



Arkansas Judicial Retirement System Annual Comprehensive Financial Report



For Fiscal Year 2025



Table of Contents

Introduction

History	5
System Highlights	5
Letter from the Chairperson and Executive Director of AJRS.....	6
Board of Trustees	8
Senior Staff.....	8
Professional Service Providers.....	8

Financial

Management's Discussion and Analysis	9
Basic Financial Statements	10
The Statement of Fiduciary Net Position	10
The Statement of Changes in Fiduciary Net Position.....	11
Notes to the Financial Statements.....	12
Note 1: Plan Description	12
Note 2: Summary of Significant Accounting Policies	14
Note 3: Deposits and Investments	14
Note 4: Legally Required Reserves	21
Note 5: Net Pension Liability	21
Required Supplementary Information	23
Schedule of Employer Contributions	23
Schedule of the Net Pension Liability.....	24
Schedule of Annual Money Weighted Rate of Return.....	24
Schedule of Changes in the Net Pension Liability and Related Ratios.....	26

Investments

Investment Overview	29
Asset Allocation and Diversification	29
Investment Return Summary.....	30
Investment Results	30
Domestic Equity	31
International Equity.....	32
Fixed Income	32
Top 10 Holdings - Fixed Income	32
Real Estate	32
Manager Distribution	33
Schedule of Comparative Investment Results by Year.....	33
Schedule of Comparative Annualized Investment Results.....	34
Schedule of Brokerage Commissions	34
Schedule of Investment Managers	35
Schedule of Investment Manager Fees.....	35

Table of Contents



Actuarial Section

Actuarial Certification Letter	37
Summary of Actuarial Assumptions	40
Supplementary Information	41
Actuarial Data	42
Single Life Retirement Values	42
Decrement and Pay Increase Assumptions for Active Members.....	43
Probabilities of Retirement for Members Eligible to Retire.....	43
Computed Employer Contribution Rates	44
Retirees and Beneficiaries by Attained Age	45
Active Tier One Members by Attained Age and Years of Service	46
Active Tier Two Members by Attained Age and Years of Service	47
Actuarial Analysis	48
Short Condition Test	48
Short Condition Test: Ten-Year Comparative Statement	48
Analysis of Experience: Changes in Unfunded Actuarial Accrued Liabilities	49
Analysis of Experience: Gains/(Losses) by Risk Area.....	50
Summary of Plan Provisions.....	51

Statistical Section

The System	55
Schedule of Revenues by Source	55
Chart of Revenues by Source.....	55
Schedule of Investment Rate of Return.....	56
Chart of Investment Rate of Return	56
Schedule of Expenses by Type.....	57
Chart of Expenses by Type	57
Chart of Benefit Expenses by Type	58
Schedule of Benefit Expenses by Type.....	58
Membership	59
Schedule of Retired Members by Type of Benefit.....	59
Chart of Retired Members by Type of Benefit	59



AJRS
ARKANSAS JUDICIAL
RETIREMENT SYSTEM

The logo features the letters 'AJRS' in a large, grey, sans-serif font. A decorative swoosh, consisting of two overlapping curved shapes in gold and light yellow, passes behind the letters. Below the acronym, the full name 'ARKANSAS JUDICIAL RETIREMENT SYSTEM' is written in a smaller, gold, sans-serif font, arranged in two lines.

History

Arkansas Judicial Retirement System

With the passage of Act 365 on March 28, 1953, the Arkansas General Assembly created the Arkansas Judicial Retirement System (AJRS or “the System”).

The statutes providing for and governing AJRS may be found in Chapters 2 and 8 of Title 24 of the Arkansas Code Annotated (A.C.A.). The administration and control of the System is vested in the Board of Trustees of the Arkansas Judicial Retirement System (the Board). The Board is appointed by the Arkansas Judicial Council.

The System provides for the retirement of all circuit judges, court of appeals judges, and Arkansas Supreme Court justices. Act 399 of 1999 created a Tier II benefit plan for all persons who become members of the System after August 1, 1999. Any active member of the System prior to August 1, 1999, had until the end of the term in office in which the member was serving on the effective date to elect coverage under Tier II. Act 744 of 2009 permits Tier I judges with at least 20 years of judicial service to continue making 6% employee contributions in exchange for a 2.5% increase in benefits for each additional year of service. The maximum benefit payable is 75% of final salary.

This Annual Comprehensive Financial report, which covers the period from July 1, 2024, through June 30, 2025, provides comprehensive information about the System including statements of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants and benefit payments, as well as a description of the retirement plan.

System Highlights

(for the fiscal years ending June 30, 2025 and June 30, 2024)

	Active Members			
	FY2025		FY2024	
	Tier I	Tier II	Tier I	Tier II
Number	2	143	5	140
Average Age	67.6	58.5	68.2	58.4
Average Years of Service	26.5	9.5	31.4	9.3
Average Annual Salary	\$204,493	\$205,487	\$199,250	\$193,766

	Retired Members			
	Retired in Fiscal Year		Total Retired	
	FY2025	FY2024	FY2025	FY2024
Number	6	2	183	179
Average Age	71.3	71	78.5	77.8
Average Years of Service	28.4	20.1	NA	NA
Average Monthly Benefit	\$12,359	\$11,494	\$8,894	\$8,543

Introduction

December 1, 2025

Board of Trustees
Arkansas Judicial Retirement System
Little Rock, AR 72201

To the Members of the Arkansas Judicial Retirement System (AJRS):

We are pleased to present the Arkansas Judicial Retirement System Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.

This report reflects the collaborative work of AJRS management, under the guidance of the Board of Trustees. To the best of our knowledge, the information presented is materially accurate and fairly represents the financial position and operations of the System. The report is intended to support informed decision making, demonstrate fiscal transparency, ensure legal compliance, and reflect our commitment to responsible stewardship of member and employer contributions.

Plan Basics

Established in 1953, the Arkansas Judicial Retirement System provides retirement benefits to circuit judges, court of appeals judges, and justices of the Arkansas Supreme Court. AJRS is administered under Title 24 of the Arkansas Code and is governed by a Board of Trustees appointed by the Arkansas Judicial Council.

The mission of AJRS is to provide secure retirement benefits and exceptional service to our members. Plan provisions and benefit structures are summarized in the Actuarial Section with historical and statistical data presented in the Statistical Section.

Financial Information

This report has been prepared in accordance with generally accepted accounting principles (GAAP) in the United States.

AJRS is responsible for establishing and maintaining effective internal controls over financial reporting. These controls are designed to provide reasonable assurance that transactions are authorized, properly recorded, and that financial statements are prepared in conformity with GAAP.

Investments

The AJRS Board has adopted an investment policy consistent with Arkansas Code Annotated § 24-2-618 et seq., including fiduciary responsibilities under the prudent investor rule. This statutory framework authorizes the development of an Investment Policy Statement and the delegation of investment authority to professional advisors.

The Investment Policy Statement guides asset allocation and risk management. Through diversification, the portfolio seeks to achieve optimal long-term returns while managing risk. Asset allocation details are provided in the Investments Section.

Investment managers operate within Board-approved guidelines and in compliance with applicable federal and state laws. Ongoing monitoring is conducted by staff and the System’s investment consultant. A complete list of investment managers appears in the Investments Section.

For fiscal year 2025, the fund achieved a 10.67% rate of return. Long-term performance continues to reflect a disciplined investment approach, with a 20-year annualized return of 7.08%.

Actuarial Analysis

A retirement system is considered well-funded when sufficient assets exist to meet future benefit obligations. A higher funded ratio reflects stronger financial health and long-term sustainability.

AJRS’ statutory funding objective is to meet benefit obligations through stable contributions expressed as a percentage of active member payroll. The Board has adopted an Actuarial Funding Policy with a target funding level of 100%.

As of June 30, 2025, AJRS reported an actuarial accrued liability of \$371.7 million and actuarial funding value of assets totaling \$341.7 million, resulting in a funded ratio of 92%. Additional details are provided in the Actuarial Section.

Professional Services

The Board retains independent professional service providers to support the System’s integrity and sustainability. Actuarial services are provided by Gabriel, Roeder, Smith & Company (GRS); investment consulting is provided by Callan, LLC; and annual financial audits are performed by Arkansas Legislative Audit pursuant to Arkansas Code Annotated § 24-2-702.

Acknowledgments

This report reflects the combined efforts of AJRS staff and the Board of Trustees. We thank all who contribute to the prudent administration and long-term success of the System.

Message from the Chair and Executive Director

Throughout fiscal year 2025, the Board remained focused on fulfilling its fiduciary responsibilities and strengthening the long-term financial position of the System. We extend our sincere appreciation to the Board of Trustees for their leadership and to AJRS staff for their professionalism and dedication. We remain committed to preserving the financial strength of AJRS to ensure promised benefits are delivered — now and in the future.

Respectfully,



The Honorable Herbert Wright, Chair
Arkansas Judicial Retirement System
Board of Trustees



Amy Fecher, Executive Director
Arkansas Judicial Retirement System

Introduction

Board of Trustees

The Honorable Herbert Wright - Chair
District Court Judge

The Honorable Marcia Hearnberger
Retired Circuit Judge

The Honorable John Scott
Circuit Judge

The Honorable Earnest Brown, Jr.
Circuit Judge

The Honorable Raymond Abramson
Appellate Judge

Senior Staff

Amy Fecher
Executive Director

Carlos Borromeo
Chief Investment Officer

Allison Woods
Chief Benefits Officer

Ashley Golleher
Chief Operations Officer

Jason Willett
Chief Fiscal Officer

Patty Shipp
Chief Assurance and Risk Management Officer

Phillip Norton
Chief Information Officer

Laura Gilson
General Counsel

Usha Doolabh
Director of Investments

Jennifer Taylor
Retirement Administrator

Jacobia Bates
Director of Public Affairs

Cheryl Wilburn
Manager, Benefits Operations

Tammy Shadwick
Manager, Human Resources

Shelly George
Manager, Employer Reporting

Jon Aucoin
Manager, Investment and Finance Reporting

Brooke Hollowo
Director of Marketing

Professional Service Providers

Custodial Bank
The Bank of New York Mellon
Pittsburgh, PA 15258

Actuary
Gabriel, Roeder, Smith & Co.
Southfield, MI 48076

Investment Consultant
Callan Associates, Inc.
Chicago, IL 60602

Management’s Discussion and Analysis

This discussion and analysis of the Arkansas Judicial Retirement System (AJRS or “the System”) provides an overview of the System’s financial activities for the fiscal year ended June 30, 2025. It is intended to be used in conjunction with the letter from the AJRS Board Chair and Executive Director, and the financial statements and notes, which begin on page 10 of this report.

Using This Financial Report

This Annual Comprehensive Financial Report reflects the activities of the Arkansas Judicial Retirement System as reported in the Statement of Fiduciary Net Position (page 10) and the Statement of Changes in Fiduciary Net Position (page 11). These statements are presented on an accrual basis and reflect all Trust Fund activities as incurred. The Notes to the Financial Statements are an integral part of the financial statements and include additional information essential to understanding the basic financial statements.

The Required Supplementary Information following the Notes to the Financial Statements provide historical information and additional details considered useful in evaluating the condition of the plan. Investment data in the Financial Section is presented at fair value. See the Actuarial Section of this report for a detailed discussion of the actuarial value of assets and liabilities and the funded ratio.

Financial Highlights

The net position restricted for pension benefits increased by \$27.6 million during FY2025. On June 30, 2025, total plan assets were \$363.5 million. These assets exceeded total liabilities of \$1.2 million, resulting in a net position restricted for pension benefits of \$362.3 million.

Total additions for the System increased by \$1.7 million in FY2025. The primary reason for this increase in FY2025 additions was the increase in net investment income of \$1.3 million. AJRS had an excellent year with investments which resulted in an investment return of 10.67% in FY2025. The remainder of this increase in FY2025 additions was due to an increase in contributions of approximately \$536,000.

Benefit payments for fiscal year 2025 were \$18.8 million, or approximately \$712,000 more than fiscal year 2024.

The Statement of Fiduciary Net Position

The Statement of Fiduciary Net Position (see page 10) reports the pension trust fund’s assets, liabilities, and resulting net position such that at the end of the fiscal year:

$$\text{ASSETS} - \text{LIABILITIES} = \text{NET POSITION}$$

It is a snapshot of the financial position of the pension trust fund at that specific time.

The Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position (see page 11) reports the pension trust fund’s financial transactions that have occurred during the fiscal year such that:

$$\text{ADDITIONS} - \text{DEDUCTIONS} = \text{NET CHANGE IN NET POSITION}$$

It indicates the change that has occurred to the prior year’s net position value on the Statement of Fiduciary Net Position.

Notes to the Financial Statements

The notes to the financial statements are provided as an integral component of the financial statements to help explain in narrative form some of the more complex or less obvious elements to the statements. Further, the notes provide additional information that is essential for a comprehensive understanding of the System's financial condition and the results of its operations.

Note 1 provides a general description of the System, including information regarding membership and employers.

Note 2 summarizes significant accounting policies, including the basis of accounting, management's use of estimates, and other accounting policies.

Note 3 describes deposits and investments risk.

Note 4 provides information regarding legally required reserves.

