1 Month



1 Year



*Preliminary Results

AON

Asset Allocation & Performance

As of February 28, 2025

	Allocation		Performance %								
	Market Value $ ($)	%	1 Month	Year to Date	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Opportunistic/Alternatives	1,178,873,238	100.0	-0.1	1.1	6.0	10.1	9.7	6.5	3.6	4.4	05/01/2011
Custom Alternatives Benchmark			-0.4	0.6	3.2	6.2	5.5	5.0	2.8	2.8	
Anchorage	17,743,837	1.5	-3.2	-3.9	-0.2	0.4	4.9	6.1	4.2	5.4	05/01/2011
Credit Suisse Event Driven			0.0	1.6	8.5	12.0	6.2	7.7	4.0	3.9	
HFRI ED: Distressed/Restructuring Index			0.3	1.4	8.6	12.9	5.5	8.8	5.6	5.1	
York	315,843	0.0	5.5	6.0	44.7	138.9	43.6	9.8	2.7	3.9	05/01/2011
Credit Suisse Event Driven			0.0	1.6	8.5	12.0	6.2	7.7	4.0	3.9	
HFRI ED: Distressed/Restructuring Index			0.3	1.4	8.6	12.9	5.5	8.8	5.6	5.1	
Capula	110,778,402	9.4	0.5	1.6	7.0	9.0	10.0	7.9	7.1	6.8	05/01/2011
HFRI Macro (Total) Index			-1.4	-0.4	-0.3	2.1	3.8	5.6	2.8	2.1	
Graham	113,087,797	9.6	1.0	4.6	5.4	9.2	13.2	13.4	6.5	5.9	05/01/2011
HFRI Macro (Total) Index			-1.4	-0.4	-0.3	2.1	3.8	5.6	2.8	2.1	
Circumference Group Core Value	43,586,515	3.7	-5.1	-2.8	4.4	4.1	5.1	8.9		8.3	08/01/2015
Russell 2000 Index			-5.3	-2.9	6.5	6.7	3.3	9.4		7.5	
Aeolus Keystone Fund	19,436,200	1.6	0.9	1.8	10.7	14.2	10.2	3.2		1.1	12/01/2015
FTSE 3 Month T-Bill			0.3	0.7	3.4	5.3	4.3	2.6		2.0	
Eurekahedge ILS Advisers Index			0.2	-1.8	6.5	8.7	7.3	5.1		2.4	
Parametric Global Defensive Equity Fund	246,675,634	20.9	0.1	1.8	5.7	10.7	7.8	8.6		6.6	06/01/2017
Performance Benchmark			-0.1	1.7	5.9	10.2	7.0	8.0		6.5	
MSCI AC World Index			-0.6	2.8	8.7	15.6	9.7	13.3		10.8	
Man Alternative Risk Premia	127,169,084	10.8	-1.9	-0.7	-3.3	4.0	8.3	6.1		3.7	06/01/2018
SG Multi Alternative Risk Premia Index			0.2	1.7	3.1	7.2	7.5	3.3		2.1	
CFM Systematic Global Macro Fund	124,377,879	10.6	0.4	1.7	18.3	15.8	11.2			9.7	11/01/2021
HFRI Macro: Systematic Diversified Index			-2.6	-2.3	-5.8	-3.6	2.0			1.8	

*Preliminary Results

AON

Asset Allocation & Performance

As of February 28, 2025

	Allocation		Performance %								
	Market Value $ ($)	%	1 Month	Year to Date	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Pillar Opportunity	**116,239,987**	**9.9**	**-0.6**	**-4.5**	**4.4**	**8.3**	**6.7**			**6.4**	**12/01/2021**
FTSE 3 Month T-Bill			*0.3*	*0.7*	*3.4*	*5.3*	*4.3*			*4.0*	
Eurekahedge ILS Advisers Index			*0.2*	*-1.8*	*6.5*	*8.7*	*7.3*			*6.9*	
Chatham PDSC III	**77,808,088**	**6.6**	**1.1**	**2.6**	**3.7**	**9.8**	**16.0**			**14.3**	**11/01/2021**
HFRI Event-Driven (Total) Index			*0.1*	*0.9*	*7.7*	*10.0*	*5.9*			*4.6*	
Silver Point Capital Fund	**59,996,423**	**5.1**	**0.0**	**1.3**	**5.8**	**11.0**	**6.6**			**6.6**	**03/01/2022**
HFRI ED: Distressed/Restructuring Index			*0.3*	*1.4*	*8.6*	*12.9*	*5.5*			*5.5*	
Prophet Mtg. Servicing Opportunities	**50,447,648**	**4.3**	**0.0**	**1.6**	**11.5**	**18.0**				**18.1**	**05/01/2023**
Credit Suisse Hedge Fund Index			*0.2*	*2.4*	*4.4*	*7.8*				*9.2*	
Chatham PDSC IV	**71,209,900**	**6.0**	**1.4**	**6.0**	**8.4**	**10.9**				**21.3**	**05/01/2023**
HFRI Event-Driven (Total) Index			*0.1*	*0.9*	*7.7*	*10.0*				*10.8*	

*Preliminary Results

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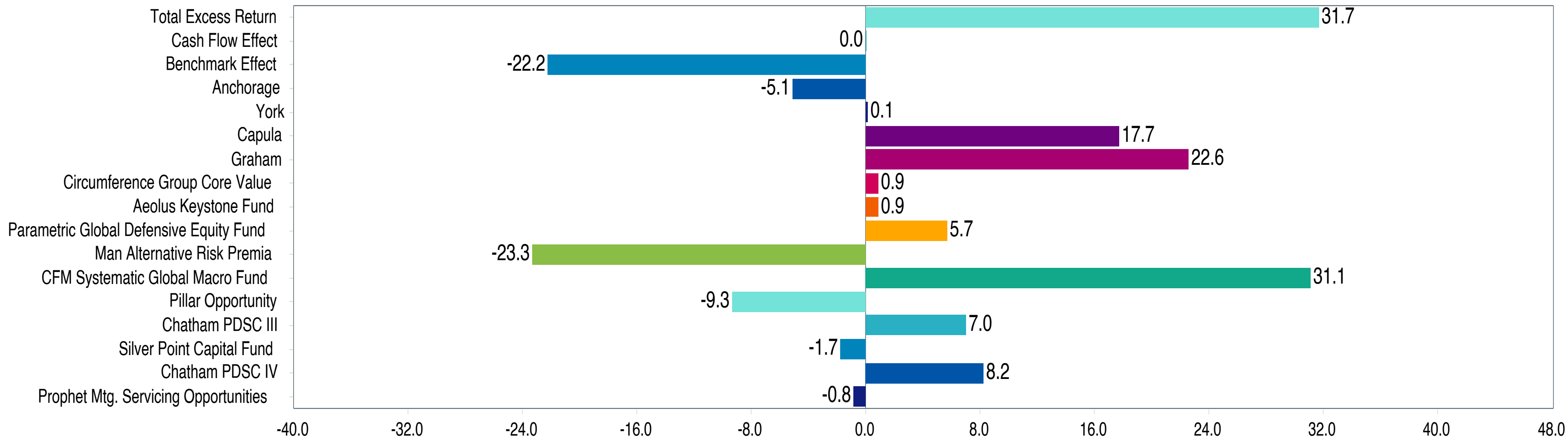
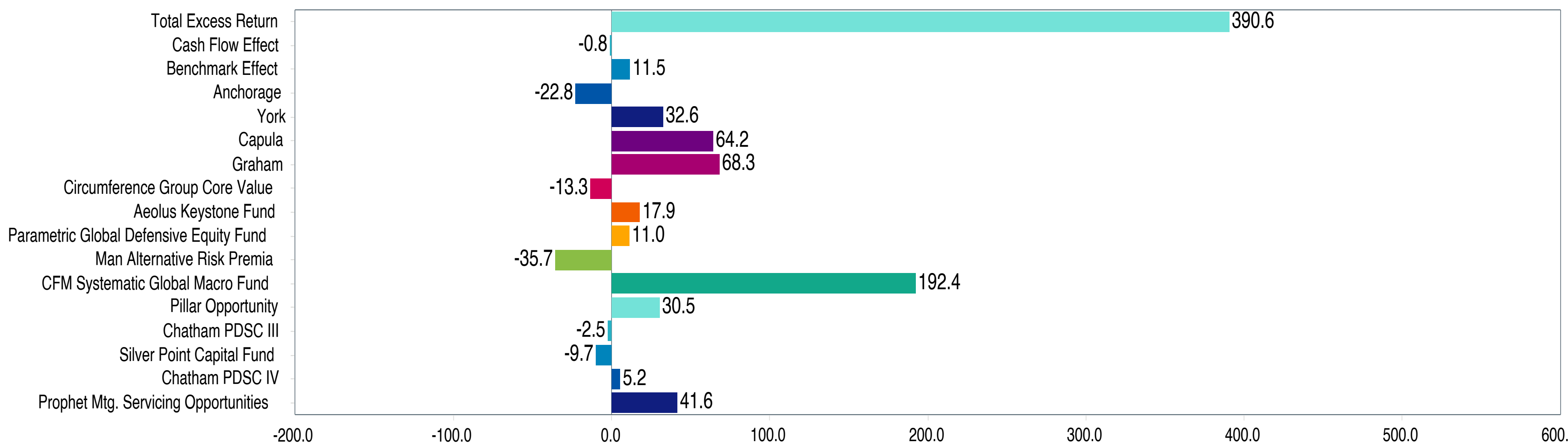
Asset Class Attribution

As of February 28, 2025

1 Month



1 Year



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Total Fund Asset Allocation

Asset Allocation as of 2/28/2025 — **Values in $1,000**

	Total Equity	U.S. Bond	Real Estate	Private Equity	Cash	Total	Percent of Total	Interim Policy	Long-Term Target
Jacobs Levy 130/30	$1,318,452.7	--	--	--	--	$1,318,452.7	5.73%		
Kennedy Capital Management	$435,674.4	--	--	--	--	$435,674.4	1.89%		
Stephens	$427,638.3	--	--	--	--	$427,638.3	1.86%		
Voya Absolute Return	$1,045,444.4	--	--	--	--	$1,045,444.4	4.54%		
Voya U.S. Convertibles	$886,352.9	--	--	--	--	$886,352.9	3.85%		
Pershing Square Holdings	$385,509.0	--	--	--	--	$385,509.0	1.68%		
SSgA Global Index	$909,305.6	--	--	--	--	$909,305.6	3.95%		
BlackRock MSCI ACWI IMI Fund	$881,065.5	--	--	--	--	$881,065.5	3.83%		
Wellington Global Perspectives	$730,390.0	--	--	--	--	$730,390.0	3.17%		
T. Rowe Price Global Equity	$1,296,425.7	--	--	--	--	$1,296,425.7	5.63%		
Lazard	$908,494.7	--	--	--	--	$908,494.7	3.95%		
Harris Global Equity	$764,475.0	--	--	--	--	$764,475.0	3.32%		
Trian Partners	$107,605.1	--	--	--	--	$107,605.1	0.47%		
Trian Partners Co-Investments	$79,997.9	--	--	--	--	$79,997.9	0.35%		
Global Equity Transition Account	$0.0	--	--	--	--	$0.0	0.00%		
Arrowstreet	$1,243,454.3	--	--	--	--	$1,243,454.3	5.40%		
Westrock Equity Fund	$15,950.0	--	--	--	--	$15,950.0	0.07%		
Total Equity						$11,436,235.6	49.71%	54.84%	53.00%
BlackRock	--	$272,616.6	--	--	--	$272,616.6	1.18%		
Loomis Sayles	--	$739,551.5	--	--	--	$739,551.5	3.21%		
SSgA Aggregate Bond Index	--	$1,362,771.0	--	--	--	$1,362,771.0	5.92%		
Wellington Global Total Return	--	$434,780.6	--	--	--	$434,780.6	1.89%		
Reams Core Plus Bond Fund	--	$608,034.9	--	--	--	$608,034.9	2.64%		
Baird Core Plus Bond Fund	--	$834,773.3	--	--	--	$834,773.3	3.63%		
BRS Recycling Tax Credit	--	$186,500.0	--	--	--	$186,500.0	0.81%		
BRS Recycling Tax Credit Phase 2	--	$91,200.0	--	--	--	$91,200.0	0.40%		
BRS Recycling Tax Credit Phase 3	--	$82,119.8	--	--	--	$82,119.8	0.36%		
Total Fixed Income						$4,612,347.6	20.05%	15.00%	15.00%
Anchorage	--	--	--	$17,743.8	--	$17,743.8	0.08%		
Capula	--	--	--	$110,778.4	--	$110,778.4	0.48%		
Graham	--	--	--	$113,087.8	--	$113,087.8	0.49%		
York	--	--	--	$315.8	--	$315.8	0.00%		
Circumference Group Core Value	--	--	--	$43,586.5	--	$43,586.5	0.19%		
Aeolus Keystone Fund	--	--	--	$19,436.2	--	$19,436.2	0.08%		
Nephila Rubik Holdings	--	--	--	$0.0	--	$0.0	0.00%		
Parametric Global Defensive Equity	--	--	--	$246,675.6	--	$246,675.6	1.07%		
Man Alternative Risk Premia	--	--	--	$127,169.1	--	$127,169.1	0.55%		
CFM Systematic Global Macro	--	--	--	$124,377.9	--	$124,377.9	0.54%		
Juniperus	--	--	--	$116,240.0	--	$116,240.0	0.51%		
Chatham PDSC III	--	--	--	$77,808.1	--	$77,808.1	0.34%		
Silver Point Capital	--	--	--	$59,996.4	--	$59,996.4	0.26%		
Chatham PDSC IV	--	--	--	$71,209.9	--	$71,209.9	0.31%		
Prophet	--	--	--	$50,447.6	--	$50,447.6	0.22%		
Total Opportunistic/Alternatives						$1,178,873.2	5.12%	5.23%	5.00%
Real Estate			$1,601,167.7			$1,601,167.7	6.96%		
Timber			$376,307.9			$376,307.9	1.64%		
Agriculture			$247,396.1			$247,396.1	1.08%		
Infrastructure			$561,874.4			$561,874.4	2.44%		
Total Real Assets						$2,786,746.2	12.11%	12.92%	15.00%
Total Private Equity				$2,899,895.8		$2,899,895.8	12.60%	12.00%	12.00%
Total Cash					$93,849.8	$93,849.8	0.41%	0.00%	0.00%
Total Fund	**$11,436,235.6**	**$4,612,347.6**	**$2,786,746.2**	**$4,078,769.1**	**$93,849.8**	**$23,007,948.2**	**100.00%**	**100.00%**	**100.00%**

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

Real Estate Asset Allocation

Asset Allocation as of 2/28/2025 — **Values in $1,000**

	Real Estate	Percent of Real Estate	Percent of Total Fund		Real Estate	Percent of Real Estate	Percent of Total Fund
Almanac Realty Securities Fund V	$44.0	0.00%	0.00%	LaSalle Asia Opportunity Fund VI	$12,669.1	0.79%	0.06%
Almanac Realty Securities Fund VI	$2,947.2	0.18%	0.01%	LaSalle Income & Growth Fund VI	$2,236.9	0.14%	0.01%
Almanac Realty Securities Fund VII	$19,087.0	1.19%	0.08%	LaSalle Income & Growth Fund VII	$5,029.8	0.31%	0.02%
Almanac Realty Securities Fund VIII	$25,363.8	1.58%	0.11%	LaSalle Income & Growth Fund VIII	$34,455.4	2.15%	0.15%
Almanac Realty Securities Fund IX	$11,057.5	0.69%	0.05%	LaSalle US Value Partners IX	$6,775.6	0.42%	0.03%
American Center	$31,204.8	1.95%	0.14%	LBA Logistics Value Fund	$41,715.0	2.61%	0.18%
AR Insurance	$2,380.7	0.15%	0.01%	Lone Star Real Estate Fund IV	$6,933.4	0.43%	0.03%
AR Teachers Retirement Building	$4,827.6	0.30%	0.02%	Lone Star Real Estate Fund VII	-$1,487.3	-0.09%	-0.01%
Blackstone Real Estate Partners VII	$6,957.9	0.43%	0.03%	Long Wharf Real Estate Partners V	$14,297.0	0.89%	0.06%
Blackstone RE Europe VI	$43,892.8	2.74%	0.19%	Long Wharf Real Estate Partners VI	$32,873.6	2.05%	0.14%
Blackstone RE Europe VII	$9,278.6	0.58%	0.04%	Long Wharf Real Estate Partners VII	$23,525.8	1.47%	0.10%
Blackston RE X	$27,279.7	1.70%	0.12%	Mesa West Income Fund V	$17,037.9	1.06%	0.07%
Carlyle Realty Partners VII	$5,793.4	0.36%	0.03%	Metropolitan RE Co-Investments	$6,402.9	0.40%	0.03%
Carlyle Realty VIII	$10,651.7	0.67%	0.05%	Met Life Commercial Mtg Inc Fund	$42,316.3	2.64%	0.18%
Carlyle Realty IX	$16,957.2	1.06%	0.07%	Morgan Stanley Prime Property Fund	$56,959.4	3.56%	0.25%
CBREI SP U.S. Opportunity V	$115.1	0.01%	0.00%	New Boston Fund VII	$16,847.7	1.05%	0.07%
CBREI SP VIII	$10,967.1	0.68%	0.05%	O'Connor NAPP II	$2,930.5	0.18%	0.01%
CBREI SP IX	$41,971.2	2.62%	0.18%	PRISA	$259,802.6	16.23%	1.13%
Cerberus Institutional RE Partners III	$7,070.5	0.44%	0.03%	Recoveries Land	$65.0	0.00%	0.00%
Calmwater	$9,661.7	0.60%	0.04%	Rockwood Capital RE Partners IX	$1,329.0	0.08%	0.01%
Fletcher Properties	$1,081.5	0.07%	0.00%	Rockwood Capital RE XI	$28,463.4	1.78%	0.12%
FPA Core Plus IV	$34,630.2	2.16%	0.15%	Rose Law Firm	$4,564.5	0.29%	0.02%
GCP GLP IV	$35,059.5	2.19%	0.15%	RREEF Core Plus Industrial Fund	$64,145.2	4.01%	0.28%
Harbert European Real Estate	$1,177.5	0.07%	0.01%	Torchlight Debt Opportunity Fund IV	$355.3	0.02%	0.00%
Heitman European Property IV	$287.5	0.02%	0.00%	Torchlight Debt Opportunity Fund V	$2,550.8	0.16%	0.01%
JP Morgan Strategic Property Fund	$147,316.1	9.20%	0.64%	Torchlight Debt Opportunity Fund VI	$19,423.3	1.21%	0.08%
Kayne Anderson V	$16,416.3	1.03%	0.07%	Torchlight Debt Opportunity Fund VII	$50,345.7	3.14%	0.22%
Kayne Anderson VI	$49,255.9	3.08%	0.21%	UBS Trumbull Property Fund	$112,577.3	7.03%	0.49%
Kayne Anderson VII	$8,499.6	0.53%	0.04%	UBS Trumbull Property Income Fund	$52,009.8	3.25%	0.23%
Landmark Fund VI	$115.9	0.01%	0.00%	Victory	$33,258.5	2.08%	0.14%
Landmark Real Estate IX	$8,235.7	0.51%	0.04%	Walton Street Real Estate Debt II	$21,407.7	1.34%	0.09%
Landmark Real Estate VIII	$13,570.8	0.85%	0.06%	West Mphs. DHS	$0.0	0.00%	0.00%
LaSalle Asia Opportunity Fund IV	$1,824.7	0.11%	0.01%	Westbrook IX	$3,956.6	0.25%	0.02%
LaSalle Asia Opportunity Fund V	$14,589.4	0.91%	0.06%	Westbrook Real Estate Fund X	$5,824.0	0.36%	0.03%
				Total Real Estate	**$1,601,167.7**	**100.00%**	**6.96%**

