



KPPA

Kentucky Public Pensions Authority

Public Pensions Oversight Board

August 27, 2024

Investment Returns, Asset Allocations and Cash Flows as of June 30, 2024

Ryan Barrow, Executive Director

Steve Willer, Chief Investment Officer



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Investment

Data for the year ending June 30, 2024



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Fiscal 2024 Highlights

- 1) All Plans **exceeded** their **Actuarial Assumed Rates** of Return for Fiscal Year 2024
- 2) All Plans produced **top decile risk adjusted performance** (Sharpe Ratios) within the Wilshire Peer Universe (over three and five-year periods)
- 3) Met or exceeded **Pension Policy Performance Benchmarks** for 17 of 20 measurement periods of Five years or longer
- 4) Within Policy **Asset Allocation Ranges**
 - 73 of 84 individual Plan asset class measures within specified ranges
 - CERS adopted their new asset allocation targets effective 7/1/24
 - Substantial progress made in rebalancing portfolios towards allowable Policy Asset Allocation Ranges – Expected to be completed by the end of the First Quarter of Fiscal 2025

PENSION – INVESTMENT RETURNS

PERIODS ENDING JUNE 30, 2024



NET OF FEES RATES OF RETURN

	MARKET VALUE (\$ IN MILLIONS)	FYTD	3 YEARS	5 YEARS	10 YEARS	20 YEARS	30 YEARS	AROR
KERS NH	\$4,208.4	9.5%	3.6%	6.9%	6.1%	6.4%	7.7%	5.25%
PLAN BENCHMARK		10.1%	3.9%	6.5%	6.0%	6.4%	7.7%	
KERS HAZ	\$1,025.9	11.1%	4.6%	7.7%	6.7%	6.8%	7.9%	6.25%
PLAN BENCHMARK		12.4%	5.0%	7.8%	6.7%	6.8%	7.9%	
SPRS	\$651.8	9.6%	4.0%	7.0%	6.0%	6.4%	7.7%	5.25%
PLAN BENCHMARK		10.1%	3.9%	6.5%	5.9%	6.4%	7.7%	
CERS NH	\$9,628.0	11.6%	5.0%	8.0%	6.9%	6.8%	8.0%	6.50%
PLAN BENCHMARK		14.1%	5.4%	8.1%	6.8%	6.8%	8.0%	
CERS HAZ	\$3,412.1	11.7%	5.0%	7.9%	6.9%	6.8%	8.0%	6.50%
PLAN BENCHMARK		14.1%	5.4%	8.1%	6.8%	6.8%	8.0%	

INSURANCE – INVESTMENT RETURNS

PERIODS ENDING JUNE 30, 2024



NET OF FEES RATES OF RETURN

	MARKET VALUE (\$ IN MILLIONS)	1 YEAR	3 YEARS	5 YEARS	10 YEARS	20 YEARS	30 YEARS	AROR
KERS NH	\$1,677.7	11.1%	4.6%	7.7%	6.5%	6.4%	7.0%	6.50%
PLAN BENCHMARK		12.4%	5.2%	7.7%	6.7%	6.6%	7.4%	
KERS HAZ	\$667.4	11.2%	5.1%	7.8%	6.8%	6.6%	7.1%	6.50%
PLAN BENCHMARK		12.4%	5.2%	7.6%	6.7%	6.6%	7.4%	
SPRS	\$271.2	11.0%	5.1%	7.9%	7.0%	6.6%	7.2%	6.50%
PLAN BENCHMARK		12.4%	5.2%	7.6%	6.7%	6.6%	7.4%	
CERS NH	\$3,581.1	11.8%	5.3%	7.9%	6.9%	6.6%	7.2%	6.50%
PLAN BENCHMARK		14.1%	5.4%	7.8%	6.8%	6.7%	7.4%	
CERS HAZ	\$1,727.1	11.7%	5.3%	7.9%	7.0%	6.6%	7.2%	6.50%
PLAN BENCHMARK		14.1%	5.4%	7.8%	6.8%	6.7%	7.4%	



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Asset Allocation vs. IPS Targets & Ranges