Note 5 provides information regarding the System's net pension liability.

Basic Financial Statements

The Statement of Fiduciary Net Position

(as of June 30, 2025 and 2024)

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$2,190,540	\$2,803,155
Receivables:		
Contributions	3,292	187,293
Investment Principal Receivable	859,292	59,933
Accrued Investment Income Receivable	1,059,916	1,101,276
Total Receivables	<u>1,922,500</u>	<u>1,348,502</u>
Investments At Fair Value:		
Government Securities	58,106,685	44,181,000
Corporate Securities	254,665,569	201,524,975
International Securities	20,752,139	58,629,419
Real Estate	25,740,694	26,453,650
Commercial Loans	130,833	134,314
Total Investments	<u>359,395,920</u>	<u>330,923,359</u>
TOTAL ASSETS	<u>363,508,960</u>	<u>335,075,016</u>
LIABILITIES		
Accrued Expenses and Other Liabilities	354,729	345,303
Investment Principal Payable	877,710	39,660
TOTAL LIABILITIES	<u>1,232,439</u>	<u>384,963</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$362,276,521</u>	<u>\$334,690,053</u>

The Statement of Changes in Fiduciary Net Position

(as of June 30, 2025 and 2024)

	2025	2024
ADDITIONS		
Contributions:		
Employer	\$10,120,958	\$ 9,860,335
Employee	1,421,809	1,307,899
Court Fees	568,010	406,259
Total Contributions	<u>12,110,777</u>	<u>11,574,493</u>
Investment Income:		
Interest	7,319,058	6,878,450
Dividends	2,292,067	2,580,213
Investment Gain	26,139,034	25,038,194
Total Investment Income	<u>35,750,159</u>	<u>34,496,857</u>
Less: Investment Expense	<u>1,261,113</u>	<u>1,219,153</u>
Net Investment Income	34,489,046	33,277,704
Other Additions:		
Miscellaneous Additions	278	223
TOTAL ADDITIONS	<u>46,600,101</u>	<u>44,852,421</u>
DEDUCTIONS		
Benefit Payments	18,819,130	18,107,583
Refunds of Contributions	-	-
Administrative Expenses	194,503	149,590
TOTAL DEDUCTIONS	<u>19,013,633</u>	<u>18,257,173</u>
NET INCREASE (DECREASE)	27,586,468	26,595,248
NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of Year	<u>334,690,053</u>	<u>308,094,805</u>
End of Year	<u>\$362,276,521</u>	<u>\$334,690,053</u>

Notes to the Financial Statements

Note 1: Plan Description

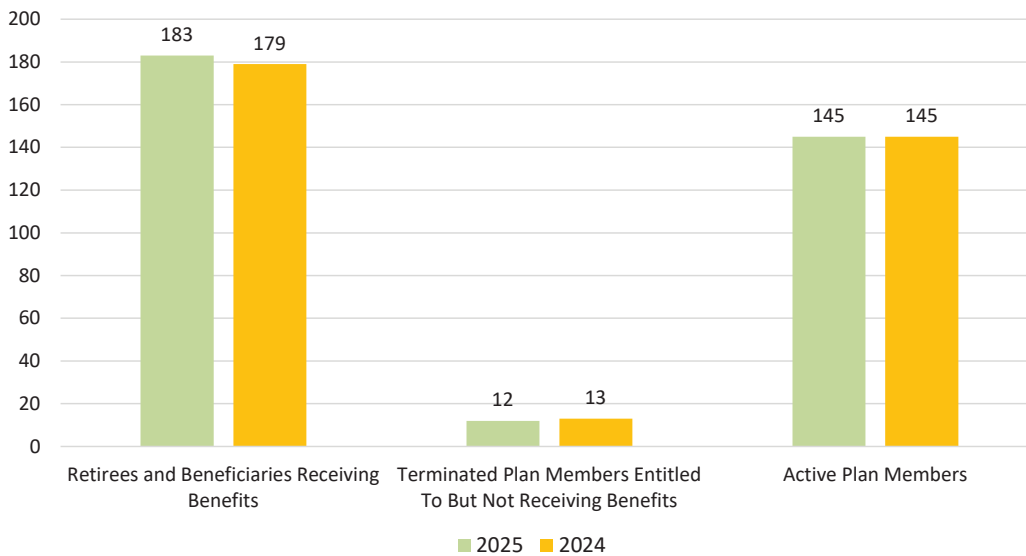
AJRS is a single-employer, defined benefit pension plan established on March 28, 1953.

The System provides for the retirement of all circuit judges, court of appeals judges, and Supreme Court justices. The laws governing operations of AJRS are set forth in Arkansas Code of 1987 Annotated (A.C.A.) §§ 24-8-201 through 24-8-228 and §§ 24-8-701 through 24-8-717. The administration and control of the system is vested in the Board of Trustees of the Arkansas Judicial Retirement System (the Board), which includes five members selected by the Arkansas Judicial Council.

Membership

As of June 30, 2025, and June 30, 2024, AJRS membership was as follows:

Membership	2025	2024
Retirees and Beneficiaries Receiving Benefits	183	179
Terminated Plan Members Entitled to But Not Receiving Benefits	12	13
Active Plan Members	145	145
Total	340	337



Contributions

Contribution provisions are established by state law and may be amended only by the Arkansas General Assembly. The contribution rate of each member of the system is 6% of annual salary for Tier I (A.C.A. § 24-8-209) and 5% of annual salary for Tier II (A.C.A. § 24-8-706). When a judge is certified as eligible for retirement, no further contribution is required of that member for Tier I (A.C.A. § 24-8-211) or for Tier II (A.C.A. § 24-8-708). The employer contribution rate is 12% of salaries paid.

In addition to the 12% employer rate and the statutory fees, the Chief Fiscal Officer of the State is required to transfer from the Constitutional and State Central Services Fund an amount that is equal to the difference between the mandatory contribution rate and the actuarially determined rate necessary to fund the plan (A.C.A. § 24-8-210).

System Administration

Costs for administering the System are paid out of investment earnings.

Benefits

An active member in Tier I with a minimum of 10 years of credited service may voluntarily retire upon reaching 65 years of age or thereafter upon filing a written application with the Board. Any other Tier I member who has a minimum of 20 years of credited service may retire regardless of age, and any judge or justice who has served at least 14 years is eligible for benefits upon reaching age 65. In all cases of age and service retirement for judges or justices elected after July 1, 1983 and remaining in Tier I, the member must have a minimum of 8 years of actual service as a justice of the Arkansas State Supreme Court or a judge of the circuit courts or the Arkansas Court of Appeals (A.C.A. § 24-8-215). An active or former member in Tier II may retire at age 65 with 8 or more years of actual service or after 20 years of actual service regardless of age (A.C.A. § 24-8-710).

Increases after Retirement

For any person who was a member on or before June 30, 1983, the retirement benefits are increased or decreased from time to time as the salary for the particular judicial office is increased or decreased. For all judges or justices first elected on or after July 1, 1983, and who have received retirement benefits from the System for at least 12 full calendar months, the retirement benefits are increased each July 1st by 3%. Post retirement increases for members are authorized in A.C.A. sections as follows:

Tier Type	A.C.A. Section
Tier I judges first elected before July 1, 1983:	§ 24-8-218 (c) (1) (B)
Tier I judges first elected after July 1, 1983:	§ 24-8-223
Tier II judges:	§ 24-8-717

Note 2: Summary of Significant Accounting Policies**Basis of Accounting**

AJRS' accounts and records are maintained using fund accounting principles, and its financial statements are prepared using the accrual basis of accounting. Contributions and other revenues are recorded in the accounting period in which they are earned, and expenses are recognized when due and payable in accordance with the terms of the system.

Use of Estimates

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the U.S. requires the System Administrator to make significant estimates and assumptions that affect various data in the report, including the following:

- The net position restricted for pensions at the date of the financial statements
- The net pension liability and other actuarial information presented in Note 5
- The required supplementary information as of the benefit information date
- The changes in fiduciary net position during the reporting period

Estimates may also be involved in formulating disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, cash in state treasury, and short-term investment funds (STIF). The STIF accounts are created through daily sweeps of excess cash by the System's custodial bank into a bank-sponsored commingled fund that is invested in U.S. Government and agency securities and other short-term instruments.

Note 3: Deposits and Investments

Deposits are carried at cost and are included in "cash and cash equivalents." Cash and cash equivalents include demand accounts, cash in state treasury, and short-term investment funds. As of June 30, 2025, these totals were \$7,119, \$978 and \$2,182,443 respectively. State Treasury Management Law governs the management of funds held in the State Treasury (cash in state treasury) and it is the responsibility of the Treasurer of State to ensure the funds are adequately insured and collateralized.

Investments

Arkansas Code Annotated §§ 24-2-601 – 24-2-619 authorize the Board to have full power to invest and reinvest monies of the System and to hold, purchase, sell, assign, transfer or dispose of any of the investments or proceeds of the investments in accordance with the prudent investor rule. Security transactions and any resulting gains or losses are accounted for on a trade basis. Net investment income includes net appreciation in the fair value of investments, interest income, dividend income, and total investment expense, which includes investment management fees, custodial fees, and all other significant investment-related costs.

Arkansas Code Annotated § 24-2-608 also states that the System shall seek to invest not less than 5% nor more than 10% of the System's portfolio in Arkansas-related investments. AJRS recognizes a legal responsibility to seek to invest in the Arkansas economy while realizing that its primary, legal, and fiduciary commitment is to beneficiaries of the System. As stated in A.C.A. § 24-2-608 (d), "nothing in this section shall in any way limit or impair the responsibility of a fiduciary to invest in accordance with the prudent investor rule set forth in §§ 24-2-610 – 24-2-619."

Investments are reported at fair value as determined by the custodial bank. The custodial bank's determination of fair values includes, among other things, using pricing services or quotes by major independent brokers at current exchange rates as available. The following schedule reflects the fair value of investments.

Statement of Invested Assets

(Assets by type at fair value in dollars as of June 30, 2025)

Government Securities:

U.S. Government Securities	\$ 58,106,685
Agency CMO	9,027,673
Agency Pooled	22,687,212
U.S. Fixed Futures	294,014

Corporate Securities:

Collateralized Obligations	30,728,095
U.S. Corporate Bonds	24,776,417
Common Stock	146,792,950
High Yield Income Bond Fund	52,368,106

International Securities:

Emerging Market	1,643,242
Equity Securities	11,038,531
Global Corporate Fixed	8,070,366

Commercial Loans

130,833

Real Estate

25,740,694

TOTAL

\$391,404,818

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the System 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 (a) uninsured, (b) not registered in the name of the government, and (c) held by either the counterparty or the counterparty's trust department or agent but not in the System's name. Arkansas Code Annotated § 24-2-606 addresses the custodianship of assets, and the investment policy states that "the custodian bank shall, by nominee agreement, hold any and all securities for the beneficial interest of the AJRS fund." As of June 30, 2025, there were no investments exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. Interest rate risk is the greatest risk faced by an investor in the debt securities market since the price of a debt security will often move in the opposite direction of the change in interest rates.

The System's external fixed income investment manager uses the measurement of effective duration to mitigate the interest rate risk of the fixed income investments. Each fixed income investment manager monitors and reports the effective duration monthly. The effective duration of the investment portfolio is required to be +/- 10% of the benchmark's duration. The benchmark for the U.S. fixed income markets is the Barclays Capital U.S. Aggregate Bond Index.

Debt Security Investments and Maturities

(as of June 30, 2025)

Category	Market Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	More than 10 Years	Fund - No Maturities
Government Securities	\$58,106,685	\$294,014	\$3,342,488	\$14,031,264	\$40,438,919	-
Corporate Securities	55,504,513	631,603	9,563,981	11,183,810	34,125,119	-
International Securities	9,713,608	691,862	4,329,740	2,299,280	2,392,726	-
Commercial Loans	130,833	-	130,833	-	-	-
High Yield Income Fund	52,368,106	-	-	-	-	\$52,368,106
Total	\$175,823,745	\$1,617,479	\$17,367,042	\$27,514,354	\$76,956,764	\$52,368,106

Credit Risk for Investments

Credit risk of investments is the risk that the issuer or other counterparty will not fulfill its obligation to the holder of the investment. Credit risk exposure is dictated by each investment manager's agreement. This credit risk is measured by the credit quality of investment in debt securities as described by nationally recognized statistical rating organizations. Each portfolio is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual security quality rating tiers, and the average credit quality of the overall portfolio.