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

Private Equity Asset Allocation

Asset Allocation as of 2/28/2025							Values in $1,000
	Private Equity	Percent of Private Equity	Percent of Total Fund		Private Equity	Percent of Private Equity	Percent of Total Fund
Alpine IX	$7,869.2	0.27%	0.03%	Insight Equity II	$5,675.8	0.20%	0.02%
Alpine VIII	$28,773.7	0.99%	0.13%	Insight Mezzanine I	$2,076.8	0.07%	0.01%
Arlington Capital IV	$36,305.6	1.25%	0.16%	JF Lehman III	$26,264.7	0.91%	0.11%
Arlington Capital V	$39,632.4	1.37%	0.17%	JF Lehman IV	$5,237.4	0.18%	0.02%
Arlington Capital VI	$21,179.8	0.73%	0.09%	JF Lehman V	$44,292.3	1.53%	0.19%
Advent GPE VI	$3,214.0	0.11%	0.01%	JF Lehman VI	$10,550.5	0.36%	0.05%
Altus Capital II	$5,365.1	0.19%	0.02%	KPS III	$0.0	0.00%	0.00%
American Industrial Partners VI	$29,171.9	1.01%	0.13%	KPS IV	$11,150.4	0.38%	0.05%
American Industrial Partners VII	$47,376.7	1.63%	0.21%	KPS V	$22,812.0	0.79%	0.10%
Altaris Constellation Partners	$23,822.2	0.82%	0.10%	KPS Mid-Cap	$19,974.4	0.69%	0.09%
Altaris Health Partners IV	$24,556.9	0.85%	0.11%	Levine Leichtman V	$853.2	0.03%	0.00%
Atlas Capital II	$3,687.9	0.13%	0.02%	Lime Rock III	$17,194.9	0.59%	0.07%
Audax Mezzanine III	$1,213.5	0.04%	0.01%	LLR III	$242.8	0.01%	0.00%
Big River - Equity	$1,788.0	0.06%	0.01%	LLR VI	$29,109.5	1.00%	0.13%
Big River - Holdings Note 2023	$0.0	0.00%	0.00%	LLR VII	-$766.6	-0.03%	0.00%
Big River - Holdings Note 3/16/23	$0.0	0.00%	0.00%	Mason Wells III	$0.0	0.00%	0.00%
Bison V	$18,042.0	0.62%	0.08%	NGP IX	-$1.5	0.00%	0.00%
Bison VI	$17,249.0	0.59%	0.07%	NGP X	$3,043.5	0.10%	0.01%
Boston Ventures VII	$843.4	0.03%	0.00%	NGP XI	$9,396.8	0.32%	0.04%
Boston Ventures IX	$27,104.3	0.93%	0.12%	NGP XII	$15,849.2	0.55%	0.07%
Boston Ventures X	$34,672.7	1.20%	0.15%	One Rock Capital Partners II	$27,757.5	0.96%	0.12%
Boston Ventures XI	$15,639.4	0.54%	0.07%	PineBridge	$9,633.9	0.33%	0.04%
BV VIII	$8,640.6	0.30%	0.04%	Revelstoke	$28,215.2	0.97%	0.12%
Castlelake II	$5,742.3	0.20%	0.02%	Post Road	$21,526.5	0.74%	0.09%
Castlelake III	$8,314.0	0.29%	0.04%	Riverside Value Fund I	$26,799.1	0.92%	0.12%
Clearlake V	$32,610.0	1.12%	0.14%	Riverside V	$24,512.6	0.85%	0.11%
Clearlake VI	$45,567.6	1.57%	0.20%	Riverside VI	$35,079.3	1.21%	0.15%
Clearlake VII	$22,435.2	0.77%	0.10%	Siris III	$10,678.1	0.37%	0.05%
Clearlake VIII	$1,669.7	0.06%	0.01%	Siris IV	$33,428.8	1.15%	0.15%
Court Square III	$21,918.9	0.76%	0.10%	SK Capital V	$31,754.6	1.10%	0.14%
CSFB-ATRS 2005-1 Series	$12,946.0	0.45%	0.06%	Sk Capital VI	$21,906.7	0.76%	0.10%
CSFB-ATRS 2006-1 Series	$13,198.5	0.46%	0.06%	Sycamore Partners II	$15,965.0	0.55%	0.07%
Diamond State Ventures II	$74.3	0.00%	0.00%	Sycamore Partners III	$26,980.0	0.93%	0.12%
DW Healthcare III	$1,410.7	0.05%	0.01%	TA XI	$4,725.9	0.16%	0.02%
DW Healthcare IV	$19,052.7	0.66%	0.08%	Tennenbaum VI	$0.0	0.00%	0.00%
DW Healthcare V	$36,579.5	1.26%	0.16%	Thoma Bravo Discover	$5,396.9	0.19%	0.02%
EnCap IX	$5,410.9	0.19%	0.02%	Thoma Bravo Discover II	$19,084.8	0.66%	0.08%
EnCap VIII	$16,642.5	0.57%	0.07%	Thoma Bravo Discover III	$25,873.6	0.89%	0.11%
EnCap X	$14,226.8	0.49%	0.06%	Thomas Bravo Discover IV	$12,471.0	0.43%	0.05%
EnCap XI	$27,185.7	0.94%	0.12%	Thoma Bravo Explore I	$27,935.1	0.96%	0.12%
Enlightenment Capital Solutions V	$5,110.7	0.18%	0.02%	Thoma Bravo XI	$16,380.4	0.56%	0.07%
Franklin Park Series	$1,167,101.3	40.25%	5.07%	Thoma Bravo XII	$34,749.6	1.20%	0.15%
Greenbriar V	$33,657.0	1.16%	0.15%	Thoma Bravo XIII	$36,249.2	1.25%	0.16%
Greenbriar VI	$11,505.0	0.40%	0.05%	Thoma Bravo XIV	$21,578.2	0.74%	0.09%
Green & Clean Power	-$1,050.0	-0.04%	0.00%	Thoma Bravo XV	$15,196.2	0.52%	0.07%
GCG IV	$14,186.1	0.49%	0.06%	Vista Equity III	$2,471.2	0.09%	0.01%
GCG V	$30,037.3	1.04%	0.13%	Vista Foundation II	$6,336.7	0.22%	0.03%
GCG VI	$14,421.9	0.50%	0.06%	Vista Foundation III	$27,600.6	0.95%	0.12%
GTLA Holdings	$70,000.0	2.41%	0.30%	Wellspring V	$10,834.0	0.37%	0.05%
Highland	$36,186.0	1.25%	0.16%	Wicks IV	$7,521.0	0.26%	0.03%
Hybar LLC	$200.5	0.01%	0.00%	WNG II	$25,809.0	0.89%	0.11%
				Total Private Equity	$2,899,895.8	100.00%	12.60%

*Note: The market values for the Real Assets and Private Equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows.
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AON

Arkansas Teacher Retirement System

Description of Benchmarks

Total Fund - The Performance Benchmark for the Total Fund reflects a weighted average of the underlying asset class benchmarks, weighted as follows: Opportunistic/Alternatives and Real Assets at the weight of the previous month's ending market values, Fixed Income and Private Equity at their long-term Policy Targets of 15% and 20%, respectively, and Total Equity at its long-term Policy Target of 50% plus the balance of the unfunded or uncommitted assets of the Opportunistic/Alternatives and Real Assets categories. These targets can be found on page 15 of the this report. From October 2007 to July 2013, the Performance Benchmark was the performance of the asset class benchmarks as a weighted average of the previous month's ending market values. The historical components of the benchmark are shown in the table below. Returns prior to September 30, 1996, consist of the actual allocations to the seven different asset classes included in the Arkansas Teacher Retirement System over time. The historical benchmarks used for each asset class are noted below.

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

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

Arkansas Teacher Retirement System

Total Equity -A weighted average of the Dow Jones U.S. Total Stock Market Index and the MSCI All Country World IMI Index based on weights of the underlying investment manager allocations. As of February 1, 2025, the Total Equity Performance Benchmark was comprised of 32.0% DJ U.S. Total Stock Market Index and 68.0% MSCI ACWI IMI.

Fixed Income - The Barclays Capital Universal Bond Index as of March 1, 2004.

Opportunistic/Alternatives - A custom benchmark consisting of 25% DJ/CS Event-Driven Index, 25% HFR Macro Index, and 50% South Timberland NCREIF Index until June 30,2013; 60% HFRI Macro Index and 40% DJ/CS Event-Driven Index until July 31, 2015; 56% HFRI Macro Index, 38% DJ/CS Event-Driven Index, and 6% Russell 2000 Index until March 31, 2016; 45% HFRI Macro Index, 30% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 20% FTSE 3 Month T-bill until May 31, 2016; 37% HFRI Macro Index, 25% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 33% FTSE 3 Month T-bill until May 31, 2017; 28% HFRI Macro Index, 20% DJ/CS Event-Driven Index, 4% Russell 2000 Index, 25% FTSE 3 Month T-bill, and 23% Parametric Performance Benchmark Until May 31, 2018. 22% HFRI Macro Index, 18% DJ/CS Event-Driven Index, 3% Russell 2000 Index, 27% FTSE 3 Month T-bill, 18.50% Parametric Performance Benchmark, and 11.5% SG Multi-Alternative Risk Premia Until June 30, 2018. 20% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 25% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia Until August 31, 2018. 17% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 28% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia Until November 30, 2018. 15% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 30% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia thereafter.

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

Real Estate-The NCREIF Index.

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

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

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

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

Cash Equivalents - The Citigroup 90 day T-bill.

Arkansas Teacher Retirement System

Description of Benchmarks

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

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

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

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

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 22 developed and 23 emerging countries, but excluding the U.S. Covers approximately 85% of global equity opportunity set outside of the U.S.

MSCI All Country World Index - A capitalization-weighted index of stocks representing 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

MSCI All Country World IMI Index - A capitalization-weighted index representing large and small cap stock from 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

FTSE Europe - A tradable index, designed to represent the performance of the 100 most highly capitalized blue chip companies in Europe.

MSCI Europe, Australasia, Far East (EAFE) Non-U.S. Stock Index - A capitalization-weighted index of stocks representing 21 developed and emerging country markets in Europe, Australia, Asia and the Far East.

NCREIF Index - The National Council of Real Estate Investment Fiduciaries (NCREIF) Net Property Index is an unlevered, market-value weighted Index consisting of $128 billion in domestic institutional real estate assets. The Index is representative of the national real estate market, across all property types and regions.

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

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

BlackRock Performance Benchmark - The Barclays Capital Universal Bond Index as of March 1, 2004.

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

LIBOR Index - London Interbank Offered Rate. A filtered average of the world's most creditworthy banks' interbank deposit rates with maturities between overnight and one full year.

Russell 3000 Index - An index that measures the performance of the 3000 stocks that make up the Russell 1000 and Russell 2000 Indices.

Russell 1000 Index - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

Russell 1000 Value Index - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 2000 Index - An index that measures the performance of the smallest 2000 companies contained in the Russell 3000 Index.

Russell 2000 Growth Index - An index that measures the performance of those Russell 2000 companies with greater price-to-book ratios and greater I/B/E/S growth forecasts.

Russell 2000 Value Index - An index that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell Mid Cap Value Index - And index that measure the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

S&P 500 Stock Index - A capitalization-weighted stock index consisting of the 500 largest publicly traded U.S. stocks.

HFR Macro Index - Macro: Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Primary investment thesis is predicated on predicted or future movements in the underlying instruments.

HFR Distressed/Restructuring Index - Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. Distressed Strategies employ primarily debt (greater than 60%) but also may maintain related equity exposure.

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

SG Multi Alternative Risk Premia Index - An equally weighted index composed of risk premia managers who employ investment programs diversified across multiple asset classes while utilizing multiple risk premia factors.

Arkansas Teacher Retirement System

Historical U.S. Equity and Global Equity composite returns

As of June 30, 2015	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
U.S. Equity	6.7	18.1	16.4	9.4	10.5	04/01/1986
Dow Jones U.S. Total Stock Market Index	7.2	17.6	17.5	8.3	-	
Global Equity	1.8	14.6	12.1	-	2.5	11/01/2007
MSCI AC World Index (Net)	0.7	13.0	11.9	6.4	2.1	

In June 2015, the ATRS Board approved the combination of the U.S. and Global equity asset classes to a single Total Equity asset class. Total Equity performance reporting began in July 2015. In the table above, we show the historical returns for the U.S. Equity and Global Equity asset classes since inception through June 2015. Performance for the Total Equity asset class prior to July 2015 represents a weighted average of the U.S. Equity and Global Equity historical performance.

Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.

- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.

- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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

Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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Refer to Hedge Fund Research, Inc. www.hedgefundresearch.com for information on HFR indices.

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Aon Investments USA Inc.
200 East Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

AON

Memorandum

To: Arkansas Teacher Retirement System ("ATRS")

From: Chae Hong, Jack Dowd, CFA

CC: PJ Kelly; Matthew Hooker

Date: April 07, 2025

Re: Ares Industrial Real Estate Fund – $100 million Commitment Recommendation

---

Background and Recommendation

Ares Industrial Real Estate Fund ("AIREF" or the "Fund") is an open-end, U.S. industrial real estate fund seeking to outperform the NCREIF industrial sub-index by 50 to 100 bps over a full cycle. The Fund invests in class A and B industrial distribution centers in coastal and inland markets throughout the US. Characteristics of target markets are: Key distribution hubs, supply constrained markets, strong institutional investor demand, rental growth rates consistently higher than the national average, and close in proximity to a large population base. As of September 2024, AIREF has over 200 holdings with its largest markets being Los Angeles, Philadelphia, and Northern New Jersey. The Fund is limited to 50% of its GAV in non-core investments, with up to half of this in development. AIREF is an open-end US industrial real estate fund aiming to outperform the NPI Industrial index by 50-100 bps over market cycles and has outperformed the NFI-ODCE benchmark over each of its time periods on a net basis. The Fund invests throughout the US, with a focus on primary and selective secondary distribution markets.

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. An Ares Industrial Real Estate Fund Investment Summary is attached as **Exhibit A**. We recommend that ATRS invest $100 million in the Fund to fulfill ATRS' 2025 real estate allocation, in accordance with the previously approved 2025 ATRS Real Assets Pacing Schedule. Additionally, the Fund may provide investors with various investment vehicles. Aon recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicle for the Plan.

Exhibit A

INVESTMENT SUMMARY

ARES INDUSTRIAL REAL ESTATE FUND

U.S. INDUSTRIAL OPEN-END FUND

April 2025

AON

EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Predecessor Fund Rating
February 2025	Buy	Buy

Ares Industrial Real Estate Fund (“AIREF” or the “Fund”) is an open-end, U.S. industrial real estate fund seeking to outperform the NCREIF industrial sub-index by 50 to 100 bps over a full cycle. The Fund invests in class A and B industrial distribution centers in coastal and inland markets throughout the US. Characteristics of target markets are: Key distribution hubs, supply constrained markets, strong institutional investor demand, rental growth rates consistently higher than the national average, and close in proximity to a large population base. As of September 2024, AIREF has over 200 holdings with its largest markets being Los Angeles, Philadelphia, and Northern New Jersey. The Fund is limited to 50% of its GAV in non-core investments, with up to half of this in development. AIREF has consistently outperformed ODCE on a net basis over the periods measured below.

Aon Investments, USA has reviewed and performed an in-depth analysis of the above categories which includes, but is not limited to:

- Retention of Limited Partners
- Institutional Investor Representation
- Management Company Ownership
- Organization Expenses
- Management Fee
- Incentive Fees/ Waterfall Distribution
- Fund Size
- Sponsor Commitment
- Investment Period
- Fund Term
- Key Person Provision
- Turnover/Tenure
- GP Attribution Concentration

- Consistency/ Volatility of Returns
- Write-offs
- Transaction Experience in Strategy
- Ability to Create Value in Deals
- Valuation Discipline
- Reporting Transparency
- Back-Office Resources
- Fault Provisions
- Advisory Board
- Priority of Distributions
- Alignment of Partner Interest
- Firm Leadership

In addition, Aon Investments, USA’s Operational Due Diligence team has reviewed the Firm from an operating perspective and has given Ares a pass rating.

