

May 2024



## **Executive Summary First Quarter 2024**

Arkansas Judicial Retirement  
System

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**Brianne Weymouth, CAIA**  
Senior Vice President

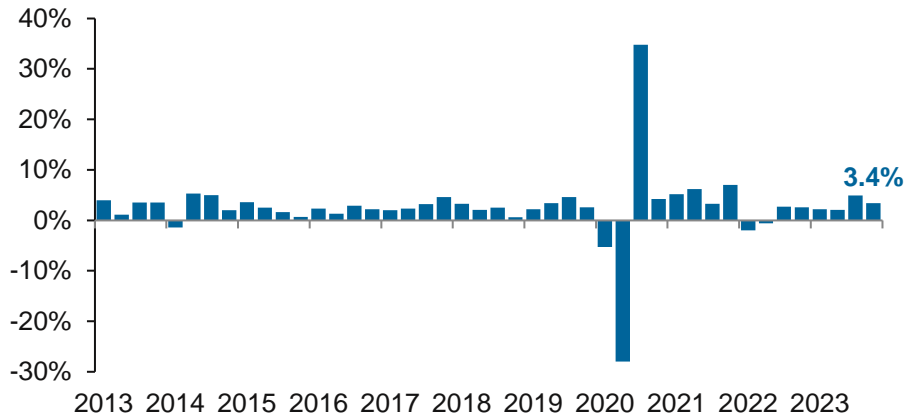
**John Jackson, CFA**  
Senior Vice President

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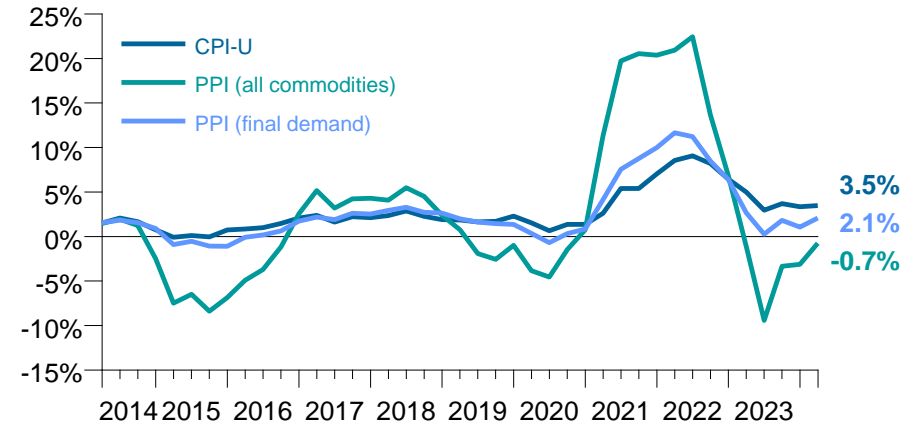
# U.S. Economy—Summary

For periods ended 3/31/24 (except GDP, which is as of 12/31/23)