The System's Exposure to Credit Risk

(in dollars as of June 30, 2025)

Moody's Quality Ratings

Category	AAA	AA	A	BBB	Ba	B	CCC or below	Not Rated	Base Market Value	% of Total
Government Securities	\$49,088,637	\$8,724,034	-	-	-	-	-	\$294,014	\$58,106,685	33.05%
Corporate Securities	1,475,653	503,836	\$5,734,259	\$16,538,218	\$5,890,172	-	-	25,362,375	55,504,513	31.57
International Securities	-	-	1,580,859	4,884,363	1,679,353	715,187	-	853,846	9,713,608	5.52
Commercial Loans	-	-	-	-	-	130,833	-	-	130,833	0.08
High Yield Income Fund	-	-	-	-	-	-	-	52,368,106	52,368,106	29.78
	\$50,564,290	\$9,227,870	\$7,315,118	\$21,422,581	\$7,569,525	\$846,020	-	\$78,878,341	\$175,823,745	100%

S&P's Quality Ratings

Category	AAA	AA	A	BBB	Ba	B	CCC or below	Not Rated	Base Market Value	% of Total
Government Securities	-	\$49,088,637	-	-	-	-	-	\$9,018,048	\$58,106,685	33.05%
Corporate Securities	\$24,089	323,977	\$4,776,422	\$18,239,575	\$3,782,384	\$1,346,380	\$618,861	26,392,824	55,504,513	31.57
International Securities	-	-	1,278,340	6,050,721	2,004,061	178,148	-	202,337	9,713,608	5.52
Commercial Loans	-	-	-	-	-	130,833	-	-	130,833	0.08
High Yield Income Fund	-	-	-	-	-	-	-	52,368,106	52,368,106	29.78
	\$24,089	\$49,412,614	\$6,054,762	\$24,290,296	\$5,786,445	\$1,655,361	\$618,861	\$87,981,315	\$175,823,745	100%

Asset-Backed Securities

Asset-backed securities (ABS) are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The System'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

A mortgage-backed security (MBS) is a type of asset-backed security that is secured by a mortgage or collection of mortgages. MBSs depend on the underlying pool of mortgage loans to provide cash flow to make principal and interest payments on the security to its holders. The payments are usually periodic, similar to coupon payments. MBSs are subject to credit risk, prepayment risk, and extension risk.

A collateralized mortgage obligation (CMO) is an MBS that comprises classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. CMOs may be collateralized by whole-loan mortgages, mortgage pass-through securities, or stripped mortgage-backed securities.

The System invests in MBSs and CMOs for diversification and to enhance fixed income returns. These instruments are reported at fair value in the Statement of Fiduciary Net Position.

Pooled Funds

AJRS is invested in an international pooled fund. The data is disclosed in Note 3: Deposits and Investments, Investments and Derivative Instruments measured at Fair Value. AJRS could be indirectly exposed to credit and market risks associated with currency forward contracts to the extent that these pooled funds hold currency forward contracts for purposes of managing exposure to fluctuations in foreign exchange rates.

Derivative Instruments

Derivative instruments are financial contracts or agreements whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. Derivative instruments include futures contracts, forward contracts, swap contracts, options contracts, and forward foreign currency exchange. AJRS, through its external investment managers, can hold such instruments.

The external investment managers may enter into these investments on behalf of AJRS, primarily to enhance the performance and reduce the volatility of its portfolio. The external investment managers may enter into swaps and futures contracts to gain or hedge exposure to certain markets and to manage interest rate risk. AJRS' external investment managers seek to control this risk by evaluating the counterparties before approval, establishing credit limits for each counterparty, and employing procedures for monitoring exposure to credit risk. AJRS' external investment managers anticipate that the counterparties will be able to satisfy their obligations under the contracts. Investments in limited partnerships and commingled funds may include derivatives that are not shown in any derivative totals.

Financial Futures

(in dollars as of June 30, 2025)

Futures Contract	Expiration	Notional Value	Fair Value	Unrealized Gain (Loss)
U.S. 2-year Treasury Note	Sept 2025	\$(8,921,828)	\$(8,945,008)	\$(23,180)
U.S. 5-year Treasury Note	Sept 2025	8,215,484	8,284,000	68,516
U.S. 10-year Treasury Note	Sept 2025	(1,222,688)	(1,233,375)	(10,688)
U.S. 10-year Ultra Treasury Note	Sept 2025	570,134	571,328	1,194
U.S. Long Bond Treasury	Sept 2025	1,681,859	1,732,031	50,172
U.S. Ultra Bond Treasury	Sept 2025	4,795,250	5,003,250	208,000
		<u>\$5,118,212</u>	<u>\$5,412,227</u>	<u>\$294,014</u>

Fair Value Measurements

AJRS categorizes its fair value measurements within the fair value hierarchy by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets of liabilities (Level 1 measurements) and the lower priority to unobservable inputs (Level 3 measurements).

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

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.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table below shows the fair value leveling of the investments for the System.

Assets classified in Level 1 of the fair value hierarchy 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. Term Loans classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

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.

Investments and Derivative Instruments Measured at Fair Value

(as of June 30, 2025)

	Fair Value	Level 1	Level 2	Level 3
Investments At Fair Value				
U.S Domestic Equities	\$80,694,619	\$80,694,619	-	-
International Equities	12,160,401	12,160,401	-	-
U.S. Government Securities	26,097,786	26,097,786	-	-
U.S. Futures	294,014	294,014	-	-
U.S. Fixed Income Securities	87,219,398	-	\$87,219,398	-
International Fixed Income Securities	9,713,608	-	9,713,608	-
Term Loans	130,833	-	-	\$130,833
Total Investments Measured at Fair Value	\$216,310,659	\$119,246,820	\$96,933,006	\$130,833
Investments Measured at the Net Asset Value (NAV)				
BNY ACWI exUS Fund	\$4,335,720			
BNY Large Cap Growth Fund	60,640,742			
MacKay Defensive Bond Fund	8,910,050			
MacKay High Yield Core Fund	7,215,966			
CC&L Q International Equity	36,242,090			
Invesco Core Real Estate	25,740,694			
Total Investments Measured at the NAV	\$143,085,262			

Investments classified as Level 1 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 in the preceding table include publicly traded debt securities and exchange traded stocks 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 AJRS' custodial bank which maintains the book of record for all investments.

Investments classified as Level 3 in the preceding table are unobservable, meaning that the assets lack an independent pricing source. Values are provided by the investment manager or an external pricing source such as an independent appraiser.

Investments Measured at the Net Asset Value (NAV)

The fair value of investments that are organized as commingled funds or limited partnerships have no readily ascertainable fair value. The value is determined by using the net asset value per share or its equivalent. 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 foreign currency and published market prices for certain securities. Even though the limited partnerships and commingled funds issue annual financial statements audited by independent auditors, the year-end for the State and these entities do not always agree.

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. With certain exceptions, mainly the equity and the fixed income funds, these investments cannot be redeemed, or, have certain restrictions regarding redemption. The real estate investments distributions are through the liquidation of the underlying assets or net operating cash flows. Each investment has a different redemption frequency and notice period as noted in the Investments Measured at Net Asset Value table.

Investments Measured at the Net Asset Value

(in dollars as of June 30, 2025)

	Fair Value	Strategy Type	Fund Life of Non-redeemable mandates	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period	Other Redemption Restrictions	Restriction Time Remaining
BNY ACWI exUS Fund	\$4,335,720	International Equities	N/A	none	daily	T + 1	N/A	N/A
BNY Large Cap Growth Fund	60,640,742	U.S. Large Cap Growth stocks	N/A	none	daily	T + 1	N/A	N/A
Mackay Defensive Bond Fund	8,910,050	Fixed Income	N/A	none	daily	T + 3	N/A	N/A
Mackay High Yield Core Fund	7,215,966	High Yield Fixed Income	N/A	none	daily	T + 2	N/A	N/A
CC&L Q International Equity	36,242,090	International Equities	N/A	none	daily	T + 2	N/A	N/A
Invesco Core Real Estate	25,740,694	Real Estate	N/A	none	quarterly	T + 45	N/A	N/A
	\$143,085,262							

BNY ACWI exUS Fund

This index fund is a market capitalization weighted equity index tracking large and mid-cap stocks across developed (excluding the US) and emerging market countries. It covers roughly 85% of the global equity opportunity set outside the U.S.

BNYM Large Cap Growth Fund

The BNYM Mellon DB SL Large Cap Growth Stock Index Fund seeks to match the performance and overall characteristics of the Russell 1000 Growth Index in a risk-controlled, cost-effective manner. The Fund's approach aims to minimize tracking errors, manage transaction costs, and utilize a full replication approach.

Mackay Defensive Bond Fund

This Fund is designed to generate income and reduce volatility by investing assets in a specialized arbitrage fund. It focuses on exploiting price differences between related fixed-income securities, aiming for consistent, lower-risk returns.

Mackay High Yield Core Fund

This fund is an actively managed fund that aims for maximum current income and capital appreciation. It invests in high-yield corporate bonds. It uses a bottom-up, fundamental credit analysis approach to select high-yield debt.

CC&L Q International Equity

The CC&L Q International Equity strategy is a highly active, systematic all-cap core strategy holding 1,000+ names, designed to generate alpha through a blend of fundamental factors and opportunistic signals. By prioritizing stock-specific, risk-controlled, relative value positions, the strategy maintains a diversified profile with a slight value tilt and high annual turnover.

Invesco Core Real Estate (ICRE)

The ICRE strategy is a portfolio of U.S. properties diversified by property type and geographic location, with an emphasis on attractive current income returns and the opportunity for both income and capital growth. It is based on top-down economic fundamentals combined with bottom-up local market intelligence.

Note 4: Legally Required Reserves

The reserve accounts and their balances for the years ended June 30, 2024, and June 30, 2025, are described here and shown in the table below.

The Members' Deposit Account (MDA) represents members' contributions held in trust until each member's retirement, at which time contributions are transferred to the Retirement Reserve Account, described below.

The Employers' Accumulation Account accumulates employers' contributions to be used in providing the reserves required for transfer to the Retirement Reserve Account as members retire or become eligible for disability benefits.

The Deferred Annuity Account is the reserve account established to cover estimated retirement benefits to inactive vested members who are not currently receiving benefit payments.

The Retirement Reserve Account is the account to which member contributions, interest on those contributions, and employer contributions are transferred upon member retirement.

Legal Reserves

(as of June 30, 2025 and 2024)

	2025	2024
Members' Deposit Account	\$14,908,643	\$14,598,404
Members' Deposit Account Interest Reserve	698	698
Employer Accumulation Account	126,077,048	93,490,572
Retirement Reserve Account	213,945,454	219,168,915
Deferred Annuity Account	7,344,679	7,431,463
Total	\$362,276,521	\$334,690,053

Note 5: Net Pension Liability

The components of the net pension liability of the system at June 30, 2025, were as follows:

Total Pension Liability	\$371,697,950
Plan Fiduciary Net Position	\$362,276,521
Net Pension Liability	\$9,421,429
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.47%

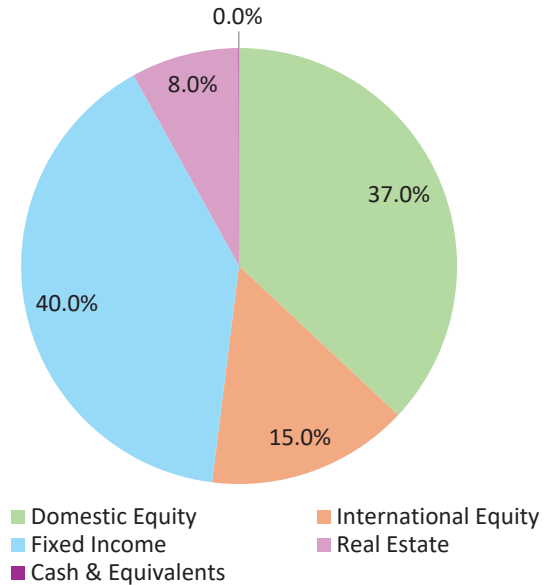
Long-Term Expected Return on Plan Assets

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 asset 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 arithmetic real rates

of return were provided by the plan’s investment consultant. For each major asset class that is included in the pension plan’s target asset allocation as of June 30, 2025, these best estimates, provided by the plan’s investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	37.0%	5.29%
International Equity	15.0%	6.17%
Real Estate	8.0%	4.89%
Cash & Equivalents	0.0%	0.00%
Fixed Income	40.0%	2.50%
Total	100%	
Total Real Rate of Return		4.27%
Plus: Price Inflation - Actuary's Assumption		2.50%
Less: Investment Expenses*		0.00%
Net Expected Return		6.77%

Target Allocation Table



*This may overstate the investment expense as the investment market assumptions are based upon passive management. Our assumption for investment expense includes the cost of active management.

Sensitivity of the Net Pension Liability

The following table presents the net pension liability of the System, calculated using the discount rate of 5.50%, as well as what the System’s net pension liability would be if it were calculated using a discount rate of one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate.

1% Decrease	Current Discount Rate	1% Increase
4.50%	5.50%	6.50%
\$52,897,343	\$9,421,429	\$(27,738,753)

Actuarial Gains and Losses

Actuarial gains and losses result from the differences between the Actuarial Accrued Liability (AAL) amount computed by the actuary and those same amounts reflected in the required supplemental schedules as of the date of the actuarial report. The net actuarial gain or losses increases or decreases the unfunded AAL based on the annual actuarial valuation. The 2025 actuarial gains and losses were due to routine adjustments of actuarial assumptions and methodology, as well as normal experience gains and losses. The resulting actuarial loss was (\$15,683,677). This actuarial loss was due primarily to the actual market rate of return on investment being less favorable than the assumed rate of return during the four-year phase-in of differences between the two.

Actuarial Computed Liabilities

The total unfunded actuarial computed liability of the system was \$29,979,135 as of June 30, 2025. This amount is shown on the following schedule at fair value and is based on the entry age normal cost method.

