

Overview of Investment Performance

Joint Committee on Pensions, Investments and Benefits

Bruce Fink, CFA, Chief Investment Officer

November 20, 2024

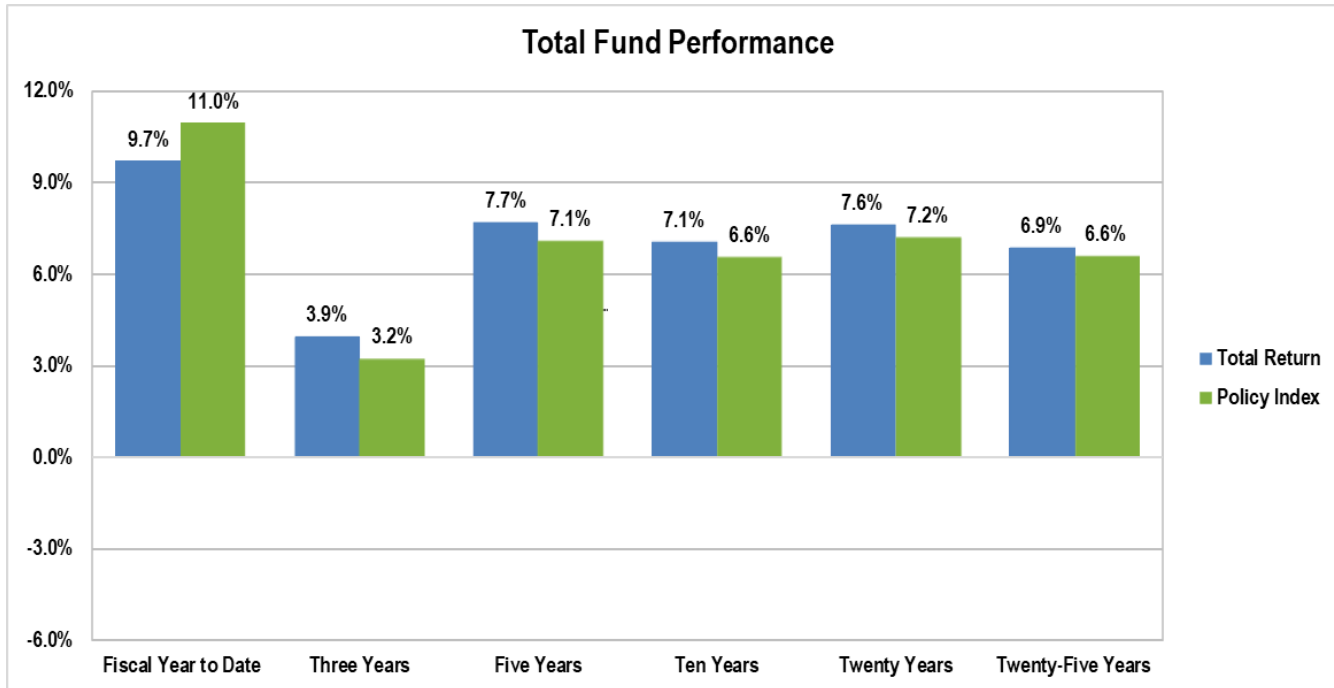


Introduction

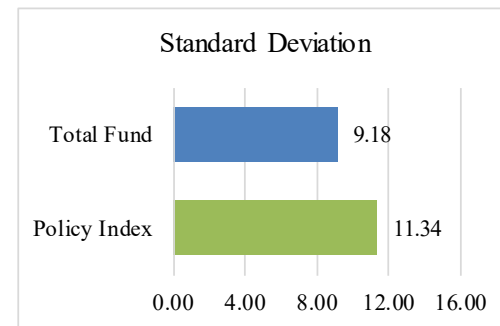
- KPERS ended fiscal year 2024 with a total fund market value of \$27.3 billion versus \$25.6 billion at June 30, 2023.
 - An increase of \$1.7 billion over the year.
- The total return on the fund was 9.7% for the fiscal year, exceeding the actuarial assumed rate of return of 7.0%, but trailing the 11.0% return of the policy benchmark.
 - Performance over the past 3, 5, 10, 20 and 25 years have exceeded the System's policy benchmark.
 - Over 5, 10, and 20 years, returns have exceeded the current actuarial assumed rate of return of 7.0%.
- The System's Board of Trustees conducted an Asset Allocation Review project in response to the increase of the statutory cap on alternative investments to 25%.
- This project was completed in September 2024 with following long-term asset targets adopted by the Board.

