

# KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

Public Pension Oversight Board  
June 1, 2020

John R. Grise, Chair  
Board of Trustees

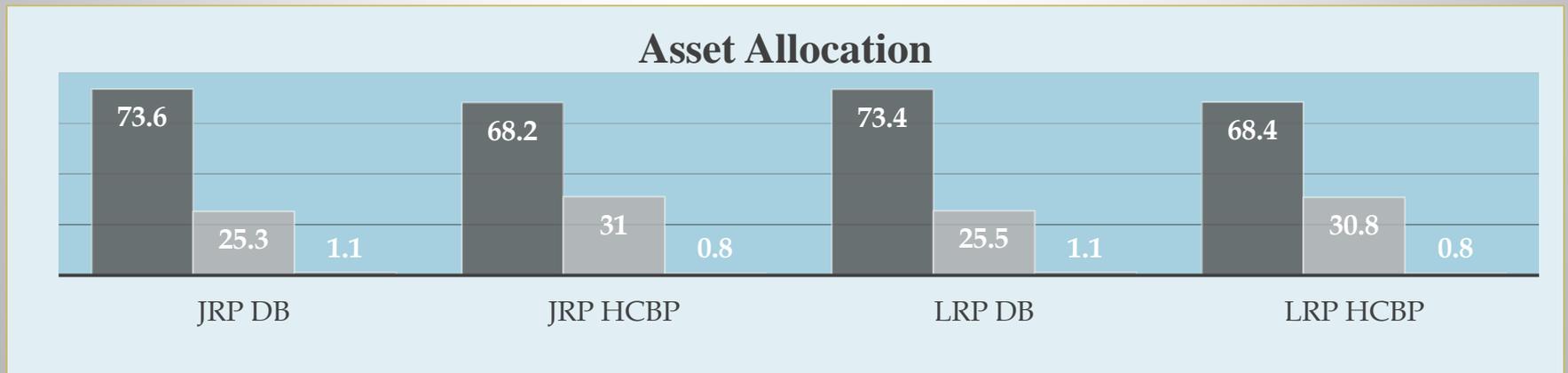
Stephen F. LeLaurin, Chair  
Judicial Retirement Investment Committee

Joe Bowen, Chair  
Legislators Retirement Investment Committee

Rebecca Stephens  
Interim Executive Director

# Judicial Form Retirement System

Performance Overview							
Ending March 2020	Market Value	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years
<b>Judicial Retirement - Defined Benefit</b>	\$382,799,410	-8.05	-2.58	4.58	5.88	9.41	6.51
<b>Judicial Retirement - Hybrid Cash Balance</b>	\$1,517,012	-6.38	-2.38	5.18	5.64		
<b>Legislators Retirement - Defined Benefit</b>	\$112,084,129	-8.06	-2.62	4.49	5.78	9.28	6.43
<b>Legislators Retirement - Hybrid Cash Balance</b>	\$396,897	-6.42	-2.42	5.19	5.66		
<b>Benchmark 70% S&amp;P 500; 30% Barclays Int Govt Cr</b>		-6.31	-2.82	4.71	5.60	8.75	4.98



**Performance**, Net of Fees <= 10 years; Gross of Fees >=20 years.

**Asset Allocation** Legend: Equity, dark gray; Fixed Income, light gray; Cash, medium gray.

# Judicial Retirement Plan

## Cash Flow

2 <sup>nd</sup> Quarter (Ending March 31)	FY 2019	FY 2020
<b>Cash Inflows</b>		
Member Contributions	\$1,160,973	\$1,306,729
Employer Contributions/Appropriations	\$9,475,414.	\$9,570,800
Investment Income (Net of Investment Exp)	\$8,001,819	\$7,393,991
<b>Total Cash Inflows</b>	<b>\$18,638,206</b>	<b>\$18,271,520</b>
<b>Cash Outflows</b>		
Benefit Payments/Refunds	\$19,642,231	\$19,834,359
Adm. Expense	\$341,254	\$292,297
Other/Misc Expense		
<b>Total Cash Outflows</b>	<b>\$19,983,485</b>	<b>\$20,126,656</b>
<b>NET Cash Flow Before Asset Gain/(Losses)</b>	<b>-\$1,345,279</b>	<b>-\$1,855,136</b>
<b>Realized/Unrealized Investment Gains or (Losses)</b>	<b>\$17,438,838</b>	<b>-\$41,065,207</b>
<b>Net Plan Assets</b>	<b>\$16,093,559</b>	<b>-\$42,920,343</b>
<b>Beginning of Period</b>	<b>\$397,560,271</b>	<b>\$431,159,318</b>
<b>End of Period</b>	<b>\$413,653,830</b>	<b>\$388,238,975</b>

# Legislators Retirement Plan

## Cash Flow

2 <sup>nd</sup> Quarter (Ending March 31)	FY 2019	FY 2020
<b>Cash Inflows</b>		
Member Contributions	\$153,113	\$108,699
Employer Contributions/Appropriations	\$309,800	\$311,400
Investment Income (Net of Investment Exp)	\$2,349,944	\$2,340,316
<b>Total Cash Inflows</b>	<b>\$2,812,857</b>	<b>\$2,760,415</b>
<b>Cash Outflows</b>		
Benefit Payments/Refunds	\$4,103,214	\$4,340,958
Adm. Expense	\$154,606	\$250,499
Other/Misc Expense		
<b>Total Cash Outflows</b>	<b>\$4,257,820</b>	<b>\$4,591,457</b>
<b>NET Cash Flow Before Asset Gain/(Losses)</b>	<b>-\$1,444,963</b>	<b>-\$1,831,042</b>
<b>Realized/Unrealized Investment Gains or (Losses)</b>	<b>4,995,444</b>	<b>-\$12,051,498</b>
<b>Net Plan Assets</b>	<b>\$3,550,481</b>	<b>-\$13,882,540</b>
<b>Beginning of Period</b>	<b>\$118,010,226</b>	<b>\$127,245,133</b>
<b>End of Period</b>	<b>\$121,560,707</b>	<b>\$113,362,593</b>

# INVESTMENT STRATEGY

Hilliard Lyons Trust Company advised JFRS, “Fortunately, our investment strategy was designed with difficult environments in mind. In equities and fixed income, we invest only in very high quality securities that can stand the test of time. In equities, our portfolio companies all have very durable business models with very strong balance sheets and cash flow generation. All of these companies should not only be able to endure this business interruption, but prosper when the next business expansion begins. In fixed income, we invest only in high quality investment grade securities that provide stability and a solid stream of income during these difficult economic and market conditions. We have spent a considerable amount of time recently stress testing the financial characteristics and liquidity position of each security we hold in this portfolio, and we feel that our investment process has prepared the portfolio well for this challenging time period.”

# Covid-19 Response

- ▣ On 3/16/2020, JFRS discontinued in-person meetings. The Executive Director and Administrative Assistant generally rotated days in the office.
- ▣ After the death of Donna Early, Rebecca Stephens was appointed Interim Executive Director and both she and the Administrative Assistant have periodically worked simultaneously in the office while maintaining a 6 ft social distance, disinfecting routinely touched items, and following other Healthy at Work guidelines.
- ▣ JFRS plan members continue to make inquiries to update their records or to request calculations with no interruption in service.
- ▣ Video conferencing has been routinely utilized by Board members, JFRS staff, and investment managers/advisors to facilitate continued JFRS operations as normally and efficiently as possible.