Actuarial Present Value of	(1) Total Present Value	(2) Position Covered By Future Normal Cost Contributions	(3) Actuarial Accrued Liabilities (1)-(2)
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	\$229,117,632	-	\$229,117,632
Age and service allowances based on total service likely to be rendered by present active members	202,091,209	\$ 70,577,017	131,514,192
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active and inactive members	13,050,188	5,747,175	7,303,013
Disability benefits likely to be paid to present active members	2,023,470	2,593,081	(569,611)
Death-in-service benefits likely to be paid on behalf of present active members	8,315,992	3,983,268	4,332,724
TOTAL	454,598,491	82,900,541	371,697,950
Applicable Assets (Funding Value)	341,718,815	-	341,718,815
Liabilities to be covered by future contributions	\$112,879,676	\$82,900,541	\$29,979,135

Required Supplementary Information

The historical trend information designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits when due is required supplementary information.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2016	\$5,561,289	100%
2017	8,485,361	100
2018	8,421,173	100
2019	8,233,959	100
2020	8,572,697	100
2021	8,209,893	100
2022	8,963,459	100
2023	8,230,629	100
2024	10,266,594	100
2025	10,688,968	100

Schedule of the Net Pension Liability

Year Ending June 30	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2016	\$260,522,178	\$215,785,569	\$44,736,609	82.83%	\$22,308,000	200.54%
2017	270,381,518	240,819,648	29,561,870	89.07	22,917,870	128.99
2018	279,174,680	256,508,130	22,666,550	91.88	23,434,705	96.72
2019	284,488,459	267,279,487	17,208,972	93.95	23,602,735	72.91
2020	296,653,578	280,837,139	15,816,439	94.67	24,586,078	64.33
2021	309,112,455	346,888,932	(37,776,477)	112.22	25,479,456	(148.26)
2022	334,328,250	296,855,183	37,473,067	88.79	26,259,112	142.71
2023	350,007,445	308,094,805	41,912,640	88.03	27,529,347	152.25
2024	353,569,032	334,690,053	18,878,979	94.66	28,123,486	67.13
2025	371,697,950	362,276,521	9,421,429	97.47	29,793,631	31.62

Schedule of Annual Money Weighted Rate of Return

(annual money-weighted rate of return, net of investment expense, by fiscal year)

2016	(0.79)%
2017	12.93%
2018	7.94%
2019	5.72%
2020	6.51%
2021	25.72%
2022	(12.44)%
2023	6.54%
2024	10.81%
2025	10.30%



Schedule of Changes in the Net Pension Liability and Related Ratios

Fiscal Year Ending June 30	2025	2024	2023
TOTAL PENSION LIABILITY			
Service Cost	\$8,567,959	\$8,577,925	\$8,100,878
Interest	19,164,390	18,988,344	18,132,003
Benefit Changes	-	-	-
Differences Between Expected and Actual Experience	9,215,699	(5,897,099)	6,858,147
Assumption Changes	-	-	-
Benefit Payments	(18,819,130)	(18,107,583)	(17,411,833)
Refunds	-	-	-
NET CHANGE IN TOTAL PENSION LIABILITY	18,128,918	3,561,587	15,679,195
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	353,569,032	350,007,445	334,328,250
TOTAL PENSION LIABILITY, END OF YEAR (a)	\$371,697,950	\$353,569,032	\$ 350,007,445
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$10,688,968	\$10,266,594	\$8,230,629
Contributions - Employee	1,421,809	1,307,899	1,267,952
Net Investment Income	34,489,046	33,277,705	19,323,746
Benefit Payments	(18,819,130)	(18,107,583)	(17,411,833)
Other	278	223	112
Refunds	-	-	-
Administrative Expense	(194,503)	(149,590)	(170,984)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	27,586,468	26,595,248	11,239,622
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	334,690,053	308,094,805	296,855,183
PLAN FIDUCIARY NET POSITION, END OF YEAR (b)	\$362,276,521	\$334,690,053	\$308,094,805
NET PENSION LIABILITY, END OF YEAR (a) - (b)	\$ 9,421,429	\$ 18,878,979	\$ 41,912,640
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	97.47%	94.66%	88.03%
COVERED-EMPLOYEE PAYROLL	\$29,793,631	\$28,123,486	\$27,529,347
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED - EMPLOYEE PAYROLL	31.62%	67.13%	152.25%

2022	2021	2020	2019	2018	2017	2016
\$8,053,242	\$7,197,367	\$7,096,255	\$6,919,400	\$6,927,257	\$7,221,153	\$7,230,267
17,515,015	16,822,916	16,175,509	15,877,675	15,378,982	16,121,127	15,770,309
-	-	-	-	-	-	-
(37,166)	3,798,212	2,340,115	(4,481,503)	(743,902)	(3,462,751)	(5,184,045)
16,744,946	-	-	-	-	2,369,244	-
(17,060,242)	(15,310,419)	(13,440,774)	(12,979,769)	(12,769,175)	(12,310,422)	(12,007,538)
-	(49,199)	(5,986)	(22,024)	-	(79,011)	(800)
25,215,795	12,458,877	12,165,119	5,313,779	8,793,162	9,859,340	5,808,193
309,112,455	296,653,578	284,488,459	279,174,680	270,381,518	260,522,178	254,713,985
\$334,328,250	\$309,112,455	\$296,653,578	\$284,488,459	\$279,174,680	\$270,381,518	\$260,522,178
\$8,963,459	\$8,209,893	\$8,572,697	\$8,233,959	\$8,421,173	\$8,485,361	\$5,561,289
1,300,942	1,117,205	1,138,323	988,612	1,016,180	1,016,646	1,011,372
(43,073,807)	72,229,450	17,434,154	14,655,787	19,162,603	28,044,374	(1,744,085)
(17,060,242)	(15,310,419)	(13,440,774)	(12,979,769)	(12,769,175)	(12,310,422)	(12,007,538)
14	13	1,129	41,854	11	45,832	-
-	(49,199)	(5,986)	(22,024)	-	(79,011)	(800)
(164,115)	(145,150)	(141,891)	(147,062)	(142,311)	(168,701)	(158,420)
(50,033,749)	66,051,793	13,557,652	10,771,357	15,688,482	25,034,079	(7,338,182)
346,888,932	280,837,139	267,279,487	256,508,130	240,819,648	215,785,569	223,123,751
\$296,855,183	\$ 346,888,932	\$280,837,139	\$267,279,487	\$256,508,130	\$240,819,648	\$215,785,569
\$ 37,473,067	\$ (37,776,477)	\$ 15,816,439	\$ 17,208,972	\$ 22,666,550	\$ 29,561,870	\$ 44,736,609
88.79%	112.22%	94.67%	93.95%	91.88%	89.07%	82.83%
\$26,259,112	\$25,479,456	\$24,586,078	\$23,602,735	\$23,434,639	\$22,917,870	\$22,308,000
142.71%	(148.26%)	64.33%	72.91%	96.72%	128.99%	200.54%



Investment Overview

Investment returns play an important role in the funded ratio of the AJRS trust fund. The Board of Trustees of the Arkansas Judicial Retirement System (the Board) has adopted an Investment Policy Statement with the purpose of the exclusive benefit of the participants and beneficiaries of the System and where the objective of maximizing the total rate of return on investments within prudent risk parameters. The overall goal is to achieve an annualized rate of return which, when combined with employee and employer contributions, will meet, or exceed the benefit and administrative requirements of the System.

The System’s investments are managed by professional investment management firms based upon statutory investment authority as well as the investment policies adopted by the Board. The investment staff coordinates and monitors the investment of the trust fund’s assets and assists in the formulation and implementation of investment policies and long-term investment strategy.

The net investment portfolio fair values shown in this section, and used for the basis of calculating investment returns, may differ from those shown in other sections of this report. The values shown in this section are the appropriate industry standard basis for investment return calculation.

Asset Allocation and Diversification

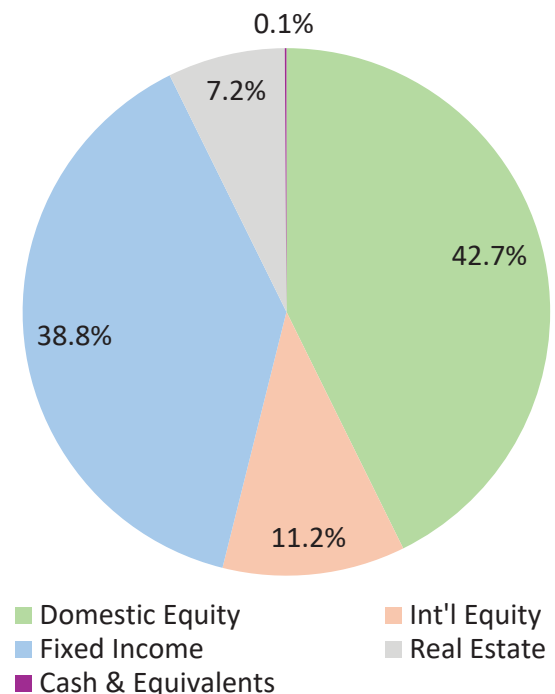
Asset allocation is a process which is designed to construct an optimal long-term asset mix which achieves a specific set of investment objectives. The Investment Policy Statement establishes the System’s asset allocation policy as designed to meet those objectives.

The System’s asset allocation policy has been adopted to provide diversification. The goal is to maximize the investment return as well as to be consistent with prudent levels of market and economic risks. The most important decision is the determination of asset allocation targets.

Risk is diversified by utilizing active and passive management as well as by retaining multiple investment management firms with varying investment styles.

The pie chart illustrates the actual asset allocation to each type of investment as of the fiscal year end.

Summary of Investments by Asset Class
(as of June 30, 2025)

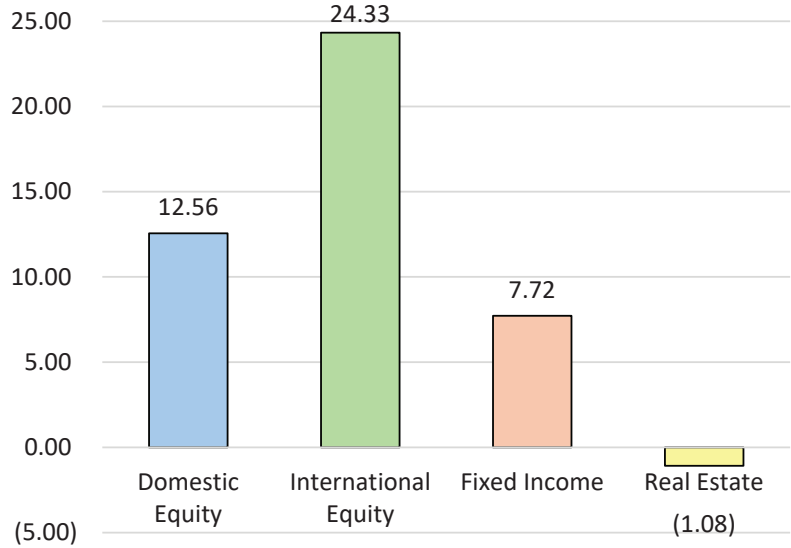


Investments

Investment Return Summary

For the Fiscal Year 2025

- The System posted an **10.67%** return.
- Domestic Equity posted a **12.56%** return.
- International Equity posted a **24.33%** return.
- Fixed Income posted a **7.72%** return.
- Real Estate posted a **(1.08)%** return.



Investment Results

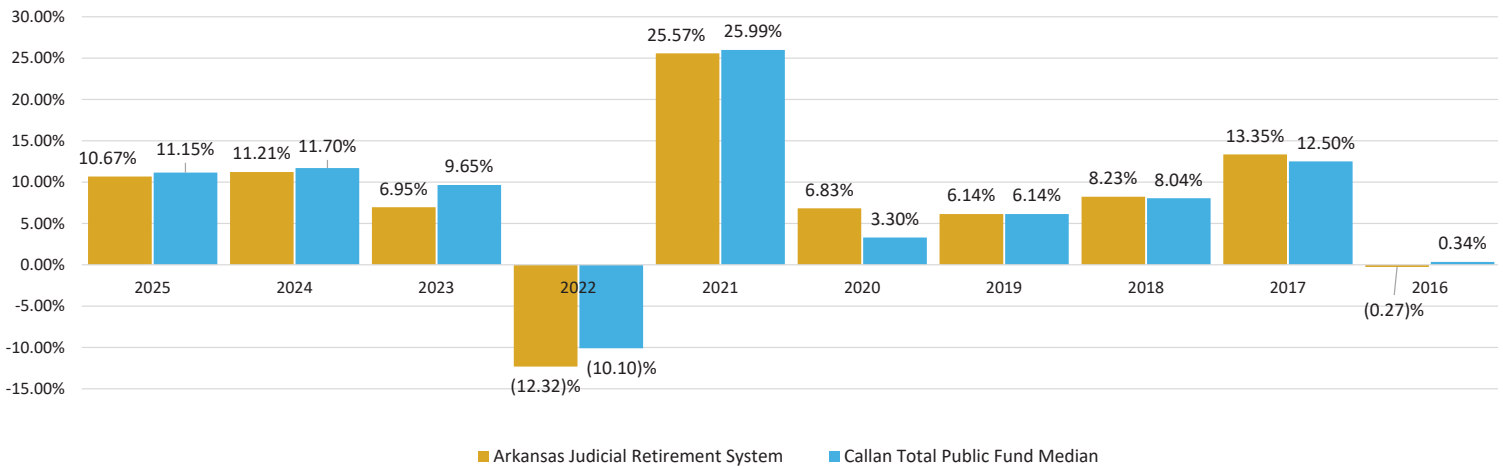
At the close of FY 2025, AJRS' investment portfolio had a fair value of \$362.620 million which was an increase of \$27.793 million from June 30, 2024.

