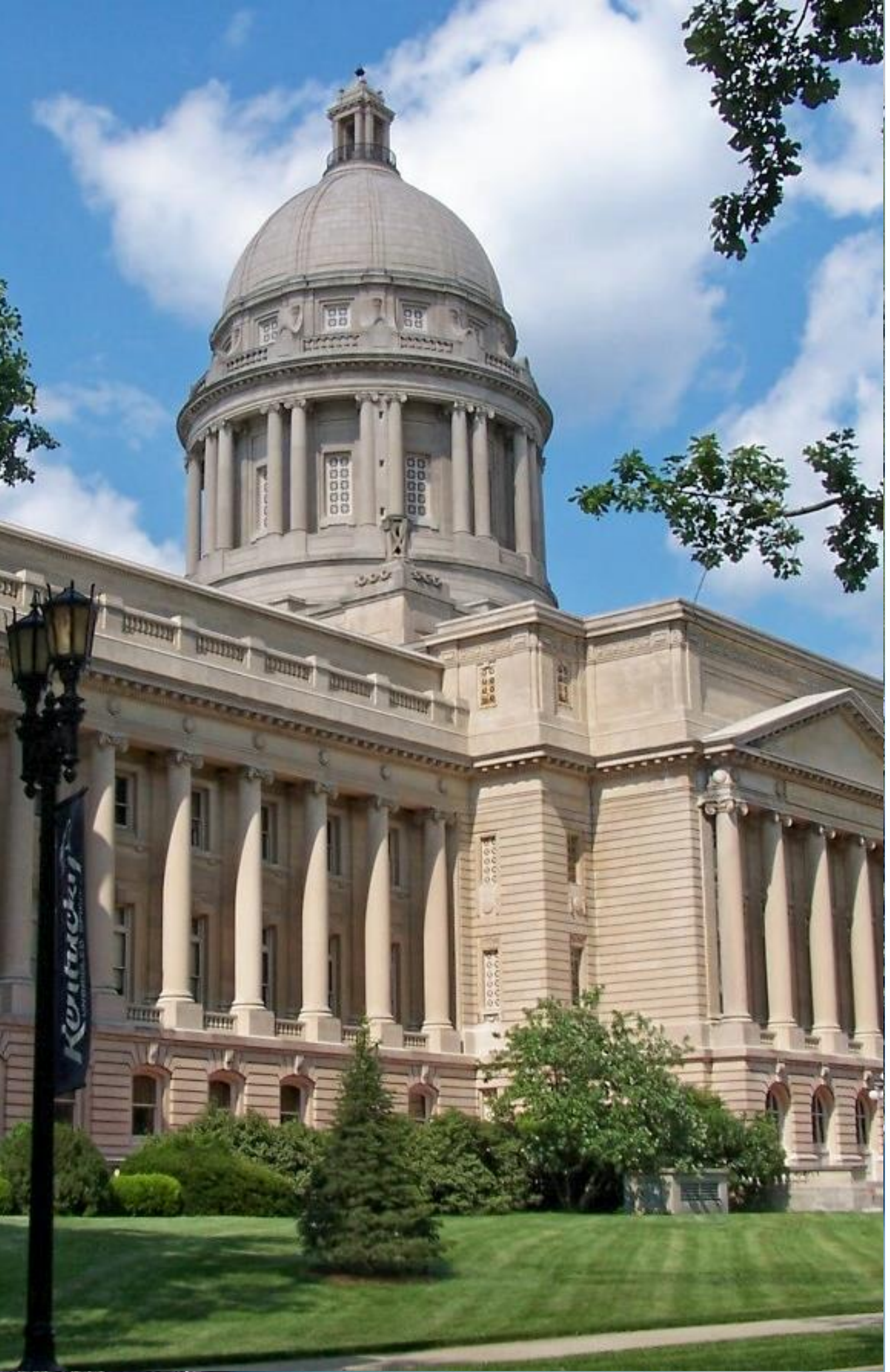


JUDICIAL FORM RETIREMENT SYSTEM

QUARTERLY UPDATE

PUBLIC PENSION OVERSIGHT BOARD – APRIL 28, 2025

DANIEL VENTERS, CHAIR
BOARD OF TRUSTEES

BEN ALLISON, CHAIR
JUDICIAL RETIREMENT INVESTMENT COMMITTEE

W. BRAD MONTELL, CHAIR
LEGISLATORS RETIREMENT INVESTMENT COMMITTEE

BO CRACRAFT
EXECUTIVE DIRECTOR

INVESTMENT PERFORMANCE

		MV	FYTD25	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
Investment Performance *As of March 31, 2025*									
JRP	**Defined Benefit**	**$675.0M**	**11.4%**	**12.2%**	**10.4%**	**16.8%**	**11.2%**	**9.6%**	**9.6%**
	Cash Balance	**$6.5M**	**11.2%**	**12.3%**	**10.5%**	**15.4%**	**-**	**-**	**-**
	Benchmark[1]		4.3%	7.6%	7.2%	13.3%	9.4%	8.3%	8.8%
LRP	**Defined Benefit**	**$198.0M**	**11.3%**	**12.2%**	**10.5%**	**16.9%**	**11.3%**	**9.6%**	**9.5%**