June 30, 2024

		KRS PENSION COMPOSITE			CERS PENSION COMPOSITE			KRS INSURANCE COMPOSITE			CERS INSURANCE COMPOSITE		
		ACTUAL	TARGET	RANGE	ACTUAL	TARGET	RANGE	ACTUAL	TARGET	RANGE	ACTUAL	TARGET	RANGE
EQUITY													
PUBLIC EQUITY		34.2%	31.7%	20.9%-41.7%	52.5%	50.0%	35%-65%	43.0%	40.0%	25%-50%	52.7%	50.0%	35%-65%
	PRIVATE EQUITY	5.0%	6.3%	3.2%-9.5%	6.4%	10.0%	7%-13%	7.0%	8.0%	4%-12%	7.3%	10%	7%-13%
FIXED INCOME													
SPECIALTY CREDIT		19.5%	20.9%	15.9%-25.9%	19.9%	10.0%	7%-13%	22.7%	25.0%	20%-30%	19.9%	10.0%	7%-13%
CORE FIXED INCOME		23.7%	24.0%	19.5%-31.5%	10.0%	10.0%	8%-12%	11.4%	10.0%	8%-15%	9.9%	10.0%	8%-12%
CASH		4.0%	2.0%	0%-5%	2.0%	0.0%	0%-3%	2.4%	2.0%	0%-5%	1.2%	0.0%	0%-3%
INFLATION PROTECTED													
REAL RETURN		8.3%	9.6%	6.7%-12.7%	4.1%	13.0%	9%-17%	7.7%	8.0%	5%-11%	3.7%	13.0%	9%-17%
REAL ESTATE		5.3%	5.3%	3.2%-7.5%	5.1%	7.0%	5%-9%	5.9%	7.0%	4%-10%	5.4%	7.0%	5%-9%



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Cash Flows

Data for the fiscal years ending June 30, 2024, and 2023



PENSION FUND CONTRIBUTION REPORT (KERS NHZ, KERS HAZ, & SPRS)
 FOR THE FISCAL YEARS ENDING JUNE 30, 2024, AND JUNE 30, 2023 (\$ IN MILLIONS)



CONTRIBUTIONS	FY24	FY23	FY24	FY23	FY24	FY23
MEMBER CONTRIBUTIONS	\$96.6	\$84.6	\$21.6	\$17.5	\$5.7	\$5.2
EMPLOYER CONTRIBUTIONS	156.0	136.5	89.9	72.8	62.0	58.1
ACTUARIALLY ACCRUED LIABILITY CONTRIBUTIONS	899.7	898.5	-	-	-	-
GENERAL FUND APPROPRIATIONS	240.0	240.0	-	-	-	-
NET INVESTMENT INCOME	112.4	85.5	26.1	20.7	18.7	15.5
TOTAL INFLOWS	1,504.7	1,445.1	137.6	111.0	86.4	78.8
BENEFIT PAYMENTS/REFUNDS	1,043.8	1,035.6	84.7	82.7	64.0	64.0
ADMINISTRATIVE EXPENSES	14.1	13.8	1.6	1.5	0.3	0.3
TOTAL OUTFLOWS	1,057.9	1,049.4	86.3	84.2	64.3	64.3
NET FLOWS	446.8	395.7	51.3	26.8	22.1	14.5
REALIZED AND UNREALIZED GAIN/(LOSS)	243.6	134.8	76.0	56.6	38.3	25.4
CHANGE IN NET POSITION	690.4	530.5	127.3	83.4	60.4	39.9
BEGINNING NET POSTION	3,607.2	3,076.7	902.6	819.2	592.8	552.9
ENDING NET POSITION	\$4,297.6	\$3,607.2	\$1,029.9	\$902.6	\$653.2	\$592.8
NET FLOWS (WITHOUT INVESTMENT INCOME)	\$334.4	\$310.2	\$25.2	\$6.1	\$3.4	(\$1.0)
CASH FLOW AS % OF ASSETS	7.78%	8.60%	2.45%	0.67%	0.53%	(0.17%)
NET INVESTMENT INCOME	\$112.4	\$85.5	\$26.1	\$20.7	\$18.7	\$15.5
YIELD AS % OF ASSETS	2.62%	2.37%	2.53%	2.29%	2.86%	2.61%



PENSION FUND CONTRIBUTION REPORT (CERS NHZ AND CERS HAZ)
FOR THE FISCAL YEARS ENDING JUNE 30, 2024, AND JUNE 30, 2023 (\$ IN MILLIONS)



CONTRIBUTIONS	FY24	FY23	FY24	FY23
MEMBER CONTRIBUTIONS	\$161.1	\$147.7	\$61.4	\$57.0
EMPLOYER CONTRIBUTIONS	764.8	697.7	321.3	308.2
NET INVESTMENT INCOME	217.4	178.0	77.9	62.7
TOTAL INFLOWS	1,143.3	1,023.4	460.6	427.9
BENEFIT PAYMENTS/REFUNDS	965.8	917.6	352.0	326.2
ADMINISTRATIVE EXPENSES	26.5	24.1	2.3	2.1
TOTAL OUTFLOWS	992.3	941.7	354.3	328.3
NET FLOWS	151.0	81.7	106.3	99.6
REALIZED AND UNREALIZED GAIN/(LOSS)	785.3	637.4	277.8	219.3
CHANGE IN NET POSITION	936.3	719.1	384.1	318.9
BEGINNING NET POSITION	8,781.4	8,062.3	3,055.8	2,736.9
ENDING NET POSITION	\$9,717.7	\$8,781.4	\$3,439.9	\$3,055.8
NET FLOWS (WITHOUT INVESTMENT INCOME)	(\$66.4)	(\$96.3)	\$28.4	\$36.9
CASH FLOW AS % OF ASSETS	(0.68%)	(1.10%)	0.83%	1.21%
NET INVESTMENT INCOME	\$217.4	\$178.0	\$77.9	\$62.7
YIELD AS % OF ASSETS	2.24%	2.03%	2.27%	2.05%