For the fiscal year ended June 30, 2025, AJRS realized a total portfolio investment return of 10.67%. The return slightly underperformed the 11.15% return of AJRS' policy benchmark, a set of market indexes and weightings to those indexes that reflect AJRS' asset class targets.

AJRS' 10.67% return exceeded the actuarial assumed rate of return of 5.50%.

The following tables provide a historical perspective of AJRS' investment returns and performance over the past few years. AJRS' investment returns are shown for the total portfolio as well as for each asset class over various time periods, including benchmark or target for each asset class is also shown.

Actual vs Benchmark return - 10 Year Comparison



Domestic Equity

As of June 30, 2025, 42.7% of AJRS' portfolio was invested in domestic equities (U.S. stocks). The fair value of the domestic equity portfolio was \$154.95 million. The domestic equity portfolio returned 12.56% for the fiscal year. The Russell 3000 Index returned 15.30%.

The portfolio takes an active management approach to the U.S. stock markets with 66% invested with active investment managers.

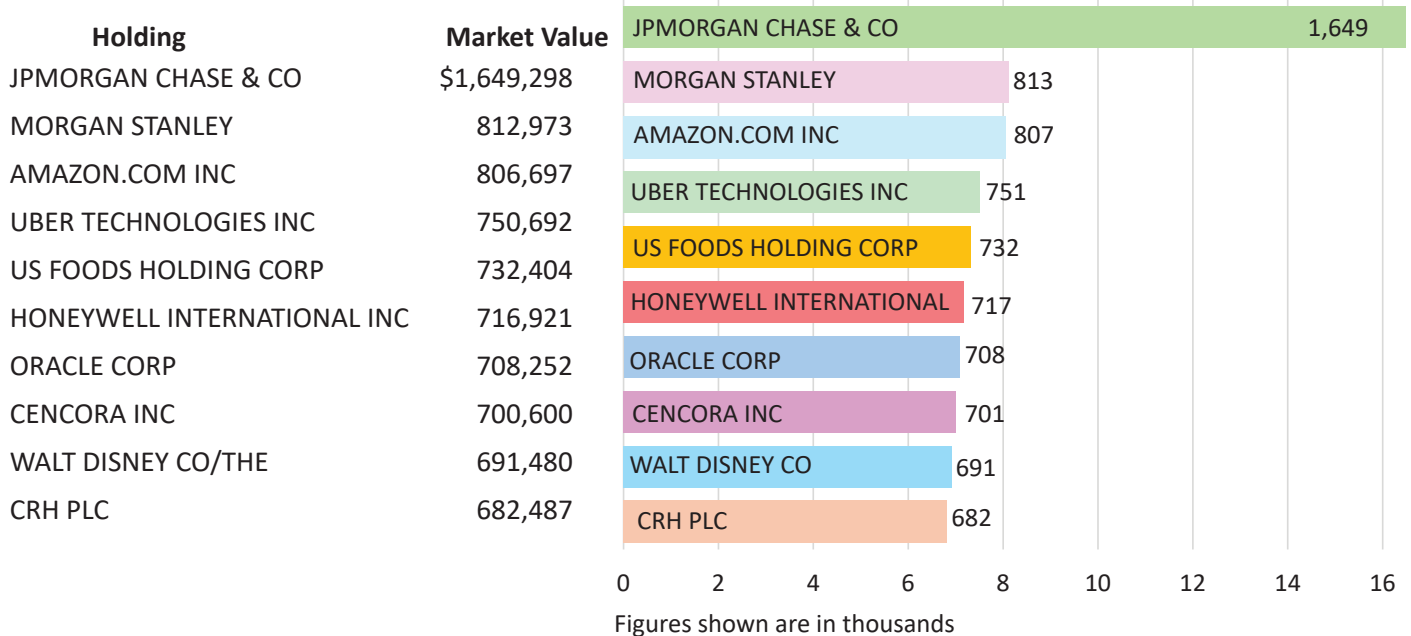
The passive component is primarily an S&P 500 Index Fund and a Large Cap Growth Index Fund. It constitutes an efficient, low-cost means of obtaining market exposure and provides liquidity should it be needed for benefit payments.

Combined Portfolio Strategy

AJRS utilizes active management in small, mid, and large capitalization stock strategies. The portfolio is also invested in strategies that focus on different investment styles: a value portfolio which focuses on companies undervalued relative to their prospective dividend and earnings growth; a growth portfolio which focuses on companies whose earnings are expected to grow at rates which exceed the general economy; and a core portfolio which seeks to add value across all sectors through stock selection.

Top 10 Holdings - Domestic Equity

(as of June 30, 2025)



Investments

International Equity

As of June 30, 2025, 11.2% of AJRS' portfolio was invested in international equities (non-U.S. stocks). The fair value of the international equity portfolio was \$40.58 million. The international equity portfolio returned 24.33% for the fiscal year. The MSCI EAFE Index returned 17.95%.

The international equity portfolio was passively managed.

The international portfolio assets are allocated across developed and emerging markets. AJRS utilizes the MSCI EAFE (Europe, Asian, and Far East) Index as its benchmark for the international equity index.

Fixed Income

As of June 30, 2025, 38.8% of AJRS' portfolio was invested in fixed income securities. The fair value of the fixed income portfolio was \$140.91 million. The fixed income portfolio returned 7.72% for the fiscal year. The Bloomberg Aggregate Index returned 6.08%.

Top 10 Holdings - Fixed Income

Fixed Income Holdings		Market Value
U S TREASURY NOTE	4.000% 04/30/2032	\$4,032,534
U S TREASURY NOTE	4.250% 05/15/2035	2,983,098
U S TREASURY BOND	5.000% 05/15/2045	2,669,191
U S TREASURY BOND	4.750% 05/15/2055	1,692,826
U S TREASURY NOTE	3.875% 04/30/2030	1,671,244
FNMA POOL #0MA4562	2.000% 03/01/2052	799,875
FHLMC POOL #SD-3770	2.500% 03/01/2052	723,661
FNMA POOL #0MA5108	6.000% 08/01/2053	569,984
GNMA II POOL #0MA7650	3.000% 10/20/2051	456,199
FNMA POOL #0FS4723	2.500% 11/01/2051	382,529

Real Estate

As of June 30, 2025, 7.2% of AJRS' portfolio was invested in real estate. The fair value of the portfolio was \$25.93 million. The Real Estate portfolio returned (1.08)% for the fiscal year. AJRS' target returned 2.47%.

Manager Distribution

(as of June 30, 2025)

Asset Allocation	Strategy	Market Value	Percent of Total
Domestic Equity:			
Aristotle Capital	Small Cap Equity	\$19,838,277	5.47%
Boston Partners	Value Equity	74,470,134	20.54%
BNYM Large Cap Growth	Growth Equity	60,640,742	16.72%
		<u>154,949,153</u>	
International Equity:			
CC&L Q International	International Equity	36,242,090	9.99%
BNYM ACWI exUS	International Equity	\$4,335,720	1.20%
Domestic Fixed Income:			
MacKay Shields LLC	Core Plus Fixed Income	140,907,688	38.86%
Real Estate:			
Invesco Core Real Estate	Core Real Estate	25,928,610	7.15%
Cash & Equivalents:			
AJRS General Fund	Short Term Investments	256,600	0.07%
		<u>\$362,619,861</u>	<u>100.00%</u>

Schedule of Comparative Investment Results by Year

(for the years ended June 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Fund										
AJRS	10.67%	11.21%	6.95%	(12.32)%	25.57%	6.83%	6.14%	8.23%	13.35%	(0.27)%
Callan Total Public Fund										
Median	11.15	11.70	9.65	(10.10)	25.99	3.30	6.14	8.04	12.50	0.34
Equities										
AJRS	12.56	24.01	17.08	(11.77)	46.84	4.92	6.19	15.72	19.99	(1.81)%
Russell 3000 Index	15.30	23.13	18.95	(13.87)	44.16	6.53	8.98	14.78	18.51	2.14
International Equities										
AJRS	24.33	2.61	14.19	(35.65)	39.46	12.48	0.35	9.12	25.17	(12.15)
MSCI - ACWI-ex US Index	17.95	12.17	13.33	(19.01)	36.29	(4.39)	1.80	7.79	20.27	(10.16)
Fixed Income										
AJRS	7.72	6.82	0.82	(12.08)	5.14	8.20	8.31	0.29	3.90	3.92
Bloomberg Aggregate Index	6.08	2.63	(0.94)	(10.29)	(0.33)	8.74	7.87	(0.40)	(0.31)	6.00
Real Estate										
AJRS	(1.08)	(10.49)	(9.75)	27.17	7.79	1.32	7.03	8.25	8.52	10.95
NCREIF ODCE Index	2.47	(10.32)	(10.51)	28.93	7.99	1.71	6.37	7.76	7.35	11.51

Investments

Schedule of Comparative Annualized Investment Results

(as of June 30, 2025)

	2025	3-Year Annualized	5-Year Annualized	7-Year Annualized	10-Year Annualized
Total Fund					
Arkansas Judicial Retirement System	10.67%	9.60%	7.78%	7.44%	6.93%
Benchmark	11.15	9.68	7.52	7.44	6.69
Equities					
Arkansas Judicial Retirement System	12.56	8.61	14.57	13.04	12.17
Russell 3000 Index	15.30	8.05	14.14	14.39	12.55
International Equities					
Arkansas Judicial Retirement System	24.33	(8.98)	3.41	5.72	4.38
MSCI - ACWI-ex US Index	17.95	0.97	6.05	6.58	5.32
Fixed Income					
Arkansas Judicial Retirement System	7.72	(1.80)	1.50	3.32	2.66
Bloomberg Aggregate Index	6.08	(3.02)	(0.23)	1.77	1.35
Real Estate					
Arkansas Judicial Retirement System	(1.08)	(7.20)	1.84	2.49	4.47
NCREIF ODCE Index	2.47	(6.31)	2.74	3.05	4.71

Schedule of Brokerage Commissions

(for the fiscal year ended June 30, 2025)

Broker Name	Total Commission
NATIONAL FINL SVCS CORP, NEW YORK	\$8,417
CITIGROUP GLOBAL MARKETS INC., NEW YORK	6,326
RBC CAPITAL MARKETS LLC, NEW YORK	4,933
MORGAN STANLEY AND CO., LLC, NEW YORK	4,527
BANK OF AMERICA CORP, CHARLOTTE	2,789
PERSHING LLC, JERSEY CITY	2,486
J.P. MORGAN SECURITIES LLC, NEW YORK	2,390
GOLDMAN SACHS & CO, NY	2,312
JEFFERIES & CO INC, NEW YORK	1,071
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	945
UBS SECURITIES LLC, STAMFORD	870
STIFEL NICOLAUS	784
WILLIAM BLAIR & CO, CHICAGO	540
SG AMERICAS SECURITIES LLC, NEW YORK	479
MIZUHO SECURITIES USA INC, NEW YORK	346
WELLS FARGO SECURITIES LLC, CHARLOTTE	323
INSTINET CORP, NEW YORK	298
CITIGROUP GLOBAL MARKETS, INC., NEW YORK	287
BMO CAPITAL MARKETS CORP, NEW YORK	258
BAIRD, ROBERT W & CO INC, MILWAUKEE	247
others (11 other brokerage firms)	626
	<u>\$41,254</u>

Schedule of Investment Managers

Aristotle Capital Boston
Boston, MA 02110

Boston Partners
Boston, MA 02108

CC&L Q International
Vancouver, Canada

Invesco Real Estate
Dallas, TX 75240

MacKay Shields
New York, NY 10105

Mellon Capital
Pittsburgh, PA 15258

Schedule of Investment Manager Fees

(for the fiscal year ended June 30, 2025)

Investment Manager	Market Value	Fee	Basis Points
Domestic Equities			
Aristotle Capital	\$19,838,277	\$161,204	80
Boston Partners	74,470,134	342,966	45
BNYM Large Cap Growth	60,640,742	21,559	58
Fixed Income			
MacKay Shields LLC	140,907,688	412,097	30
Real Estate			
Invesco Real Estate (Core)	25,928,610	107,928	80
International Equities			
Baillie Gifford*	-	37,356	
CC&L Q International	36,242,090	65,212	
BNYM ACWI exUS	4,335,720	2,240	53
Total Investment Manager Fees		<u>1,150,562</u>	
Other Services			
Bank of New York Mellon (Custodian)		31,556	
Callan Associates (Consultant)		81,365	
Total Other Services		<u>112,921</u>	
Total Investment Fees		<u>\$1,263,483</u>	

*Baillie Gifford, terminated





November 12, 2025

Board of Trustees
Arkansas Judicial Retirement System
Little Rock, Arkansas

Dear Board Members:

The basic financial objective of the Arkansas Judicial Retirement System (AJRS) as provided in the Arkansas Code is to establish and receive contributions which, expressed as percents of active member payroll, will remain approximately level from generation to generation of Arkansas citizens and when combined with present assets and future investment return will be sufficient to meet the financial obligations of AJRS to present and future benefit recipients. The progress towards meeting this financial objective is illustrated in the Schedule of Funding Progress and the Schedule of Employer Contributions.