	Cash Balance	**$1.7M**	**11.3%**	**12.3%**	**10.4%**	**15.3%**	**-**	**-**	**-**
	Benchmark[1]		4.3%	7.6%	7.2%	13.3%	9.4%	8.3%	8.8%

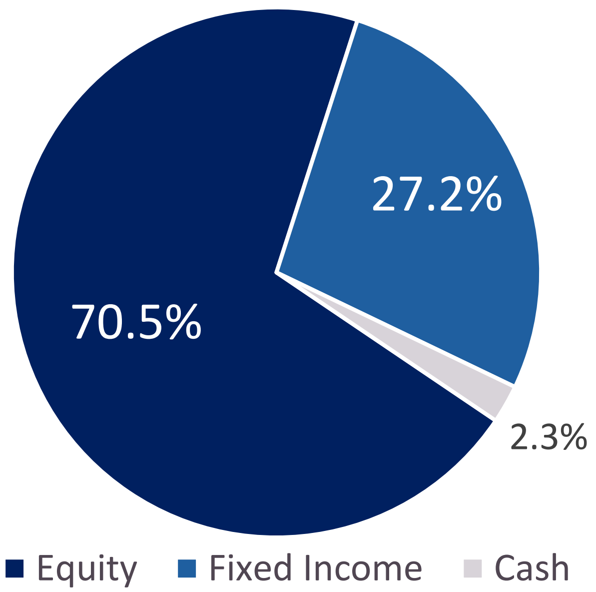
Returns are Net of Fees with exception of 20-year and 30-Year. Cash Balance portfolios inception date is June 1, 2015

[1] Benchmark is 70% S&P 500 Index + 30% Barclays Intermediate Government/Credit Index (compounded monthly)

ASSET ALLOCATION

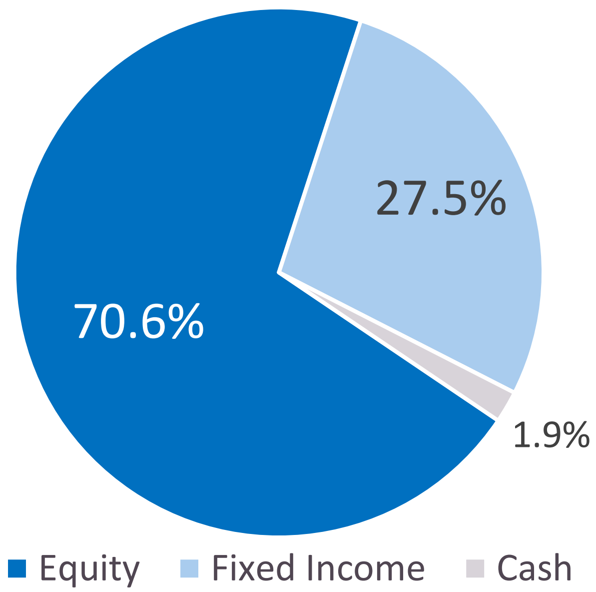
As of March 31, 2025

JUDICIAL RETIREMENT PLAN



JRP			
	Actual	**Target**	**Range**
Equity	70.5%	70.0%	60%-80%
Fixed Income	27.2%	30.0%	20%-40%
Cash	2.3%	0.0%	

LEGISLATORS RETIREMENT PLAN



LRP			
	Actual	**Target**	**Range**
Equity	70.6%	70.0%	60%-80%
Fixed Income	27.5%	30.0%	20%-40%
Cash	1.9%	0.0%	

