



JUDICIAL FORM RETIREMENT SYSTEM

BOARD OF TRUSTEE MEETING – AUGUST 5, 2022



AGENDA



BOARD OF TRUSTEES, Judicial Form Retirement System INVESTMENT COMMITTEES, Judicial and Legislators Retirement Funds

August 5, 2022 – 10:00 a.m. EST

**Baird Trust Company, Meeting Room 29th Floor
500 West Jefferson Street, Louisville, Kentucky 40202**

- I. Call to Order.
- II. Adoption of the *Minutes* of the April 22, 2022 Meeting.
- III. Investment Related Matters.
 - A. Presentation by Lexington Investment Company.
 - B. Presentation by Hilliard Lyons Trust Company.
- IV. Reports by Executive Director.
 - A. Public Pension Oversight Board – *update only*
 - B. PPOB Actuarial Audit RFP – *update only*
 - C. Audit Services RFP and Recommendation – *Actionable Item*
 - D. 2022 Retiree Health Insurance – *Actionable Item*
 - E. Fiduciary Liability Insurance – *Potential Actionable Item*
 - F. Pension Spiking Opinion – *Actionable Item*
 - G. 2022 Actuarial Valuations – *update only*
 - H. Pension Administration System Update – *update only*
- V. October 21, 2022 Meeting

Item II – Adoption of Minutes

- April 22, 2022

MINUTES OF THE JOINT MEETING
OF THE BOARD OF TRUSTEES OF
THE KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM,
THE INVESTMENT COMMITTEE FOR THE
KENTUCKY JUDICIAL RETIREMENT FUND,
AND THE INVESTMENT COMMITTEE FOR THE
KENTUCKY LEGISLATORS RETIREMENT FUND

April 22, 2022

The Board of Trustees of the Kentucky Judicial Form Retirement System (JFRS), the Investment Committee for the Kentucky Judicial Retirement Plan (JRP), and the Investment Committee for the Kentucky Legislators Retirement Plan (LRP), convened at the Administrative Office of the Courts, 1001 Vandalay Drive, Frankfort, Kentucky 40601 on Friday, April 22, 2022, at 10:00 a.m. All Board members were present.

JFRS staff present included Bo Cracraft, Executive Director, and Rebecca Stephens, Retirement Programs Administrator. Guests attending the meeting included Stan Kerrick of Lexington Investments, Inc. and Don Asfahl and John Watkins of Baird Trust Company. Guests attending the meeting virtually via Microsoft Teams video-conferencing included Andy Means of Baird Trust Company.

Chairman Grise called the meeting to order at 10:04 a.m.

The trustees considered the adoption of the previously distributed *Minutes* from the January 21, 2022 meeting. Upon motion by Justice Daniel Venters, seconded by Judge Douglas George, the Board unanimously approved the *Minutes* of the January 21, 2022 meeting.

The next item for consideration was the election of a Chair for the Legislators Retirement Plan Investment Committee. Mr. Cracraft acknowledged the untimely passing of Senator Joe Bowen, which created not only a vacant trustee seat but also the Investment Chair position for LRP. Upon a motion by Mr. Stephen LeLaurin, seconded by Rep. Scott Brinkman, the Investment Committee for the Legislators Retirement Fund unanimously elected Representative Brad Montell as Chair of the Investment Committee of the Legislative Retirement Fund.

The next order of business was the report of Lexington Investments LLC. Chairman Grise recognized Mr. Stan Kerrick. Mr. Kerrick distributed to the trustees Lexington Investments' *Report of the Kentucky Judicial & Legislators Retirement Funds* as of March 31, 2022, dated April 22, 2022.

Mr. Kerrick began with an overview of recent performance. He noted the most recent quarter saw equity and fixed income markets both produce negative returns for the first time in several quarters as investors reacted to concerns over rising inflation coupled with the conflict occurring in Ukraine. Mr. Kerrick pointed out short-term relative performance had slightly lagged that of the blended benchmark, but the portfolio continued to provide strong absolute and above-benchmark returns for all trailing periods beyond 3-years.

Next, Mr. Kerrick briefly discussed the portfolio holdings as well as transactions that occurred during the quarter. He highlighted a full portfolio rebalance that occurred during the first week of January as the team at Baird tried to rebalance closer to target and reduce the portfolio's total equity exposure. He also pointed out a couple cash withdrawals initiated by staff to meet monthly benefit payments.

Lastly, Mr. Kerrick provided a few compliance statements and stated the Plans were within their prescribed asset allocation guidelines and did not have any individual holdings that currently exceeded the 8% limit. He also confirmed more than half of the portfolio had consistently paid dividends.

In response to questions regarding portfolio cash balances, Mr. Kerrick noted the LRP portfolio did have a higher cash balance than JRP at quarter end, but this was largely due to timing and cash needs of JFRS staff. Both portfolios had a bond mature towards the very end of the quarter, but staff also moved cash out of JRP to meet benefits, which served to reduce cash in that portfolio. Staff did not take any cash from LRP and Baird did not reinvest prior to the end of March.

Chairman Grise welcomed Mr. Don Asfahl and Mr. John Watkins of Baird Trust Company, who joined the meeting at 10:46 a.m. Mr. Andy Means, also of Baird Trust, joined the meeting virtually via Microsoft Teams. Mr. Cracraft had previously distributed copies of Baird's *Investment Review for Kentucky Judicial Retirement Fund and Kentucky Legislators Retirement Fund* dated April 22, 2022

Mr. John Watkins began the quarterly review with a few comments regarding Baird's most recent quarterly market commentary, titled "Investing in Uncertain Times," which highlighted the amount of uncertainty and pessimism that had entered markets. Mr. Watkins pointed to the Federal Reserve's policy shift to combat rising inflation and Russia's invasion of Ukraine as the two primary factors leaving investors uneasy. Uncertainty generally brings with it market volatility, which he stated was very much on display during the most recent quarter. In closing, Mr. Watkins emphasized that regardless of how investors feel, in truth, they always face an uncertain future. Moreover, the team at Baird Trust does not, nor will they, ever try to predict future markets. Instead, Mr. Watkins reiterated the team would continue to focus on their strategy of seeking to be long-term owners of good, strong, and profitable companies.

Mr. Asfahl reviewed several economic statistics, current asset allocation, annual estimated income, and the current yield on the JRP legacy portfolio. He discussed the fixed income portfolio and schedule of maturities.

In response to a question from Representative Brad Montell regarding workforce participation rates as compared to pre-COVID, Mr. Asfahl responded that rates were still a little lower than prior to the pandemic, but much closer.

In response to a question from Representative Scott Brinkman regarding the Federal Reserve's upcoming meeting, Mr. Asfahl stated the markets seem to have priced in another 50 basis point change. Another quarter point would be a surprise, but not out of the realm of possible decisions.

In response to a question from Chairman Grise regarding the unpredictable nature of oil prices, Mr. Watkins pointed to intervention and new technology as two primary factors. He also pointed out that while short term volatility has occurred, the team believed long-term oil prices faced a head wind as alternative sources of energy continue to rise.

Next, Mr. Watkins reviewed a snapshot of the portfolio, which included relative sector weightings, attribution, top performers and largest holdings. He emphasized sector weightings were not the result of any macro or top-down, decisions, but rather completely driven by the underlying stocks. He pointed out the portfolio was currently overweight to discretionary, financials, communication services, and industrials, versus underweights to technology and health care.

In response to a question from Mr. LeLaurin regarding if the team ever had moments where they thought top-down decisions should be considered, Mr. Watkins stated the team really had not had such moments. He said there are times when the portfolio has reached a sector relative weight policy limit and the team is required to reduce exposure, but that is really the only circumstance where sector weights are discussed as part of the portfolio construction process.

In response to a question from Chairman Grise regarding Disney, its recent management decisions, and ultimate stock performance, Mr. Watkins opened by stating the team would prefer that companies not take political stands and wished management teams could just focus on running their business. However, he noted that we live in very interesting times and lines have very much become blurred. Secondly, with regards the stocks negative performance, Mr. Watkins emphasized that performance is not always indicative of a company's actual business outlook. The company was facing quite a bit of negative momentum during the short term and was also one of the most impacted companies by the pandemic. He referenced amusement park shutdowns, limitations on foreign travel and restricted capacity. Longer term, the investment team is still confident in the company, its team, and long term growth prospectives.

Next, Mr. John Watkins highlighted recent performance attribution and noted that one stock, Home Depot, had contributed to most of the relative underperformance. He discussed some of the factor contributing to the companies negative performance, mostly related to investor sentiment that rising rates and inflation would hinder remodeling and consumer spending as few people take on projects.