We performed an actuarial valuation and issued an actuarial valuation report for AJRS as of June 30, 2025. The purpose of the June 30, 2025 annual actuarial valuation was to determine the contribution requirement for the fiscal year ending June 30, 2027 and to measure the System's funding progress. The actuarial valuation report should not be relied upon for any other purpose. The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the cost assigned by the valuation method to the year of service about to be rendered) as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a period of up to 30 years. The most recent valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2025. In addition, a separate report was issued (dated October 31, 2025) to provide actuarial information for GASB Statement Nos. 67 and 68.

The AJRS administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year-to-year consistency. The actuary summarizes and tabulates population data in order to analyze longer term trends. We are not responsible for the accuracy and completeness of the information provided by the administrative staff.

The actuarial valuation report and GASB Statement No. 67 and No. 68 report contain the following supporting schedules for use in the Actuarial and Financial Sections of the Annual Comprehensive Financial Report.

Actuarial Section

- Summary of Assumptions Used
- Summary of Actuarial Methods and Assumptions
- Active Member Valuation Data
- Short Condition Test
- Analysis of Financial Experience
- Analysis of Financial Experience – Gains and Losses by Risk Area

Board of Trustees
Arkansas Judicial Retirement System
November 12, 2025
Page 2

Financial Section

- Schedule of Funding Progress
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of the Net Pension Liability
- Schedule of Contributions
- Notes to Schedule of Contributions

For actuarial valuation purposes, assets are valued on a market related basis that recognizes each year's difference between actual and assumed investment return over a closed four-year period.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas, including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). The assumptions and the methods comply with the requirements of the Actuarial Standards of Practice. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2025 valuation was based upon assumptions that were recommended in connection with a study of experience through the period 2016-2021.

On the basis of the June 30, 2025 actuarial valuation and the benefits and contribution rates then in effect, it is our opinion that the Arkansas Judicial Retirement System is satisfying the general financial objective of level-percent-of-payroll financing.

We have assessed that the contribution rate calculated under the current funding policy is a reasonable Actuarially Determined Employer Contribution (ADEC) and it is consistent with the plan accumulating adequate assets to make benefit payments when due.

Future actuarial measurements may differ significantly from those presented in the annual valuations due to such factors as experience differing from that anticipated by actuarial assumptions, or changes in plan provisions, actuarial assumptions/methods or applicable law. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of future measurements.

The reports were prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Board of Trustees
Arkansas Judicial Retirement System
November 12, 2025
Page 3

The signing actuaries are independent of the plan sponsor.

Mita D. Drazilov and Heidi G. Barry are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Mita D. Drazilov, ASA, FCA, MAAA



Heidi G. Barry, ASA, FCA, MAAA

MDD/HGB:rmn

Summary of Actuarial Assumptions*

Economic Assumptions

The investment return rate used in making the valuation was 5.50% per year, compounded annually (net after investment expenses). Adopted 2022.

Pay increase assumptions for individual active members are shown on page D-3. Part of the assumption for each age is for a merit and/or seniority increase, and the other 3.25% recognizes wage inflation. This wage inflation assumption consists of 2.50% for price inflation and 0.75% for real wage growth. Adopted 2015 and readopted 2022.

Total active member payroll is assumed to increase 3.25% a year, which is the portion of the individual pay increase assumptions recognizing inflation.

The number of active members is assumed to continue at the present number.

Non-Economic Assumptions

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were the PubG-2010 Above-Median Income Retiree Mortality tables for healthy retirees. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were the PubG-2010 **Disabled Retiree Mortality tables** for disabled retirees. The pre-retirement mortality tables used was 175% of the PubG-2010 Employee Mortality tables for active mortality experience. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables. Related values are shown on pages D-3 (pre-retirement) and D-5 (post-retirement). Adopted 2022.

The probabilities of retirement for members eligible to retire are shown on page D-4. Adopted 2017.

The probabilities of withdrawal from service are shown for sample ages on page D-3. Adopted 2022.

The probabilities of disability are shown for sample ages on page D-3. Adopted 2017.

Normal Cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry-age actuarial cost method having the following characteristics. The annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

The normal cost, the present value of future normal cost and the present value of benefits are based on the benefit levels available to each member. The accrued liability is the difference between the present value of benefits and the present value of future normal cost.

Funding value of assets (cash and investments) was determined by phasing-in differences between actual market return and the assumed rate of return over a four-year period.

The data about persons now covered and about present assets was furnished by the system's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA).

*The data referenced in this section is taken from the actuary's report, *Arkansas Judicial Retirement System Actuarial Valuation and Experience Gain/(Loss) Analysis June 30, 2025*, prepared by Gabriel Roeder Smith & Co. Unless otherwise noted, page number citations refer to that report. A PDF copy of the report is available for download at www.apers.org.

Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation date follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent-of-Payroll
Remaining Amortization Period	Variable, please refer to page A-3
Asset Valuation Method	4-year smoothed market with 25% corridor
Actuarial Assumptions:	
Investment Rate of Return	5.50%
Projected Salary Increases	3.25%
Including Price Inflation at	2.50%
Cost-of-Living Adjustments	Pre-July 1, 1983 Retirees: Increased with increases in active Judges pay. Post-June 30, 1983 Retirees: 3.0%, Compound.
Retirees and beneficiaries receiving benefits	183
Terminated plan members entitled to but not yet receiving benefits	12
Active plan members	<u>145</u>
Total	340

Actuarial Data

Single Life Retirement Values

(as of June 30, 2025)

Attained Age in 2025	Percent Dying Next Year		Present Value of \$1 Monthly for Life Increasing 3% Annually		Future Life Expectancy (Years)	
	Men	Women	Men	Women	Men	Women
50	0.2524%	0.1905%	\$252.46	\$261.92	36.44	38.85
55	0.3635%	0.2647%	233.21	243.95	31.52	33.86
60	0.5544%	0.3758%	211.17	222.94	26.75	28.97
65	0.8129%	0.5586%	186.46	198.77	22.17	24.21
70	1.2609%	0.8891%	159.19	171.68	17.81	19.65
75	2.1236%	1.5650%	130.33	142.41	13.78	15.37
80	3.8406%	2.9022%	101.49	112.46	10.20	11.50

Probabilities of death are for calendar year 2025.

Sample Attained Ages	\$100 Benefit Increasing 3% Annually	Portion of Age 65 Lives in 2025 Still Alive	
		Men	Women
65	\$100.00	100%	100%
70	115.93	95%	97%
75	134.39	89%	92%
80	155.80	78%	84%
85	180.61	63%	71%

Decrement and Pay Increase Assumptions for Active Members

(as of June 30, 2025)

2025 Sample Ages	Years of Service	Percent of Active Members Separating Within the Next Year					Pay Increase Assumptions for Individual Member		
		Male		Female		Withdrawal	Merit & Seniority	Base (Economic)	Increase Next Year
		Death	Disability	Death	Disability				
	0					15.00%			
	1					15.00%			
	2					15.00%			
	3					10.00%			
	4					10.00%			
30	5+	0.09%	0.04%	0.04%	0.05%	1.00%	0.00%	3.25%	3.25%
35		0.13%	0.04%	0.06%	0.05%	1.00%	0.00%	3.25%	3.25%
40		0.16%	0.10%	0.08%	0.18%	1.00%	0.00%	3.25%	3.25%
45		0.19%	0.13%	0.10%	0.20%	1.00%	0.00%	3.25%	3.25%
50		0.25%	0.25%	0.13%	0.28%	1.00%	0.00%	3.25%	3.25%
55		0.36%	0.45%	0.21%	0.38%	1.00%	0.00%	3.25%	3.25%
60		0.56%	0.71%	0.33%	0.51%	1.00%	0.00%	3.25%	3.25%
65		0.81%	0.83%	0.49%	0.62%	1.00%	0.00%	3.25%	3.25%

The pay increase assumptions are age based only, and not service based.

Probabilities of death are for calendar year 2025.

Probabilities of Retirement for Members Eligible to Retire

(as of June 30, 2025)

Early Retirement

Retirement Ages	Percent of Eligible Active Members Electing Early Retirement Within Next Year
62	2%
63	2%
64	2%

Normal Retirement

- 1) For ages under 70, a 4% probability of retirement is used.
- 2) For ages 70 and over,
 - a. If the future year of consideration is an odd year, then a 4% probability of retirement is used.
 - b. If the future year of consideration is an even year,
 - i. For members under the age of 76, a 33% probability of retirement is used.
 - ii. For members ages 76 or older, a 100% probability of retirement is used.

For Tier One, a member was assumed eligible to retire at age 50 with 20 years of service, or at age 65 with 10 years of service. A member was assumed eligible to retire early at age 62 with 14 years of service.

For Tier Two, a member was assumed eligible to retire at age 50 with 20 years of service, or at age 65 with 8 years of service. A member was assumed eligible to retire early at age 62 with 8 years of service.

Computed Employer Contribution Rates

(for fiscal years ended June 30)

Valuation Date June 30	Active Members in Valuation			UAAAL Financing Period	Computed Employer Contribution Rate
	Number	Average Pay	Averages in Years Age Service [@]		
2016	139	160,489	59.5 17.0	27	37.37%
2017#	140	163,699	59.0 16.1	15/20	35.87%
2018	139	168,595	60.0 16.9	&	35.90%
2019	140	168,591	60.5 17.8	&	34.85%
2020	142	173,141	60.9 17.9	&	34.34%
2021	145	175,720	57.3 12.9	&	31.86%
2022#	145	181,097	58.3 13.7	&	36.15%
2023	142	193,869	58.1 15.1	&	37.54%
2024	145	193,955	58.7 15.9	&	34.03%
2025	145	205,473	58.6 16.1	&	37.07%

Revised actuarial assumptions and/or methods.

@ Includes reciprocal service for Tier One members on and after June 30, 2006 and Tier Two members on and after June 30, 2009.

& Unfunded actuarial accrued liabilities are amortized as described on page A-3.

Employer contributions are the total of all types of revenue to the System except member contributions by payroll deduction and investment return. Employer contributions include court fees and Act 922 transfers.

Retirees and Beneficiaries by Attained Age

(as of June 30, 2025)

Attained Age	Retirees		Survivor Beneficiaries		Total	
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances
Under 50		\$ -		\$ -		\$ -
56			1	58,068	1	58,068
61			1	95,028	1	95,028
62	3	216,684			3	216,684
63	1	20,544			1	20,544
64	1	167,700			1	167,700
65	2	196,296	1	57,888	3	254,184
66			1	45,252	1	45,252
67			4	365,496	4	365,496
68	1	13,080			1	13,080
69	3	306,072	2	147,660	5	453,732
70	5	606,780	1	69,204	6	675,984
71	5	690,636			5	690,636
72	7	610,092	1	9,120	8	619,212
73	6	660,936			6	660,936
74	9	1,204,872	3	271,080	12	1,475,952
75	9	1,042,704	1	83,916	10	1,126,620
76	10	1,156,068	2	208,080	12	1,364,148
77	11	1,363,452	2	211,152	13	1,574,604
78	5	642,564	3	294,732	8	937,296
79	8	1,024,164	1	86,436	9	1,110,600
80	6	690,636	6	542,652	12	1,233,288
81	6	601,608	1	84,192	7	685,800
82	9	902,172	2	164,160	11	1,066,332
83	3	430,284	2	179,664	5	609,948
84	3	428,196	2	166,572	5	594,768
85	2	152,436	2	200,976	4	353,412
86	4	461,328	2	184,248	6	645,576
87	3	444,612	1	85,476	4	530,088
88	3	297,780	1	84,636	4	382,416
89	2	244,632	2	181,188	4	425,820
90	3	334,392			3	334,392
91			1	82,200	1	82,200
95	1	121,464			1	121,464
96			1	82,200	1	82,200
97	2	204,888			2	204,888
98			1	86,760	1	86,760
99			1	82,200	1	82,200
100 and Over			1	84,192	1	84,192
TOTALS	133	\$ 15,237,072	50	\$ 4,294,428	183	\$ 19,531,500

Active Tier One Members by Attained Age and Years of Service

(as of June 30, 2025)

Attained Age	Years of Benefit Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
63							1	1	\$ 204,493
64									
65									
66									
67									
68									
69									
70									
71									
72						1		1	204,493
73									
74									
75									
76									
77									
78									
Totals						1	1	2	\$ 408,986

Averages (in years)

Group	No.	Age	Benefit Service	Eligibility Service	Average Pay
Tier One	2	67.6	26.5	29.9	\$204,493

Active Tier Two Members by Attained Age and Years of Service

(as of June 30, 2025)

Attained Age	Years of Benefit Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
35-39		1	1					2	\$ 408,986
40-44	7	1	1					9	1,851,786
45-49	6	4	1	3	1			15	3,067,395
50-54	4		4	1	9	1		19	3,934,291
55-59	8	4	5	6	3	5	3	34	6,978,988
60							1	1	204,493
61	4		1		1	1		7	1,431,451
62			2		2	2	2	8	1,647,293
63				2		1	1	4	817,972
64	1				1		1	3	613,479
65			2	1		1	2	6	1,236,876
66						1		1	212,647
67			1		1		1	3	613,479
68	2	1			2			5	1,033,814
69	1		2	1		2	2	8	1,645,862
70					1	1		2	408,986
71					1		2	3	613,479
72	1	2						3	613,479
73		1	2	1				4	817,972
74		1			1		1	3	618,438
75	1							1	204,493
76				1				1	204,493
77									
78						1		1	204,493
Totals	35	15	22	16	23	16	16	143	\$29,384,645

Averages (in years)

Group	No.	Age	Benefit Service	Eligibility Service	Average Pay
Tier Two	143	58.5	9.5	15.9	\$205,487

Actuarial Analysis

Short Condition Test

(as of June 30, 2025)

AJRS' funding objective is to meet long-term benefit promises through contributions that remain approximately level from year-to-year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will pay all promised benefits when due — the ultimate test of financial soundness. Testing for level contribution rates is the long-term test.