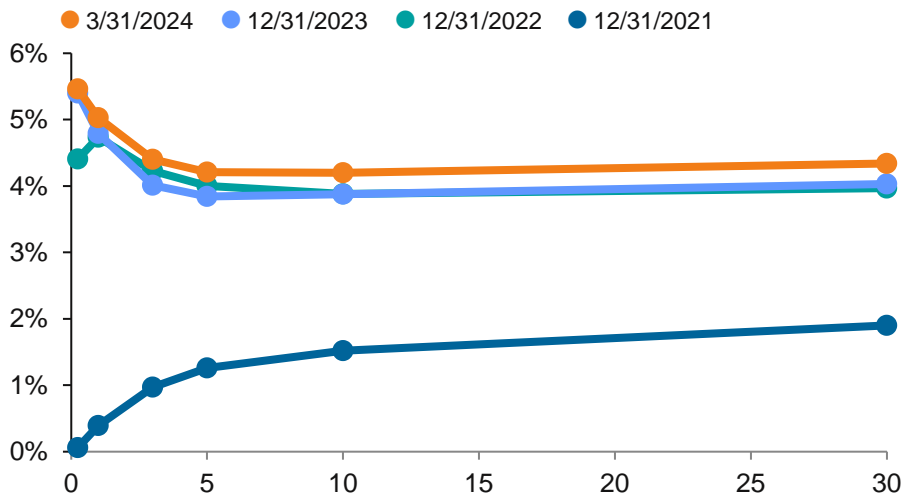
Quarterly Real GDP Growth



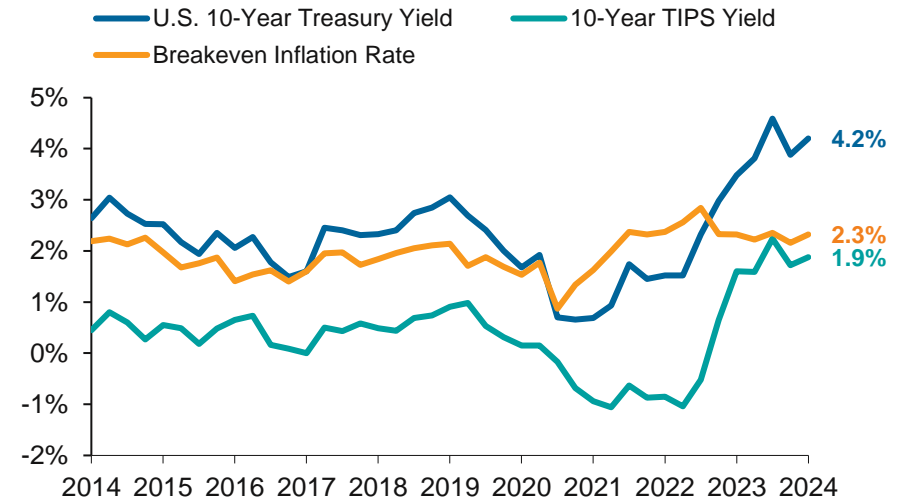
Inflation Year-Over-Year



U.S. Treasury Yield Curves



Historical 10-Year Yields



Sources: Bloomberg, Bureau of Labor Statistics, Callan

# Market Snapshot

## Returns for Periods ended 3/31/24

	Q1 2024	FYTD	1 Year	5 Years	10 Years	25 Years
<b>U.S. Equity</b>						
S&P 500	10.56	19.44	29.88	15.05	12.96	7.78
Russell 1000 Growth	11.41	23.21	39.00	18.52	15.98	8.00
Russell 1000 Value	8.99	15.56	20.27	10.32	9.01	7.40
Russell 2000	5.18	13.79	19.71	8.10	7.58	8.37
Russell 2000 Growth	7.58	12.42	20.35	7.38	7.89	7.14
Russell 2000 Value	2.90	15.09	18.75	8.17	6.87	9.15
Russell 3000	10.02	19.29	29.29	14.34	12.33	8.01
<b>Global ex-U.S. Equity</b>						
MSCI World ex USA	5.59	11.90	15.29	7.48	4.81	4.78
MSCI:EAFE	5.78	12.01	15.32	7.33	4.80	4.61
MSCI Emerging Markets	2.37	7.19	8.15	2.22	2.95	--
MSCI ACWI ex USA Small Cap	2.11	10.54	12.80	6.24	4.74	7.20
<b>Fixed Income</b>						
Bloomberg Aggregate	-0.78	2.56	1.70	0.36	1.54	3.84
90-day T-Bill	1.29	4.03	5.24	2.02	1.38	1.91
Bloomberg Long Gov/Credit	-2.41	0.15	-1.15	-0.62	2.32	5.25
Bloomberg Global Agg ex-US	-3.21	1.48	-0.71	-2.49	-1.38	2.34
<b>Real Estate</b>						
NCREIF Property*	-3.02	-7.24	-9.07	3.33	6.19	7.79
NCREIF NFI ODCE Eq Wt Net	-2.39	-9.58	-12.34	2.98	6.15	6.38
FTSE Nareit Equity	-0.20	7.72	10.54	4.15	6.61	9.48
<b>Alternatives</b>						
HFRI Fund Weighted	4.52	9.30	11.68	6.92	4.93	6.35
Cambridge Private Equity*	-0.42	1.18	4.17	14.59	14.27	13.87
<b>Inflation - CPI-U</b>						
	1.82	2.37	3.48	4.20	2.83	2.58

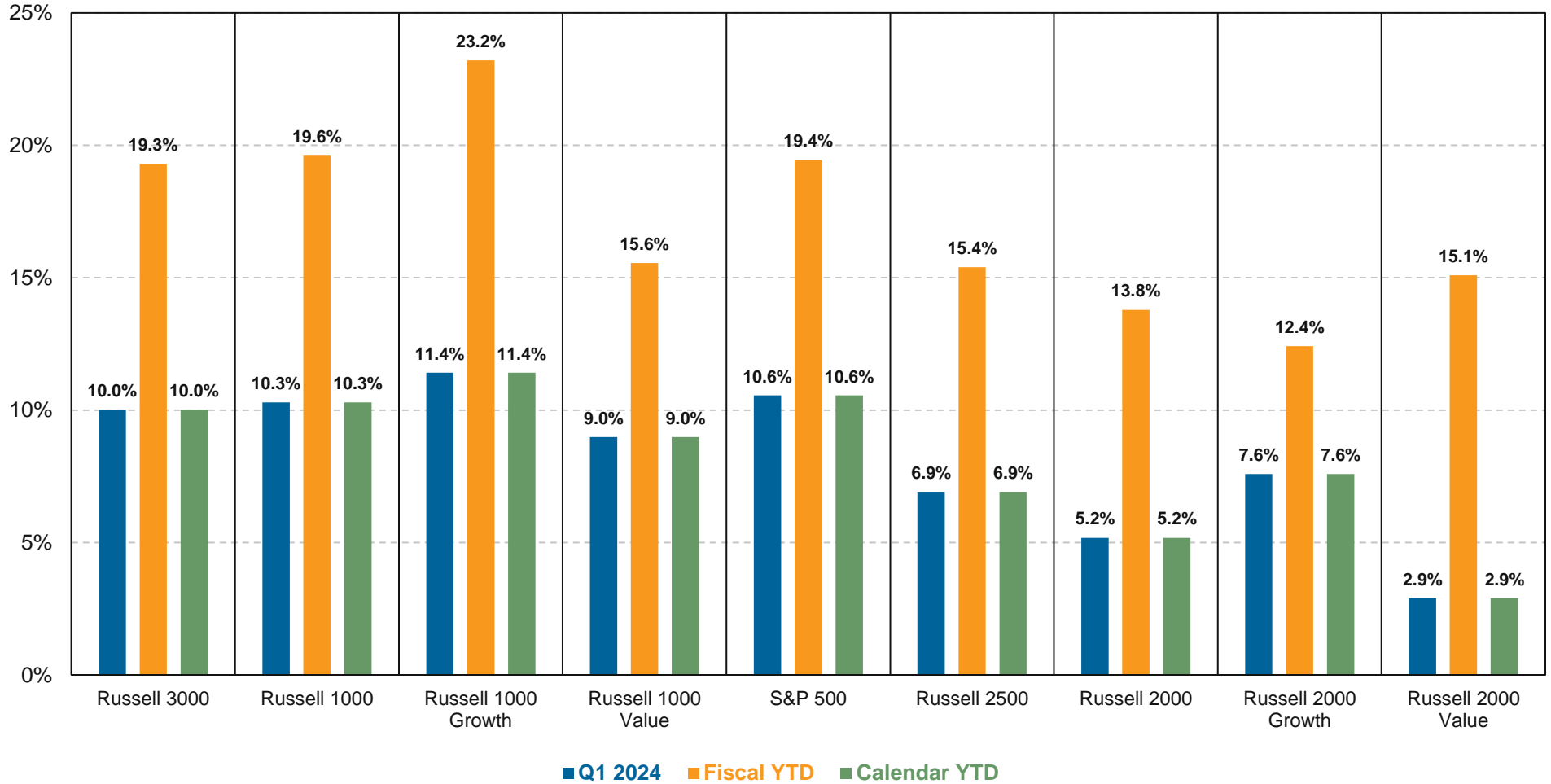
\*Cambridge PE data as of 9/30/23; NCREIF Property data as of 12/31/23

Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

# U.S. Equity Market Snapshot: Q1 2024

Domestic equity markets exhibited a strong start to 2024

Returns for Periods Ended March 31, 2024

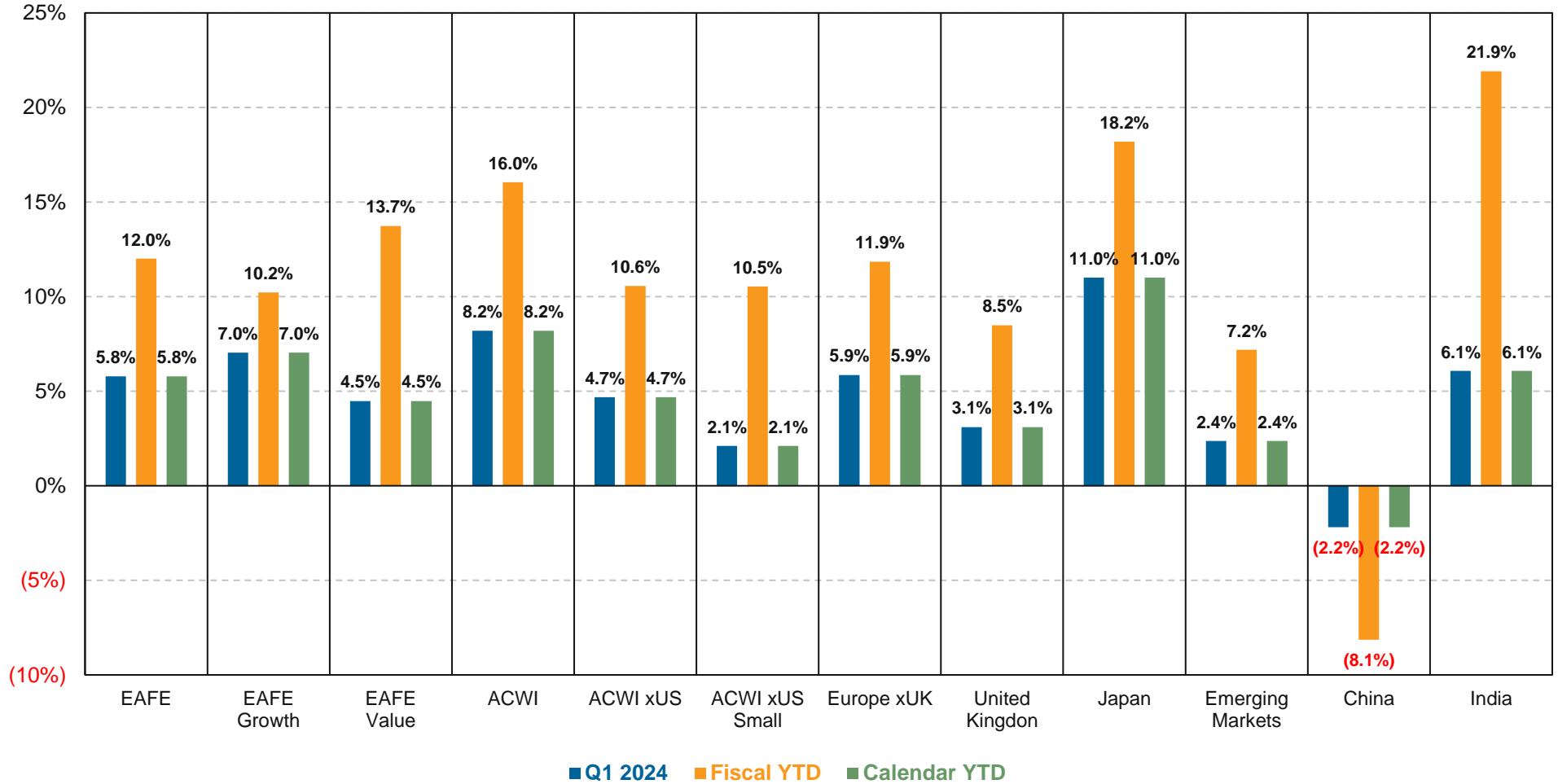


Sources: FTSE Russell, S&P Dow Jones Indices

# Global/Global ex-U.S. Equity Market Snapshot: Q1 2024

Non-U.S. equities posted gains but lagged domestic markets