RECOMMENDATION

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. We recommend that ATRS invest $100 million in the Fund to fulfill ATRS’ 2025 real estate allocation, in accordance with the previously approved 2025 ATRS Real Asset Pacing Schedule.

Sponsor:

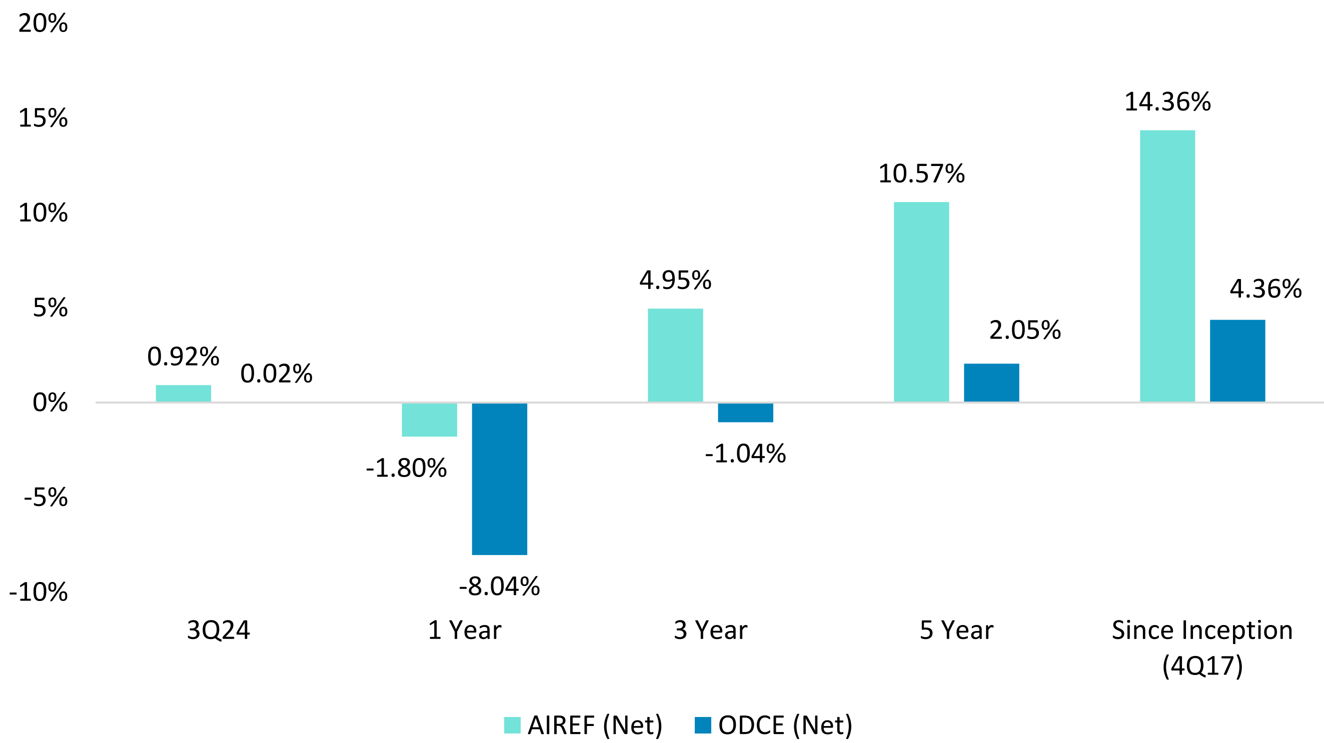
Sponsor	Ares	**Parent**	Ares Management
Headquarters	Los Angeles, CA	**Strategy Inception**	2017
Employees	300+	**Fund Team**	5
Firm AUM	$464 billion (9/30/24)	**Real Estate AUM**	$53.7 billion (9/30/24)

Portfolio Characteristics:

Fund Structure	Open-End Fund	**Risk Segment**	Core-Plus
Size NAV	$3.1 billion	**Average Asset Size**	$35 million
Valuations	Quarterly	**Minimum Commitment**	$5 million
Current/Max Leverage	39%/50% LTV	**Current/Max Non-Core %**	15.3%/50.0% of GAV
Investment Guidelines	In line with peers	**Number of Holdings**	202
Performance Objectives	Outperform NPI Industrial by 50-100bps over full market cycle		
Benchmark	NPI Industrial		

Strategy: AIREF is an open-end US industrial real estate fund aiming to outperform the NPI Industrial index by 50-100 bps over market cycles. It invests throughout the US, with a focus on major national distribution markets, but also considers secondary distribution markets. The Fund is permitted to invest in non-core properties, up to 50% of the Fund's GAV.

Fund Performance (as of 9/30/2024)



SPONSOR

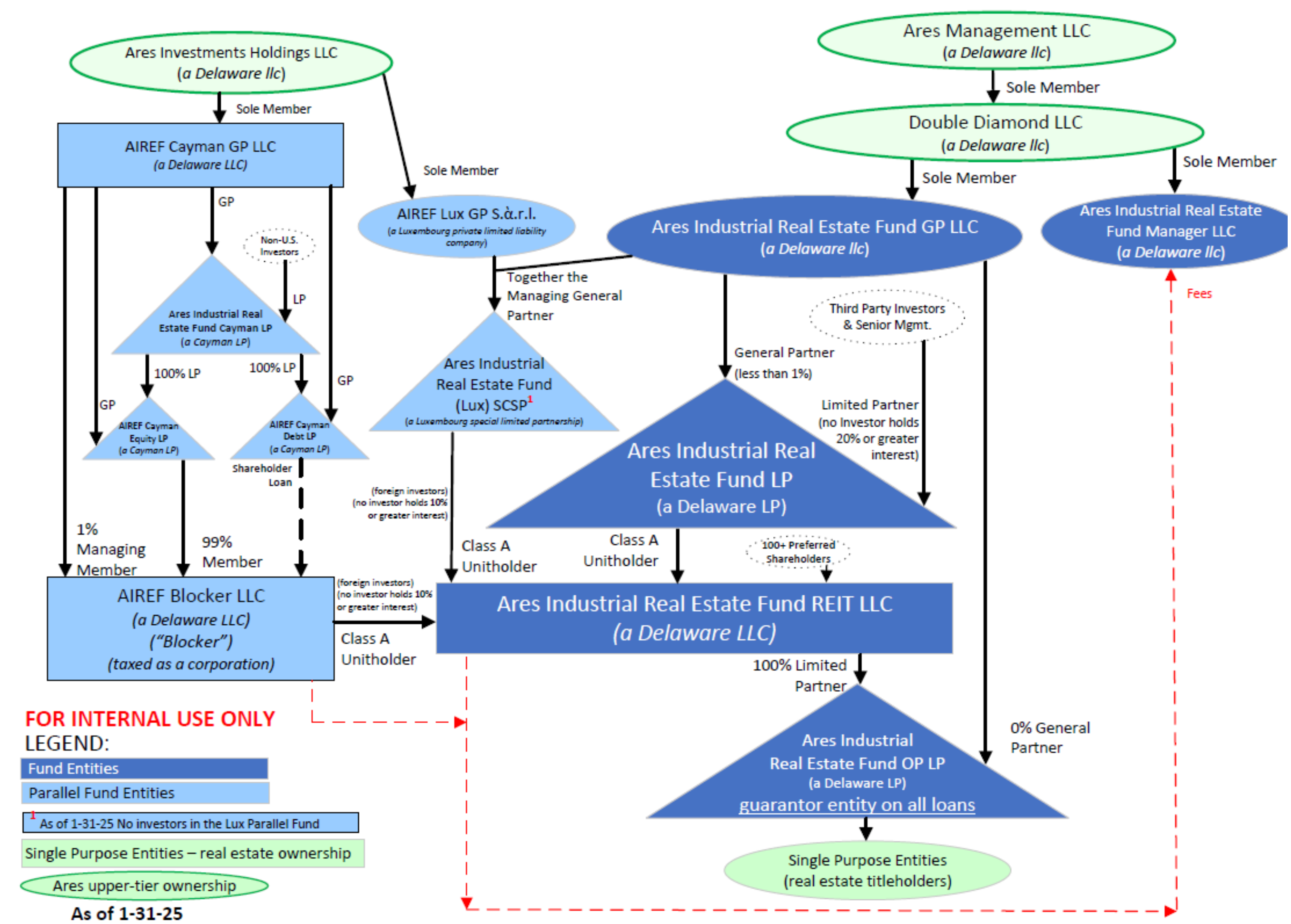
OVERVIEW

Ares Management Corporation is a leading publicly-traded global alternative investment manager with approximately $334 billion of assets under management ("AUM") and approximately 2,310 employees, which includes approximately 120 investment professionals from the acquisition of the Black Creek Group ("Black Creek"), which closed on July 1, 2021, and employees in over 30 offices in the United States, Europe, Asia and Australia. Ares has four complementary investment groups – Credit, Private Equity, Real Estate and Strategic Initiatives – each a market leader based on assets under management and investment performance. Within this framework, Ares has established deep and sophisticated independent research capabilities in approximately 60 industries and insights from active investments in over 3,250 companies, 1,000 alternative credit investments and 206 real estate properties. Further, the Firm's extensive network of investment professionals provides the local knowledge, experience and relationships that enable the Firm to take advantage of a wide range of investment opportunities.

EXHIBIT F: LEGAL STRUCTURE

EXHIBIT F: LEGAL STRUCTURE

Ares Industrial Real Estate Fund – Organizational Chart



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As of December 31, 2023, Aon's quantitative model is run on approximately 13,098 strategies from an external database. Aon assigned a quantitative rating of "Qualified" to 34% of these strategies and "Not Recommended" to 29% of these strategies. The remainder were not rated. A "Buy" rating cannot be assigned via quantitative analysis. Across asset classes (excludes private real estate and real assets), Aon had approximately 24,500 strategies in its internal database. Aon assigned a qualitative rating of "Buy" to approximately 5% of strategies in the database; "Qualified" to approximately 1% of strategies in the database; "Sell" to <1% of strategies in the database; and "In Review" to <1% of strategies in the database. The remaining strategies in the database are not rated. Some strategies may be included in both the internal and external database. Where a qualitative rating exists, it prevails over the quantitative rating. These statistics exclude real estate / Townsend databases and ratings.

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

R E S O L U T I O N
No. 2025-14

Approving Investment in Ares Industrial Real Estate Fund, L.P.

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

WHEREAS, the Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Ares Industrial Real Estate Fund, L.P.,** an open end core plus real estate fund investing in class A and B industrial distribution centers in coastal and inland markets throughout the US.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$100 million dollars ($100,000,000.00)** in **Ares Industrial Real Estate Fund, L.P.** The total investment amount is to be determined by the real assets consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board: and

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

Adopted this 7th day of April, 2025.

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

AON

Memorandum

To: Arkansas Teacher Retirement System (“ATRS”)

From: Chae Hong, Jack Dowd, CFA

CC: PJ Kelly; Matthew Hooker

Date: April 07, 2025

Re: Carlyle Property Investors, L.P. – $100 million Commitment Recommendation

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Background and Recommendation

Carlyle Property Investors Fund (“CPI” or the “Fund”) is an open-end, U.S. core plus real estate fund targeting a long-term total net return of 9% - 11% per year. The Fund has a focus on investing in demographic-based demand sectors and in assets that have the potential to become core properties through minor repositioning. CPI seeks to identify underpriced fundamentals and invest in assets that offer the potential to capitalize on this mispricing. Active asset management, targeted at improving occupancy, optimizing the tenant mix, and executing value-added capital improvements are also used to enhance value. Since inception in 4Q 2015, the Fund has outperformed NFI-ODCE net return by +486bps. CPI presents a different opportunity from the peer set as the Fund is tailored towards demographic-driven demand sectors (manufactured housing, senior housing, data centers, single family rentals, industrial (IOS), and self-storage). CPI invests in assets that have the potential to become core properties through minor repositioning (i.e., moderate capital expenditures, leasing upside, and/or operating improvements). CPI does not intend to engage in development activities but retains the option to allocate up to 10% of the Fund to development deals.

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. A Carlyle Property Investors Investment Summary is attached as **Exhibit A**. We recommend that ATRS invest $100 million in the Fund to fulfill ATRS’ 2025 real estate allocation, in accordance with the previously approved 2025 ATRS Real Assets Pacing Schedule. Additionally, the Fund may provide investors with various investment vehicles. Aon recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicle for the Plan.

Exhibit A

AON

INVESTMENT SUMMARY

CARLYLE PROPERTY INVESTORS, L.P.

U.S. CORE PLUS OPEN-END FUND

April 2025

EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Predecessor Fund Rating
March 2024	**Buy**	Buy

Carlyle Property Investors Fund ("CPI" or the "Fund") is an open-end, U.S. core plus real estate fund targeting a long-term total net return of 9% - 11% per year. The Fund has a focus on investing in demographic-based demand sectors and in assets that have the potential to become core properties through minor repositioning. CPI seeks to identify underpriced fundamentals and invest in assets that offer the potential to capitalize on this mispricing. Active asset management, targeted at improving occupancy, optimizing the tenant mix, and executing value-added capital improvements are also used to enhance value. Since inception in 4Q 2015, the Fund has outperformed NFI-ODCE net return by +486bps

Aon Investments, USA has reviewed and performed an in-depth analysis of the above categories which includes, but is not limited to:

- Retention of Limited Partners
- Institutional Investor Representation
- Management Company Ownership
- Organization Expenses
- Management Fee
- Incentive Fees/ Waterfall Distribution
- Fund Size
- Sponsor Commitment
- Investment Period
- Fund Term
- Key Person Provision
- Turnover/Tenure
- GP Attribution Concentration

- Consistency/ Volatility of Returns
- Write-offs
- Transaction Experience in Strategy
- Ability to Create Value in Deals
- Valuation Discipline
- Reporting Transparency
- Back-Office Resources
- Fault Provisions
- Advisory Board
- Priority of Distributions
- Alignment of Partner Interest
- Firm Leadership

In addition, Aon Investments, USA's Operational Due Diligence team has reviewed the Firm from an operating perspective and has given Carlyle a pass rating.

RECOMMENDATION

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. We recommend that ATRS invest $100 million in the Fund to fulfill ATRS' 2025 real estate allocation, in accordance with the previously approved 2025 ATRS Real Asset Pacing Schedule.

Sponsor:

Sponsor	Carlyle U.S. Real Estate	**Parent**	The Carlyle Group
Headquarters	Washington D.C.	**Strategy Inception**	June 2016
Employees	2,200 (All Carlyle)	**Real Estate Team**	139
Firm AUM	$426.0 billion	**Real Estate AUM**	$29 billion

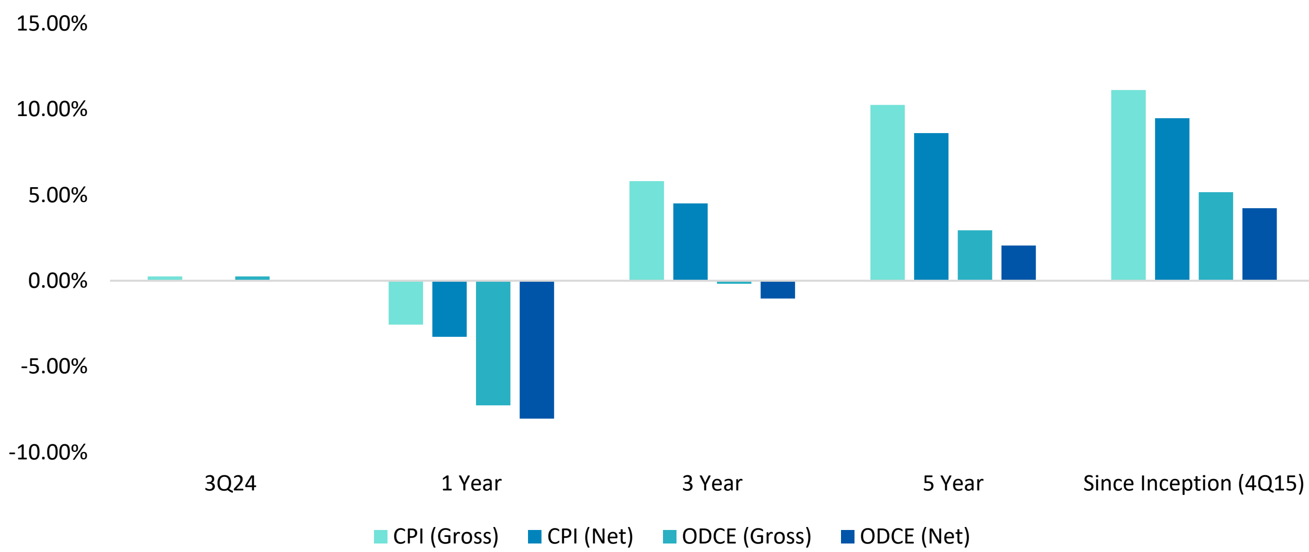
Portfolio Characteristics:

Fund Structure	Open-End Fund	**Risk Segment**	US Focused Core Plus
Size NAV	$6.9 billion	**Average Asset Size**	$31 Million
Valuations	Quarterly	**Minimum Commitment**	$10 million
Current/Max Leverage	48.0%/55.0%	**Current/Max Non-Core %**	3.5%/10.0%
Investment Guidelines	U.S. Core-Plus	**Number of Holdings**	231
Performance Objectives	To achieve a long-term total return of 9-11% per annum net of fees		
Benchmark	NFI-ODCE - Open End Diversified Core Equity Fund Index		

Strategy: CPI presents a different opportunity from the peer set as the Fund is tailored towards demographic-driven demand sectors (manufactured housing, senior housing, data centers, single family rentals, industrial (IOS), and self-storage). CPI invests in assets that have the potential to become core properties through minor repositioning (i.e., moderate capital expenditures, leasing upside, and/or operating improvements). CPI does not intend to engage in development activities but retains the option to allocate up to 10% of the Fund to development deals.