A short condition test is one means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with:

- 1) Member accumulated contributions;
- 2) The liabilities for future benefits to present retired lives; and
- 3) The employer financed portion of liabilities for service already rendered by non-retired members.

In a system that has been following the discipline of level percent-of-payroll financing, active member contributions (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets. In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the system.

Short Condition Test: Ten-Year Comparative Statement

(dollars in thousands for fiscal years ended June 30)

Valuation Date June 30	Entry Age Accrued Liability			Present Assets	Portion of Present Values Covered by Present Assets				Market Value Total
	(1)	(2)	(3)		(1)	(2)	(3)	Total	
	Active Members Contr.	Retirees and Benef.	Active Member (Employer Financed Portion)						
2016	13,337	142,743	104,441	225,254	100%	100%	66%	86%	83%
2017 (a)	13,261	161,761	95,360	238,956	100%	100%	67%	88%	89%
2018	14,196	162,018	102,961	249,096	100%	100%	71%	89%	92%
2019	14,957	160,858	108,673	260,671	100%	100%	78%	92%	94%
2020	15,745	163,177	117,732	277,318	100%	100%	84%	93%	95%
2021	12,464	209,486	87,162	303,155	100%	100%	93%	98%	112%
2022 (a)	13,628	213,524	107,176	313,217	100%	100%	80%	94%	89%
2023	13,739	225,388	110,880	322,396	100%	100%	75%	92%	88%
2024	14,598	220,061	118,910	336,812	100%	100%	86%	95%	95%
2025	14,909	229,118	127,671	341,719	100%	100%	77%	92%	97%

(a) After changes in benefit provisions and/or actuarial assumptions and methods.

Analysis of Experience: Changes in Unfunded Actuarial Accrued Liabilities

(as of June 30, 2025 and 2024)

Actual experience will not (except by coincidence) coincide exactly with assumed experience. Gains and losses often cancel each other over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) is shown below:

	<u>2025</u>	<u>2024</u>
1) UAAL* at start of year	\$ 16,756,865	\$ 27,611,910
2) Employer normal cost from last valuation	7,396,477	7,264,995
3) Employer contributions	10,688,968	10,266,594
4) Interest accrual: (1) * .055 + [(2)-(3)]*.0275	831,084	1,436,111
5) Expected UAAL before changes: (1)+(2)-(3)+(4)	14,295,458	26,046,422
6) Change in benefits/assumptions/methods	0	0
7) Expected UAAL after changes: (5) + (6)	14,295,458	26,046,422
8) Actual UAAL at end of year	29,979,135	16,756,865
9) Gain(loss): (7) - (8)	(15,683,677)	9,289,557
10) Actuarial accrued liability at start of year	\$353,569,032	\$350,007,445
11) Gain(loss) as percent of actuarial accrued liabilities at start of year: (9) / (10)	(4.4)%	2.7%
12) Investment gain (loss)	\$ (6,527,316)	\$ 3,549,462
As a percent of AAL at the start of the year: (12) / (10)	(1.8)%	1.0%
13) Liability gain (loss)	\$ (9,156,361)	\$ 5,740,095
As a percent of AAL at the start of the year: (13) / (10)	(2.6)%	1.7%

* Unfunded actuarial accrued liability.

Analysis of Experience: Gains/(Losses) by Risk Area

(as of June 30, 2025)

Type of Risk Area	Gain (Loss) During Year*	
	\$ in Millions	Percent of Liabilities
ECONOMIC RISK AREAS		
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a (loss).	\$(3.8)	(1.1)%
Investment Return. If there is greater investment return than assumed, there is a gain. If less return, a (loss).	(6.5)	(1.8)%
NON-ECONOMIC RISK AREAS		
Age & Service Retirements. If members retire at older ages or with lower final average pays than assumed, there is a gain. If younger ages or higher average pays, a (loss).	(0.9)	(0.3)%
Disability Retirements. If there are fewer disabilities than assumed, there is a gain. If more, a (loss).	0.1	0.0 %
Death-in-Service Benefits. If more liabilities are released by deaths-in-service than assumed, there is a gain. If less, a (loss).	(0.1)	(0.0)%
Withdrawal. If more liabilities are released by other separations than assumed, there is a gain. If smaller releases, a (loss).	(1.0)	(0.3)%
Retiree Mortality/COLAs. If there are fewer deaths than assumed, there is a (loss). If more, a gain. This includes gains and losses related to Tier I pre-July 1, 1983 retired member increases.	(0.8)	(0.2)%
Other. Gains and losses resulting from group size change, data adjustments, timing of financial transactions, additional contributions and miscellaneous unidentified sources.	(2.7)	(0.8)%
Experience Gain/(Loss)	\$(15.7)	(4.4)%

* Totals may not add due to rounding.

Summary of Plan Provisions

(as of June 30, 2025)

Tier One	Tier Two
Description	
Elected or appointed prior to the effective date of Act 399 of 1999 and who do not elect to participate in Tier Two.	Elected or appointed after the effective date of Act 399 of 1999 or elected to participate in Tier Two.
Regular Retirement	
An active member may retire at age 65 with 10 or more years of credited service, or after 20 years of credited service regardless of age. Persons who become members after June 30, 1983 must also have at least 8 years of actual service as a justice of the Supreme Court, or as a judge of the Circuit or Chancery Courts or the Court of Appeals.	An active member or former member may retire at age 65 with 8 or more years of credited service, or after 20 years of credited service regardless of age.
Compulsory Retirement	
Any judge or justice who attains 70 years of age during a term of office to which he has been elected may complete the term without forfeiting rights to retirement benefits. Any judge or justice who is not eligible to retire at age 70 may continue to serve as judge until completion of the term in which there has accrued sufficient credited service to retire. Otherwise, judges or justices must retire by their 70th birthday or lose their retirement benefits.	Any judge or justice who attains 70 years of age during a term of office to which he has been elected may complete the term without forfeiting rights to retirement benefits. Any judge or justice who is not eligible to retire at age 70 may continue to serve as judge until completion of the term in which there has accrued sufficient credited service to retire. Otherwise, judges or justices must retire by their 70th birthday or lose their retirement benefits.
Final Salary	
The annual salary for the last judicial office held.	The annual salary for the last judicial office held.
Age & Service Annuity	
60% of the judge’s final salary, for life.	3.2% of the salary of the last judicial office held multiplied by the number of years of service not to exceed 80% of the salary of the last judicial office held.
Each year of additional service after twenty (20) years of judicial service, the benefit shall be increased by two and one-half percent (2.5%) with a maximum benefit payable of seventy-five percent (75%) of the judge’s final salary.	

Summary of Plan Provisions

(Continued)

Tier One

Tier Two

Deferred Retirement

An inactive member who has 14 or more years of credited service and left judicial service before attaining age 65 will be entitled to an age and service annuity beginning at age 65. Persons who become members after June 30, 1983 must also have at least 8 years of actual service as a justice of the Supreme Court, or as a judge of the Circuit or Chancery Courts or the Court of Appeals.

An inactive member who has 8 or more years of credited service and left judicial service before attaining age 65 will be entitled to an age and service annuity beginning at age 65.

Disability Retirement

An active member with 3 or more consecutive years of credited service who becomes totally and permanently disabled may be retired and receive a disability annuity computed in the same manner as an age and service annuity. The 3 years of service is not required for persons who were members before July 1, 1983.

An active member with 3 or more consecutive years of credited service who becomes totally and permanently disabled may be retired and receive a disability annuity computed in the same manner as an age and service annuity, except that the benefit shall not be less than 25.6% of final salary.

Early Retirement

A member who became a member before July 1, 1983 and who has 18 but less than 20 years credited service may retire, regardless of age, and receive an immediate annuity. The amount is the full age and service amount reduced proportionately for service less than 20 years.

A member with 8 years of credited service may retire between ages 62 and 65 and receive an immediate annuity. The amount is the full age and service amount reduced 1/2 of 1% for each month retirement age is younger than age 65.

A member with 14 years of credited service may retire between ages 62 and 65 and receive an immediate annuity. The amount is the full age and service amount reduced 1/2 of 1% for each month that retirement age is younger than age 65. Persons who become members after June 30, 1983 must also have at least 8 years of actual service as a justice of the Supreme Court, or as a judge of the Circuit Court or Chancery Courts or the Court of Appeals.

Summary of Plan Provisions

(Concluded)

Tier One

Tier Two

Survivor Benefits

Upon the death of a member with 3 or more years of service, before or after retirement, an annuity of 67% of the judge's benefit is payable to the following survivors (shared if there is more than one eligible survivor):

- A surviving spouse married to the judge more than 1 year at the time of death.
- A minor child of the judge.

The 3-year service requirement is not required of those who became members prior to July 1, 1983.

Upon the death of a member with 3 or more years of service, before or after retirement, an annuity of 67% of the judge's benefit, but not less than 17.152% of final salary, is payable to the following survivors (shared if there is more than one eligible survivor):

- A surviving spouse married to the judge more than 1 year at the time of death.
- A minor child of the judge.

The 3-year service requirement is not required of those who became members prior to July 1, 1983.

Increases After Retirement

For any person who was a member on or before June 30, 1983, the retirement benefits are increased or decreased from time to time as the salary for the particular judicial office is increased or decreased. For all judges or justices first elected after June 30, 1983, and who have received retirement benefits from the System for at least 12 full calendar months, the retirement benefits are increased each July 1st by 3%.

For all judges or justices who have received retirement benefits from the System for at least 12 full calendar months, the retirement benefits are increased each July 1st by 3%.

Member Contributions

Active members contribute 6% of their salaries. Members with 20 or more years of service and members age 65 or older with 10 or more years of service do not contribute to the Retirement System. At any time a member is accruing the additional 2.5% of final salary benefit, member contributions would be required. If a member leaves service before becoming eligible to retire, accumulated contributions may be refunded.

Active members contribute 5% of their salaries. Members with 25 or more years of service do not contribute to the Retirement System. If a member leaves service before becoming eligible to retire, accumulated contributions may be refunded.