Returns for Periods Ended March 31, 2024

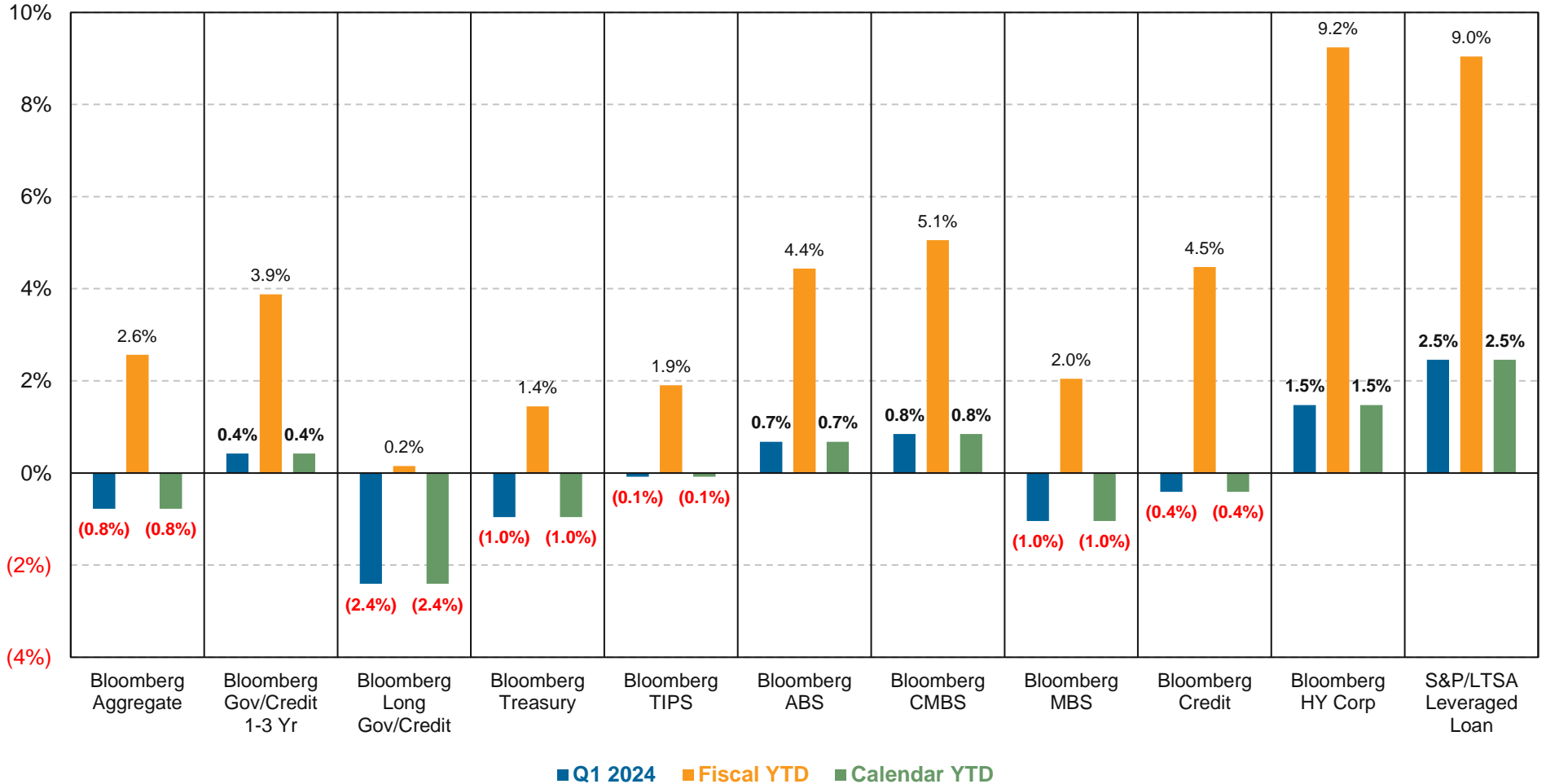


Source: MSCI

# U.S. Fixed Income Market Snapshot: Q1 2024

Treasury yields rose while risk appetite drove credit spreads tighter

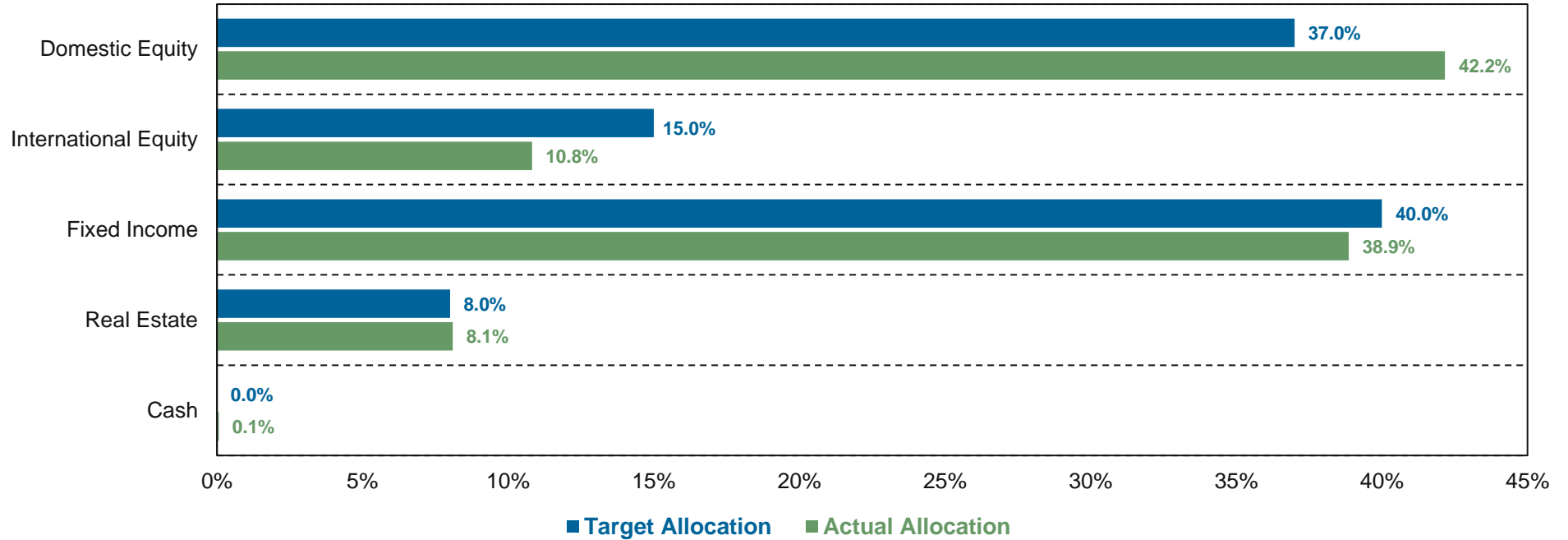
Returns for Periods Ended March 31, 2024