In response to a question from Chairman Grise regarding Facebook's recent performance, Mr. Watkins stated the company had recently faced some headwind primarily driven by an advertising and data access change initiated by Apple. In short, Apple has restricted access to some user data on their products, so Facebook no longer has access to data that enables more targeted advertising. This has slowed growth for Facebook and so the price has had to adjust to a new model. In response to a follow up question from Justice Venters regarding what Apple would gain from the change, Mr. Watkins stated it was really two fold. First, Apple prides itself on privacy, so this decision looks like further defense of user privacy. Secondly, it gives their own advertising business, which is a new line of business for Apple, a competitive advantage over Facebook's advertising model.

Lastly, at the request of Mr. Cracraft, Mr. Watkins and Mr. Asfahl discussed the equity portfolio proxy voting policy and stance on Environmental, Social, and Governance (ESG)

investing. Mr. Cracraft noted the Public Pension Oversight Board was set to meet on the following Monday and JFRS staff had been asked to discuss both topics. Mr. Watkin reviewed the team's proxy voting process. He stated the team was using Glass Lewis, which is a third party provider, to execute trades and gain research, but that he personally reviewed any proxy proposal where Baird's policy differed from Glass Lewis's. He noted a few minor situations and stated that there had been multiple times when the team voted differently than the research provided by Glass Lewis.

Mr. Asfahl discussed ESG investing and acknowledged the recent Russia invasion had only further pushed the discussion. He highlighted the equity teams desire to be long-term business owners and finding companies that can be held for decades. He emphasized that the team did not use and ESG related factors to screen potential investments, but that many of the companies held in the portfolio did rate highly with many ESG managers. He pointed to a need of companies, who plan to be around for a long time, to be good business citizens. This means they cannot solely focus on shareholders, but must also consider other stakeholders, such as employees, cities, and local governments.

Mr. Asfahl concluded the presentation with a short review of the fixed income portion of the portfolios, a summary of risk statistics, as well as trailing period performance of the portfolios. He advised that the portfolios were well-positioned, continued to produce strong risk adjusted results, and had outperformed the blended index over each measured period.

Lastly, Mr. Asfahl quickly reviewed allocation, returns, and holdings for the LRP legacy portfolio and two smaller Cash Balance portfolios. He referenced the Board recent decision to diversify the portfolios and pointed to the most recent quarterly performance as evidence of how the tracking error between the two portfolios had really tightened.

Mr. Asfahl, Mr. Watkins, and Mr. Mean's all left the meeting at 11:58 a.m. and the meeting recessed for lunch.

The meeting reconvened at 12:25 p.m. Chairman Grise recognized Mr. Cracraft, who reported on several administrative matters. The trustees discussed the items and took action when noted.

(A) Public Pension Oversight Board (PPOB). Mr. Cracraft gave a summary of PPOB meetings since the January JFRS Board meeting.

February 23, 2022 – JFRS was not on the agenda. The only agenda item related to KPPA and House Bill 8 reporting requirements for employers who utilizes contracted employees.

March 7, 2022 – JFRS was not on the agenda. TRS staff provided a review of the plans sick-leave provisions and LRC Staff provided a semi-annual investment review as of June 30, 2021.

The **April Meeting** was set to meet on Monday, April 25. JFRS was on the agenda and has been asked to provide an update on investment performance, proxy voting, and the system's ESG policies.

(B) 2022 General Session. Mr. Cracraft referenced the *2022 Regular Session – Legislative Update* memo from staff included in the Board materials. He discussed the recently adjourned regular session, which was quiet concerning retirement bills, but did highlight that a few interesting bills were passed during the final days of the session.

(C) Audit Services RFP. Mr. Cracraft noted that the Board approved a RFP for audit services during the January meeting. He indicated staff had posted a RFP in March, which ended during the first half of April, but staff was not pleased with the number of responses. He indicated to the Board that he was going to request information again and hoped to attract a few more responses so the Board could better evaluate options going forward.

(C) 2022-2023 Personal Service Contracts. Mr. Cracraft provided a verbal update to follow up on action taken by the Board during the January meeting. He informed the Board that a new contract had been agreed to with Baird Trust Company and extensions had been agreed to with Finley for actuarial services. Lastly, the Commonwealth's contract with State Street for custody services, which includes JFRS as a named agency, had one year remaining.

(D) SB 104 Implementation. Mr. Cracraft provided a verbal update regarding staff's implementation of Senate Bill 104. He reminded the Board of the legislation, which provided post-2008 members of LRP and JRP a one-time option to voluntarily elect participation in the cash balance plan. He informed the trustees that staff had drafted and sent a letter to each eligible member regarding their right. He called attention to the letter, which was included in the Board materials. He indicated that staff did not expect most members to have interest in the option, but did expect some may call into the office to discuss.

(E) Office & Technology Update. Mr. Cracraft provided a couple of updates. First, he provided a quick update on the pension administrative software project. He informed the Board that contract negotiations had taken a little longer than he planned, but were close. He plans to provide quarterly updates with each meeting to keep the Board up to date. Secondly, he told the Board that staff was updating the office with some new to JFRS, but gently used, commercial furniture that was purchased from a local business who was moving out of the office. This is part of the overall plan to update the agency and modernize the office, while making the space more functional for staff.

(F) Administrative, Budget, & Personnel. Mr. Cracraft referenced the *Administrative & Personnel Update – FY23 Budget Salary Increases* memo that was included in the Board materials. He referenced the most recent biennial budgets that had been adopted by the General Assembly and salary increments for public and elected officials that were included. He quickly reviewed the memo, how the budget increases applied to JFRS and asked the board to provide more feedback on how he should implement.

Upon motion by Justice Daniel Venters, seconded by Representative Stephen LeLaurin, the Board unanimously agreed to go into Executive Session for the purpose of discussing personnel and confidential member information of employees. The motion passed unanimously.

Upon motion by Judge Douglas George, seconded by Justice Daniel Venters, the Board unanimously agreed to come out of Executive Session. No action was taken in Executive Session.

Upon motion by Judge Douglas George, seconded by Justice Daniel Venters, the Board unanimously authorized providing staff raises as outlined in the Judicial Branch budget, which included a \$2,000 increase to the base salaries of both full time employees, plus a 8% increase in salary or hourly rate of all three current JFRS staff members effective 07/01/2022. The motion passed unanimously.

There being no further business, the meeting adjourned at 2:01 p.m.

Judge John R. Grise, Chairman
Judicial Form Retirement System Board of Trustees

Stephen F. LeLaurin, Chairman
Judicial Retirement Fund Investment Committee

Brad Montell, Chairman
Legislators Retirement Fund Investment Committee

Bo Cracraft, Executive Director

Item III – Investment Related Matters

A. Lexington Investment Company

Kentucky Judicial and Legislators Retirement Plans

INVESTMENT POLICY STATEMENT COMPLIANCE

April 1, 2022 - June 30, 2022

1. Equity allocation in each Fund has a target of 70% of the total portfolio market value, excluding cash and equivalent balances, within a range of 60% to 80%. Equity allocation on June 30th for Judicial was 70.2%, and Legislators was also 70.2%. Both funds are within the guidelines. Both funds were in the target range during the past quarter.
2. Fixed Income allocation in each Fund has a target allocation of 30% of the total portfolio market value, excluding cash and equivalent balances, within a range of 20% to 40%. Fixed Income allocation on June 30th for Judicial was 29.8%, and Legislators was 29.8%. Both funds were in the target range during the past quarter.
3. Each Fund's equity investments meet the statutory standards for investment of trust funds, and all equity investments in the fund have paid dividends for at least five consecutive years with the exceptions of Meta Platforms, Carmax, O'Reilly Automotive, Berkshire Hathaway, and Alphabet Inc. CL C. These five positions represent 18.96% of the total equity portfolio in the Judicial Fund and 19.02% of the total equity portfolio in the Legislators Fund.
4. When the market value of any equity position in either Fund reaches 8% of the value of the total value of the equity market value of that Fund the Manager will contact the applicable Investment Committee, or its designee, to determine a course of action. As of June 30th, the Judicial Fund 8% limit was \$28,079,529, and the Legislators Fund 8% limit was \$7,926,394. None of the equity positions in either fund exceeded those market values during the past quarter.
5. Each fund's fixed income portfolio duration, defined as the weighted average of the modified durations of all the fund's fixed income investments, including ETF or Mutual Funds, shall at all times be within one year of the duration of its fixed income benchmark, the Barclays Intermediate Government/Credit Index. As of June 30th the modified duration of each fund was 4.1 years, less than 1 year of the duration of the benchmark which was 3.96 years.
6. During the quarter the following bond maturities or early redemptions, and purchases occurred:

Judicial:

04/15/22...Called 1500M Union Pacific Corp 4.163% 07/15/22 @ par
05/11/22...Called 2000M ATT&T 3.95% 01/15/25 @ 101.8634 (\$2,036,728.88)
05/15/22...Matured 2000M Berkshire Hathaway 3.00% 05/15/22

04/07/22...Buy 5000M Fed Farm Cred Bk 3.33% 04/12/27 (\$5,000,000) duration 4.52 yr.
04/07/22...Buy 1500M Intel 3.70% 07/29/22 (\$1,547,100.00) duration 3.44 yr.
05/17/22...Buy 5000M Chevron 3.85% 01/15/28 (\$5,108,305.56) duration 5.35 yr.