Fund Performance (as of 9/30/2024)

CPI vs. NFI-ODCE Historical Returns	Gross Returns CPI	 ODCE	Net Returns CPI	 ODCE
3Q24	0.25%	0.25%	0.04%	0.02%
1 Year	-2.56%	-7.27%	-3.27%	-8.04%
3 Year	5.81%	-0.18%	4.51%	-1.04%
5 Year	10.25%	2.94%	8.61%	2.05%
Since Inception (4Q15)	11.12%	5.16%	9.48%	4.23%



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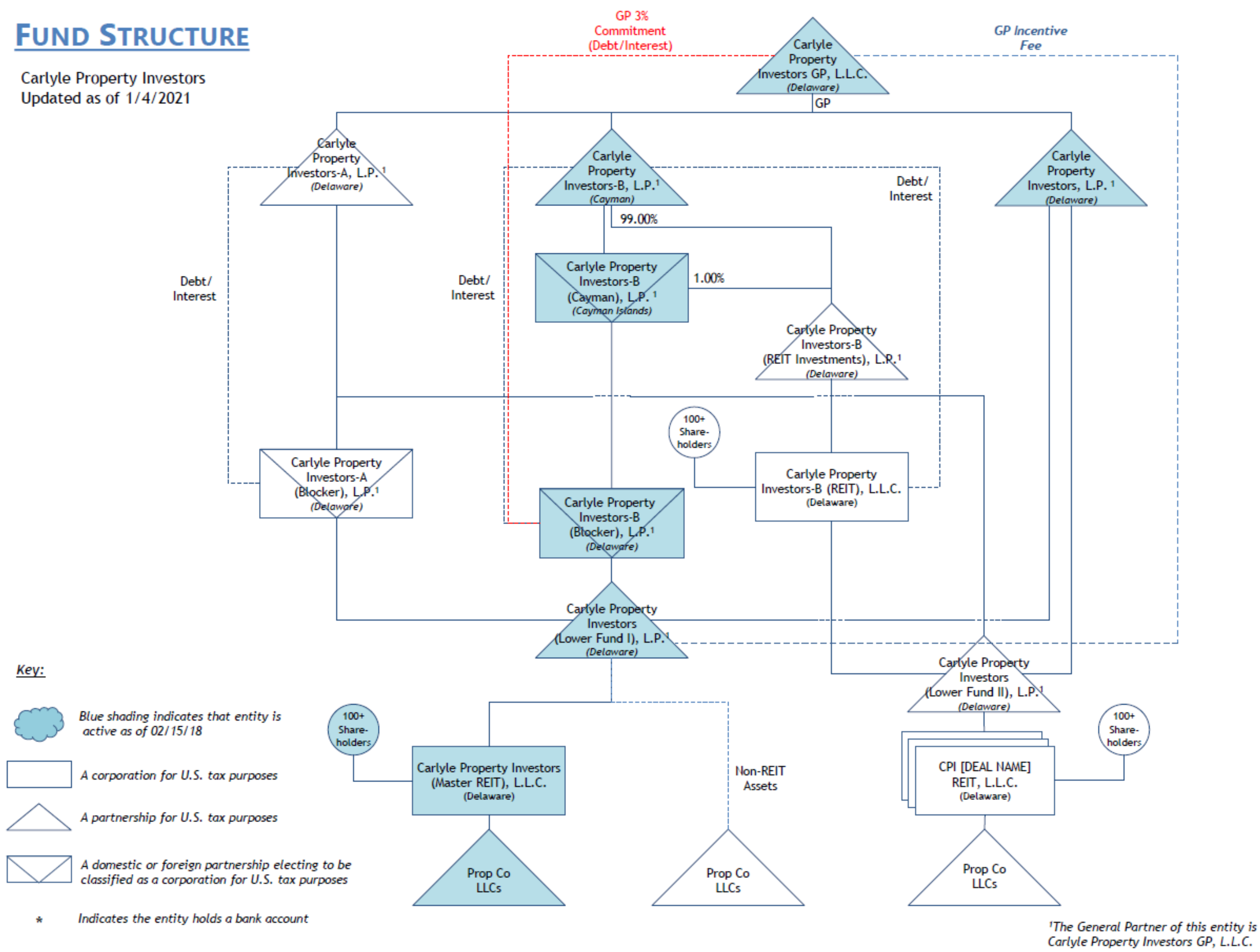
SPONSOR
OVERVIEW

Owner Name	% Ownership
The Carlyle Group LP	14.9%
Daniel D' Aniello	9.2%
William Conway	8.9%
David Rubinstein	8.1%
Harvey Schwartz	1.9%
Other Shareholders	57.0%
Total	**100.0%**

The Carlyle Group is a global alternative investment manager founded in 1987 by William Conway Jr., Daniel D'Aniello and David Rubinstein. As of December 31, 2023, the firm manages $426 billion in AUM.

- Headquartered in Washington, DC, Carlyle has over 2,200 professionals, including 745 investment professionals, in 29 offices globally (8 in the US). In February 2023, Harvey Schwartz was appointed as the new CEO of the firm.
- Carlyle completed an initial public offering in 2012 (NASDAQ: CG) and operated as a Delaware Limited Partnership until its conversion to a Delaware Corporation in 2020. The Carlyle Group Inc. is largely held by senior professionals, with less than half owned by non-employee holders of the public stock.
- The firm is organized into three business units:
  - Global Private Equity: $161 billion AUM – Corporate PE, Real Estate and Natural Resources
  - Global Credit: $188 billion AUM – Liquid Credit, Private Credit, Real Assets, and other cross platform initiatives
  - Global Investment Solutions: $77 billion AUM – AlpInvest Partners (Global Private Equity Investment company that offers commingled funds, separately managed accounts, and asset allocation services, providing varying levels of customization)

EXHIBIT F: LEGAL STRUCTURE



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As of December 31, 2023, Aon's quantitative model is run on approximately 13,098 strategies from an external database. Aon assigned a quantitative rating of "Qualified" to 34% of these strategies and "Not Recommended" to 29% of these strategies. The remainder were not rated. A "Buy" rating cannot be assigned via quantitative analysis. Across asset classes (excludes private real estate and real assets), Aon had approximately 24,500 strategies in its internal database. Aon assigned a qualitative rating of "Buy" to approximately 5% of strategies in the database; "Qualified" to approximately 1% of strategies in the database; "Sell" to <1% of strategies in the database; and "In Review" to <1% of strategies in the database. The remaining strategies in the database are not rated. Some strategies may be included in both the internal and external database. Where a qualitative rating exists, it prevails over the quantitative rating. These statistics exclude real estate / Townsend databases and ratings.

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Toronto, ON
M5J 2N9 Canada

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

R E S O L U T I O N
No. 2025-15

Approving Investment in Carlyle Property Investors, L.P.

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

WHEREAS, the Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Carlyle Property Investors, L.P.,** an open end core plus real estate fund which invests in manufactured housing, senior housing, data centers, single family rentals, industrial and self-storage assets.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$100 million dollars ($100,000,000.00)** in **Carlyle Property Investors, L.P.** The total investment amount is to be determined by the real assets consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

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

Adopted this 7th day of April, 2025.

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

Memorandum

To: Arkansas Teacher Retirement System ("ATRS")

From: Chae Hong, Jack Dowd, CFA

CC: PJ Kelly; Matthew Hooker

Date: April 07, 2025

Re: Axium Infrastructure North America II – $50 million Commitment Recommendation

---

Background and Recommendation

The Fund is an open-ended fund sponsored by Axium Infrastructure Inc, an independent employee-owned investment manager headquartered in Montréal, Canada, focused exclusively on the infrastructure asset class. The Firm has over C$11.1 billion in assets under management across its closed end and open-ended funds. The Fund primarily invests in core infrastructure assets located in the United States and Canada and is composed of the two country funds (the "Country Funds") and the several feeder funds that invest in the units of the Country Funds (the "North American Feeder Funds") to provide investors with exposure to both the geographies. Investors have the option to invest in any of the Country Funds, North American Feeder Funds, or in a combination to get their desired exposure. The Fund is primarily focused on acquiring operating core infrastructure assets or portfolios of core infrastructure assets with an ability to invest in late-stage greenfield projects across renewable energy, utilities, transportation, and social infrastructure located in United States and Canada. Axium tends to focus on mid-market assets requiring equity investments typically in the range of C$20 million to C$200 million (or larger for portfolios of assets) which provides advantage over more competitive larger sized infrastructure deals. The Fund is targeting net returns of 7-9% with a cash yield target of 3-5%. ATRS previously committed $50 million to Axium Infrastructure North America II in 2019 and has generated a 13.6% net time-weighted return and a 9.2% IRR since inception.

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. An Axium Infrastructure North America II Investment Summary is attached as **Exhibit A**. We recommend that ATRS invest $50 million in the Fund to fulfill ATRS' 2025 infrastructure allocation, in accordance with the previously approved 2025 ATRS Real Assets Pacing Schedule. Additionally, the Fund may provide investors with various investment vehicles. Aon recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicle for the Plan.

Exhibit A

AON

INVESTMENT SUMMARY

AXIUM INFRASTRUCTURE NORTH AMERICA II

April 2025

AON

EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Predecessor Fund Rating
July 2024	Buy	Buy

The Fund is an open-ended fund sponsored by Axium Infrastructure Inc, an independent employee-owned investment manager headquartered in Montréal, Canada, focused exclusively on the infrastructure asset class. The Firm has over C$11.1 billion in assets under management across its closed end and open-ended funds. The Fund primarily invests in core infrastructure assets located in the United States and Canada and is composed of the two country funds (the "Country Funds") and the several feeder funds that invest in the units of the Country Funds (the "North American Feeder Funds") to provide investors with exposure to both the geographies. Investors have the option to invest in any of the Country Funds, North American Feeder Funds, or in a combination to get their desired exposure.

Aon Investments, USA has reviewed and performed an in-depth analysis of the above categories which includes, but is not limited to:

- Retention of Limited Partners
- Institutional Investor Representation
- Management Company Ownership
- Organization Expenses
- Management Fee
- Incentive Fees/ Waterfall Distribution
- Fund Size
- Sponsor Commitment
- Investment Period
- Fund Term
- Key Person Provision
- Turnover/Tenure
- GP Attribution Concentration

- Consistency/ Volatility of Returns
- Write-offs
- Transaction Experience in Strategy
- Ability to Create Value in Deals
- Valuation Discipline
- Reporting Transparency
- Back-Office Resources
- Fault Provisions
- Advisory Board
- Priority of Distributions
- Alignment of Partner Interest
- Firm Leadership

In addition, Aon Investments, USA's Operational Due Diligence team has reviewed the Firm from an operating perspective and has given Axium a pass rating.

RECOMMENDATION

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. We recommend that ATRS invest $50 million in the Fund to fulfill ATRS' 2025 infrastructure allocation, in accordance with the previously approved 2025 ATRS Real Assets Pacing Schedule.

AON

Sponsor:

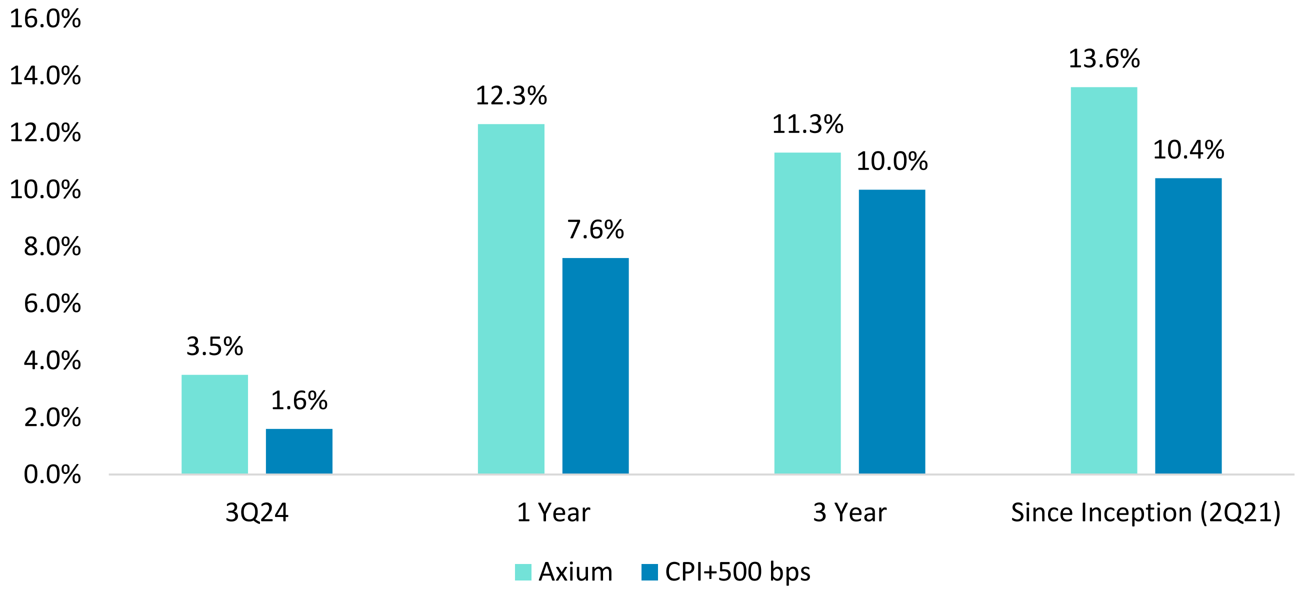
Headquarters	Montréal, Canada	**Parent**	Axium Infrastructure Inc.
Ownership	Privately-owned (by employees)	**Founded**	2008
Employees	102	**Investment Staff**	47
Firm AUM	C$11.1 billion		

Portfolio Summary:

Fund Structure	Open-End Fund	**Risk Segment**	Low to Moderate
Size NAV	$8.5 billion	**Sponsor Commitment**	0.5% of aggregate amount of outstanding capital commitments
Minimum Commitment	$5.0 million	**Target Geography**	North America
Target Sectors	Core Infrastructure across Social, Transport, Renewable Energy & Utilities	**Target Stage**	Operating assets (≥60%) & late-stage greenfield projects (≤40%)
Target Return	7-9% net IRR	**Diversification Guidelines**	20% or $75 million for single asset 60% for any Canadian province Maximum 40% for greenfield
Term	Evergreen (Open-ended)	**Leverage**	20% limit at fund level, no specific limit at the portfolio company level
		# of Holdings	49

Strategy: The Fund is primarily focused on acquiring operating core infrastructure assets or portfolios of core infrastructure assets with an ability to invest in late-stage greenfield projects across renewable energy, utilities, transportation, and social infrastructure located in United States and Canada. Axium tends to focus on mid-market assets requiring equity investments typically in the range of C$20 million to C$200 million (or larger for portfolios of assets) which provides advantage over more competitive larger sized infrastructure deals. The Fund is targeting net returns of 7-9% with a cash yield target of 3-5%.

Fund Performance (as of 9/30/2024)



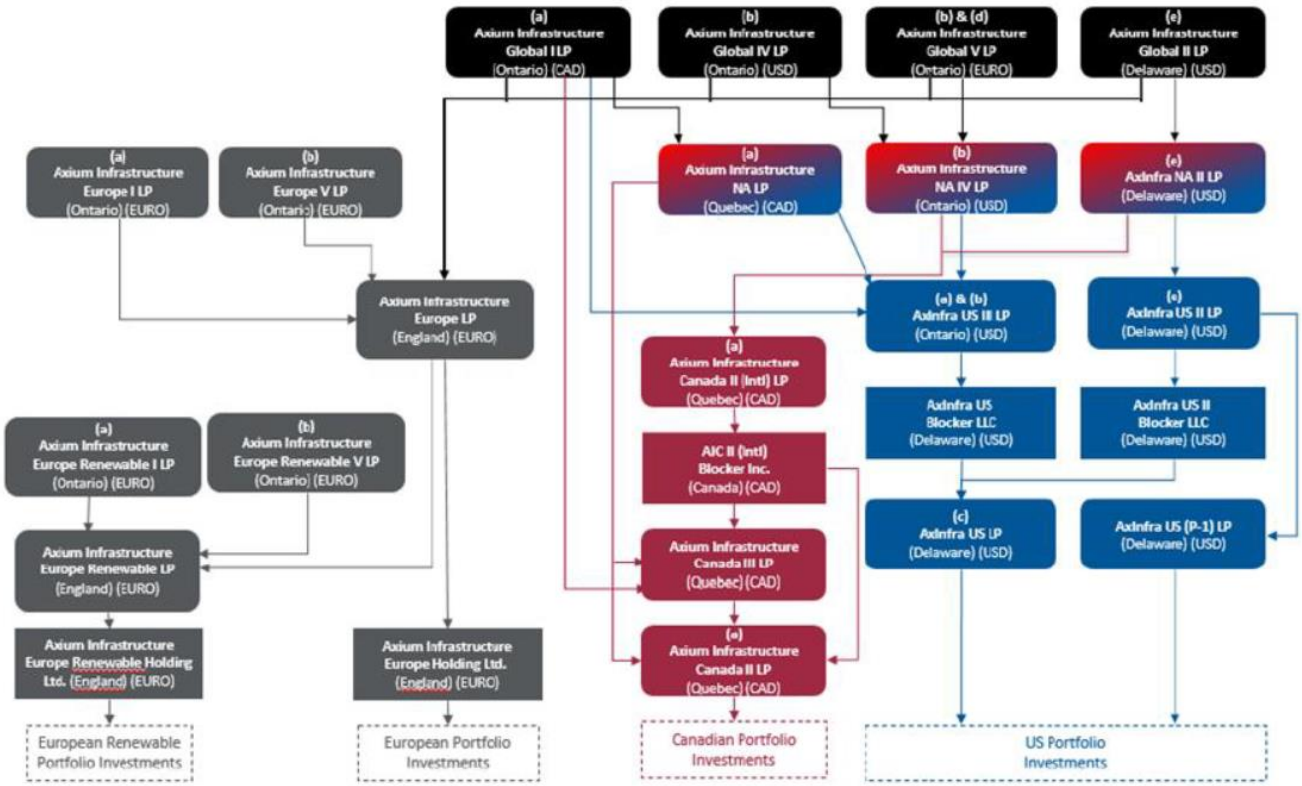
SPONSOR
OVERVIEW

Axium was founded by Pierre Anctil and Stephane Mailhot in 2008 as an independent infrastructure investment management platform dedicated to investing in core infrastructure assets under the name Fiera Axium Infrastructure. In July 2015, the firm changed its name from Fiera Axium Infrastructure Inc. to Axium Infrastructure Inc., to comply with the Volcker Rule. In January 2016, Axium acquired 35% of Fiera Capital's interest in the firm, and now its employees collectively own 90% of the Firm's equity interest with the remaining 10% held by Maxsa holding. The firm is headquartered in Montréal, Canada, and has offices in Toronto, New York and London.