Sources: Bloomberg, Callan, S&P Dow Jones Indices

# Actual vs. Target Asset Allocation

March 31, 2024



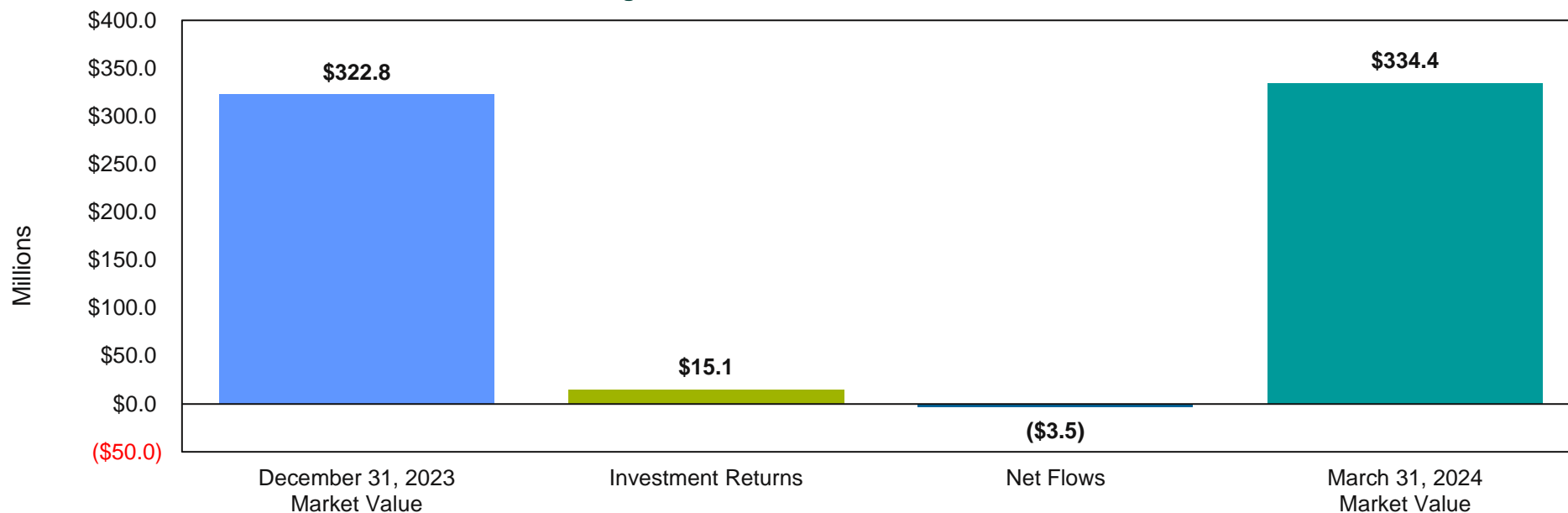
Asset Class	\$000s Actual	Weight Actual	Min. Target	Target	Max. Target
Domestic Equity	141,043	42.2%	32.0%	37.0%	42.0%
International Equity	36,175	10.8%	10.0%	15.0%	20.0%
Fixed Income	129,954	38.9%	35.0%	40.0%	45.0%
Real Estate	27,044	8.1%	3.0%	8.0%	13.0%
Cash	214	0.1%	0.0%	0.0%	5.0%
<b>Total</b>	<b>334,430</b>	<b>100.0%</b>		<b>100.0%</b>	

AJRS' target asset allocation was approved at the February 2024 Board meeting.

# Total Fund Asset Summary

March 31, 2024

Changes in Total Fund Assets – Q1 2024



Changes in Total Fund Assets	Q1 2024 (12/31/23 – 3/31/24)	Fiscal YTD (7/1/23 – 3/31/24)	1 Year (3/31/23 – 3/31/24)
Total Fund			
Beginning Market Value	\$322,828,213	\$308,408,935	\$304,923,468
+ Investment Returns	\$15,106,926	\$30,448,994	\$37,325,329
+ Net Flows	(\$3,505,231)	(\$4,428,021)	(\$7,818,887)
<b>= Ending Market Value</b>	<b>\$334,429,908</b>	<b>\$334,429,908</b>	<b>\$334,429,908</b>



# Total Fund Performance

March 31, 2024

Returns for Periods Ended March 31, 2024

Group: Callan Public Fund Spons- Mid (100M-1B)

	Q1 2024	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	6.82%	17.91%	6.17%	9.52%	8.30%	7.57%
25th Percentile	6.31%	16.21%	5.56%	8.81%	7.69%	7.31%
Median	5.51%	14.50%	4.60%	8.19%	7.29%	7.12%
75th Percentile	4.88%	12.87%	3.60%	7.33%	6.71%	6.72%
90th Percentile	4.15%	11.57%	2.84%	6.85%	6.20%	6.44%
<b>Total Fund</b>	<b>4.69% (79)</b>	<b>12.40% (82)</b>	<b>2.83% (91)</b>	<b>7.46% (73)</b>	<b>6.86% (68)</b>	<b>6.94% (61)</b>
<b>Benchmark</b>	<b>3.93% (95)</b>	<b>12.05% (84)</b>	<b>3.43% (79)</b>	<b>7.07% (84)</b>	<b>6.65% (80)</b>	<b>6.62% (84)</b>
Peer Universe Constituents	80	80	80	80	75	33

Peer group ranking in parentheses.  
Benchmark definitions included in the Appendix

# Asset Class Performance and Market Values

March 31, 2024

	Market Value \$(Dollars)	Ending Weight	Q1 2024	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
<b>Domestic Equity</b>	\$141,043,422	42.2%	10.77%	21.15%	29.67%	10.63%	14.71%	12.10%
<i>Russell 3000 Index</i>			10.02%	19.29%	29.29%	9.78%	14.34%	12.33%
<b>International Equity</b>	\$36,175,195	10.8%	3.81%	3.41%	3.79%	(7.13%)	4.72%	3.82%
<i>MSCI ACWI xUS Gross</i>			4.81%	10.87%	13.83%	2.44%	6.48%	4.58%
<b>Fixed Income</b>	\$129,953,852	38.9%	0.66%	5.72%	5.41%	(1.22%)	1.95%	2.61%
<i>Bloomberg Aggregate Index</i>			(0.78%)	2.56%	1.70%	(2.46%)	0.36%	1.54%
<b>Real Estate</b>	\$27,043,598	8.1%	(3.40%)	(9.32%)	(11.53%)	2.93%	2.81%	6.65%
<i>NCREIF NFI-ODCE Eq Wt Net</i>			(2.38%)	(9.57%)	(12.33%)	2.81%	2.98%	6.15%
<b>Cash</b>	\$213,841	0.1%						
<b>Total Fund</b>	\$334,429,908	100.00%	4.69%	9.90%	12.40%	2.83%	7.46%	6.86%
<i>Total Fund Benchmark</i>			3.93%	8.87%	12.05%	3.43%	7.07%	6.65%

Benchmark definitions included in the Appendix.