Legislators:

05/11/22...Called 900M ATT&T 3.95% 01/15/25 @ 101.8634 (\$916,527.99)

04/07/22...Buy 1250M Abbvie 4.25% 11/15/28 (\$1,326,192.71) duration 5.55 yr.
04/07/22...Buy 1250M Intel 3.70% 07/29/22 (\$1,289,250.00) duration 3.44 yr.
04/07/22...Buy 1250M Fed Farm Cred Bk 3.33% 04/12/27 (\$1,250,000) duration 4.52 yr.
05/17/22...Buy 1250M Chevron 3.85% 01/15/28 (\$1,277,076.39) duration 5.35 yr.

None of the individual fixed income purchases had a duration which exceeded 15 years, or cost which exceeded 5% of the respective fund's fixed income portfolio market value at the time of purchase.

Cash Reconciliation Report

From 04/01/2022 to 06/30/2022

KENTUCKY JUDICIAL

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
04/01/2022		CASH Beginning Balance		4,268,960.76
04/01/2022		Interest PFIZER INC	59,062.50	4,328,023.26
04/01/2022		Interest CUMMINS INC	63,875.00	4,391,898.26
04/01/2022		Interest SYSCO CORP	65,625.00	4,457,523.26
04/01/2022		Interest JPMORGAN CHASE & CO	66,375.00	4,523,898.26
04/06/2022	04/08/2022	Sell TE CONNECTIVITY LTD -1975.00	245,352.99	4,769,251.25
04/06/2022	04/08/2022	Sell ALPHABET INC- CL C -160.00	440,774.28	5,210,025.53
04/06/2022	04/08/2022	Sell APPLE COMPUTER -2950.00	506,907.71	5,716,933.24
04/06/2022	04/08/2022	Sell BANKAMERICA CORP. -3200.00	127,140.15	5,844,073.39
04/06/2022	04/08/2022	Sell BERKSHIRE HATH--B -1350.00	463,968.38	6,308,041.77
04/06/2022	04/08/2022	Sell CISCO SYSTEMS INC -1800.00	97,836.52	6,405,878.29
04/06/2022	04/08/2022	Sell CARMAX INC. -1650.00	160,035.49	6,565,913.78
04/06/2022	04/08/2022	Sell DISNEY (WALT) CO. -2200.00	291,838.37	6,857,752.15
04/06/2022	04/08/2022	Sell EXPEDITORS INTERNATIONAL -1500.00	144,645.46	7,002,397.61
04/06/2022	04/08/2022	Sell META PLATFORMS INC CL A -600.00	135,571.64	7,137,969.25
04/06/2022	04/08/2022	Sell FASTENAL CO. -4400.00	261,490.62	7,399,459.87
04/06/2022	04/08/2022	Sell GENERAL ELECTRIC NEW -2250.00	198,831.48	7,598,291.35
04/06/2022	04/08/2022	Sell HOME DEPOT -1350.00	404,924.49	8,003,215.84
04/06/2022	04/08/2022	Sell JP MORGAN -2700.00	357,019.98	8,360,235.82
04/06/2022	04/08/2022	Sell JOHNSON & JOHNSON -2075.00	373,830.09	8,734,065.91
04/06/2022	04/08/2022	Sell MICROSOFT CORP -1675.00	506,787.25	9,240,853.16
04/06/2022	04/08/2022	Sell O'REILLY AUTOMOTIVE INC. -400.00	276,128.59	9,516,981.75
04/06/2022	04/08/2022	Sell OMNICOM GROUP -2250.00	180,973.10	9,697,954.85
04/06/2022	04/08/2022	Sell PFIZER INC -4000.00	210,082.52	9,908,037.37
04/06/2022	04/08/2022	Sell PROGRESSIVE CORP-OHIO -3850.00	442,984.12	10,351,021.49
04/06/2022	04/08/2022	Sell SCHWAB (CHAS) -4400.00	359,610.16	10,710,631.65
04/06/2022	04/08/2022	Sell TJX COS INC NEW -2550.00	154,351.73	10,864,983.38
04/06/2022	04/08/2022	Sell U S BANCORP -3300.00	174,949.26	11,039,932.64
04/06/2022	04/08/2022	Sell UNION PACIFIC -800.00	197,606.11	11,237,538.75
04/06/2022	04/08/2022	Sell WELLS FARGO -2650.00	126,695.85	11,364,234.60
04/07/2022		Dividend iShares 1-3 YR TSY ETF	56.64	11,364,291.24
04/07/2022	04/12/2022	Buy FEDERAL FARM CR BKS 5000000.00	(5,000,000.00)	6,364,291.24
04/07/2022	04/11/2022	Buy INTEL CORP 1500000.00	(1,547,100.00)	4,817,191.24
04/08/2022		Dividend OMNICOM GROUP	95,305.00	4,912,496.24
04/14/2022		Dividend PROGRESSIVE CORP-OHIO	23,415.00	4,935,911.24
04/15/2022	04/15/2022	Sell UNION PAC CORP -1500000.00	1,500,000.00	6,435,911.24
04/15/2022		Interest UNION PAC CORP	15,611.25	6,451,522.49
04/15/2022		Interest OMNICOM GROUP INC	54,000.00	6,505,522.49
04/15/2022		Interest EXXON MOBIL CORP	58,725.00	6,564,247.49
04/15/2022		Dividend U S BANCORP	93,058.00	6,657,305.49
04/21/2022		Interest BANK AMER CORP	81,200.00	6,738,505.49
04/23/2022		Interest WELLS FARGO CO NEW	67,500.00	6,806,005.49
04/25/2022		Dividend GENERAL ELECTRIC NEW	10,988.00	6,816,993.49
04/27/2022		Dividend CISCO SYSTEMS INC	42,066.00	6,859,059.49
04/30/2022		Interest BLACKROCK INC	73,125.00	6,932,184.49
04/30/2022		Interest NORTHERN TR CORP	88,875.00	7,021,059.49
04/30/2022		Dividend JP MORGAN	163,750.00	7,184,809.49
05/02/2022		Interest CASH	927.97	7,185,737.46
05/06/2022		Interest APPLE INC NOTE	60,375.00	7,246,112.46
05/06/2022		Dividend iShares 1-3 YR TSY ETF	68.03	7,246,180.49
05/11/2022	05/11/2022	Sell AT&T INC -2000000.00	2,036,728.88	9,282,909.37
05/11/2022		Interest AT&T INC	25,455.55	9,308,364.92
05/11/2022		Withdrawal CASH	(4,000,000.00)	5,308,364.92
05/12/2022		Dividend APPLE COMPUTER	40,342.00	5,348,706.92
05/14/2022		Interest ABBVIE INC	72,000.00	5,420,706.92
05/15/2022	05/15/2022	Sell BERKSHIRE HATHAWAY FIN CORP -200000	2,000,000.00	7,420,706.92
05/15/2022		Interest BERKSHIRE HATHAWAY FIN CORP	30,000.00	7,450,706.92
05/15/2022		Interest UNITED STATES TREAS NT	31,250.00	7,481,956.92
05/17/2022	05/19/2022	Buy CHEVRON USA INC 5000000.00	(5,108,305.56)	2,373,651.36
05/25/2022		Dividend FASTENAL CO.	80,786.00	2,454,437.36
05/27/2022		Dividend SCHWAB (CHAS)	52,040.00	2,506,477.36
05/31/2022		Interest CASH	33.33	2,506,510.69
06/01/2022		Interest SCHLUMBERGER INVT SA	63,875.00	2,570,385.69
06/01/2022		Dividend WELLS FARGO	39,812.50	2,610,198.19
06/02/2022		Interest CASH	1,977.04	2,612,175.23
06/02/2022		Dividend TJX COS INC NEW	45,076.00	2,657,251.23

Cash Reconciliation Report

From 04/01/2022 to 06/30/2022

KENTUCKY JUDICIAL

<u>Trade Date</u>	<u>Settlement Date</u>	<u>Trade Description</u>	<u>Net Amount</u>	<u>Daily Balance</u>
06/03/2022		Dividend TE CONNECTIVITY LTD	66,318.00	2,723,569.23
06/07/2022		Dividend iShares 1-3 YR TSY ETF	101.00	2,723,670.23
06/07/2022		Dividend JOHNSON & JOHNSON	140,826.25	2,864,496.48
06/09/2022		Dividend MICROSOFT CORP	62,170.50	2,926,666.98
06/10/2022		Dividend PFIZER INC	95,680.00	3,022,346.98
06/15/2022		Interest MICROSOFT CORP	54,375.00	3,076,721.98
06/15/2022		Dividend EXPEDITORS INTERNATIONAL	60,099.00	3,136,820.98
06/16/2022		Dividend HOME DEPOT	153,662.50	3,290,483.48
06/24/2022		Dividend BANKAMERICA CORP.	40,299.00	3,330,782.48
06/30/2022		Dividend UNION PACIFIC	62,400.00	3,393,182.48
06/30/2022		CASH Ending Balance		3,393,182.48