• U.S. Equity	23%
• International Equity	18%
• Core Fixed Income:	12%
• Yield Driven:	8%
• Real Estate:	12%
• Real Return:	13%
• Private Equity:	11%
• Cash Equivalents:	3%
- The System is currently in the implementation phase, structuring interim targets which will be designed to move the portfolio to these long-term targets over the next 5 years.
- The balance of this presentation will provide additional detail on fiscal year 2024 investment performance results and close with a few market observations.

Investment Performance Summary



Total Fund Performance through June 2024	Total Return	Excess Return
Quarter	1.6%	0.3%
Fiscal Year to Date	9.7%	-1.3%
One Year	9.7%	-1.3%
Three Years	3.9%	0.7%
Five Years	7.7%	0.6%
Ten Years	7.1%	0.5%
Twenty Years	7.6%	0.4%
Twenty-Five Years	6.9%	0.3%



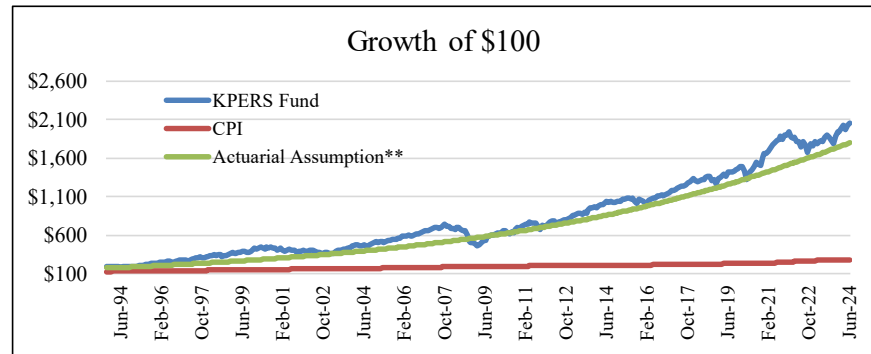
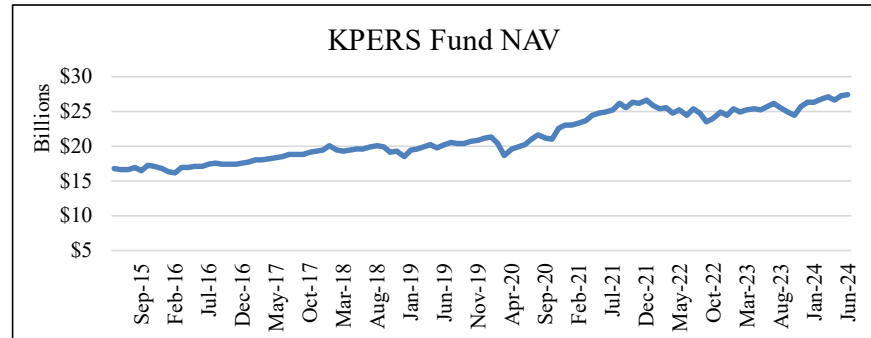
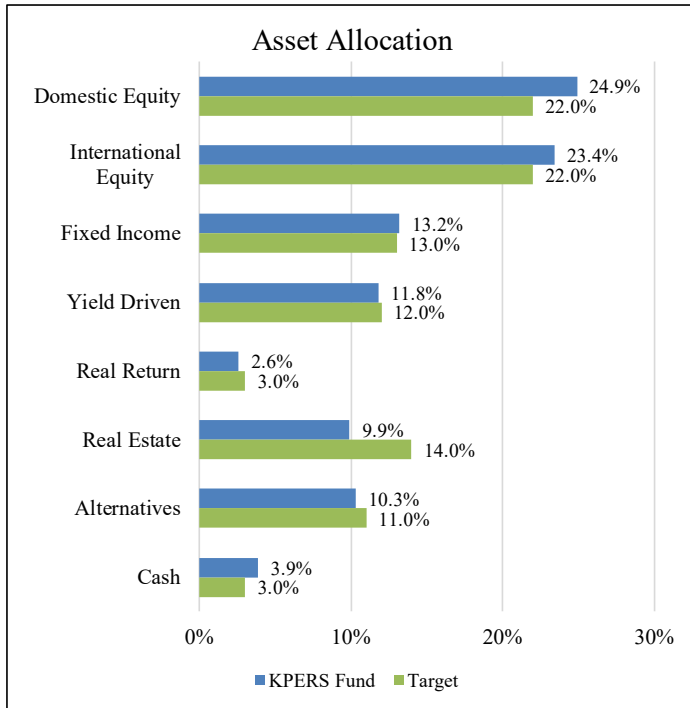
Performance data as of June 30, 2024; Returns are annualized for periods greater than 1 year. Excess Return = performance relative to Policy Index or asset class benchmark. Standard deviation is reported for the trailing 3 years ending June 30, 2024.