# Investment Manager Returns and Peer Group Rankings

March 31, 2024

	Q1 2024		Fiscal YTD		Last Year		Last 3 Years		Last 5 Years	
<b>Domestic Equity</b>	<b>10.77%</b>	<b>2</b>	<b>21.15%</b>	<b>2</b>	<b>29.67%</b>	<b>8</b>	<b>10.63%</b>	<b>12</b>	<b>14.71%</b>	<b>14</b>
Russell 3000 Index	10.02%	16	19.29%	22	29.29%	13	9.78%	24	14.34%	22
S&P 500 Index	10.56%	3	19.44%	13	29.88%	4	11.49%	5	15.05%	7
Med Public Fd - Dom Eqty	9.57%		18.33%		27.21%		9.28%		13.86%	
Mellon Russell 1000 Growth Index	11.42%	68	23.28%	60	38.86%	54	12.38%	19	-	
Russell 1000 Growth Index	11.41%	68	23.21%	60	39.00%	54	12.50%	18	18.52%	10
Callan Large Cap Growth	12.52%		24.50%		40.04%		10.44%		16.35%	
Boston Partners	12.33%	10	23.32%	5	29.10%	7	12.15%	12	13.70%	21
Russell 1000 Value Index	8.99%	63	15.56%	79	20.27%	76	8.11%	86	10.32%	87
Callan Large Cap Value	9.78%		18.23%		22.81%		10.14%		12.15%	
Aristotle Capital Boston	4.01%	84	9.22%	95	10.64%	99	2.69%	71	-	
Russell 2000 Index	5.18%	67	13.79%	56	19.71%	49	(0.10%)	96	8.10%	88
Callan Small Cap Core	5.78%		14.77%		19.57%		4.53%		10.46%	
<b>International Equity</b>	<b>3.81%</b>	<b>82</b>	<b>3.41%</b>	<b>98</b>	<b>3.79%</b>	<b>97</b>	<b>(7.13%)</b>	<b>97</b>	<b>4.72%</b>	<b>89</b>
MSCI ACWIxUS Gross	4.81%	42	10.87%	35	13.83%	41	2.44%	35	6.48%	58
Med Public Fd - Int Eqty	4.67%		9.95%		12.78%		1.49%		6.70%	
Baillie Gifford Intl Choice Fd	3.81%	79	3.41%	97	3.79%	98	(7.13%)	99	4.72%	97
MSCI ACWIxUS Gross	4.81%	67	10.87%	49	13.83%	59	2.44%	71	6.48%	78
Callan NonUS Eq	5.71%		10.79%		14.52%		3.85%		7.90%	

Benchmark definitions included in the Appendix.

# Investment Manager Returns and Peer Group Rankings

March 31, 2024

	Q1 2024		Fiscal YTD		Last Year		Last 3 Years		Last 5 Years	
<b>Fixed Income</b>	<b>0.66%</b>	<b>2</b>	<b>5.72%</b>	<b>4</b>	<b>5.41%</b>	<b>4</b>	<b>(1.22%)</b>	<b>40</b>	<b>1.95%</b>	<b>15</b>
Bloomberg Aggregate Index	(0.78%)	91	2.56%	86	1.70%	84	(2.46%)	91	0.36%	96
Med Public Fd - Dom Fixed	(0.33%)		3.54%		2.95%		(1.46%)		1.28%	
MacKay Shields LLC	0.66%	1	5.72%	3	5.41%	4	(1.22%)	20	1.95%	18
Blmbg Aggregate Index	(0.78%)	94	2.56%	96	1.70%	96	(2.46%)	89	0.36%	99
Callan Core Plus FI	(0.11%)		3.87%		3.41%		(1.71%)		1.46%	
<b>Real Estate</b>	<b>(3.40%)</b>	<b>83</b>	<b>(9.32%)</b>	<b>50</b>	<b>(11.53%)</b>	<b>56</b>	<b>2.93%</b>	<b>50</b>	<b>2.81%</b>	<b>50</b>
Med Public Fd - Real Est	(3.02%)		(9.32%)		(11.17%)		2.93%		2.81%	
Invesco Core Real Estate	(3.40%)	98	(9.32%)	67	(11.53%)	66	2.93%	54	2.81%	70
NFI-ODCE Equal Weight Net	(2.38%)	85	(9.57%)	68	(12.33%)	72	2.81%	56	2.98%	67
Callan OE Core Cmngld RE	(1.80%)		(7.94%)		(9.67%)		3.01%		3.38%	
<b>Total Fund</b>	<b>4.69%</b>	<b>79</b>	<b>9.90%</b>	<b>73</b>	<b>12.40%</b>	<b>82</b>	<b>2.83%</b>	<b>91</b>	<b>7.46%</b>	<b>73</b>
Callan Public Fd Mid DB	5.51%		10.93%		14.50%		4.60%		8.19%	
<b>Total Fund ex Cash</b>	<b>4.70%</b>	<b>79</b>	<b>9.90%</b>	<b>73</b>	<b>12.40%</b>	<b>82</b>	<b>2.83%</b>	<b>91</b>	<b>7.51%</b>	<b>70</b>
Target Benchmark*	3.93%	95	8.87%	88	12.05%	84	3.43%	79	7.07%	84
Callan Public Fd Mid DB	5.51%		10.93%		14.50%		4.60%		8.19%	

Benchmark definitions included in the Appendix.

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## Organizational Developments

*1<sup>st</sup> Quarter 2024*

### **MacKay Shields – Domestic Fixed Income**

In March 2024, MacKay Shields announced that CEO Jeff Phlegar had retired and is now serving as a Senior Advisor through June 30, 2024. Phlegar had been with MacKay for 12 years and he has been in the industry for 30; personal reasons were cited for Phlegar's retirement. Naim Abou-Joaude was named interim CEO and a search is being conducted for Phlegar's replacement. Abou-Joaude is also CEO of New York Life Investment Management (NYLIM), a role that he assumed last May after serving as CEO at one of the NYLIM boutiques, Candriam. He will continue to be CEO at NYLIM as well as interim CEO of MacKay and is in the process of relocating from London to New York City. There are no plans to consolidate NYLIM's six investment management boutiques as they all have very different areas of focus but there is collaboration/sharing of legal/compliance/distribution. Investment teams and decisions will not be directly impacted as the CEO has no portfolio management duties and is responsible for business strategy, governance, and other non-investment related areas. John Loffredo remains Vice Chairman of MacKay Shields and will report to Abou-Joaude.