Cash Reconciliation Report

From 04/01/2022 to 06/30/2022

KENTUCKY LEGISLATORS

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
04/01/2022		CASH Beginning Balance		5,544,304.88
04/01/2022		Interest CASH	126.66	5,544,431.54
04/01/2022		Interest PFIZER INC	16,406.25	5,560,837.79
04/01/2022		Interest CUMMINS INC	18,250.00	5,579,087.79
04/01/2022		Interest JPMORGAN CHASE & CO	18,437.50	5,597,525.29
04/01/2022		Interest SYSCO CORP	18,750.00	5,616,275.29
04/06/2022	04/08/2022	Sell TE CONNECTIVITY LTD -1200.00	149,075.23	5,765,350.52
04/06/2022	04/08/2022	Sell ALPHABET INC- CL C -90.00	247,935.13	6,013,285.65
04/06/2022	04/08/2022	Sell APPLE COMPUTER -1675.00	287,820.48	6,301,106.13
04/06/2022	04/08/2022	Sell BANKAMERICA CORP. -1700.00	67,543.20	6,368,649.33
04/06/2022	04/08/2022	Sell BERKSHIRE HATH--B -750.00	257,758.43	6,626,407.76
04/06/2022	04/08/2022	Sell CARMAX INC. -900.00	87,292.08	6,713,699.84
04/06/2022	04/08/2022	Sell CISCO SYSTEMS INC -1000.00	54,353.62	6,768,053.46
04/06/2022	04/08/2022	Sell DISNEY (WALT) CO. -250.00	33,159.91	6,801,213.37
04/06/2022	04/08/2022	Sell EXPEDITORS INTERNATIONAL -800.00	77,144.24	6,878,357.61
04/06/2022	04/08/2022	Sell META PLATFORMS INC CL A -350.00	79,083.46	6,957,441.07
04/06/2022	04/08/2022	Sell FASTENAL CO. -2300.00	136,686.37	7,094,127.44
04/06/2022	04/08/2022	Sell HOME DEPOT -750.00	224,958.05	7,319,085.49
04/06/2022	04/08/2022	Sell JP MORGAN -1500.00	198,344.43	7,517,429.92
04/06/2022	04/08/2022	Sell JOHNSON & JOHNSON -1200.00	216,190.89	7,733,620.81
04/06/2022	04/08/2022	Sell MICROSOFT CORP -975.00	294,995.56	8,028,616.37
04/06/2022	04/08/2022	Sell O'REILLY AUTOMOTIVE INC. -250.00	172,580.36	8,201,196.73
04/06/2022	04/08/2022	Sell OMNICOM GROUP -1300.00	104,562.23	8,305,758.96
04/06/2022	04/08/2022	Sell PFIZER INC -2300.00	120,797.45	8,426,556.41
04/06/2022	04/08/2022	Sell PROGRESSIVE CORP-OHIO -2200.00	253,133.78	8,679,690.19
04/06/2022	04/08/2022	Sell SCHWAB (CHAS) -2500.00	204,323.95	8,884,014.14
04/06/2022	04/08/2022	Sell TJX COS INC NEW -1450.00	87,768.63	8,971,782.77
04/06/2022	04/08/2022	Sell U S BANCORP -1850.00	98,077.61	9,069,860.38
04/06/2022	04/08/2022	Sell UNION PACIFIC -500.00	123,503.82	9,193,364.20
04/06/2022	04/08/2022	Sell WELLS FARGO -1500.00	71,714.63	9,265,078.83
04/06/2022	04/08/2022	Sell GENERAL ELECTRIC NEW -1300.00	114,880.41	9,379,959.24
04/07/2022		Dividend iShares 1-3 YR TSY ETF	63.90	9,380,023.14
04/07/2022	04/11/2022	Buy ABBVIE INC 1250000.00	(1,326,192.71)	8,053,830.43
04/07/2022	04/11/2022	Buy INTEL CORP 1250000.00	(1,289,250.00)	6,764,580.43
04/07/2022	04/12/2022	Buy FEDERAL FARM CR BKS 1250000.00	(1,250,000.00)	5,514,580.43
04/08/2022		Dividend OMNICOM GROUP	27,387.50	5,541,967.93
04/14/2022		Dividend PROGRESSIVE CORP-OHIO	6,735.00	5,548,702.93
04/15/2022		Interest EXXON MOBIL CORP	16,312.50	5,565,015.43
04/15/2022		Interest OMNICOM GROUP INC	22,500.00	5,587,515.43
04/15/2022		Dividend U S BANCORP	25,829.00	5,613,344.43
04/15/2022		Deposit CASH	0.40	5,613,344.83
04/21/2022		Interest BANK AMER CORP	20,300.00	5,633,644.83
04/23/2022		Interest WELLS FARGO CO NEW	18,750.00	5,652,394.83
04/25/2022		Dividend GENERAL ELECTRIC NEW	3,192.00	5,655,586.83
04/27/2022		Dividend CISCO SYSTEMS INC	12,141.00	5,667,727.83
04/30/2022		Interest BLACKROCK INC	20,312.50	5,688,040.33
04/30/2022		Interest NORTHERN TR CORP	24,687.50	5,712,727.83
04/30/2022		Dividend JP MORGAN	46,600.00	5,759,327.83
05/02/2022		Interest CASH	803.01	5,760,130.84
05/06/2022		Interest APPLE INC NOTE	16,387.50	5,776,518.34
05/06/2022		Dividend iShares 1-3 YR TSY ETF	76.78	5,776,595.12
05/11/2022	05/11/2022	Sell AT&T INC -900000.00	916,527.99	6,693,123.11
05/11/2022		Interest AT&T INC	11,454.99	6,704,578.10
05/11/2022		Withdrawal CASH	(2,500,000.00)	4,204,578.10
05/12/2022		Dividend APPLE COMPUTER	11,385.00	4,215,963.10
05/14/2022		Interest ABBVIE INC	26,562.50	4,242,525.60
05/15/2022		Interest UNITED STATES TREAS NT	15,625.00	4,258,150.60
05/17/2022	05/19/2022	Buy CHEVRON USA INC 1250000.00	(1,277,076.39)	2,981,074.21
05/25/2022		Dividend FASTENAL CO.	22,785.00	3,003,859.21
05/27/2022		Dividend SCHWAB (CHAS)	14,620.00	3,018,479.21
05/31/2022		Interest CASH	35.55	3,018,514.76
06/01/2022		Interest CASH	1,527.23	3,020,041.99
06/01/2022		Interest SCHLUMBERGER INVT SA	18,250.00	3,038,291.99
06/01/2022		Dividend WELLS FARGO	11,125.00	3,049,416.99
06/02/2022		Dividend TJX COS INC NEW	12,714.50	3,062,131.49
06/03/2022		Dividend TE CONNECTIVITY LTD	19,208.00	3,081,339.49

Cash Reconciliation Report

From 04/01/2022 to 06/30/2022

KENTUCKY LEGISLATORS

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
06/07/2022		Dividend iShares 1-3 YR TSY ETF	113.95	3,081,453.44
06/07/2022		Dividend JOHNSON & JOHNSON	39,550.00	3,121,003.44
06/09/2022		Dividend MICROSOFT CORP	17,406.50	3,138,409.94
06/10/2022		Dividend PFIZER INC	26,800.00	3,165,209.94
06/15/2022		Interest MICROSOFT CORP	18,125.00	3,183,334.94
06/15/2022		Dividend EXPEDITORS INTERNATIONAL	16,817.00	3,200,151.94
06/16/2022		Dividend HOME DEPOT	43,082.50	3,243,234.44
06/24/2022		Dividend BANKAMERICA CORP.	11,413.50	3,254,647.94
06/30/2022		Dividend UNION PACIFIC	17,550.00	3,272,197.94
06/30/2022		CASH Ending Balance		3,272,197.94

Item III – Investment Related Matters

B. Baird Trust Company



Investment Review
KY Judicial Retirement Fund
KY Legislator Retirement Fund
August 5, 2022

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*“Be fearful when others are greedy
and greedy when others are fearful.”*

– Warren Buffet

Psychology of a Bear Market

In our June 15 piece titled *Our Thoughts on Market Volatility* we explained that, while unpleasant, bear markets are a common occurrence that investors must always be prepared for. Unfortunately, their timing is uncertain, and their severity is unknowable.