CASH FLOW

Fiscal Year ending March 31, 2025
compared to March 31, 2024

	Judicial Retirement Plan		Legislators Retirement Plan	
9 Months ending March 31	**FY2025**	**FY2024**	**FY2025**	**FY2024**
Member Contributions	$1.156	$1.145	$0.261	$0.186
Employer Contributions/Appropriations	$0.660	$5.306	$0.000	$0.000
Investment Income (Net of Inv. Expense)	$10.318	$8.777	$2.948	$2.502
Total Cash Inflows	**$12.134**	**$15.227**	**$3.209**	**$2.689**
Benefit Payments/Refunds	$22.954	$23.039	$5.060	$4.896
Admin. Expense	$0.252	$0.294	$0.163	$0.192
Total Cash Outflows	**$23.206**	**$23.333**	**$5.223**	**$5.088**
NET Cash Flow Before Asset Gain/(Losses)	**($11.072)**	**($8.106)**	**($2.014)**	**($2.399)**
Realized/Unrealized Asset Gains/(Losses)	$62.783	$92.849	$18.146	$26.615
Change in Net Position	$51.711	$84.744	$16.131	$24.216
Beginning of Period	$646.254	$562.866	$187.502	$163.022
End of Period	$697.965	$647.610	$203.634	$187.238

LEGISLATIVE UPDATE

➲ **SB 183 –** AN ACT relating to the fiduciary duties

- Amended statute to define "shareholder-sponsored proposal," "economic analysis," and "proxy advisor."
- Requires economic analysis prior to voting in opposition of management on shareholder-sponsored proposals to "to demonstrate that a vote against management's recommendation is solely in the interest of the retirement plan members and beneficiaries."

APPENDIX

Baird Trust Co – April 2025 Market Commentary

Andrew W. Means, CFA®
Managing Director
Director of Equity Investments

John C. Watkins III, CFA®
Director
Equity Portfolio Manager

"The illusion that one has understood the past feeds the further illusion that one can predict and control the future."
— Daniel Kahneman, Thinking, Fast and Slow

Investing Through Uncertainty

The topic of uncertainty has been a recurring theme in our writings over the years. Most recently, we explored it in "Investing in Uncertain Times" (April 2022) and "How We Invest in an Uncertain World" (July 2016). While these pieces addressed the subject directly, uncertainty is a central concept that permeates much of our discussion on investing.

The volatile market environment in the first quarter of 2025 is an opportune moment to revisit the topic. Today's environment feels more uncertain than it has in quite some time, and elevated uncertainty tends to drive fear – making investors anxious about future returns.

A New Administration, A Shifting Landscape

A key contributor to the current sense of uncertainty is the rapid pace at which policy change is being implemented by the new presidential administration. New proposals, ranging from potential tariffs on trade partners to reductions in the federal workforce and shifts in regulatory policy, have the potential to create ripple effects throughout the economy.

These developments mark a meaningful departure from the policies of the previous administration and are introducing legitimate questions about their potential impact on businesses and the economy. Unfortunately, the outcomes of these changes, including second and third order effects, are nearly impossible to predict. We don't yet know how many of the proposed tariffs will be enacted, how aggressive the policy shifts will be or how individual companies will respond. Even if we had perfect foresight into what policies will be enacted, we still wouldn't know how businesses, consumers or international partners would react. It's a classic case of known unknowns and unknown unknowns.

Moments like this often create a feedback loop – uncertainty begets caution, which slows investment and decision-making, which then reinforces the uncertainty. While it is tempting to try to analyze and react to every headline, the reality is that markets move faster than policy outcomes can be fully understood.

The Stock Market Correction

As is often the case during periods of heightened uncertainty, the broader stock market has recently declined. In Q1, the S&P 500 experienced its first 10% correction since mid-2023, falling rapidly from February 19 through March 13. While unsettling, this type of correction is far from unprecedented. Over the past 75 years, the S&P 500 has experienced 39 such corrections – averaging one every 1.9 years.

Since the current bull market began in October 2022, there have been six pullbacks greater than 5%, with two reaching correction territory (including this one). These selloffs tend to coincide with moments of greater uncertainty, reminding us that volatility (both up and down) is unavoidable in markets.