Callan

 **Appendix**

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# Benchmark Definitions

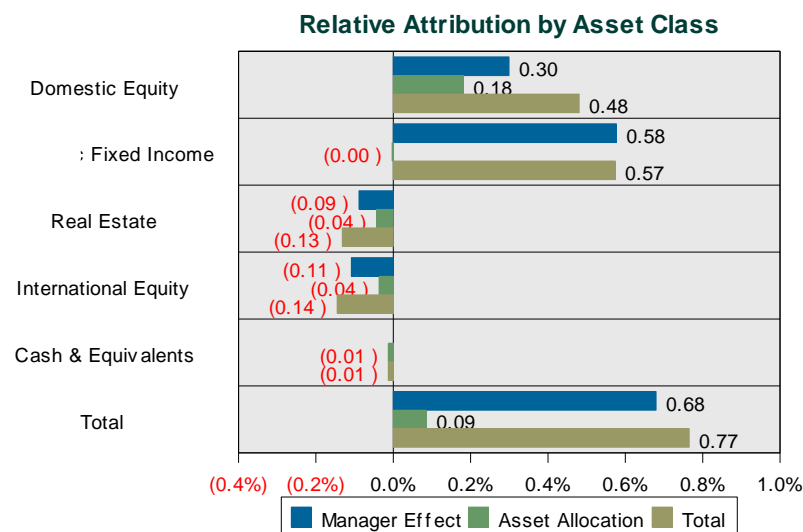
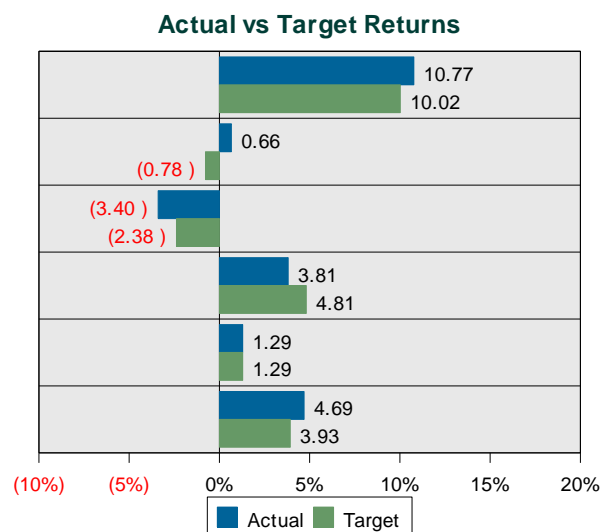
1. **Total Fund Benchmark (Target):** Blend of asset class benchmarks at policy weights.

	<u>Target</u>
Russell 3000	37.0%
MSCI ACWI xUS	15.0
Bloomberg Aggregate	40.0
<u>NCREIF NFI-ODCE Eq Wt Net</u>	<u>8.0</u>
<b>Total Target</b>	<b>100.0%</b>

2. **Domestic Equity Benchmark:** Russell 3000 Index
3. **International Equity Benchmark:** MSCI ACWI xUS Gross
4. **Fixed Income Benchmark:** Bloomberg Aggregate Index
5. **Real Estate:** NCREIF NFI-ODCE Eq Wt Net

# Total Fund Relative Attribution – Q1 2024

March 31, 2024



## Relative Attribution Effects for Quarter ended March 31, 2024

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	40%	37%	10.77%	10.02%	0.30%	0.18%	0.48%
Fixed Income	40%	40%	0.66%	(0.78%)	0.58%	(0.00%)	0.57%
Real Estate	9%	8%	(3.40%)	(2.38%)	(0.09%)	(0.04%)	(0.13%)
International Equity	11%	15%	3.81%	4.81%	(0.11%)	(0.04%)	(0.14%)
Cash & Equivalents	0%	0%	1.29%	1.29%	0.00%	(0.01%)	(0.01%)
<b>Total</b>			<b>4.69%</b>	<b>3.93%</b>	<b>+ 0.68%</b>	<b>+ 0.09%</b>	<b>0.77%</b>

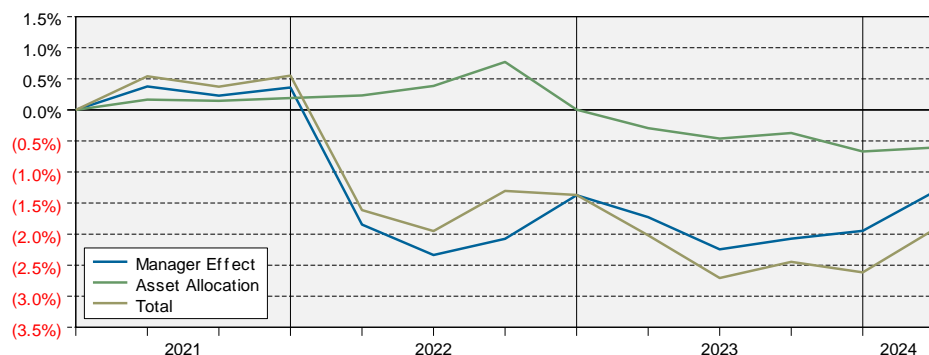
Benchmark definitions included in the Appendix.



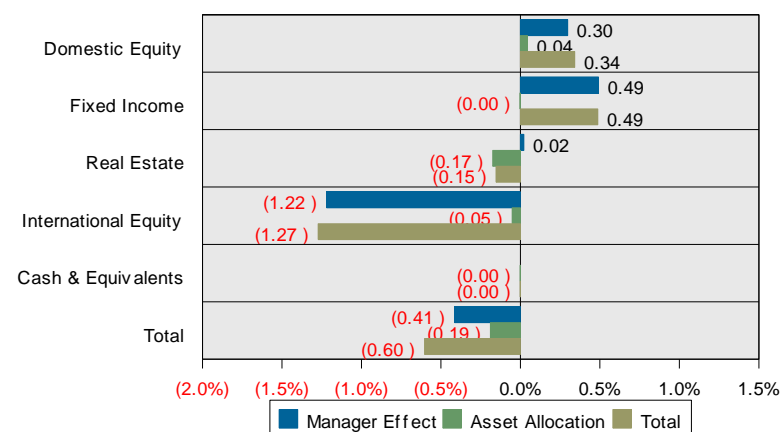
# Total Fund Relative Attribution – 3 Years