It is easy to look at past bear markets rationally. With the benefit of hindsight, they all look like great buying opportunities. Far removed from the emotion and fear that arise in the depths of a bear market, it is crystal clear that sticking to your investment plan was the correct choice. But it is impossible to fully recreate the psychology of a historical bear market after the fact. Human nature works hard to forget the pain.

Famed investor Howard Marks often discusses what he calls the pendulum of human psychology, or the mood swings of the market between fear and greed. He has said, “In the real world, things fluctuate from pretty good to not-so-hot. But in the markets, they go from flawless to hopeless.” We see this time and time again in the stock market. Human emotions go into overdrive both on the upside and the downside.

During times of greed, investors fixate on capturing large investment gains without much thought to the downside risks. This was the case in 2021 with meme stocks, crypto, SPACs, innovation stocks, and money-losing technology companies. Many of these highly speculative “investments” have lost 50% to 90% of their value this year. On the opposite side of the pendulum, during times of fear investors fixate on risk and investment losses without any thought to the potential for positive surprises.

Today, the emotional pendulum is swiftly swinging in the direction of “fear”. The S&P 500 is down more than 20% from its January high. Consumer sentiment is currently at the lowest level ever recorded, and investor sentiment is decidedly bearish. Interest rates are moving rapidly higher from very low levels. Inflation is at 40-year highs. It feels like nothing is going right, and the near future seems certain to keep getting worse.

As fear takes over, investors begin to worry and fixate on near-term unrealized losses. The natural response from our brain is to stop the losses at all costs. It is extremely difficult to watch stock prices fall and not experience a primal urge to sell simply to stop the pain. Even though most of us know this is a bad long-term decision, it often feels like it is the best short-term decision.

But when it comes to the stock market, investors must fight against their human nature. Emotion cannot be involved in making good investment decisions. As financial historian Peter Bernstein said, “The most important lesson an investor can learn is to be dispassionate when confronted by unexpected and unfavorable outcomes.” Bear markets are certainly unfavorable outcomes, so our reaction to them must be rational rather than emotional.

A rational reaction is easier said than done when account balances are declining, the media trumpets the most negative news stories, and feelings of fear are growing. During challenging times like these, our focus is on the underlying business results of each individual company in your portfolio rather than on its volatile stock price. What we find today is many business’ results remain strong even though stock prices are weak. As long-term owners we know that a business’ results over the next 5-10 years will determine investment success, not what the stock price does over the next 6 months. In the long run, if a business is successful, its stock price will ultimately reflect that success.

One of Warren Buffett’s most famous quotes is to “be fearful when others are greedy and greedy when others are fearful.” This essentially means to act in direct opposition to the broader investor psychology or sentiment. When things are going well and nobody sees any risks, proceed with caution. On the other hand, times like today, when fear reigns supreme, is the time to be more opportunistic.

Regardless of what lies ahead, we strongly believe the best path forward is to stick to your individual investment plan and our time-tested investment process. Our focus remains on the long-term compounding of your wealth, not the daily fluctuations in share prices. We understand today's market environment is difficult, but we believe, over time, it will become just another bear market we look back on with the benefit of hindsight.

Thank you for your continued trust in our team at Baird Trust. We truly appreciate the confidence you place in us as stewards of your financial assets.

Baird Trust Company ("Baird Trust"), a Kentucky state chartered trust company, is owned by Baird Financial Corporation ("BFC"). It is affiliated with Robert W. Baird & Co. Incorporated ("Baird"), (an SEC-registered brokerdealer and investment advisor), and other operating businesses owned by BFC. Past performance is not a predictor of future success. All investing involves the risk of loss. Baird Trust does not provide tax or legal advice. This market commentary is not meant to be advice for all investors. Please consult with your Baird Financial Advisor about your own specific financial situation.



John C. Watkins III, CFA®
Senior Vice President
Equity Portfolio Manager

There are two unavoidable facts when it comes to equity investing – bear markets will happen semi-regularly and the economy’s long-term growth will sometimes be interrupted by recessions. While we know there will be recessions in the future, we have no opinion as to their timing, depth, or frequency. What we do know is that on June 13, 2022 the S&P 500 officially closed in bear market territory, down over 20% from its January high.

Even though historical data is backward looking, it does provide important context. During the last bear market, our Q1 2020 Baird Trust Market Commentary looked back through history to determine how often bear markets happen:

Bear markets are actually more common than many suspect. Since 1928, the S&P 500 has experienced 12 declines greater than 30% and 20 declines greater than 20%. This means that, on average, declines of 30% happen every seven to eight years and declines of 20% happen every four to five years. The specific causes of bear markets are always different, but the commonality is immense uncertainty. This uncertainty raises doubts that a recovery is even possible.

For equity investors, bear markets are a very normal fact of life. However, knowing historical stats about their average frequency historically doesn’t provide much insight into their timing or cause because every bear market is different. How long this bear market will last and how severe it ultimately becomes will only be knowable with hindsight.

Stock prices always have been and always will be much more volatile than underlying business fundamentals. Because of this, we spend all our time and energy analyzing businesses and leave short-term stock price guesses to others.

We agree with Warren Buffett, who wrote in his 1987 Annual Letter to Shareholders: “Following Ben [Graham]’s teachings, Charlie and I let our marketable equities tell us by their operating results - not by their daily, or even yearly, price quotations - whether our investments are successful. The market may ignore business success for a while, but eventually will confirm it. As Ben said: ‘In the short run, the market is a voting machine but in the long run it is a weighing machine.’ The speed at which a business’s success is recognized, furthermore, is not that important as long as the company’s intrinsic value is increasing at a satisfactory rate.”

Fortunately, the companies we own continue to increase their intrinsic values and have some important characteristics that position them well for stock price volatility and economic uncertainty. We believe the companies we own in client portfolios have durable competitive advantages, or economic moats. They are highly profitable, generate substantial cash flow, and typically have low levels of debt. Additionally, our portfolio companies are run by management teams that we think are honest, excellent leaders and terrific decision makers. Finally, as a group, the companies we own trade at a sizeable discount to our estimate of their intrinsic business values.

We often discuss these three key elements of our investment philosophy and process – the business, management, and price. They are core to everything that we do as long-term business owners, but they bring us even more comfort when investment markets become rocky and uncertain.

While these important characteristics don’t insulate our portfolio companies from stock price declines, we believe they position our companies to take advantage of economic and market uncertainty and emerge stronger on the other side. Strong, advantaged companies with excess cash rarely must worry about survivability, so they can be offensive in today’s environment rather than defensive. They can increase investment spending to take market share. They can use their position of strength to acquire weaker competitors. They can hire great talent from struggling companies that are cutting staff. And they can use their strong financial position to repurchase their own shares at heavily discounted prices, benefitting their long-term shareholders.

Even though bear markets are normal, they can still be painful and frightening because they are usually accompanied by overwhelmingly negative news stories and data points. Today, for instance, inflation is at 40-year highs and shows no signs of slowing, interest rates are surging, there is a war in Europe, COVID-19 is still lingering, consumer confidence is crashing, and fears of a recession are taking hold. In this environment, it is not surprising that stock prices are falling.

The psychology of fear and monetary loss can be overwhelming. Research has shown that losses hurt twice as badly as gains, so it is easy to forget how many good years of market returns we enjoyed over the last decade. Morgan Housel, author of *The Psychology of Money*, put it best when he said, “[Long-term] compounding is hard because a bad month can feel longer than a good decade.”

We know watching stock prices and account values decline is unnerving. However, remaining focused on the long term and on your own individual investment plan is crucial in times of fear and volatility. Now is not the time to make drastic changes. As Peter Lynch once said, “The key to making money in stocks is to not get scared out of them.” Fortunately, every bear market in history has ended, with the stock market eventually reaching new highs.