The System

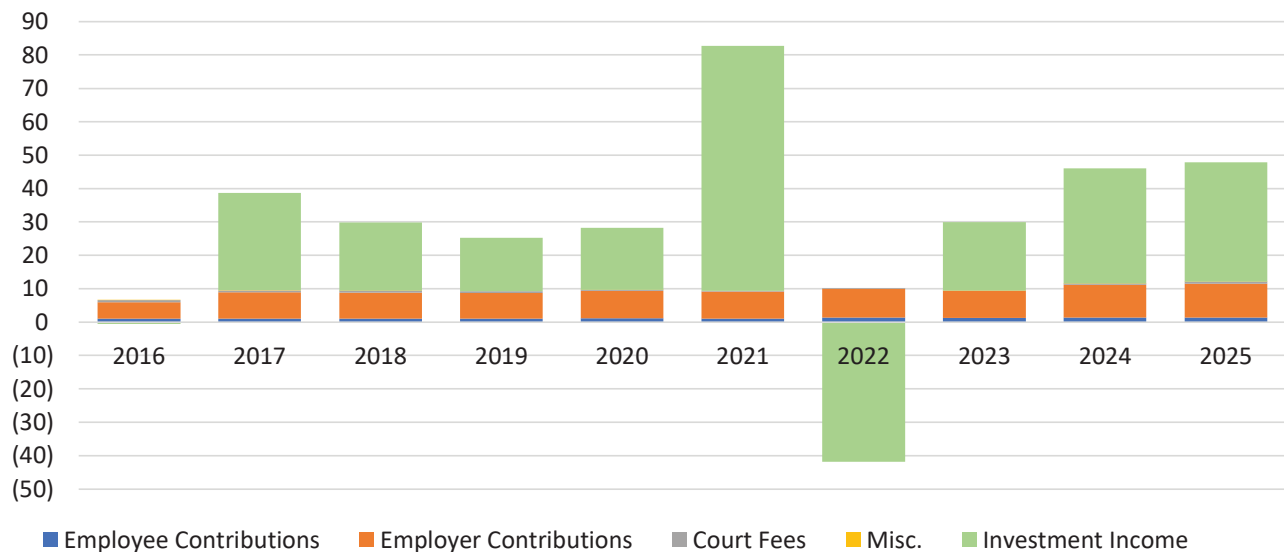
Schedule of Revenues by Source

(for fiscal years ended June 30)

Year Ending June 30	Employee Contributions	Employer & Other Entity Contributions	Court Fees	Misc.	Investment Income	Total
2016	\$1,011,372	\$4,962,144	\$586,818	\$12,328	\$(581,835)	\$5,990,826
2017	1,016,646	7,898,543	586,818	45,833	29,157,400	38,705,240
2018	1,016,180	7,834,355	586,818	12	20,431,379	29,868,745
2019	1,030,430	7,722,374	511,585	16	15,931,915	25,196,320
2020	1,138,323	8,177,723	394,974	1,096	18,489,171	28,201,287
2021	1,117,205	8,038,373	171,520	13	73,378,507	82,705,618
2022	1,300,942	8,692,620	270,839	14	(41,879,100)	(31,614,685)
2023	1,267,952	8,042,547	188,083	112	20,437,792	29,936,486
2024	1,307,899	9,860,335	406,259	223	34,496,857	46,071,573
2025	1,421,809	10,120,958	568,010	278	35,750,159	47,861,214

Chart of Revenues by Source

(for fiscal years ended June 30)

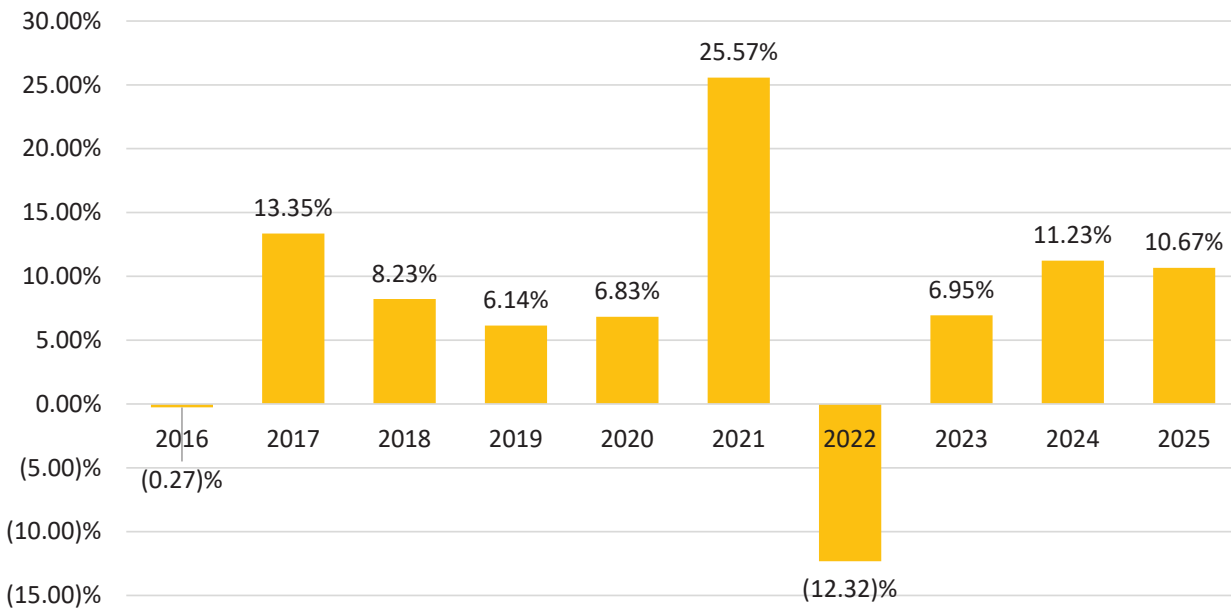


The figures shown are in millions of dollars.

Schedule of Investment Rate of Return

Year Ending June 30	Rate of Return
2016	(0.27)%
2017	13.35%
2018	8.23%
2019	6.14%
2020	6.83%
2021	25.57%
2022	(12.32)%
2023	6.95%
2024	11.23%
2025	10.67%

Chart of Investment Rate of Return
(for fiscal years ended June 30)



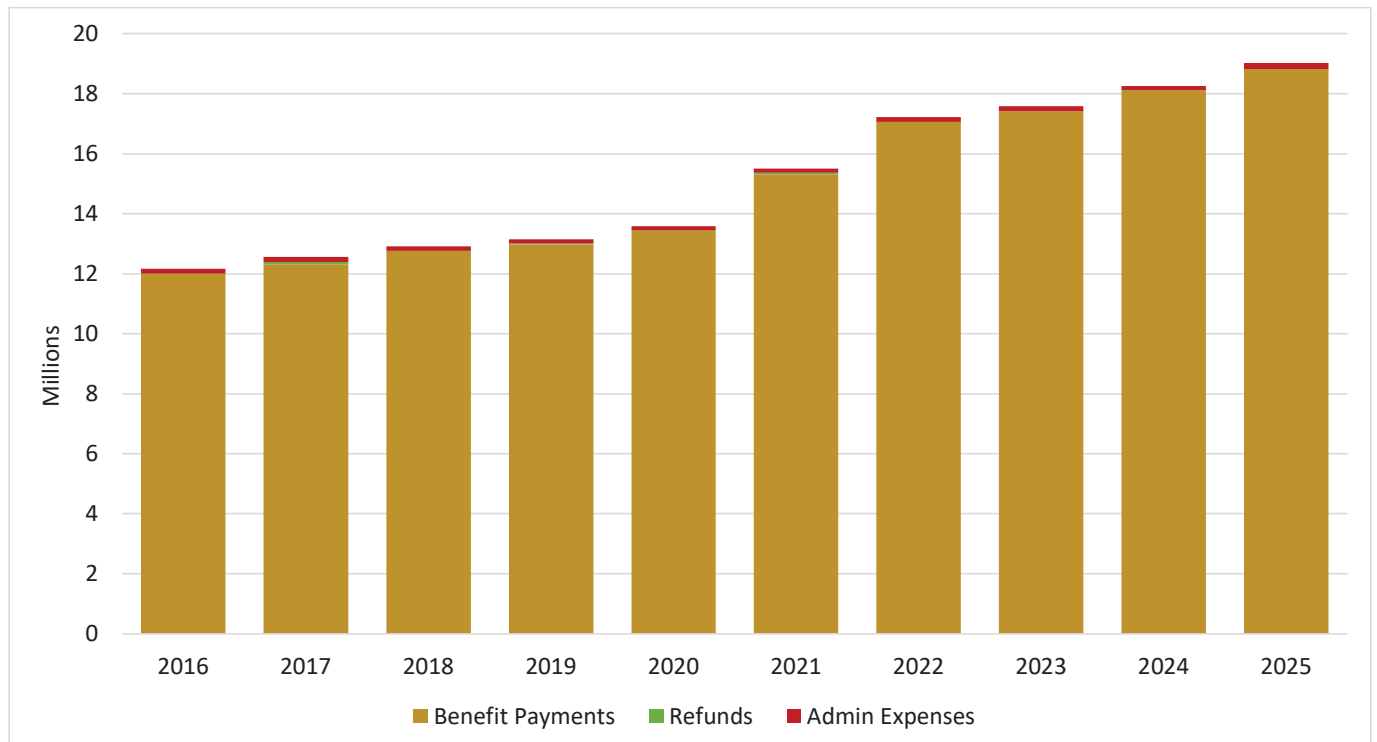
Schedule of Expenses by Type*

Year Ending June 30	Benefit Payments	Refunds	Administrative Expenses	Total
2016	\$12,007,537	\$800	\$158,420	\$12,166,757
2017	12,310,422	79,011	168,702	12,558,134
2018	12,769,175	-	142,311	12,911,485
2019	12,979,769	22,024	147,062	13,148,855
2020	13,440,774	5,986	141,891	13,588,651
2021	15,310,419	49,199	145,150	15,504,768
2022	17,060,242	-	164,115	17,224,357
2023	17,411,833	-	170,984	17,582,817
2024	18,107,583	-	149,590	18,257,173
2025	18,819,130	-	194,503	19,013,633

* Expenses are annualized based on June 30 benefit amounts.

Chart of Expenses by Type

(shown in millions of dollars; for fiscal years ended June 30)



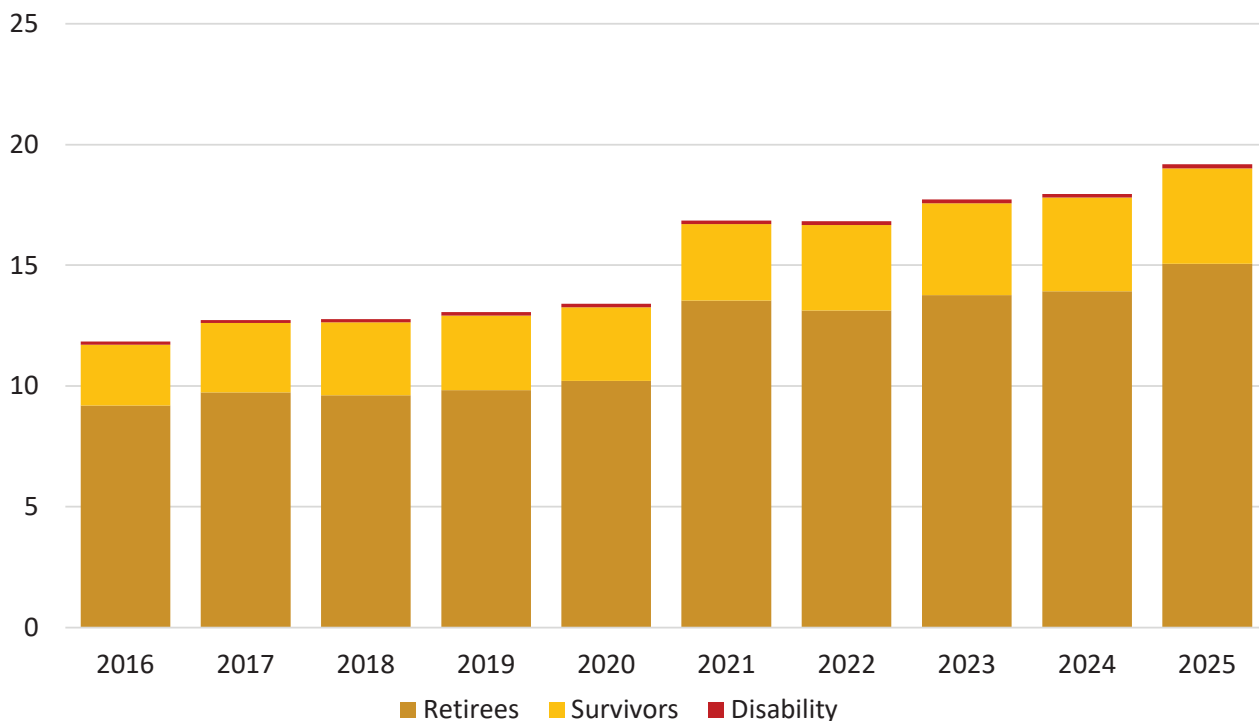
Schedule of Benefit Expenses by Type *

Year Ended June 30	Age and Service Retirees	Survivors	Disability Retirees
2016	\$9,194,076	\$2,516,580	\$128,482
2017	9,746,437	2,856,225	132,336
2018	9,620,977	3,014,896	136,306
2019	9,823,260	3,095,064	140,376
2020	10,221,672	3,040,596	144,600
2021	13,538,832	3,165,576	148,932
2022	13,127,940	3,538,872	153,408
2023	13,761,204	3,807,540	158,004
2024	13,913,160	3,880,044	162,744
2025	15,069,444	3,948,972	167,628

* Expenses are annualized based on June 30 benefit amounts.

Chart of Benefit Expenses by Type

(for fiscal years ended June 30)



The figures shown are in millions of dollars.

Membership

Schedule of Retired Members by Type of Benefit (for the fiscal year ended June 30, 2025)

Type of Annuity	Number	Annual Annuities	Annuity Liabilities
Age & Service Retirees			
Life	27	\$ 2,572,956	\$ 25,044,969
Life Continuing to Survivor	104	12,496,488	159,923,387
Totals	131	15,069,444	184,968,356
Beneficiaries of Age & Service Retirees	45	3,948,972	37,440,557
Total Age & Service Retirees & Beneficiaries	176	19,018,416	222,408,913
Disability Retirees			
Life	1	113,292	801,239
Life Continuing to Survivor	1	54,336	661,259
Totals	2	167,628	1,462,498
Beneficiaries of Disability Retirees	0	0	0
Total Disability Retirees & Beneficiaries	2	167,628	1,462,498
Death-in-Service Beneficiaries	5	345,456	5,246,221
Total Retirees & Beneficiaries	183	\$ 19,531,500	\$ 229,117,632

Chart of Retired Members by Type of Benefit (for the fiscal year ended June 30, 2025)