Total Plan Performance



KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM INVESTMENT PERFORMANCE REPORT June 30, 2024

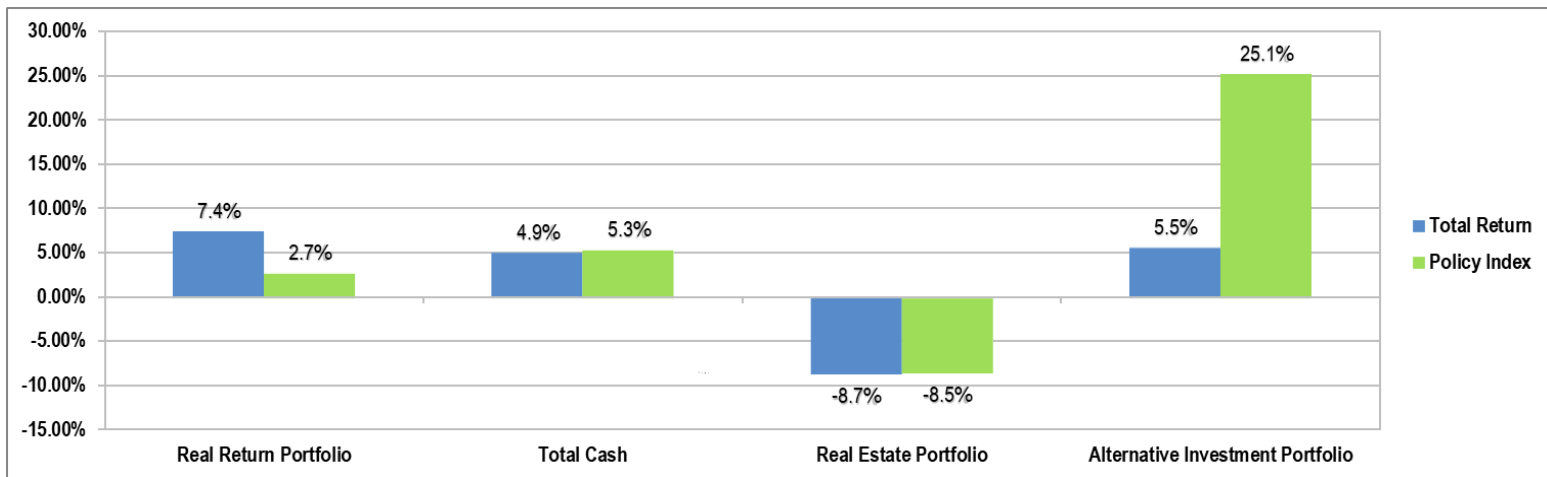
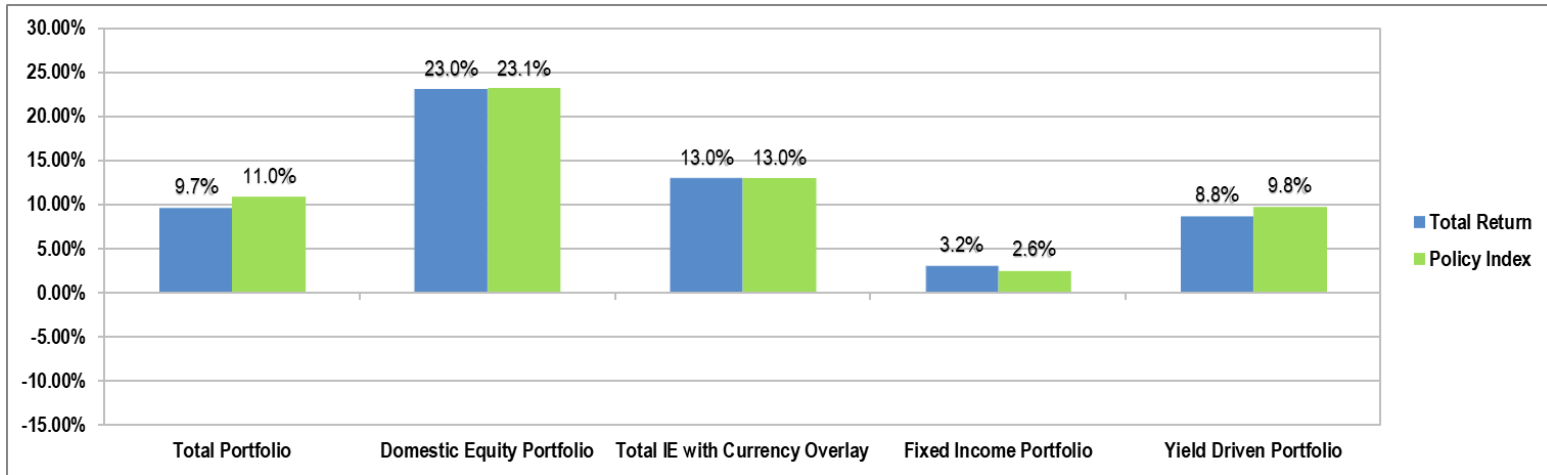
June 30, 2024		Latest	Fiscal	Calendar	Latest 1	Latest 3	Latest 5	Latest 10	Latest 25
Time Weighted Total Return*	Net Asset Value (Millions)	Quarter	YTD	YTD	Year	Years	Years	Years	Years
Total Portfolio	\$27,329.4	1.6%	9.7%	5.5%	9.7%	3.9%	7.7%	7.1%	6.9%
Policy Index		1.3%	11.0%	5.6%	11.0%	3.2%	7.1%	6.6%	6.6%
<i>Excess Return</i>		<i>0.3%</i>	<i>-1.3%</i>	<i>-0.1%</i>	<i>-1.3%</i>	<i>0.7%</i>	<i>0.6%</i>	<i>0.5%</i>	<i>0.3%</i>