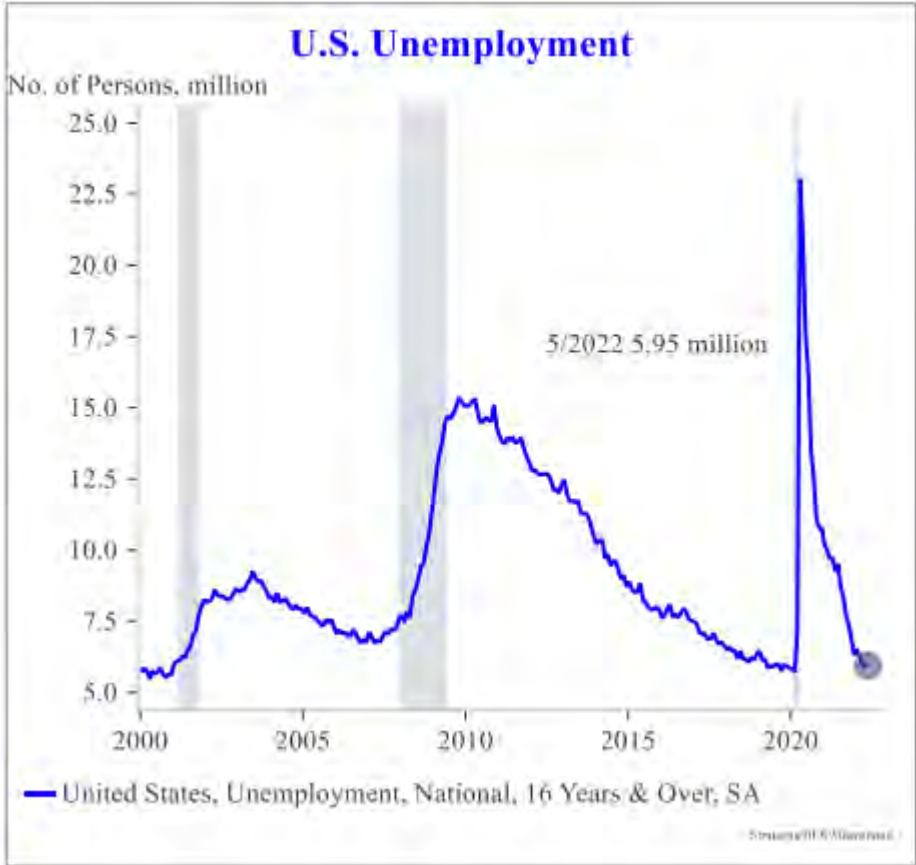
We have no control over short-term market fluctuations, but we have full control over our investment process. Our focus remains on the long-term compounding of your wealth over many years. We aim to achieve this by always acting as long-term business owners and ignoring market volatility unless we can use it to our long-term advantage. Our research efforts remain highly active, and we are finally starting to see great businesses trade at reasonable valuations for the first time in years.

As always, we thank you deeply for your relationship with Baird Trust. We are humbled by the trust and confidence you place in us as stewards of your financial assets.

Baird Trust Company (“Baird Trust”), a Kentucky state chartered trust company, is owned by Baird Financial Corporation (“BFC”). It is affiliated with Robert W. Baird & Co. Incorporated (“Baird”), (an SEC-registered broker-dealer and investment advisor), and other operating businesses owned by BFC. Past performance is not a predictor of future success. All investing involves the risk of loss. Baird Trust does not provide tax or legal advice. This market commentary is not meant to be advice for all investors. Please consult with your Baird Financial Advisor about your own specific financial situation.
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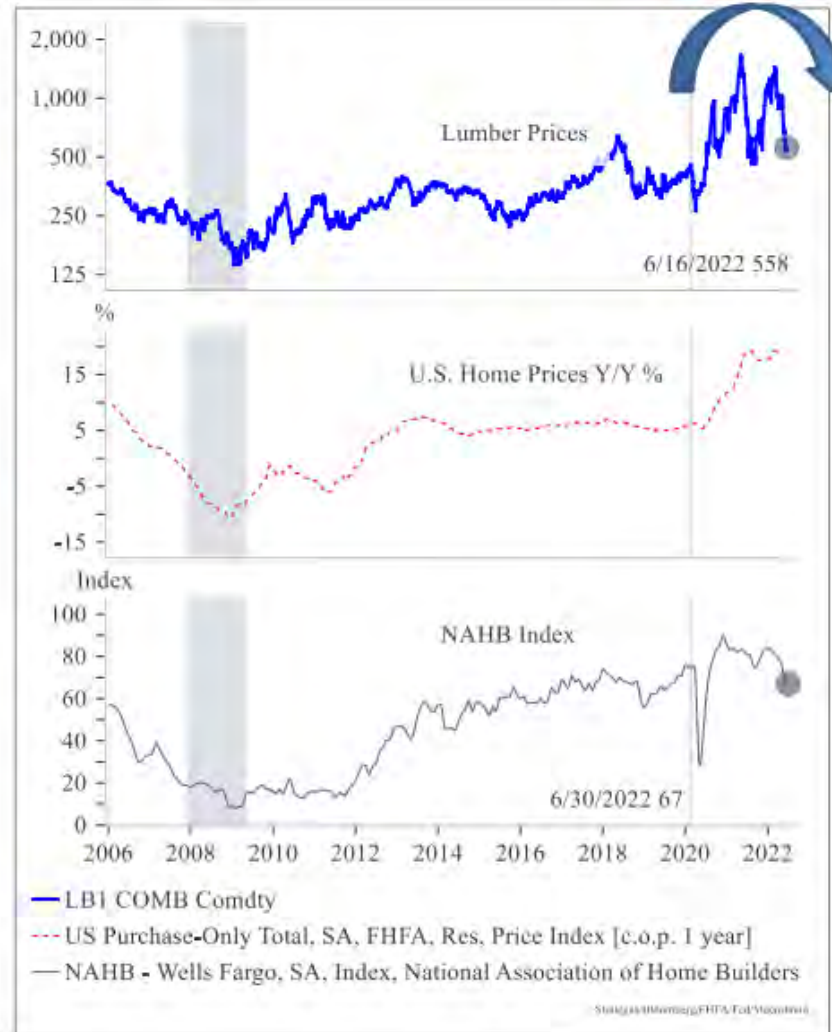
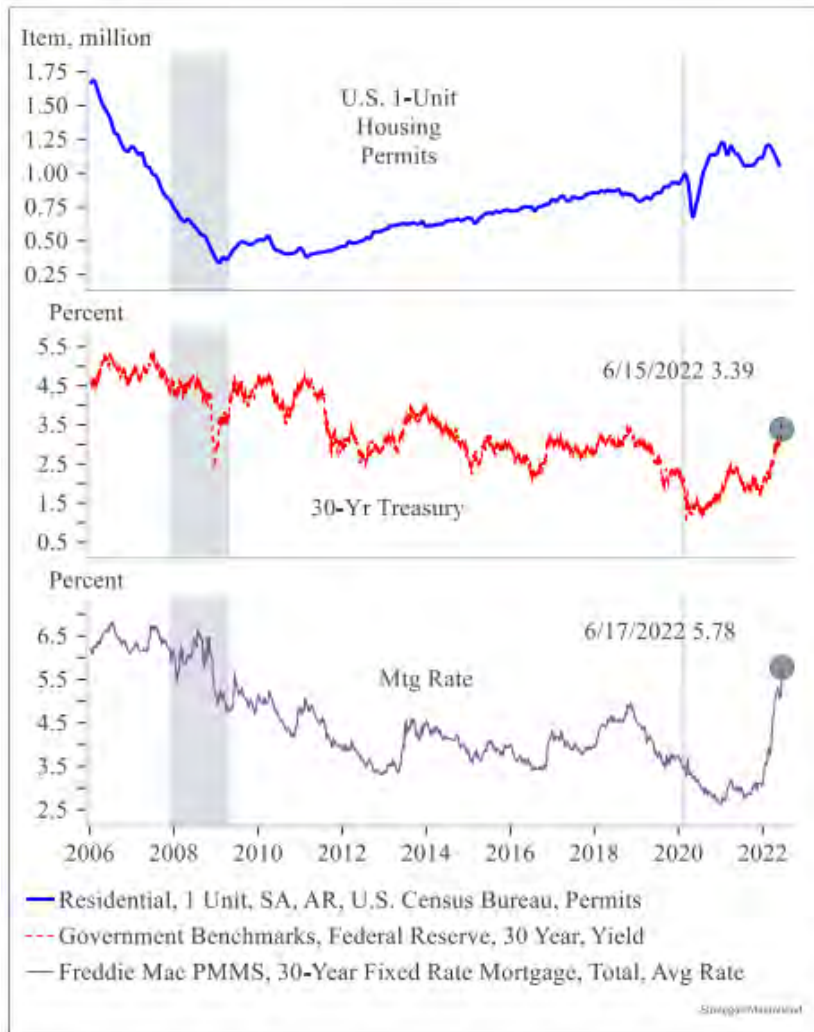
- The U.S. added 372,000 jobs in June. The unemployment rate was unchanged at 3.6% for the fourth straight month.
- The PPI rose 0.8% in May. Core PPI rose 0.5%. The price of goods rose 1.4%, accounting for nearly two-thirds of the increase. For the full year PPI has risen 10.8%. The core has risen 6.8%.
- The CPI rose 1.0% in May. The core rose 0.6%. Gas prices rose 3.9% in May. Food prices rose 1.2%. Shelter prices rose 0.6%. Fuel oil prices rose 16.9% and have risen 106.7% over the past year. Year-over-year the CPI has risen 8.6%. The core has risen 6.0%.
- 1Q GDP was revised to -1.6% versus the previously estimated -1.5%. Imports increased 18.9% versus the previously estimated 18.3%. Consumer spending increased 1.8% versus the previously estimated 3.1%.
- Retail sales fell 0.3% in May. Gas station sales rose 4.0%. Vehicle and parts dealer sales fell 3.5%. Restaurant and bar sales rose 0.7%. Retailer sales fell 1.1%. Online retailer sales fell 1.0%.
- The Consumer Confidence Index fell to 98.7 in June from a revised 103.2 in May, a 16-month low. Americans became more concerned about high gas and food prices and the possibility of another recession.
- Personal income increased 0.5% in May. Consumer spending increased 0.2%, the smallest increase in 2022. The savings rate rose to 5.4%.