Axium held the final close of its inaugural fund, Axium Infrastructure Canada LP, in 2011 with aggregate capital commitments of C$460 million. Fund I is an exclusively Canadian focused, 10 year closed-end partnership (extended for another 10 years) which assembled a portfolio of seven investments (23 underlying individual infrastructure assets) across renewable, transportation, and social infrastructure sectors. The Firm's second fund, Axium Infrastructure North American Fund, is structured as an open-ended limited partnership composed of multiple feeders and country specific funds to invest. As of March 31, 2024, across these two funds (including country and feeder funds), the Firm has raised approximately C$9 billion in aggregate capital commitments. As of December 31, 2023, the funds are invested $7.6 billion across 51 investments (2 of which have been fully realized) and produced $2.2 billion in realized proceeds (bulk of which are income proceeds).

The Firm is led by Pierre Anctil, the President and CEO, who has more than 35 years of experience in the infrastructure industry. Mr. Anctil co-founded Axium with Stephane Mailhot. The team consists of 102 professionals, with 47 (including 27 VP and Senior VP's) being investment professionals. The team is further broken down into direct fund management functions including sourcing and evaluation, execution, operations, asset management and valuations, accounting and reporting, portfolio administration, and legal affairs and compliance. Each function is supervised by a manager.

EXHIBIT F: LEGAL STRUCTURE



Investor types that can enter each fund:
(a) For Canadian investors
(b) For Non-Canadian investors
(c) For US taxable entities
(d) For Non-US investors
(e) For US Super Tax-Exempt investors

Denotes LLC (US), Corporation (Canada, UK)
Denotes Limited Partnership (US, Canada, UK)

Note: simplified fund structure depicted above is provided for illustrative purposes and does not include all intermediary entities, feeder funds, GP entities, etc.

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20 Bay Street, Suite 2300
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ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

R E S O L U T I O N
No. 2025-16

Approving Additional Investment in AxInfra NA II, L.P.

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

WHEREAS, the Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **AxInfra NA II, L.P.,** an open end infrastructure fund that seeks to acquire operating core infrastructure assets or portfolios of core infrastructure assets with an ability to invest in late-stage greenfield projects across renewable energy, utilities, transportation, and social infrastructure located in United States and Canada..

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an additional investment of up to **$50 million dollars ($50,000,000.00)** in **AxInfra NA II, L.P.** The total investment amount is to be determined by the real assets consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board: and

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

Adopted this 7th day of April, 2025.

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

AON

Memorandum

To: Arkansas Teacher Retirement System ("ATRS")

From: Chae Hong, Jack Dowd, CFA

CC: PJ Kelly; Matthew Hooker

Date: April 07, 2025

Re: KKR Diversified Core Infrastructure Fund – $50 million Commitment Recommendation

---

Background and Recommendation

KKR Diversified Core Infrastructure Fund ("DCIF" or the "Fund") is an open-ended fund sponsored by Kohlberg Kravis Roberts & Co. L.P. ("KKR" or the "Firm" or the "Manager"), a global investment firm that managers multiple asset classes, including private equity, energy, infrastructure, real estate, credit, and hedge funds through its strategic partners. The infrastructure team was established in 2008, since then KKR has been actively pursuing core+ and value-add infrastructure investments across the Organization for Economic Co-operation and Development ("OECD") countries. The Firm has over $50 billion in assets under management across its closed end and open-ended infrastructure funds. Across all its prior funds, the Firm has raised approximately $38 billion in total commitments, invested $28.1 billion across 64 investments, realized $10.3 billion in U.S. Dollars ("USD") terms, as of December 31, 2023. In addition, KKR has deployed approximately $20 billion of co-investment capital alongside its prior infrastructure funds. Unlike its previous closed-end funds where they focused on core+ and value-add infrastructure investments, DCIF is KKR's first open-ended infrastructure fund that seeks to pursue core infrastructure investments with a buy-and-hold approach and a particular focus on investments in contracted and or regulated cash from existing projects, assets and business located in the OECD countries on North America, Western Europe and developed Asia. DCIF will seek to invest across utilities, power and renewable, telecom, transportation, social infrastructure and energy transition sectors. The Fund will target 8-10% gross annual returns (7-9% net) including a 4-6% annual cash yield. ATRS previously committed $75 million to KKR Diversified Core Infrastructure Fund in 2021 and has generated a 7.3% net time-weighted return and a 7.6% IRR since inception.

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. A KKR Diversified Core Infrastructure Fund Investment Summary is attached as **Exhibit A**. We recommend that ATRS invest $50 million in the Fund to fulfill ATRS' 2025 infrastructure allocation, in accordance with the previously approved 2025 ATRS Real Assets Pacing Schedule. Additionally, the Fund may provide investors with various investment vehicles. Aon recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicle for the Plan.

Exhibit A

AON

INFRASTRUCTURE INVESTMENT SUMMARY

KKR DIVERSIFIED CORE INFRASTRUCTURE FUND

April 2025

EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Predecessor Fund Rating
June 2024	**Buy**	Buy

KKR Diversified Core Infrastructure Fund ("DCIF" or the "Fund") is an open-ended fund sponsored by Kohlberg Kravis Roberts & Co. L.P. ("KKR" or the "Firm" or the "Manager"), a global investment firm that managers multiple asset classes, including private equity, energy, infrastructure, real estate, credit, and hedge funds through its strategic partners. The infrastructure team was established in 2008, since then KKR has been actively pursuing core+ and value-add infrastructure investments across the Organization for Economic Co-operation and Development ("OECD") countries. The Firm has over $50 billion in assets under management across its closed end and open-ended infrastructure funds. Across all its prior funds, the Firm has raised approximately $38 billion in total commitments, invested $28.1 billion across 64 investments, realized $10.3 billion in U.S. Dollars ("USD") terms, as of December 31, 2023. In addition, KKR has deployed approximately $20 billion of co-investment capital alongside its prior infrastructure funds.

Aon Investments, USA has reviewed and performed an in-depth analysis of the above categories which includes, but is not limited to:

- Retention of Limited Partners
- Institutional Investor Representation
- Management Company Ownership
- Organization Expenses
- Management Fee
- Incentive Fees/ Waterfall Distribution
- Fund Size
- Sponsor Commitment
- Investment Period
- Fund Term
- Key Person Provision
- Turnover/Tenure
- GP Attribution Concentration

- Consistency/ Volatility of Returns
- Write-offs
- Transaction Experience in Strategy
- Ability to Create Value in Deals
- Valuation Discipline
- Reporting Transparency
- Back-Office Resources
- Fault Provisions
- Advisory Board
- Priority of Distributions
- Alignment of Partner Interest
- Firm Leadership

In addition, Aon Investments, USA's Operational Due Diligence team has reviewed the Firm from an operating perspective and has given KKR a pass rating.

RECOMMENDATION

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. We recommend that ATRS invest $50 million in the Fund to fulfill ATRS' 2025 infrastructure allocation, in accordance with the previously approved 2025 ATRS Real Assets Pacing Schedule.

Sponsor:

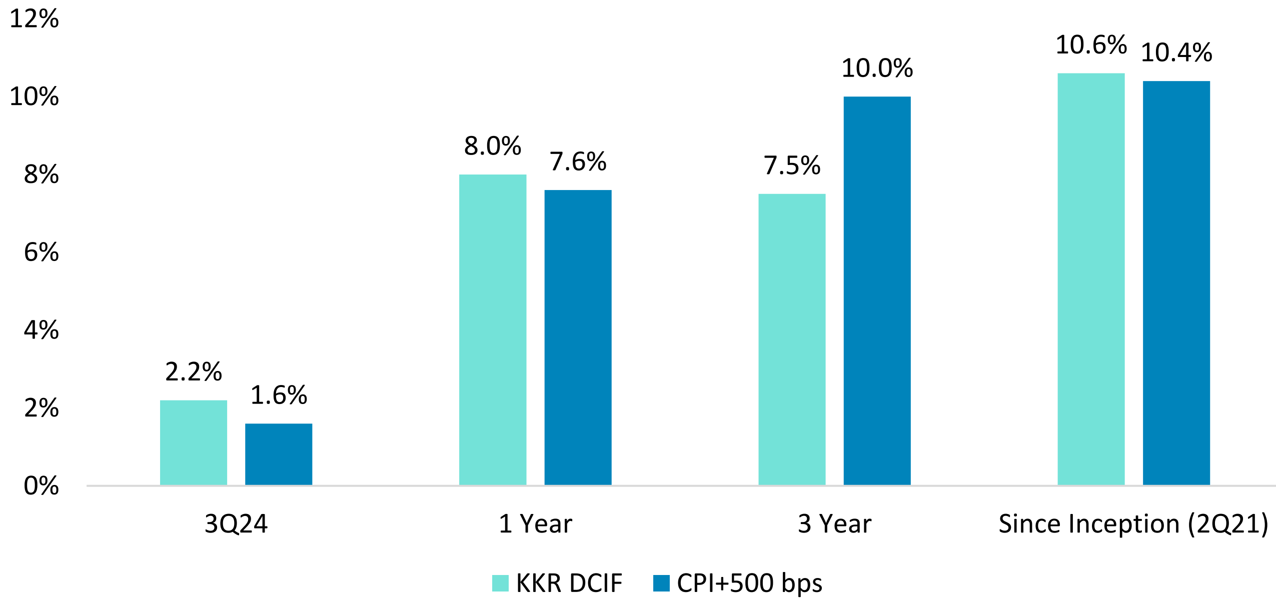
HQ Location	New York	**Parent**	Kohlberg Kravis Roberts & Co. L.P.
Ownership	Publicly listed company	**Founded**	1976
Employees	2,500 total employees	**Team**	88 investment professionals
AUM	$528 billion		

Fund Characteristics:

Structure	Open-Ended	**Risk Segment**	Low to Moderate / Core
Size	$9.8 Billion	**Sponsor Commitment**	At least $500 million
Target Sectors	Utilities, Power and Renewable, Communications, Transportation, Social Infrastructure, and Energy Transition	**Target Geography**	OECD Countries in North America, Western Europe, Developed Asia
Target Stage	Mainly Brownfield	**Diversification Guidelines**	• 15% for a single investment 10% outside OECD countries
Target Return (USD)	8-10% time-weighted gross return (7-9% net) including 4-6% cash yield	**Leverage**	30% limit at fund level
Fund Term	Open-ended / Evergreen	**Investment Period**	N/A
Minimum Commitment	$10.0 million		

Strategy: Unlike its previous closed-end funds where they focused on core+ and value-add infrastructure investments, DCIF is KKR's first open-ended infrastructure fund that seeks to pursue core infrastructure investments with a buy-and-hold approach and a particular focus on investments in contracted and or regulated cash from existing projects, assets and business located in the OECD countries on North America, Western Europe and developed Asia. DCIF will seek to invest across utilities, power and renewable, telecom, transportation, social infrastructure and energy transition sectors. The Fund will target 8-10% gross annual returns (7-9% net) including a 4-6% annual cash yield.

Performance as of 9/30/2024



SPONSOR

OVERVIEW

KKR was established in 1976 and headquartered in New York, KKR is a global investment firm with over $530 billion in assets under management as of December 31, 2023 across alternative asset classes, including private equity, energy, infrastructure, real estate, credit, and through its strategic partners, hedge funds. The Firm has offices across 4 continents, 16 countries and 20 cities and approximately slightly over 2,500 employees.

KKR is a publicly traded company listed on New York Stock Exchange (NYSE: KKR). Based on information available as of Dec 31, 2023, KKR employees and former employees beneficially own approximately 25% of KKR through the ownership or control of units of KKR Holdings L.P.

In 2008, KKR established its dedicated infrastructure team. Since then, KKR has been actively pursuing core+ and value-add infrastructure investments in OECD countries.

Across all its prior funds, the Firm has raised approximately $38 billion in total commitments, invested $28.1 billion across 64 individual transactions, realized $10.3 billion. In addition, KKR has deployed approximately $20 billion of co-investment capital alongside its prior infrastructure funds. In 2018, KKR also established an Asia Pacific infrastructure team to pursue infrastructure investments in the Asia Pacific region and launched KKR Asia Infrastructure Investors ("KKR Asia"), its first dedicated Asia Pacific infrastructure fund, in 2019.

KKR's infrastructure investment team ("Investment Team") is composed of 88 members including 10 partners (45 in the U.S., 3 in Europe, and 2 in Asia), 7 managing directors, 16 directors, 17 principals, 24 associates and 9 analysts. The Investment Team is led by Raj Agrawal and is organized by geography with presence across New York, Menlo Park, Houston, London, Singapore, Seoul, Hong Kong, Tokyo, and Mumbai. DCIF will be led by Tara Davies, co-head of European infrastructure and head of core infrastructure. In addition, the Investment Team has access to KKR's broader platform resources including KKR Capstone, Global Macro and Asset Allocation, KKR Capital Markets, KKR Global Institute and KKR Global Public Affairs.

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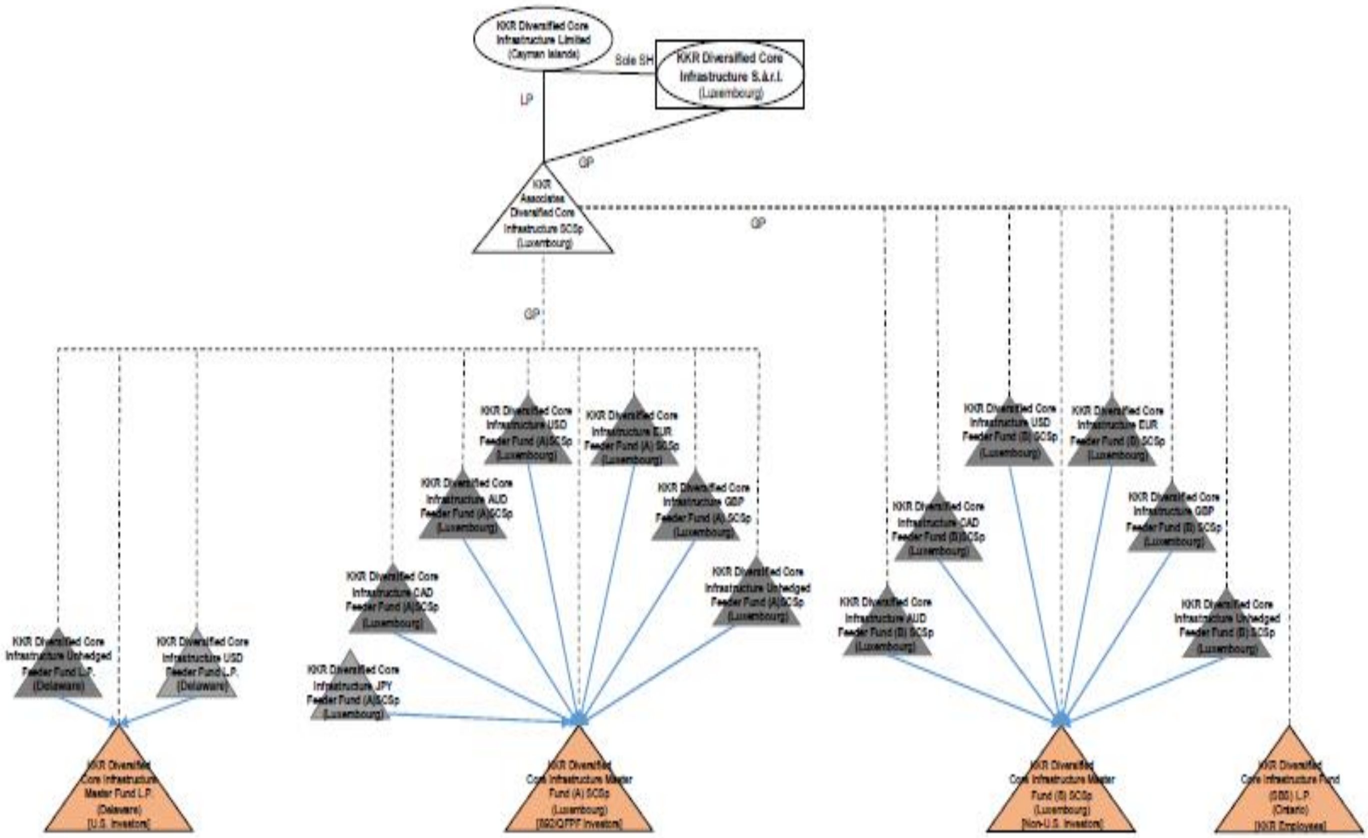
EXHIBIT F: LEGAL STRUCTURE



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As of December 31, 2023, Aon's quantitative model is run on approximately 13,098 strategies from an external database. Aon assigned a quantitative rating of "Qualified" to 34% of these strategies and "Not Recommended" to 29% of these strategies. The remainder were not rated. A "Buy" rating cannot be assigned via quantitative analysis. Across asset classes (excludes private real estate and real assets), Aon had approximately 24,500 strategies in its internal database. Aon assigned a qualitative rating of "Buy" to approximately 5% of strategies in the database; "Qualified" to approximately 1% of strategies in the database; "Sell" to <1% of strategies in the database; and "In Review" to <1% of strategies in the database. The remaining strategies in the database are not rated. Some strategies may be included in both the internal and external database. Where a qualitative rating exists, it prevails over the quantitative rating. These statistics exclude real estate / Townsend databases and ratings.