INSURANCE FUND CONTRIBUTION REPORT (KERS NHZ, KERS HAZ, & SPRS)

FOR THE FISCAL YEARS ENDING JUNE 30, 2024, AND JUNE 30, 2023 (\$ IN MILLIONS)



CONTRIBUTIONS	FY24	FY23	FY24	FY23	FY24	FY23
EMPLOYER CONTRIBUTIONS	\$41.4	\$35.5	-	-	\$10.2	\$9.3
ACTUARIALLY ACCRUED LIABILITY CONTRIBUTIONS	87.8	87.7	-	-	-	-
INSURANCE PREMIUMS	0.1	-	-	(0.1)	-	(0.1)
HUMANA GAIN SHARE	8.4	4.9	0.7	0.4	0.4	0.2
RETIRED REEMPLOYED HEALTHCARE	7.5	5.9	1.8	1.5	-	-
HEALTH INSURANCE CONTRIBUTIONS (HB1)	10.6	8.4	2.1	1.6	0.4	0.4
NET INVESTMENT INCOME	43.3	32.1	15.7	13.1	6.5	5.3
TOTAL INFLOWS	199.1	174.5	20.3	16.5	17.5	15.1
HEALTHCARE PREMIUMS	95.1	105.6	20.4	19.8	12.4	14.3
ADMINISTRATIVE EXPENSES	0.7	0.8	0.1	0.1	0.1	0.1
TOTAL OUTFLOWS	95.8	106.4	20.5	19.9	12.5	14.4
NET FLOWS	103.3	68.1	(0.2)	(3.4)	5.0	0.7
REALIZED AND UNREALIZED GAIN/(LOSS)	123.3	95.9	51.8	39.8	20.3	16.1
CHANGE IN NET POSITION	226.6	164.0	51.6	36.4	25.3	16.8
BEGINNING NET POSITION	1,465.5	1,301.5	616.3	579.9	246.8	230.0
ENDING NET POSITION	\$1,692.1	\$1,465.5	\$667.9	\$616.3	\$272.1	\$246.8
NET FLOWS (WITHOUT INVESTMENT INCOME)	\$60.0	\$36.0	(\$15.9)	(\$16.5)	(\$1.5)	(\$4.6)
CASH FLOW AS % OF ASSETS	3.55%	2.46%	(2.37%)	(2.68%)	(0.56%)	(1.88%)
NET INVESTMENT INCOME	\$43.3	\$32.1	\$15.7	\$13.1	\$6.5	\$5.3
YIELD AS % OF ASSETS	2.56%	2.19%	2.35%	2.12%	2.40%	2.16%



INSURANCE FUND CONTRIBUTION REPORT (CERS NHZ & CERS HAZ)

FOR THE FISCAL YEARS ENDING JUNE 30, 2024, AND JUNE 30, 2023 (\$ IN MILLIONS)



CONTRIBUTIONS

	FY24	FY23	FY24	FY23
EMPLOYER CONTRIBUTIONS	\$2.8	\$101.1	\$20.6	\$48.8
INSURANCE PREMIUMS	0.3	0.3	(0.2)	(0.5)
HUMANA GAIN SHARE	10.4	6.0	1.6	0.9
RETIRED REEMPLOYED HEALTHCARE	7.4	4.9	2.1	1.6
HEALTH INSURANCE CONTRIBUTIONS (HB1)	20.7	17.8	5.0	4.3
NET INVESTMENT INCOME	81.7	65.9	37.8	32.1
TOTAL INFLOWS	123.3	196.0	66.9	87.2
HEALTHCARE PREMIUMS	124.8	126.8	96.2	93.7
ADMINISTRATIVE EXPENSES	0.9	0.9	0.5	0.5
TOTAL OUTFLOWS	125.7	127.7	96.7	94.2
NET FLOWS	(2.4)	68.3	(29.8)	(7.0)
REALIZED AND UNREALIZED GAIN/(LOSS)	298.8	240.0	145.6	116.6
CHANGE IN NET POSITION	296.4	308.3	115.8	109.6
BEGINNING NET POSITION	3,289.5	2,981.2	1,613.6	1,504.0
ENDING NET POSITION	\$3,585.9	\$3,289.5	\$1,729.4	\$1,613.6
NET FLOWS (WITHOUT INVESTMENT INCOME)	(\$84.1)	\$2.4	(\$67.6)	(\$39.1)
CASH FLOW AS % OF ASSETS	(2.35%)	0.07%	(3.91%)	(2.42%)
NET INVESTMENT INCOME	\$81.7	\$65.9	\$37.8	\$32.1
YIELD AS % OF ASSETS	2.28%	2.00%	2.18%	1.99%