US Unemployment Rate 3.6%; Job Openings Starting to Decline



Source: Strategas Research Partners

Rates Moved Fast...US Housing Now Noticeably Slowing



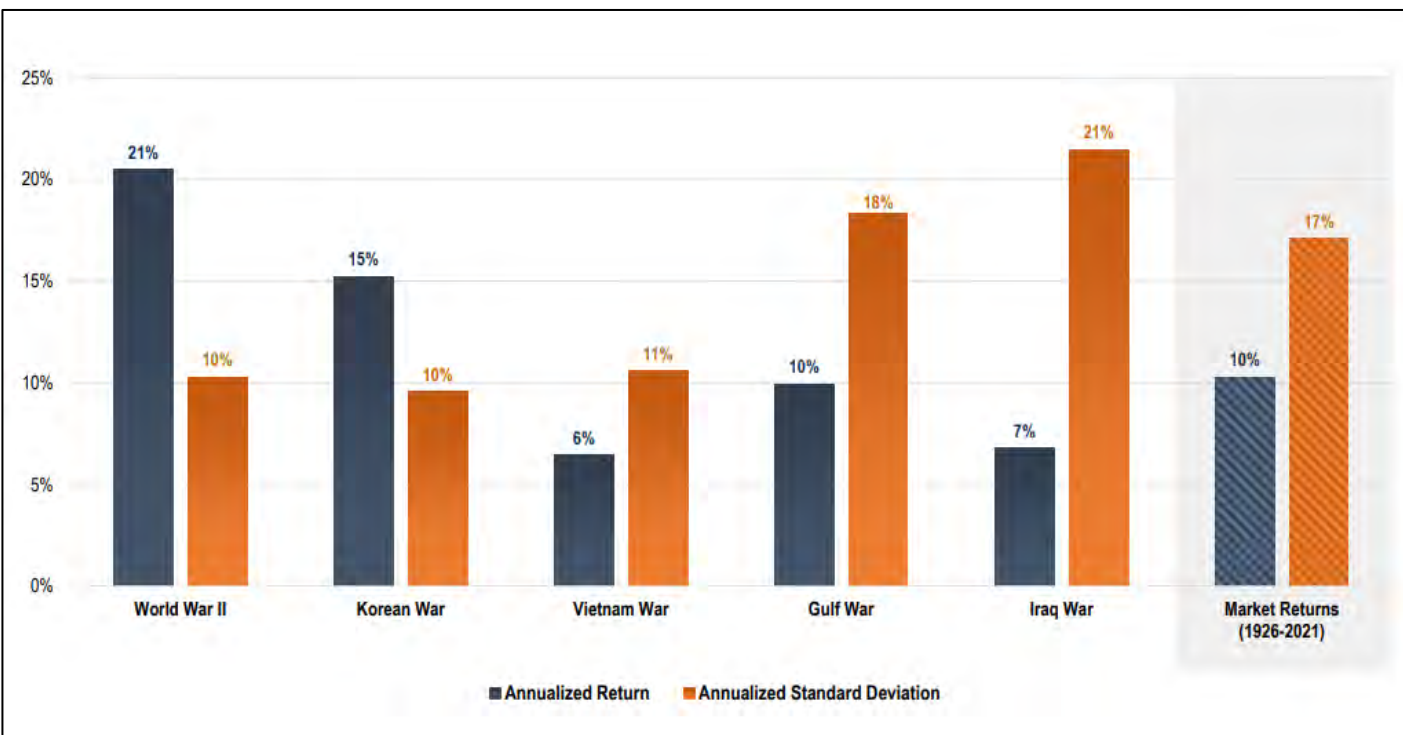
Dividends as a Source of Return



Dividends have made up nearly 60% of the total return on average each decade for the S&P 500 since 1930.

Source: Strategas Research Partners

US Equity Returns During Major Wars & High Inflation Years

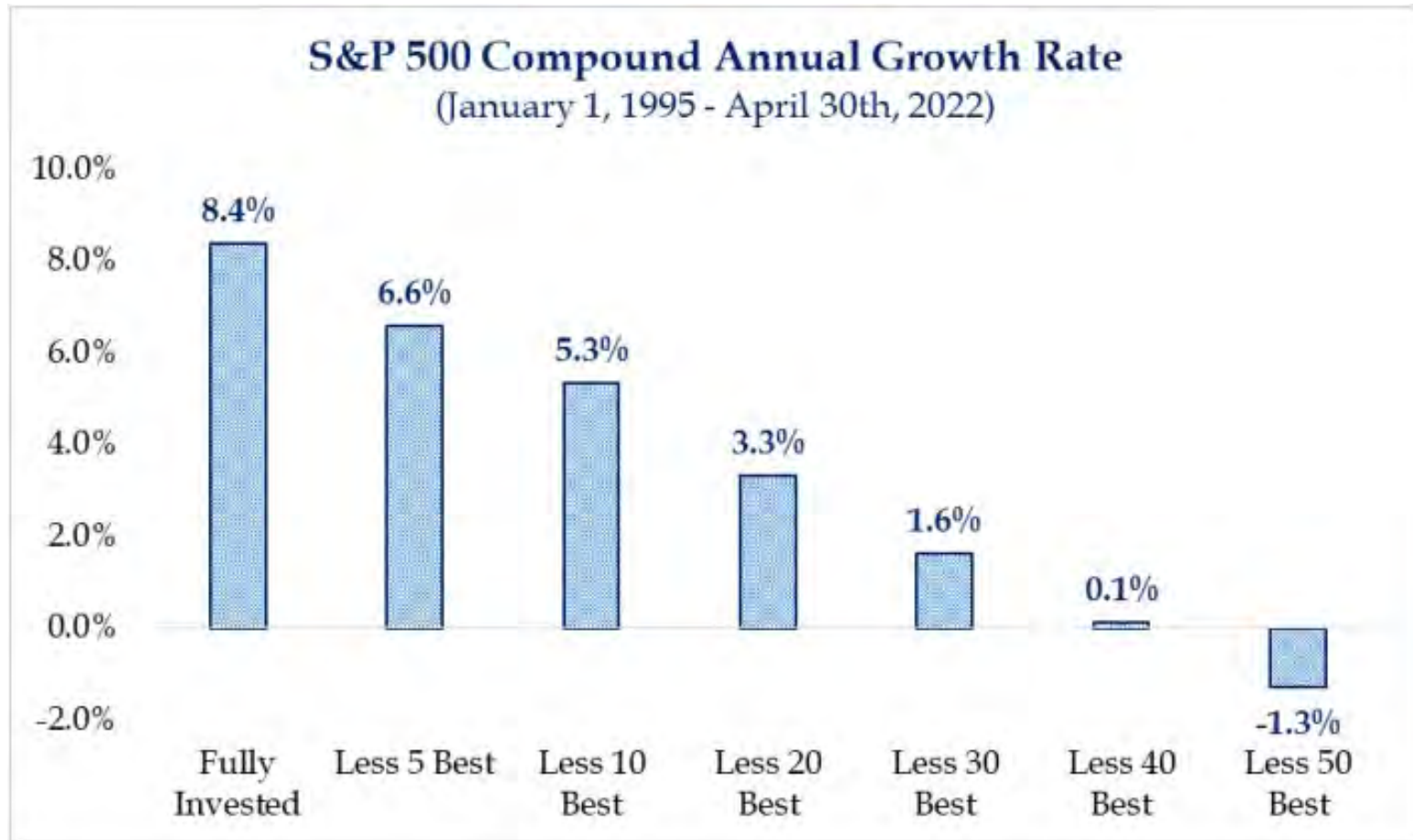


Source: Ken French Data Library

Year	Consumer Price Index	S&P 500 Total Return
1947	14.4%	5.2%
1980	13.5%	31.7%
1979	11.3%	18.5%
1974	11.1%	-25.9%
1942	10.9%	19.2%
1981	10.3%	-4.7%
1975	9.1%	37.0%
1946	8.5%	-8.4%
1951	7.9%	23.7%
1948	7.7%	5.7%
1978	7.6%	6.5%
1977	6.5%	-7.0%
1973	6.2%	-14.3%
1982	6.1%	20.4%
1943	6.0%	25.1%
1970	5.8%	3.6%
1976	5.7%	23.8%
1969	5.5%	-8.2%
1990	5.4%	-3.1%
1941	5.1%	-12.8%
1989	4.8%	31.5%
1984	4.3%	6.2%
1971	4.3%	14.2%
1968	4.3%	10.8%
1991	4.2%	30.2%
1988	4.1%	16.5%