March 31, 2024

Cumulative Relative Attribution Effects



3-Year Annualized Relative Attribution Effects



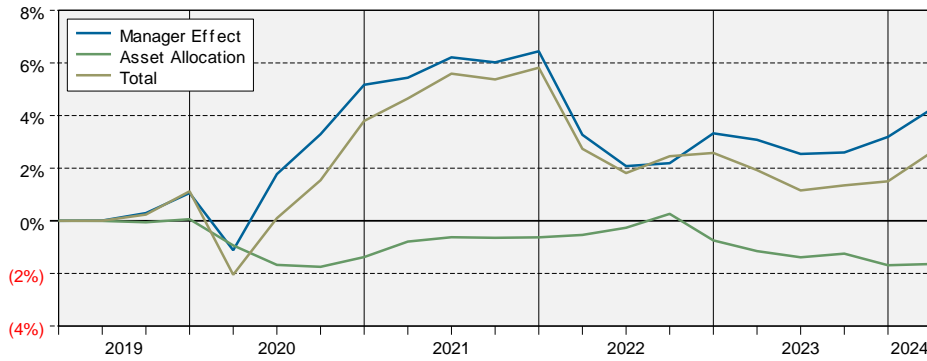
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	37%	10.63%	9.78%	0.30%	0.04%	0.34%
Fixed Income	40%	40%	(1.22%)	(2.46%)	0.49%	(0.00%)	0.49%
Real Estate	9%	8%	2.93%	2.81%	0.02%	(0.17%)	(0.15%)
International Equity	12%	15%	(7.13%)	2.44%	(1.22%)	(0.05%)	(1.27%)
Cash & Equivalents	0%	0%	2.61%	2.61%	0.00%	(0.00%)	(0.00%)
<b>Total</b>			<b>2.83%</b>	<b>3.43%</b>	<b>+(0.41%)</b>	<b>+(0.19%)</b>	<b>(0.60%)</b>

Benchmark definitions included in the Appendix.

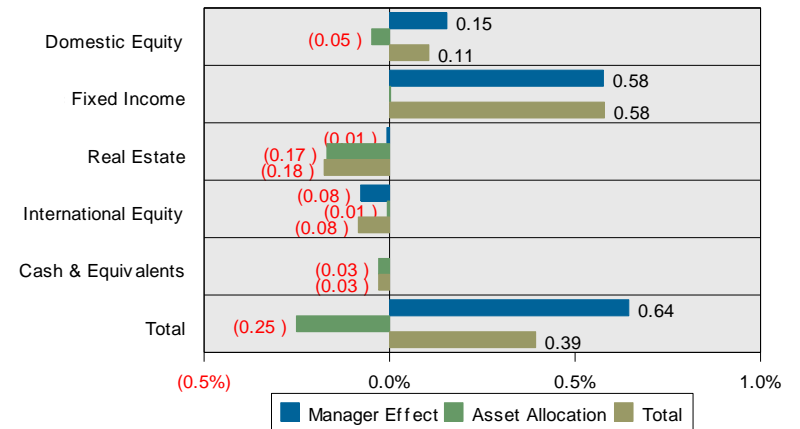
# Total Fund Relative Attribution – 5 Years

March 31, 2024

Cumulative Relative Attribution Effects



5-Year Annualized Relative Attribution Effects



Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	37%	14.71%	14.34%	0.15%	(0.05%)	0.11%
Fixed Income	39%	40%	1.95%	0.36%	0.58%	0.00%	0.58%
Real Estate	9%	8%	2.81%	2.98%	(0.01%)	(0.17%)	(0.18%)
International Equity	14%	15%	4.72%	6.48%	(0.08%)	(0.01%)	(0.08%)
Cash & Equivalents	0%	0%	1.99%	1.99%	0.00%	(0.03%)	(0.03%)
<b>Total</b>			<b>7.46%</b>	<b>7.07%</b>	<b>+ 0.64%</b>	<b>+ (0.25%)</b>	<b>0.39%</b>

Benchmark definitions included in the Appendix.

# Investment Manager Returns – Net of Fees

March 31, 2024

	Q1 2024	Last Year	Last 3 Years	Last 5 Years	Last 16-3/4 Years
<b>NET OF FEE RETURNS</b>					
<b>Domestic Equity</b>					
Mellon Russell 1000 Growth Index	11.41%	38.80%	12.34%	-	-
Russell 1000 Growth Index	11.41%	39.00%	12.50%	18.52%	12.48%
Boston Partners	12.20%	28.44%	11.56%	13.10%	8.71%
Russell 1000 Value	8.99%	20.27%	8.11%	10.32%	7.05%
Aristotle Capital Boston	3.80%	9.76%	1.87%	-	-
Russell 2000 Index	5.18%	19.71%	(0.10%)	8.10%	7.21%
<b>International Equity</b>					
Baillie Gifford Intl Choice Fd	3.67%	3.25%	(7.60%)	4.20%	-
MSCI ACWIxUS Gross	4.81%	13.83%	2.44%	6.48%	3.23%
<b>Fixed Income</b>					
MacKay Shields LLC	0.59%	5.10%	(1.52%)	1.64%	-
Blmbg Aggregate Index	(0.78%)	1.70%	(2.46%)	0.36%	3.02%
<b>Real Estate</b>					
Invesco Core Real Estate	(3.47%)	(11.78%)	2.64%	2.50%	-
NFI-ODCE Equal Weight Net	(2.38%)	(12.33%)	2.81%	2.98%	4.11%
<b>Total Fund</b>	<b>4.61%</b>	<b>12.01%</b>	<b>2.47%</b>	<b>7.08%</b>	<b>5.91%</b>
<b>Total Fund ex Cash</b>	<b>4.62%</b>	<b>12.00%</b>	<b>2.47%</b>	<b>7.13%</b>	<b>6.09%</b>
Target Benchmark*	3.93%	12.05%	3.43%	7.07%	6.17%

Benchmark definitions included in the Appendix.

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## Important Disclosures

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