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

R E S O L U T I O N
No. 2025-17

Approving Additional Investment in KKR Diversified Core Infrastructure Fund, L.P.

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

WHEREAS, the Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **KKR Diversified Core Infrastructure Fund, L.P.,** an open end fund that seeks to pursue core infrastructure investments with a buy-and-hold approach and a particular focus on investments in contracted and / or regulated cash flows from existing projects, assets and businesses located in the countries of North America, Western Europe and developed Asia.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an additional investment of up to **$50 million dollars ($50,000,000.00)** in **KKR Diversified Core Infrastructure Fund, L.P.** The total investment amount is to be determined by the real assets consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board: and

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

Adopted this 7th day of April, 2025.

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Mr. Danny Knight, ***Chair***
Arkansas Teacher Retirement System

ARTRS
Arkansas Teacher Retirement System

Executive Summary
MML Capital Partnership VIII, S.C.SP.

FRANKLIN PARK

Executive Summary

Fund	MML Capital Partnership VIII, S.C.SP. (the "Fund")
General Partner	MML Capital Partners (the "General Partner" or "MML")
Report Date	April 2025
Fundraising	The General Partner is targeting capital commitments of €900 million, with a €1 billion hard cap. The Fund has closed on €850 million to date and is targeting a final closing in June 2025.
Source	Franklin Park sourced the fund offering directly from the General Partner.

Investment Strategy

The Fund is being formed to provide structured capital solutions to middle-market companies in Europe and the U.S. with at least £/€/$10 million of EBITDA. The Fund will focus on non-sponsored companies where it can partner with management.

The Fund will target ~75% invested in debt and ~25% invested in equity. There will typically be little to no senior debt ahead of their positions. Their debt securities will typically come with a fixed rate of ~10%. The General Partner will target equity ownership percentages of ~50% and may be in a control position or a non-control position with protections and rights. The General Partner typically targets a 1.3x-1..4x ROI on its debt security with upside from equity contributing to a 2.5x-3.0x overall target ROI.

The General Partner generally targets investments with the following characteristics:

- ~80% of platform investments will be in Europe (UK and France), with 20% in the U.S. Many European platforms will complete add-ons in the US with the General Partner's help.
- Invest alongside owner/managers who materially re-invest (average 40% management equity contribution); typically want minimal equity dilution (vs. a control buyout) and are looking for a partner to help grow (vs. a passive debt investment).
- Typically first institutional capital (68% historically).
- Target ~75% recurring revenue and >10% revenue growth rate.
- Broad sector exposure with a focus on business-to-business companies (business services, IT and software, professional services, healthcare, education, industrials).
- Use of capital: acquisitions, accelerate organic growth, buy-and-build, international expansion, realign inactive shareholder base.

Post-investment, the General Partner seeks to add value by supporting global expansion, facilitating add-on acquisitions, strengthening the management team and providing data analytics.

Management Team

The General Partner was founded in 1988 as Mezzanine Management Limited by Rory Brooks and Jim Read. The General Partner is currently led by seven senior professionals (the "Principals") that are based in offices in London, Paris, New York and Dublin. The Principals, summarized in the table below, are supported by 18 investment professionals and 12 support staff.

Partner	Yrs. GP	Yrs. PE	Background
Bal Johal	19	29	3i, HSBC
Ian Wallis	19	26	3i, Cargill
Henry-Louis Merieux	19	32	Deloitte Corporate Finance
Richard Mayers	13	13	National Australia Bank, EY, Goldman Sachs
Rob Devonshire	5	5	EY
Sean Quinn	3	12	Mill Road Capital, Peter J. Solomon Co.
Louis de Montille	10	16	FSI, Rothschild

Track Record

The General Partner has raised seven prior funds since its inception. Funds I-III and part of Fund IV were focused on sponsored investments. The performance of Funds V-VII are summarized below, as of September 30, 2024 (€000).

Aggregate Performance Summary [1] (EUR 000)

Fund (Vintage)	Fund Size	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Fund V (2010)	250,000	12 / 12	215,345	515,596	0	2.4x	35.0%
Fund VI (2014)	350,000	12 / 15	418,443	908,322	241,547	2.7x	27.3%
Fund VII (2019)	550,000	0 / 12	571,647	31,907	915,400	1.7x	18.2%
Total		24 / 39	1,205,435	1,455,825	1,156,947	2.2x	31.4%

Notes:
(1) Gross of fees and carried interest expenses. The unrealized investments were valued by the General Partner.

Investment Evaluation

1. **The Fund's strategy should generate attractive risk-adjusted returns.** The Fund will invest in a combination of debt and equity securities. The benefit to the Fund is current income and downside protection, with return upside through equity participation. The Fund's debt investments will have a substantial contractual rate of return, with coupons typically ~10%. These coupons lessen the J-curve of a traditional private equity fund.

   However, the Fund's strategy has a higher risk/return profile than most traditional mezzanine funds. The Fund's ~25% allocation to equity securities provides significant upside potential, but also increases the level of risk in comparison to mezzanine funds with a lower equity allocation.

2. **The General Partner is well-positioned to source quality deal flow given its long tenure in the market and differentiated solution.** The General Partner is an established brand name, particularly in Europe, and the Principals have deep relationships with intermediaries. The General Partner's cross-border footprint positions it well to help companies from Europe that want to expand into the U.S., and vice versa. Further, the General Partner's flexible capital solution offers an alternative to a buyout and faces little direct competition.

3. **The Principals have significant experience.** The Principals average 19 years of private markets experience and average over 12 years with the General Partner.

   However, there has been team turnover in the past few years. Co-founders Rory Brooks and Jim Read are no longer involved with the firm, and Robert Davies, the former Head of U.S. investing, has retired. However, Messrs. Brooks and Read had not been active deal leads. Mr. Davies has been replaced as the Head of U.S. investing by Sean Quinn.

4. **The General Partner has generated an attractive risk-adjusted track record.**
   - Funds V-VII have produced attractive risk-adjusted returns. Each of Fund's V, VI and VII have produced a 15-21% net IRR to date.
   - The General Partner's 24 realizations across Funds V and VI have produced a 3.1x ROI and 35% gross IRR in aggregate.

   The Fund has already invested more than 40% of its capital and the existing portfolio has been written up. The Fund has made six investments to date, which are valued at 1.5x cost as of December 31, 2024. Investors that close on a commitment before the final closing will participate in this portfolio at cost (plus late closing interest), resulting in an immediate TVPI of 1.3x cost and a net IRR of >60%.

Recommendation Franklin Park recommends a commitment to the Fund, up to €40 million, based on the following:

- The Fund's strategy should generate attractive risk-adjusted returns;
- The General Partner is well-positioned to source quality deal flow;
- The Principals have significant experience; and
- The General Partner has generated an attractive risk-adjusted track record.

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

R E S O L U T I O N
No. 2025-18

Approving Investment in MML Capital Partnership VIII, SCSp with Imminent Need

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

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **MML Capital Partnership VIII, SCSp,** a fund that provides structured capital solutions including debt and equity to middle-market companies in Europe and the U.S.; and

WHEREAS, the ATRS Board approves an investment of up to **€40 million euros (€40,000,000.00),** approximately the equivalent of **$43 million dollars ($43,000,000.00)** in **MML Capital Partnership VIII, SCSp** and the Board, after its review of the timing in which the closing of the investment in **MML Capital Partnership VIII, SCSp** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **€40 million euros (€40,000,000.00),** approximately the equivalent of **$43 million dollars ($43,000,000.00)** in **MML Capital Partnership VIII, SCSp** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **MML Capital Partnership VIII, SCSp.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board**;** and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of April 2025

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

Franklin Park

Venture Capital Fund XV, L.P.

April 2025

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By accepting this Presentation the Recipient agrees to be bound by the foregoing obligations and limitations.

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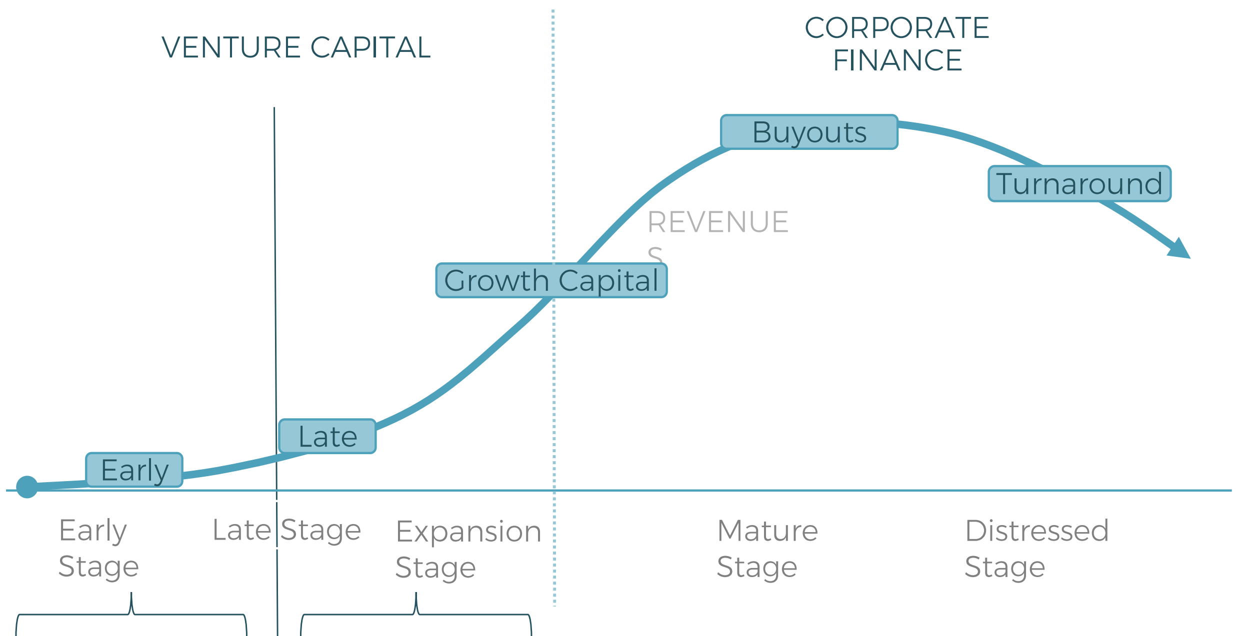
Early Stage Venture Capital Overview

The expected return and risk level for venture capital is high and access to the best funds is challenging



Franklin Park Venture Capital Fund XV, L.P.	**Franklin Park Venture Capital Opportunity Fund II, L.P.**
Target Profile	Target Profile
2.5-3.0x+ ROI	2.0-2.5x+ ROI
20-25%+ IRR	25-30%+ IRR
5-7+ year average hold	3-5-year average hold

The information and descriptions provided are for illustrative purposes only and is designed to provide an overview of Franklin Park's philosophy and investment processes; however, there may be deviations based on a particular investment and Franklin Park may change its process in its discretion. The views and opinions expressed herein are based on Franklin Park's experience and research. Other market participants may have differing views and opinions. Target Profiles are for illustrative purposes only. Criteria and assumptions were not used in developing the target profile returns, and there can be no assurance that the Fund or Franklin Park Venture Capital Fund XV, L.P. can achieve the target profile returns. The actual years portfolio investments are held, and portfolio returns cannot be known and may vary from the target profile parameters. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. Investments in private funds, such as the Fund, are illiquid, high-risk investments and involve a substantial risk of loss. See additional discussion of risks and limitations in the Footnotes beginning on page 8.

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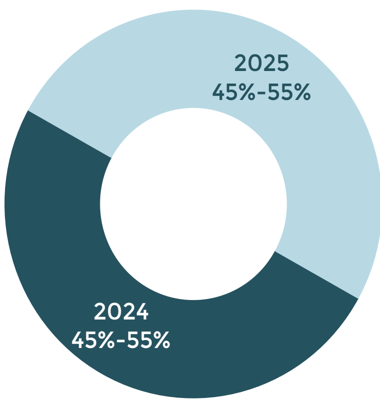
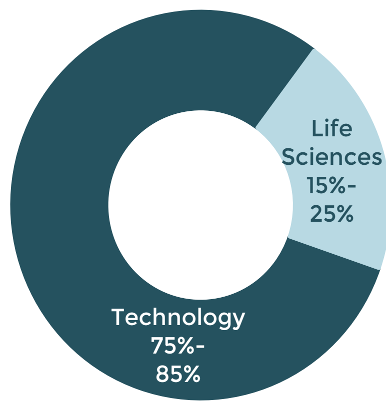
Portfolio Composition

The portfolio is expected to be weighted towards technology companies in the U.S.

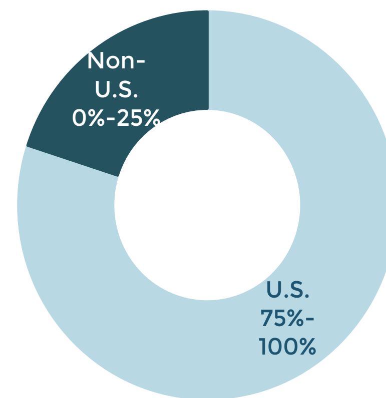
Diversification By Vintage



Diversification By Sector



Diversification By Geography



The charts above are for illustrative purposes only and are not based on representative portfolio data. There can be no assurance that the Fund can achieve the expected diversification. The Fund's actual investment allocation may vary. Investments in private funds such as the Fund are illiquid, high-risk investments. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. See additional risks and limitations in the Footnotes.

Venture Capital Deal Flow (2024)

Broad market coverage with highly selective decision making

Proactive sourcing, including frequent meetings, market research, and long-term approach to building relationships

~23% of funds reviewed pass initial screening for strategy and relevant experience

~5% of funds reviewed pass initial interview for attractiveness of strategy, attribution analysis, and potential to achieve target returns

Fund commitments
(~3% of total funds reviewed)

Data represents venture capital due diligence activity across all venture strategies. No assurance can be given that Franklin Park's sourcing efforts will gain the Fund access, or obtain preferred allocation amounts, to investments for which a commitment is sought. The information and descriptions provided are for illustrative purposes only. The information is designed to provide an overview of Franklin Park's investment philosophy and investment processes, however, there may be deviations based on a particular investment and Franklin Park may change its viewpoints and processes in its discretion. See additional discussion of risks and limitations in the Footnotes in the Appendix.

Early Stage Venture Track Record

Model performance based on no management fees and 4% carried interest

Fund	Vintage Year	Fund Investments	Committed Capital	Invested Capital	Distributed Capital	Remaining Value	ROI	TVPI	Gross IRR	Net IRR
FP Venture 2008	2008	9	101.5	100.9	273.6	49.3	3.2x	3.1x	18.1%	17.7%
FP Venture 2009	2009	6	53.0	56.2	127.9	16.4	2.6x	2.6x	17.2%	16.6%
FP Venture 2010	2010	6	51.9	50.9	80.7	75.2	3.1x	2.9x	15.3%	14.9%
FP Venture 2011	2011	8	65.7	69.4	401.6	78.6	6.9x	7.2x	35.5%	34.8%
FP Venture 2012	2012	8	72.0	71.1	149.1	84.6	3.3x	3.2x	19.8%	19.3%
FP Venture 2013	2013	8	80.5	79.7	148.9	132.3	3.5x	3.5x	23.0%	22.4%
FP Venture 2014	2014	9	93.0	88.8	108.9	161.4	3.0x	3.0x	18.4%	17.9%
FP Venture 2015	2015	11	111.5	108.3	59.0	125.4	1.7x	1.7x	9.5%	9.1%
FP Venture 2016	2016	9	77.3	73.8	39.8	110.9	2.0x	2.0x	15.9%	15.3%
FP Venture 2017	2017	5	82.5	78.7	24.8	118.0	1.8x	1.8x	15.7%	15.0%
FP Venture 2018	2018	10	80.5	76.6	13.9	111.2	1.6x	1.6x	14.1%	13.3%
FP Venture 2019	2019	8	57.0	52.0	6.6	73.8	1.5x	1.5x	13.1%	12.3%
FP Venture XIII	2020	20	161.6	117.8	5.8	137.3	1.2x	1.2x	8.4%	8.0%
FP Venture XIV	2022	21	235.8	56.5	1.8	50.7	0.9x	0.9x	NMF	NMF
Total		**138**	**1,323.8**	**1,080.8**	**1,442.4**	**1,324.9**	**2.6x**	**2.5x**	**19.7%**	**19.1%**

The table represents the returns of the Franklin Park Venture Fund Series 2008 – 2019 ("FP Venture 2008-2019"), Franklin Park Venture Capital Fund XIII, L.P. ("FP Venture XIII"), and Franklin Park Venture Capital Fund XIV, L.P. ("FP Venture XIV"), (collectively, the "FPV Vehicles") as of September 30, 2024. $ in millions.

ROI and Gross IRR are calculated based upon FPV Vehicles' investment activity and the unrealized values of their investments as of September 30, 2024, and are presented exclusive of FPV Vehicle expenses, advisory fees and carried interest, as applicable. Investments in non-U.S. Dollar denominated portfolio fund investments have been converted to U.S. Dollars as of September 30, 2024. TVPI and Net IRR are calculated based on the expected fee structure of the Fund applied to the FPV Vehicles' investment activity ("Model Performance"). No individual investor received the returns presented. FP Venture XIV commenced operations in February 2022 and IRR performance as of September 30, 2024, is early and considered not yet meaningful ('NMF").

Investments in private funds such as the Fund are illiquid, high-risk investments. Past results are not necessarily indicative of future performance. There can be no assurance that investments made by Franklin Park will realize the rates of return indicated in this presentation. Wherever there is the potential for profit, there is the potential for loss.

See additional important definitions, disclosures and information regarding returns and performance calculation methodologies, including Model Performance in the Footnotes.

