

Teachers' Retirement System

of the State of Kentucky



Gary L. Harbin, CPA
Executive Secretary

Public Pension Oversight Board

Feb. 25, 2019

**Presented by Beau Barnes,
Deputy Executive Secretary
& General Counsel**



INVESTMENT PERFORMANCE

TRS PENSION RETURNS

PRELIMINARY

AS OF DEC. 31, 2018

	Quarter	FYTD	1-year	3-year	5-year	10-year	20-year
Gross	-9.18%	-6.46%	-4.78%	6.65%	5.62%	9.42%	5.64%
<i>Benchmarks</i>	-8.33%	-4.91%	-4.17%	7.15%	5.65%	9.15%	N/A
Net	-9.25%	-6.53%	-5.05%	6.35%	5.4%	9.19%	5.5%

30-year compounded gross return

8.04%



MARKETS | STOCKS

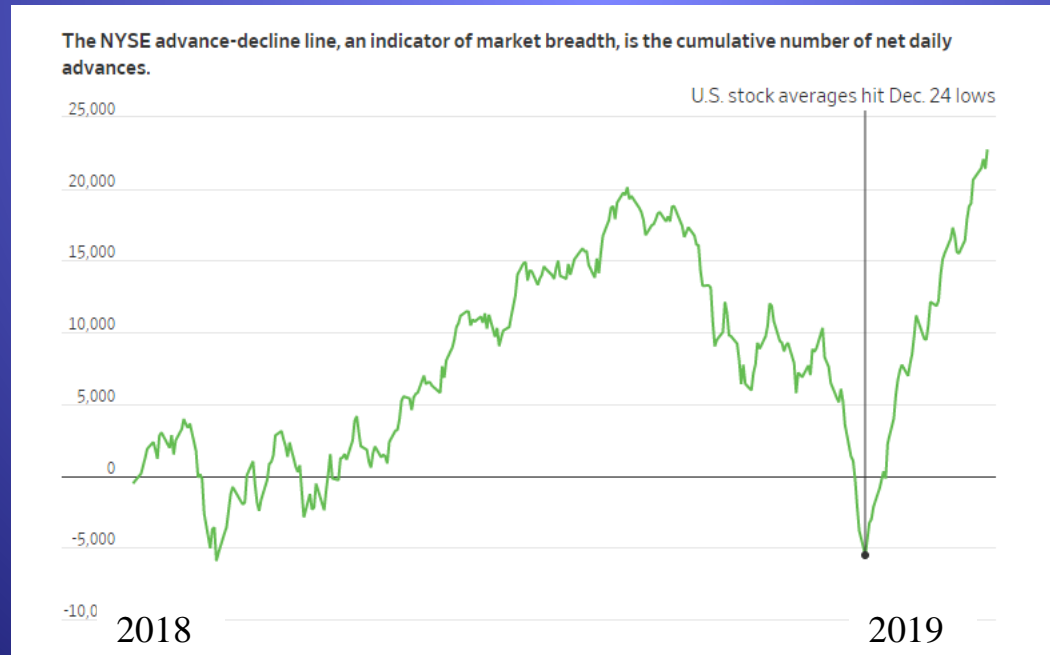
Resurgence in Cyclical Stocks Pushes Dow Industrials Toward New High

Blue-chip index has surged 16% over past nine weeks as Fed signals pause in rate increases and data point to robust labor market

MARKETS

History Shows Rebound May Have More Legs as Dow Extends Rally

There are multiple factors driving this year's stock performance following the fourth quarter's bruising selloff



Cash Flow Update

Second Quarter – Preliminary and Unaudited

Pension Fund	FY 2019	FY 2018
Cash Inflows		
Member Contributions	134,873,000	129,094,000
State/Employer Matching Contributions	240,682,000	246,652,000
Additional Budget Funding toward ADEC	276,799,000	237,362,000
Investment Income (Net of Investment Expense)	<u>753,243,000</u>	<u>560,905,000</u>
Total Cash Inflows	1,405,597,000	1,174,013,000
Cash Outflows		
Benefit Payments/Refunds	1,066,350,000	1,018,901,000
Administrative Expense	5,253,000	4,738,000
Other	<u>-</u>	<u>-</u>
Total Outflows	1,071,603,000	1,023,639,000
Net Cash Flow Before Asset Gain/(Losses)	333,994,000	150,374,000
Realized Investment Gains (or Losses)	489,885,000	332,924,000
Unrealized Investment Gains (or Losses)	<u>-2,044,456,000</u>	<u>1,058,935,000</u>
	-1,554,571,000	1,391,859,000
Net Plan Assets (Beginning of Period)	19,981,633,000	18,707,699,000
Net Plan Assets (End of Period)	18,292,067,000	19,933,598,000

Appreciation/depreciation in fair value does not generate cash flow.



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*Our Members
Come First!*

800-618-1687

502-848-8500

<https://trs.ky.gov>

Protecting & Preserving Teachers' Retirement Benefits