The Only Certainty is Uncertainty

It's easy to forget that the world is always uncertain. We cannot consistently predict what will happen in the future – our awareness of uncertainty simply ebbs and flows. In late 2019, the world didn't feel particularly uncertain – yet within months, the COVID-19 pandemic upended everyday life. As noted author Morgan Housel writes in his recent book Same as Ever: "The biggest news, the biggest risks, the most consequential events are always what you don't see coming. Put another way: There is rarely more or less economic uncertainty; just changes in how ignorant people are to potential risks."

This quote captures a vital truth: While uncertainty is constant, our perception of it fluctuates. With hindsight, we often minimize past uncertainty because we know how the story ended. We can't force our minds to forget the outcome, which gives the illusion of predictability in retrospect.

One of the most difficult parts of being an investor is managing your own emotions in real time. When events are unfolding in unpredictable ways, our natural reaction is often to pull back and retreat from the unknown – but those are often the very moments when attractive long-term investment opportunities emerge.

Mental Preparation Over Prediction

The best way to manage uncertainty is not to attempt to predict the future, but to instead prepare our minds for inevitable surprises. When we accept that the world is unpredictable, we're less likely to be surprised – and therefore less likely to make emotional decisions in the heat of the moment.

As renown investor and teacher Ben Graham wrote in The Intelligent Investor: "The investor should know about these possibilities [price fluctuations] and should be prepared for them both financially and psychologically."

The recent market swings are a good reminder that stock prices sometimes move faster and more erratically than the fundamentals of their underlying businesses. This is a fact of life in markets. After consistently rising stock prices in 2024 (the S&P 500 rose 25%), it's natural to be surprised by a sudden market decline – but it's far from unusual.

The more we expect occasional turbulence, the more resilient we can become. This resilience is essential to achieving long- term investing success. It helps prevent panic selling, reactionary behavior and chasing the news cycle. Instead, it encourages focus, discipline and clarity.

Executing Our Process

We firmly believe that short-term market movements are impossible to predict, as daily trading is often driven by non-fundamental factors like computer algorithms or human emotions. It is important to remember that we don't own the stock market in our equity portfolios. Rather, we own a carefully selected group of businesses that meet our strict investment criteria. Our entire focus is on those businesses rather than the erratic movements of the stock market.

We look for companies with three key attributes: an advantaged business model, honest and capable leadership and an attractive valuation. These three criteria – business, management and price – are known as our three-legged stool and form the foundation of our investment process and philosophy.

"The biggest news, the biggest risks, the most consequential events are always what you don't see coming. Put another way: There is rarely more or less economic uncertainty; just changes in how ignorant people are to potential risks."

This approach has served us well for over 30 years. We focus on business fundamentals, not market sentiment or short- term stock price swings, because we believe that over the long term, the growth in underlying intrinsic business value is what drives returns.

We often describe this mindset as investing like a long-term business owner – not a stock trader. The goal is not to react to every twist and turn in the market, but to participate in the long-term compounding of high-quality businesses. We've owned many businesses in client portfolios for well over a decade – through recessions, numerous political shifts, inflation and even a global pandemic. In each case, our conviction was tied to the long-term performance of the underlying businesses – not the headlines.

One of the most foundational writings underpinning our investment philosophy is Ben Graham's The Intelligent Investor. In Chapter 8, arguably the most famous chapter in the book, he discusses market volatility with timeless wisdom and clarity: "The true investor scarcely ever is forced to sell his shares, and at all other times he is free to disregard the current price quotation… Thus the investor who permits himself to be stampeded or unduly worried by unjustified market declines in his holdings is perversely transforming his basic advantage into a basic disadvantage. That man would be better off if his stocks had no market quotation at all, for he would then be spared the mental anguish caused him by other persons' mistakes of judgement."

These quotes remind us that price fluctuations are not something to fear, but something to understand and even occasionally take advantage of. In our quest to compound client wealth over decades, our focus remains squarely on the quality of the underlying businesses – not the day-to-day moves of their stock prices.

We understand how difficult it can be to invest during periods of uncertainty. Rather than trying to forecast every twist and turn, we aim to focus on what is knowable and controllable. We don't know what the economy will do in the next six months, or what headlines will dominate the news cycle. What we do know, though, are what kind of companies we want to own, how we define value and what we believe makes a great long-term investment. By focusing on what matters most and tuning out the noise, we believe we can navigate uncertainty with confidence and clarity.

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