* Returns for time periods less than one year are not annualized.

** Actuarial assumption was 8% from 1986 through 2016; 7.75% from 2017 through 2021; 7.00% currently.

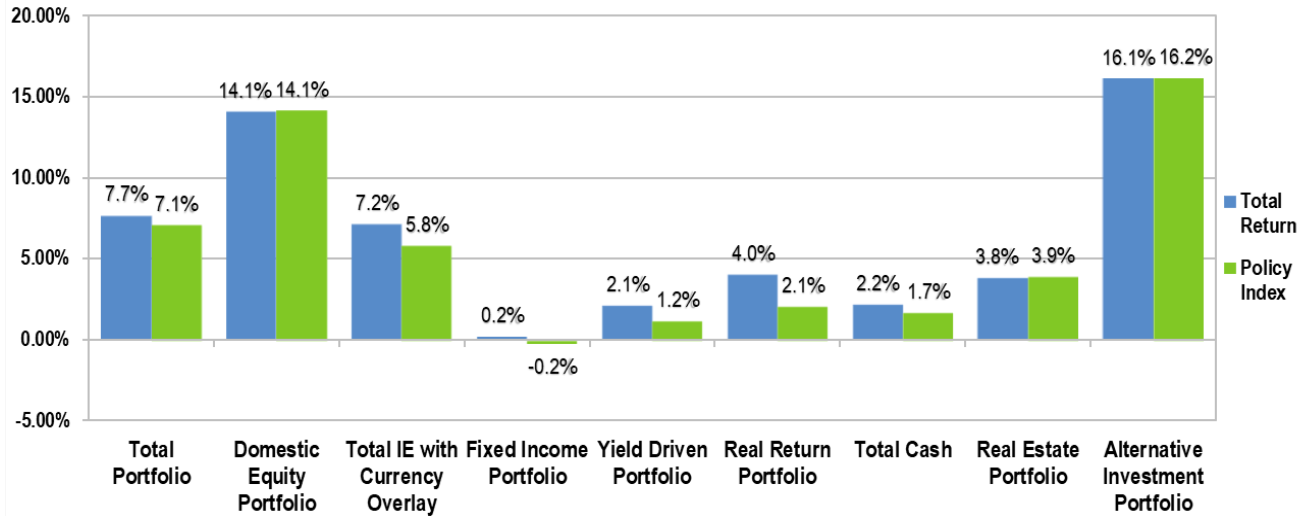
Fiscal Year 2024 Returns



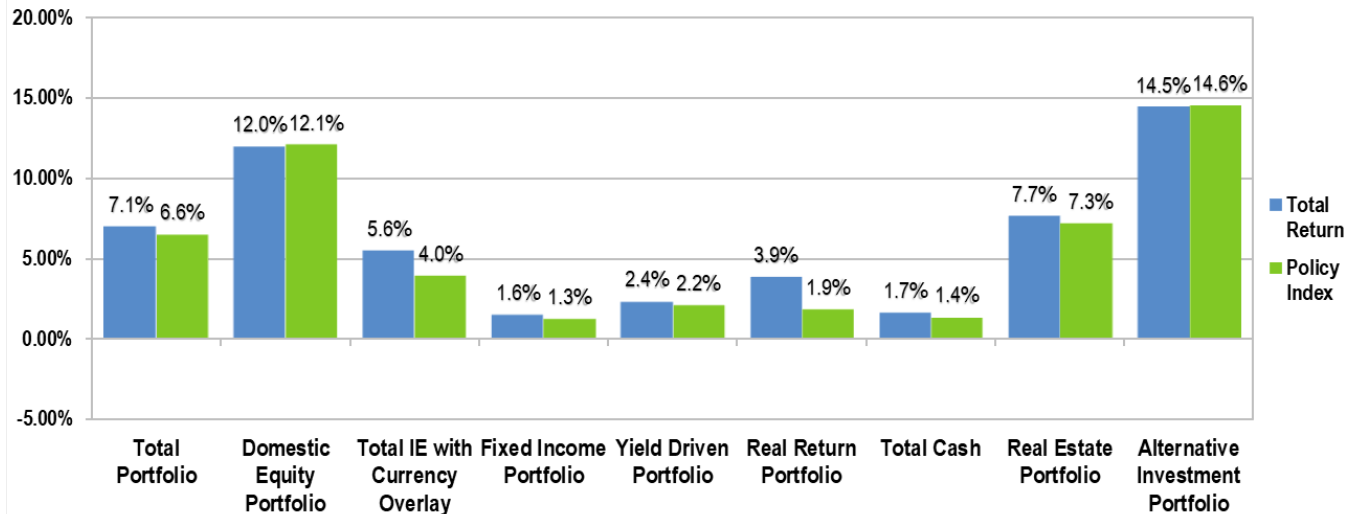
Performance data as of June 30, 2024.
Returns for periods less than 1 Year are not annualized.

Longer Period Returns

5 Years



10 Years



Performance data as of June 30, 2024. Annualized Returns.

Economic and Market Observations

- U.S. equity markets continued to demonstrate considerable strength since the closing fiscal year 2024 at +23%.
 - The Russell 3000 index of U.S. equities is up 5.5% (unannualized) during the first four months of fiscal year 2025.
- The U.S. Federal Reserve has started to lower the Federal Funds interest rate.
 - Continued easing is expected by the market, but this will be heavily dependent on inflation, employment and economic growth.
- With the Federal elections behind us, market participants are debating the impact of various policy prescriptions that may be advanced under the new administration.
- Geopolitical risks continue to impact sentiment and will likely continue to create short-term volatility in financial markets.
- KPERS is a long-term investor and we continue to manage the portfolio with that perspective in mind.

Glossary

Public Equity: Common or preferred corporate stocks; warrants or rights; corporate bonds, debentures or preferred stock which are convertible into common stock. Stocks listed on well-recognized or principal United States exchanges and well-recognized or principal exchanges of foreign countries are permissible.

Core Fixed income: Investment grade, U.S. and foreign Treasury or Government agency obligations; U.S. or foreign corporate bonds; asset backed securities such as CMOs, mortgage-backed securities, Treasury Inflation Protected Securities (TIPS), and segments of these types of vehicles.

Non-Core Fixed Income: High yield (below investment grade) corporate bonds with the opportunity to selectively invest in investment grade corporate bonds, and other non-core credit sectors such as convertible bonds and mortgage credit.

Cash Equivalents: U.S. dollar denominated and non U.S. dollar denominated securities with a duration of one year or less and an investment grade rating by Moody's and Standard & Poor's.

Private Equity: Investments in vehicles that do not trade publicly on an organized exchange. Investments are typically through partnership interests in funds that focus on buyout, venture capital, growth equity, mezzanine/credit financing or special situations.

Private Real Estate: investment in real property on a direct ownership basis, through a realty holding corporation, joint partnership, participation in commingled real estate funds or through debt secured by real estate, whose value is derived from cash flow generated by leases.

Real Assets: Long-lived physical assets that are valued for their intrinsic physical qualities, such as infrastructure, timberland, and natural resources. Currently this strategy includes only infrastructure and timber.