FRANKLIN PARK

Proposal

FP Venture XV will provide ATRS with continued exposure to early stage venture funds

An initial commitment to FP Venture XV of $40 million was approved by ATRS' Board in December 2023 as part of the 2024 PE pacing

An additional commitment to FP Venture XV of $40 million is currently being considered as part of the 2025 PE pacing, as approved by ATRS' Board in December 2024

Terms:

- Management Fees: None for ATRS (0.9% of commitments for non-existing FP clients)
- Carried Interest: 4% for $60m+ commitment (5% for all other LPs)

Represents proposed terms only, which are subject to change. The Fund's governing documents will prevail.

Footnotes

Based in Bala Cynwyd, Pennsylvania, Franklin Park was formed in April 2003. Franklin Park is an independent, registered investment adviser with the U.S. Securities and Exchange Commission. Franklin Park assists its clients in building and managing customized investment portfolios of private market investments.

Vintage Year represents the year in which a private fund first called capital.

Fund Investments represents the number of underlying portfolio fund investments (the "Portfolio Funds")

Committed Capital represents the aggregate commitments to Portfolio Funds.

Invested Capital represents the amount of capital contributed to Portfolio Funds.

Distributed Capital represents the amount of capital distributed from Portfolio Funds.

Remaining Value represents the remaining unrealized value of Portfolio Funds.

ROI is the ratio of Distributed Capital plus Remaining Value to Invested Capital.

TVPI is the ratio of distributions plus remaining value to contributed capital.

IRR is the discount rate that results in a net present value of zero of a series of cash flows and considers both cash flow timing and amount.

Liquidity Risk:
Private fund investments such as the Fund are long-term, illiquid investments. Private funds such as the Fund generally have a term of ten years or more, and investors are generally not able to redeem their interests in private funds. Please refer to the Fund's governing documents for complete terms and conditions.

Valuation Risk:
There can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will largely depend on the realized returns of the private fund investments which in turn will depend on, among other factors, future portfolio company operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Accordingly, the actual realized returns may differ materially from the returns indicated herein.

Risk of Loss:
Past performance is not a guarantee. Investments in private equity funds such as the Fund are speculative and involve a substantial risk of loss. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. Information about other investments made by Franklin Park, including the past performance of other Franklin Park vehicles and investments, is provided solely to illustrate Franklin Park's investment experience, and processes and strategies used by Franklin Park in the past with respect to other Franklin Park vehicles and investments. The performance information relating to Franklin Park's previous investments is not intended to be indicative of the Fund's future results. Past performance is not necessarily indicative, or a guarantee, of future results. There can be no assurance that the Fund will achieve comparable results as those presented or that investors in the Fund will not lose any of their invested capital.

No Investment Advice:
References to the portfolio funds in this Presentation should not be considered a recommendation or solicitation for the portfolio funds mentioned, nor should individual portfolio fund performance be considered representative of portfolio funds held, or to be held, by the Fund.

Please refer to the Fund's Private Placement Memorandum and other governing documents for discussion of additional risk factors.

Model Performance:
In order to approximate the impact on performance utilizing the applicable fee structure of the Fund, had it been charged to other Franklin Park- managed vehicles, a model is utilized to calculate performance. The model is based on the investment activity of Franklin Park-managed vehicles (the "Gross Activity").

Gross Activity represents the cash flows and capital account balances of the Portfolio Funds as reported by the Portfolio Fund managers, and is net of the Portfolio Fund expenses, management fees and carried interest.

The model applies the expected management fee and carried interest rates of the Fund, and estimated annual expenses, to the Gross Activity to produce a resulting stream of cash flows net of estimated expenses, and anticipated investment advisory fees and carried interest (the "Net Activity"). The Net Activity is utilized to calculate TVPI and Net IRR performance returns ("Model Performance") approximating the impact of the Fund's fee structure to Franklin Park-managed vehicles. Model Performance is measured in U.S. dollars on an inception to date basis through September 30, 2024.

Model Performance does not consider such terms as may be applicable to the Fund such as management fee offsets, capital recycling, use of credit facilities, or other terms and conditions which may have an impact on performance results.

Model Performance is hypothetical performance. Hypothetical performance results have inherent limitations and no representation is being made that any Franklin Park investor, fund, or investment portfolio will or is likely to achieve profits similar to those shown. There will be differences between hypothetical performance and actual results achieved. Hypothetical performance is for illustrative purposes only and does not reflect the actual returns of any Franklin Park investor, fund, or investment portfolio. Additional information on the risks and limitations of using model performance calculations in making investment decisions is available upon request.

Footnotes

Track Record by Vehicle (p. 6):
The Fund is expected to follow the same strategy as the FPV Vehicles of making primary investments in venture capital funds.

The Franklin Park Venture Fund Series 2008 – 2019 represents a series of limited partnerships raised annually and offered only to client accounts to provide portfolio diversification on a no-fee, no-carry basis.

ROI and Gross IRR are based on the actual Gross Activity of the FPV Vehicles in U.S. Dollars since inception of each FPV Vehicle and in aggregate (January 31, 2008) through September 30, 2024.

TVPI and Net IRR are calculated using Model Performance as described above using the anticipated management fee and carried interest rate of the Fund. No individual investor received the performance results presented. Total aggregate TVPI and Net IRR hypothetical performance as presented is from more than one portfolio and may not be a meaningful comparison for a single investment fund due to a variety of reasons including vehicle specific investment criteria, diversification, investment allocation, risk, time horizon, leverage, certain commingled fund expenses and market conditions. The performance information is for illustrative purposes only and may not be a meaningful indicator of FP VC XV's performance.

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Franklin Park Associates, LLC is an SEC registered investment advisor pursuant to the Investment Advisers Act of 1940

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

R E S O L U T I O N
No. 2025-19

Approving Additional Investment in Franklin Park Venture Capital Fund XV, LP with Imminent Need

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

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential additional investment in **Franklin Park Venture Capital Fund XV, LP,** a fund of funds managed by Franklin Park investing in early stage venture capital funds; and

WHEREAS, the ATRS Board approves an additional investment of up to **$40 million dollars ($40,000,000.00)** in **Franklin Park Venture Capital Fund XV, LP** and the Board, after its review of the timing in which the closing of the investment in **Franklin Park Venture Capital Fund XV, LP** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an additional investment of up to **$40 million dollars ($40,000,000.00)** in **Franklin Park Venture Capital Fund XV, LP** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Franklin Park Venture Capital Fund XV, LP.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board**;** and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of April 2025

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

Franklin Park

Venture Capital Opportunity Fund II, L.P.

April 2025

Disclaimer

This Presentation (this "Presentation") has been prepared by Franklin Park Associates, LLC ("Franklin Park") solely for informational purposes for the exclusive use of the party to whom Franklin Park delivers this Presentation (the "Recipient"). This Presentation is not to be construed as a solicitation, invitation or an offer by Franklin Park or any of its members, officers, employees or agents to buy or sell any securities or related financial instruments. This Presentation is furnished on a confidential and limited basis for the sole and exclusive purpose of providing general and background information concerning Franklin Park Venture Capital Opportunity Fund II, L.P. ("VC Opps II" or the "Fund") as well as Franklin Park and its activities. This Presentation is not an offer or sale of, or a solicitation to any person to buy, any security or investment product or investment advice. Any such offer, sale or solicitation of interests in the Fund will be made only pursuant to the Fund's definitive documents, and will be subject to the terms and conditions contained in such documents. This Presentation is qualified in its entirety by reference to the Fund's definitive documents.

This Presentation is as of March 11, 2025 (unless an earlier date is otherwise indicated). The information in this Presentation has been obtained from Franklin Park's proprietary research and other publicly available sources and has not been independently verified by Franklin Park or any of its members, officers, employees, agents, representatives or advisers or any other person. Any valuations, projections, estimates, forecasts, targets, prospects, returns and/or opinions contained herein involve elements of subjective judgment and analysis. Any opinions expressed in this material are subject to change without notice. This Presentation may contain forward-looking statements. Any estimates or projections as to events that may occur in the future are based upon the reasonable expectation of Franklin Park as of March 11, 2025. No obligation is undertaken by Franklin Park or any other person to provide the Recipient with additional information or to update, revise or reaffirm the information contained in this Presentation or to correct any inaccuracies therein which may become apparent.

Past or projected performance information contained in this Presentation is not necessarily indicative of future results. There can be no assurance that the Fund will ultimately achieve comparable performance results.

This Presentation is not intended to be relied upon as legal, tax, accounting or investment advice or a recommendation and is not, and should not be assumed to be, complete. The Recipient agrees that Franklin Park and its affiliates, members, partners, stockholders, managers, directors, officers, employees and agents shall have no liability for any misstatement or omission of fact or any opinion expressed herein. The contents herein are not to be construed as legal, business or tax advice, and the Recipient should consult its own attorney, business advisor and tax advisor as to legal, business and tax advice. Recipient is expected to rely on its own due diligence if it wishes to proceed further.

The Recipient further agrees that it will (i) not copy, reproduce or distribute the Presentation, in whole or in part, to any person or party without the prior written consent of Franklin Park, (ii) keep permanently confidential all information contained herein not already public and (iii) use the Presentation solely for the purpose set forth in the first paragraph above, and (iv) to return the Presentation to Franklin Park promptly upon request..

By accepting this Presentation the Recipient agrees to be bound by the foregoing obligations and limitations.

Strategy Overview

VC Opps II is a fund of funds providing investors with exposure to later stage venture capital and growth opportunities

The fund will provide exposure to three types of investments:

- Commitments to later stage funds raised by early-stage venture firms where Franklin Park has a commitment
- Commitments to other later stage funds raised by firms with a primary focus on making investments in later stage venture or growth companies
- Co-investments (directly or through an SPV) in later stage venture businesses alongside of Franklin Park vetted venture managers

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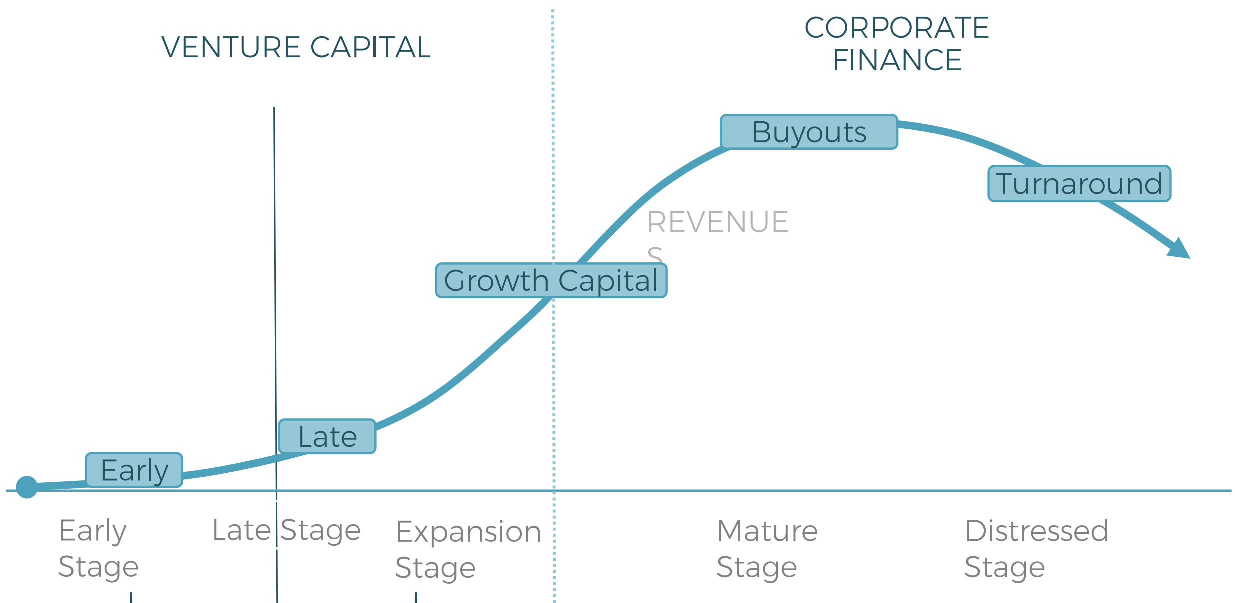
The information and descriptions provided are for illustrative purposes only and is designed to provide an overview of Franklin Park's philosophy and investment processes; however, there may be deviations based on a particular investment and Franklin Park may change its process in its discretion. Investments in private funds such as the Fund are illiquid, high-risk investments. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. See additional discussion of risks and limitations in the Footnotes beginning on page 8.

Late Stage Venture Capital Overview

Late-stage venture typically has a lower risk/return profile and shorter holding period relative to early-stage venture



Franklin Park Venture Capital Fund XV, L.P.

Target Profile
2.5-3.0x+ ROI
20-25%+ IRR
5-7+ year average hold

Franklin Park Venture Capital Opportunity Fund II, L.P.

Target Profile
2.0-2.5x+ ROI
25-30%+ IRR
3-5-year average hold

The information and descriptions provided are for illustrative purposes only and is designed to provide an overview of Franklin Park's philosophy and investment processes; however, there may be deviations based on a particular investment and Franklin Park may change its process in its discretion. The views and opinions expressed herein are based on Franklin Park's experience and research. Other market participants may have differing views and opinions. Target Profiles are for illustrative purposes only and are hypothetical and not based on actual results or actual investments. There can be no assurance that the Fund or Franklin Park Venture Capital Fund XV, L.P. can achieve the target profile returns. The actual years portfolio investments are held, and portfolio returns cannot be known and may vary from the target profile parameters. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. Investments in private funds, such as the Fund, are illiquid, high-risk investments and involve a substantial risk of loss. See additional discussion of risks and limitations in the Footnotes beginning on page 8.

Early Stage Venture Track Record

Model performance based on no management fees and 4% carried interest

Fund	Vintage Year	Fund Investments	Committed Capital	Invested Capital	Distributed Capital	Remaining Value	ROI	TVPI	Gross IRR	Net IRR
FP Venture 2008	2008	9	101.5	100.9	273.6	49.1	3.2x	3.1x	18.1%	17.7%
FP Venture 2009	2009	6	53.0	56.2	127.9	16.4	2.6x	2.6x	17.2%	16.6%
FP Venture 2010	2010	6	51.9	50.9	80.7	75.2	3.1x	2.9x	15.3%	14.9%
FP Venture 2011	2011	8	65.7	69.4	401.6	78.6	6.9x	7.2x	35.5%	34.8%
FP Venture 2012	2012	8	72.0	71.1	149.1	84.6	3.3x	3.2x	19.8%	19.3%
FP Venture 2013	2013	8	80.5	79.7	148.9	132.3	3.5x	3.5x	23.0%	22.4%
FP Venture 2014	2014	9	93.0	88.8	108.9	161.4	3.0x	3.0x	18.4%	17.9%
FP Venture 2015	2015	11	111.5	108.3	59.0	125.4	1.7x	1.7x	9.5%	9.1%
FP Venture 2016	2016	9	77.3	73.8	39.8	110.9	2.0x	2.0x	15.9%	15.3%
FP Venture 2017	2017	5	82.5	78.7	24.8	118.0	1.8x	1.8x	15.7%	15.0%
FP Venture 2018	2018	10	80.5	76.6	13.9	111.2	1.6x	1.6x	14.1%	13.3%
FP Venture 2019	2019	8	57.0	52.0	6.6	73.8	1.5x	1.5x	13.1%	12.3%
FP Venture XIII	2020	20	161.6	117.8	5.8	137.3	1.2x	1.2x	8.4%	8.0%
FP Venture XIV	2022	21	235.8	56.5	1.8	50.7	0.9x	0.9x	-7.6%	-8.7%
Total		**138**	**1,323.8**	**1,080.8**	**1,442.4**	**1,324.6**	**2.6x**	**2.5x**	**19.7%**	**19.1%**

The table represents the returns of the Franklin Park Venture Fund Series 2008 – 2019 ("FP Venture 2008-2019"), Franklin Park Venture Capital Fund XIII, L.P. ("FP Venture XIII"), and Franklin Park Venture Capital Fund XIV, L.P. ("FP Venture XIV"), (collectively, the "FPV Vehicles") as of September 30, 2024. $ in millions. Early-stage venture investments are expected to have a higher risk-return profile than later-stage venture investments. The performance information is for illustrative purposes only and may not be a meaningful indicator of the Fund's performance.

ROI and Gross IRR are calculated based upon the FPV Vehicles' investment activity and the unrealized values of their investments as of September 30, 2024, and are calculated excluding FPV Vehicle expenses, and advisory fees and carried interest, as applicable. Investments in non-U.S. Dollar denominated portfolio fund investments have been converted to U.S. Dollars as of September 30, 2024. TVPI and Net IRR are calculated based on the expected fee structure applicable to ATRS applied to the FPV Vehicles' investment activity ("Model Performance"). No individual investor received the returns presented. FP Venture XIV commenced operations in February 2022 and IRR performance as of September 30, 2024, is early and considered not yet meaningful ('NMF"). Hypothetical performance results have inherent limitations and no representation is being made that any Franklin Park investor, fund, or investment portfolio will or is likely to achieve profits similar to those shown. There will be differences between hypothetical performance and actual results achieved. Hypothetical performance is for illustrative purposes only and does not reflect the actual returns of any Franklin Park investor, fund, or investment portfolio. Hypothetical performance as presented from more than one portfolio and may not be a meaningful comparison for a single investment fund due to a variety of reasons including vehicle specific investment criteria, diversification, investment allocation, risk, time horizon, leverage, certain commingled fund expenses and market conditions. The performance information is for illustrative purposes only and may not be a meaningful indicator of the Fund's performance.

Investments in private funds such as the Fund are illiquid, high-risk investments. Past results are not necessarily indicative of future performance. There can be no assurance that investments made by Franklin Park will realize the rates of return indicated in this presentation. Wherever there is the potential for profit, there is the potential for loss. See additional important definitions, disclosures and information regarding returns and performance calculation methodologies, including Model Performance in the Footnotes.

