

MEMORANDUM

To: Joint Committee on Pensions, Investments, and Benefits
From: Alan D. Conroy, Executive Director
Bruce Fink, CFA, Chief Investment Officer
Date: November 20, 2024
Subject: Countries of Concern

The Kansas Countries of Concern and Divestment Act (“Act”) requires the Kansas Public Employees Retirement System (“System”) to, no later than the first day of the regular session of the Legislature each year, file a report with the Legislature and with the Joint Committee on Pensions, Investments and Benefits on specified actions taken by the System under the Act. This memo serves as the System’s report for fiscal year 2024 as required by the Act.

The following countries/entities were specified as countries of concern under the Act during the fiscal year:

- People's Republic of China, including the Hong Kong special administrative region;
- Republic of Cuba;
- Islamic Republic of Iran;
- Democratic People's Republic of Korea;
- Russian Federation; and
- Bolivarian Republic of Venezuela.

The following updates are required under the Act:

- Section 5(a): The following is a list of securities sold, redeemed, divested or withdrawn:

Techtronic Industries CO LTD	Meituan Class B
Tencent Holdings LTD	Ping AN Insurance
Tencent Music Entertainment ADR	Alibaba LTD
KE Holdings	Alibaba SP ADR
AIA Group LTD	BYD CO LTD
Hong Kong Exchange	Silergy Corp

These securities were identified as associated with the People's Republic of China, including the Hong Kong special administrative region.

- Section 5(b): No countries have been added or removed as a country of concern since July 1, 2024.

- Section 5(c): Requires a summary of changes made in accordance with Section 4 of the Act. Section 4 requires divestment and/or other actions that must be taken with respect to indirect holdings in investment funds that contain publicly traded securities. There were no changes made under Section 4 of the Act.

The System continues to hold 300,377 shares of MMC Norilsk Nickel ADR at zero market value. Trading in these shares was halted in response to sanctions imposed on Russia at the onset of that country's invasion of Ukraine. The sanctions and resultant trading halt preceded passage of the Act and as such could not be sold in response to the Act. The company remains subject to sanctions and will be sold at the first opportunity.