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Later Stage Venture Track Record

ATRS committed $60 million to FP Venture Opps, which is young and performance is not yet meaningful

VEHICLE	VINTAGE	ATRS COMMITMENT	CONTRIBUTED	DISTRIBUTED	REMAINING	TVPI	NET IRR
FP Venture Opps	2022	60.0	24.6	0.0	23.5	1.0x	NMF

Data in the table is as of September 31, 2024, and represents only ATRS's interests in the vehicle; $ in millions. "FP Venture Opps" represents Franklin Park Venture Capital Opportunity Fund, L.P.

The returns presented are net of underlying private fund manager fees, transaction expenses and carried interest charges, as well as expenses and carried interest incurred by FP Venture Opps. Past results are not necessarily indicative of future performance. The IRR return of FP Venture Opps is considered not yet meaningful ("NMF") given the young age of the underlying portfolio and is therefore not presented. There can be no assurance that investments recommended by Franklin Park will realize the rates of return indicated in this presentation. Wherever there is potential for profit, there is also potential for loss. See additional information in the Footnotes beginning on page 8.

Investments in private funds such as the Fund are illiquid, high-risk investments. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. See additional discussion of risks and limitations in the Footnotes beginning on page 8.

Proposal

FP Venture Opps II will provide ATRS with continued exposure to later stage venture funds and co-investments

An initial commitment to FP Venture Opps II of $40 million was approved by ATRS' Board in June 2024 as part of the 2024 PE pacing

An additional commitment to FP Venture Opps II of $40 million is currently being considered as part of the 2025 PE pacing, approved by ATRS' Board in December 2024

Terms:
- Management Fees: None
- Carried Interest: 0% on fund investments (expected to be ~65-75% of commitments) and 10% on co-investments (expected to be ~25-35% of commitments) after achieving an 8% preferred return and a multiple of 2.0x cost on the co-investment portfolio

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The Fund terms are subject to change. Refer to the Fund's governing documents for a complete listing of terms.
Investments in private funds such as the Fund are illiquid, high-risk investments. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. See additional discussion of risks and limitations in the Footnotes. Please refer to the Fund's governing documents for a complete listing of terms..

Footnotes

Park is an independent, registered investment adviser with the U.S. Securities and Exchange Commission. Franklin Park assists its clients in building and managing customized investment portfolios of private market investments.

Vintage Year represents the year in which a private fund first called capital.

Fund Investments represents the number of underlying portfolio fund investments (the "Portfolio Funds")

Committed Capital represents the aggregate commitments to Portfolio Funds.

Invested Capital represents the amount of capital contributed to Portfolio Funds.

Distributed Capital represents the amount of capital distributed from Portfolio Funds.

Remaining Value represents the remaining unrealized value of Portfolio Funds.

ROI is the ratio of Distributed Capital plus Remaining Value to Invested Capital.

TVPI is the ratio of distributions plus remaining value to contributed capital on a net basis.

IRR is the discount rate that results in a net present value of zero of a series of cash flows and considers both cash flow timing and amount.

Liquidity Risk:
Private fund investments such as the Fund are long-term, illiquid investments. Private funds such as the Fund generally have a term of ten years or more, and investors are generally not able to redeem their interests in private funds. Please refer to the Fund's governing documents for complete terms and conditions.

Valuation Risk:
There can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will largely depend on, among other factors, future portfolio company operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Accordingly, the actual realized returns may differ materially from the returns indicated herein.

Risk of Loss:
Past performance is not a guarantee. Investments in private equity funds such as the Fund are speculative and involve a substantial risk of loss. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. Information about other investments made by Franklin Park, including the past performance of other Franklin Park vehicles and investments, is provided solely to illustrate Franklin Park's investment experience, and processes and strategies used by Franklin Park in the past with respect to other Franklin Park vehicles and investments. The performance information relating to Franklin Park's previous investments is not intended to be indicative of the Fund's future results. Past performance is not necessarily indicative, or a guarantee, of future results. There can be no assurance that the Fund will achieve comparable results as those presented or that investors in the Fund will not lose any of their invested capital.

No Investment Advice:
References to the portfolio funds in this Presentation should not be considered a recommendation or solicitation for the portfolio funds mentioned, nor should individual portfolio fund performance be considered representative of portfolio funds held, or to be held, by the Fund.

Please refer to the Fund's Private Placement Memorandum and other governing documents for discussion of additional risk factors.

Model Performance:
In order to approximate the impact on performance utilizing the applicable fee structure of the Fund, had it been charged to other Franklin Park- managed vehicles, a model is utilized to calculate performance. The model is based on the investment activity of Franklin Park-managed vehicles (the "Gross Activity").

Gross Activity represents the cash flows and capital account balances of the Portfolio Funds as reported by the Portfolio Fund managers, and is net of the Portfolio Fund expenses, management fees and carried interest.

The model applies the expected management fee and carried interest rates of the Fund, and estimated annual expenses, to the Gross Activity to produce a resulting stream of cash flows net of estimated expenses, and anticipated investment advisory fees and carried interest (the "Net Activity"). The Net Activity is utilized to calculate TVPI and Net IRR performance returns ("Model Performance") approximating the impact of the Fund's fee structure to Franklin Park-managed vehicles. Model Performance is measured in U.S. dollars on an inception to date basis through September 30, 2024.

Model Performance is not based on actual fees and expenses of other Franklin Park-managed vehicles and does not account for management fee offsets, capital recycling, use of credit facilities, or other terms and conditions which may have an impact on performance results.

Model Performance is hypothetical performance. Hypothetical performance results have inherent limitations and no representation is being made that any Franklin Park investor, fund, or investment portfolio will or is likely to achieve profits similar to those shown. There will be differences between hypothetical performance and actual results achieved. Hypothetical performance is for illustrative purposes only and does not reflect the actual returns of any Franklin Park investor, fund, or investment portfolio. Additional information on the risks and limitations of using model performance calculations in making investment decisions is available upon request.

Footnotes

Early Stage Track Record (p. 5):
Early-stage venture investments are expected to have a higher risk-return profile than later-stage venture investments. Information about other investments made by Franklin Park, including the past performance of other Franklin Park vehicles and investments, is provided solely to illustrate Franklin Park's investment experience, and processes and strategies used by Franklin Park with respect to other Franklin Park vehicles and investments. The performance information relating to Franklin Park's previous investments is not intended to be indicative of FP VC Opps II's future results.

Net IRR performance is calculated using a model in order to approximate the impact on performance utilizing the applicable fee structure of Franklin Park Venture Capital Fund XV, L.P. ("FPVC XV") had it been charged to other Franklin Park-managed vehicles, which has a carry rate equal to 4%, and thus a fee structure that results in the same or lower net performance (i.e. higher overall fees) than had the fee structure of FP VC Opps II, which has a carry rate equal to zero for fund investments and a carry rate equal to 10% for co-investments, been used as the FPV Vehicles do not hold co-investments. The model is based on the investment activity of Franklin Park-managed vehicles (the "Gross Activity"). Gross Activity represents the cash flows and capital account balances of the Portfolio Funds as reported by the Portfolio Fund managers, and is net of the Portfolio Fund expenses, management fees and carried interest. The model applies the expected management fee and carried interest rates of FPVC XV, and estimated annual expenses, to the Gross Activity to produce a resulting stream of cash flows net of estimated expenses, and anticipated investment advisory fees and carried interest (the "Net Activity"). The Net Activity is utilized to calculate TVPI and Net IRR performance returns ("Model Performance") approximating the impact of FPVC XV's fee structure to Franklin Park-managed vehicles. Model Performance is measured in U.S. dollars on an inception to date basis through September 30, 2024. No individual investor received the Model Performance returns.

Model Performance is not based on actual fees and expenses of FPVC XV and does not account for management fee offsets, capital recycling, use of credit facilities, or other terms and conditions which may have an impact on performance results. Model Performance is hypothetical performance. Hypothetical performance results have inherent limitations and no representation is being made that any Franklin Park investor, fund, or investment portfolio will or is likely to achieve profits similar to those shown. There will be differences between hypothetical performance and actual results achieved. Hypothetical performance is for illustrative purposes only and does not reflect the actual returns of any Franklin Park investor, fund, or investment portfolio. Additional information on the risks and limitations of using model performance calculations in making investment decisions is available upon request.

Total performance as presented is hypothetical performance from more than one portfolio and may not be a meaningful comparison for a single investment fund due to a variety of reasons including vehicle specific investment criteria, diversification, investment allocation, risk, time horizon, leverage, certain commingled fund expenses and market conditions. The performance information is for illustrative purposes only and may not be a meaningful indicator of FP Venture Opp's performance.

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For more information, please contact us at info@franklinparkllc.com

Franklin Park Associates, LLC is an SEC registered investment advisor pursuant to the Investment Advisers Act of 1940

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

R E S O L U T I O N
No. 2025-20

Approving Additional Investment in Franklin Park Venture Capital Opportunity Fund II, LP with Imminent Need

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

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential additional investment in **Franklin Park Venture Capital Opportunity Fund II, LP,** a fund of funds managed by Franklin Park investing in later stage venture capital funds and venture capital co-investments; and

WHEREAS, the ATRS Board approves an additional investment of up to **$40 million dollars ($40,000,000.00)** in **Franklin Park Venture Capital Opportunity Fund II, LP** and the Board, after its review of the timing in which the closing of the investment in **Franklin Park Venture Capital Opportunity Fund II, LP** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an additional investment of up to **$40 million dollars ($40,000,000.00)** in **Franklin Park Venture Capital Opportunity Fund II, LP** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Franklin Park Venture Capital Opportunity Fund II, LP.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board**;** and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of April 2025

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

ATRS Board Policy 4
STATEMENT OF INVESTMENT POLICY

A.C.A. § 24-7-305

I. Board - Investment Policies and Procedures

A. Statement of Investment Policy

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees ("Board") may take appropriate levels of risk to earn higher levels of investment return.

2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System ("the System"). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.

3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the System's plan beneficiaries.

4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.

5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's recommendation. The System shall not approve any material changes in any direct investment without first receiving written advice or a written recommendation from a third-party investment consultant and, if needed, outside legal counsel, and,

without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.

2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:

    a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or

    b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.

2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

D. Standard of Care

1. When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.

2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.

3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary’s evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.

4. Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

E. Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

Asset Category	**Minimum***	**Target**	**Maximum***
Total Equity	43.0%	48.0%	53.0%**
Fixed Income	17.0%	20.0%	23.0%
Opportunistic/Alternatives	N/A	5.0%	N/A
Real Assets***	N/A	15.0%	N/A
Private Equity	N/A	12.0%	N/A
Cash Equivalents	0.0%	0.0%	5.0%

* Due to the illiquid nature of opportunistic/alternatives, real assets, and private equity, it is not prudent to set rebalancing ranges for these asset classes.

**Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, and private equity.

***Real assets includes real estate, timber, agriculture, and infrastructure.

F. Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.

2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or

risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.

4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.

5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.

6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System’s investment strategy.

2. Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.

3. It is the policy of the Board to include, whenever appropriate, qualified minority–owned and women-owned business enterprises in the System's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.

4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance,

organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.

5. The Board shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.

6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.

2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

I. Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.

2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

J. Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.

2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income,

equities, private equity, and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.

2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:

· 8% Real Estate

· 2% Timber

· 1% Agriculture

· 4% Infrastructure

The total target of the asset class will be 15%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset allocation be exceeded, the Executive Director, working with the Real Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity

Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a five-year period, it is expected to meet or exceed the NFIODCE over rolling five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

   The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

   The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

   The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

K. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The

investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.

2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

L. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.
2. The System's cash management goal shall be to preserve capital and maintain liquidity.

M. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

N. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

O. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative

usage shall be specified in the investment management agreement or specific guidelines.

2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

P. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.

2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

Q. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a $1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.

2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

R. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

S. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The

Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

T. Proxies

1. All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.

2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.

~~3. The System authorizes the investment manager to vote all proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801 et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries.~~

3. The Executive Director is authorized to vote all proxies related to stocks owned by the System and to provide binding voting instructions to the System's investment managers regarding proxies related to stocks in which they invest the System's assets. The Executive Director shall exercise this authority in compliance with Arkansas Code § 24-2-801 et seq. The Executive Director shall cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by the Executive Director must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the Executive Director must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

4. The Executive Director may retain an independent proxy vote management service to analyze proxy issues, make voting recommendations, vote proxies as the System's agent, and provide voting instructions to the System's investment managers. The System requires the proxy vote management service to act in a manner that complies with Arkansas Code § 24-2-801 et seq. Any vote, instruction, or recommendation made by the proxy vote management service must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the proxy vote management service must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

5. The Executive Director may delegate voting authority to an investment manager to vote proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801 et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by an investment manager pursuant to a delegation must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the investment manager must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

U. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

HISTORY

Amended: October 4, 2010

Amended: February 7, 2011

Amended: June 3, 2013

Amended: October 7, 2013

Amended: February 17, 2014

Amended: June 1, 2015

Amended: April 21, 2016

Amended: November 13, 2017

Amended: April 1, 2019

Amended: February 3, 2020 as Board Policy 4

Amended: December 7, 2020

Amended: June 7, 2021

Amended: September 25, 2023

Amended: February 5, 2024

Amended: December 2, 2024

Amended: April 7, 2025

ATRS Board Policy 4
STATEMENT OF INVESTMENT POLICY

A.C.A. § 24-7-305

I. Board - Investment Policies and Procedures

A. Statement of Investment Policy

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees (“Board”) may take appropriate levels of risk to earn higher levels of investment return.

2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System (“the System”). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.

3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the System’s plan beneficiaries.

4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.

5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's recommendation. The System shall not approve any material changes in any direct investment without first receiving written advice or a written recommendation from a third-party investment consultant and, if needed, outside legal counsel, and,

without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.

2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:

    a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or

    b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.

2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

D. Standard of Care

1. When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.

2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.

3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary’s evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.

4. Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

E. Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

Asset Category	**Minimum***	**Target**	**Maximum***
Total Equity	43.0%	48.0%	53.0%**
Fixed Income	17.0%	20.0%	23.0%
Opportunistic/Alternatives	N/A	5.0%	N/A
Real Assets***	N/A	15.0%	N/A
Private Equity	N/A	12.0%	N/A
Cash Equivalents	0.0%	0.0%	5.0%

* Due to the illiquid nature of opportunistic/alternatives, real assets, and private equity, it is not prudent to set rebalancing ranges for these asset classes.

**Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, and private equity.

***Real assets includes real estate, timber, agriculture, and infrastructure.

F. Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.

2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or

risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.

4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.

5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.

6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System’s investment strategy.

2. Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.

3. It is the policy of the Board to include, whenever appropriate, qualified minority–owned and women-owned business enterprises in the System's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.

4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance,

organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.

5. The Board shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.

6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.

2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

I. Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.

2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

J. Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.

2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income,

equities, private equity, and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.

2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:

   · 8% Real Estate

   · 2% Timber

   · 1% Agriculture

   · 4% Infrastructure

   The total target of the asset class will be 15%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

   The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset allocation be exceeded, the Executive Director, working with the Real Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

   ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity

Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a five-year period, it is expected to meet or exceed the NFIODCE over rolling five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

   The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

   The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

   The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

K. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The

investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.

2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

L. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.

2. The System's cash management goal shall be to preserve capital and maintain liquidity.

M. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

N. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

O. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative

usage shall be specified in the investment management agreement or specific guidelines.

2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

P. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.

2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

Q. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a $1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.

2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

R. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

S. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The

Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

T. Proxies

1. All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.

2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.

3. The Executive Director is authorized to vote all proxies related to stocks owned by the System and to provide binding voting instructions to the System's investment managers regarding proxies related to stocks in which they invest the System's assets. The Executive Director shall exercise this authority in compliance with Arkansas Code § 24-2-801 et seq. The Executive Director shall cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by the Executive Director must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the Executive Director must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

4. The Executive Director may retain an independent proxy vote management service to analyze proxy issues, make voting recommendations, vote proxies as the System's agent, and provide voting instructions to the System's investment managers. The System requires the proxy vote management service to act in a manner that complies with Arkansas Code § 24-2-801 et seq. Any vote, instruction,

or recommendation made by the proxy vote management service must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the proxy vote management service must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

5. The Executive Director may delegate voting authority to an investment manager to vote proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801 et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries. Any vote, instruction, or recommendation made by an investment manager pursuant to a delegation must be consistent with the fiduciary obligation to act based only upon pecuniary factors, and the investment manager must make a written commitment to do so in compliance with Arkansas Code § 24-2-805(b)(2).

U. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

HISTORY

Amended: October 4, 2010
Amended: February 7, 2011
Amended: June 3, 2013
Amended: October 7, 2013
Amended: February 17, 2014
Amended: June 1, 2015
Amended: April 21, 2016
Amended: November 13, 2017
Amended: April 1, 2019
Amended: February 3, 2020 as Board Policy 4
Amended: December 7, 2020
Amended: June 7, 2021
Amended: September 25, 2023
Amended: February 5, 2024
Amended: December 2, 2024
Amended: April 7, 2025

Arkansas Teacher Retirement System

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED

FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on February 5, 2025. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Andrew Carle & Logan Penter of the Teacher Retirement System were also in attendance.

A total of two disability applications were considered. Of the two applicants, two had more information requested: ATRS ID: 232002; 323117.

Respectfully Submitted,

Eddie Phillips, M.D.
Medical Committee Chairman

Respectfully Submitted,

Andrew Carle
Retirement Benefits Counselor

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Arkansas Teacher Retirement System

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED

FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on March 5, 2025. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Andrew Carle & Logan Penter of the Teacher Retirement System were also in attendance.

A total of six disability applications were considered. Of the six applicants, three were approved: ATRS ID 312159, 318548, and 426547. Two had more info requested: ATRS ID 316195, 310467. One was denied: ATRS ID 291365.

Respectfully Submitted,

Eddie Phillips, M.D.
Medical Committee Chairman

Respectfully Submitted,

Andrew Carle
Retirement Benefits Counselor

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