Average return for all years with 4%+ inflation
9.4%

It's More About Time in the Market than Timing the Market



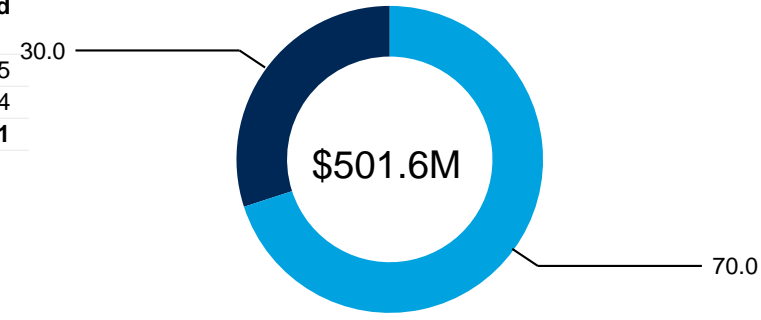
Source: Strategas Research Partners

Client Investment Review

Investment activity through 06/30/2022

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	351,061,047	70.0	5,324,009.00	1.5
Total Fixed Income	150,564,235	30.0	5,031,778.80	3.4
Total	501,625,282	100.0	10,355,787.80	2.1

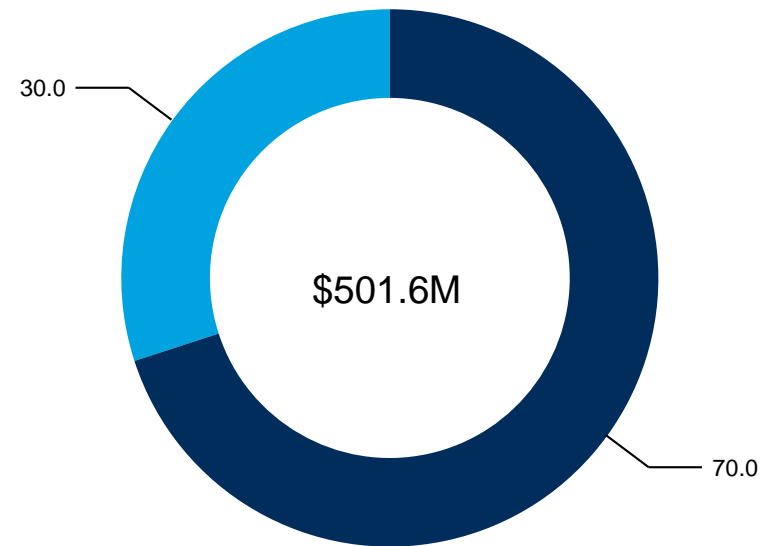


Investment Summary

	Fiscal Year to Date (1 Year)
Beginning Account Value	577,640,628.47
Net Contributions/Withdrawals	-22,233,533.00
Income Earned	10,409,399.77
Market Appreciation	-64,191,213.47
Ending Account Value	501,625,281.77

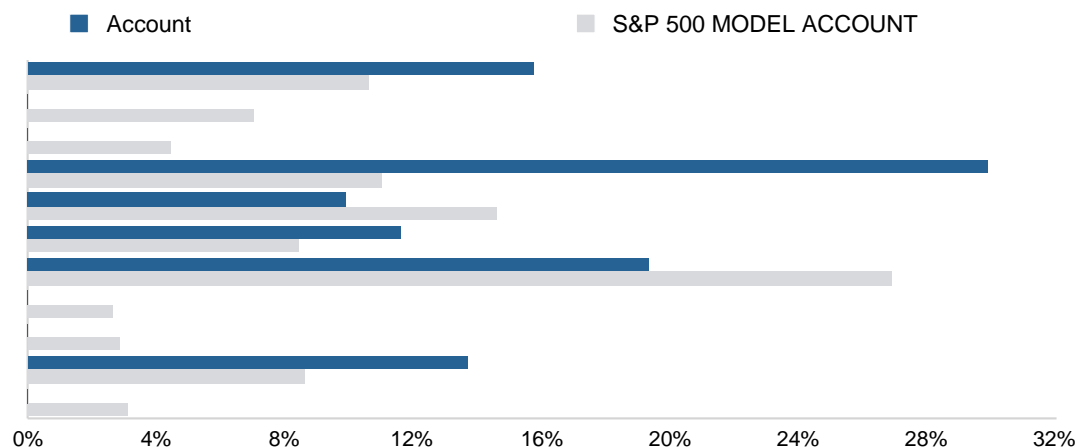
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	351,061,047	70.0
● Taxable Fixed Income	150,435,083	30.0
● Taxable Bond Funds	129,152	.0
Total	501,625,282	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	15.7	10.6
Consumer Staples	.0	7.0
Energy	.0	4.4
Financials	29.9	11.0
Health Care	9.9	14.6
Industrials	11.6	8.4
Information Tech	19.3	26.9
Materials	.0	2.6
Real Estate	.0	2.8
Communication Servic	13.7	8.6
Utilities	.0	3.1



Top 10 Performers

	Market Value	% of Mkt Val	Return
PFIZER INC COM	12,541,256	2.5	38.38
PROGRESSIVE CORP OH COM	26,776,981	5.3	20.63
O REILLY AUTOMOTIVE INC N	15,478,120	3.1	11.58
JOHNSON & JOHNSON COM	22,122,184	4.4	10.28
O REILLY AUTOMOTIVE INC N	3,548,498	.7	1.02
APPLE INC COM	23,980,688	4.8	.36
FEDERAL FARM CR BKS CONS	4,981,688	1.0	-.37
UNION PAC CORP COM	10,237,440	2.0	-1.02
CHEVRON USA INC SR GLBL N	5,054,914	1.0	-1.05
BERKSHIRE HATHAWAY INC DE	22,100,969	4.4	-1.73

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
PROGRESSIVE CORP OH COM	26,776,981	5.3	20.63
MICROSOFT CORP COM	25,753,628	5.1	-3.97
APPLE INC COM	23,980,688	4.8	.36
HOME DEPOT INC COM	22,181,586	4.4	-12.12
JOHNSON & JOHNSON COM	22,122,184	4.4	10.28
BERKSHIRE HATHAWAY INC DE	22,100,969	4.4	-1.73
ALPHABET INC CAP STK CL C	21,130,767	4.2	-12.82
JPMORGAN CHASE & CO COM	18,135,841	3.6	-25.64
SCHWAB CHARLES CORP NEW C	16,439,436	3.3	-12.37
O REILLY AUTOMOTIVE INC N	15,478,120	3.1	11.58

Large Cap Equity Attribution

June 30, 2022

Sector	Qtr
Consumer Disc	2.49
Information Tech	0.78
Financials	0.28
Health Care	0.07
Materials	0.01
Real Estate	-0.04
Utilities	-0.29
Energy	-0.41
Industrials	-0.46
Consumer Staples	-0.68
Communication Services	-0.89
Total	0.85

Sector	1 Year
Information Tech	1.98
Consumer Disc	1.72
Financials	1.01
Health Care	0.38
Materials	-0.04
Real Estate	-0.14
Industrials	-0.54
Utilities	-0.55
Consumer Staples	-0.96
Energy	-1.40
Communication Services	-1.64
Total	-0.19

Sector	5 Years
Information Tech	0.79
Financials	0.31
Industrials	0.28
Consumer Disc	0.24
Energy	0.22
Real Estate	0.07
Materials	0.04
Utilities	0.04
Consumer Staples	0.02
Communication Services	-0.23
Health Care	-0.29
Total	1.50

Ky Judicial Retirement DB Top & Bottom Contributors

June 30, 2022

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
PGR	Progressive	7.63	2.10	.13
PFE	Pfizer	3.57	2.13	.06
JNJ	Johnson & Johnson	6.30	.82	.04
EXPD	Expeditors	2.49	-4.90	-.11
KMX	Carmax	2.56	-6.26	-.14

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
PGR	Progressive	7.63	20.63	1.26
PFE	Pfizer	3.57	38.38	.99
JNJ	Johnson & Johnson	6.30	10.28	.59
ORLY	O Reilly	4.41	11.58	.47
MSFT	Microsoft	7.34	-3.97	.18

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.83	32.13	2.37
MSFT	Microsoft	7.34	31.59	2.08
PGR	Progressive	7.63	25.38	1.36
HD	Home Depot	6.32	14.88	.99
GOOG	Alphabet	6.02	19.20	.93

Bottom Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.83	-21.60	-1.59
BRK B	Berkshire Hathaway	6.30	-22.64	-1.55
GOOG	Alphabet	6.02	-21.71	-1.40
DIS	Walt Disney	3.53	-31.20	-1.35
SCHW	Charles Schwab	4.68	-24.85	-1.31

1 Year

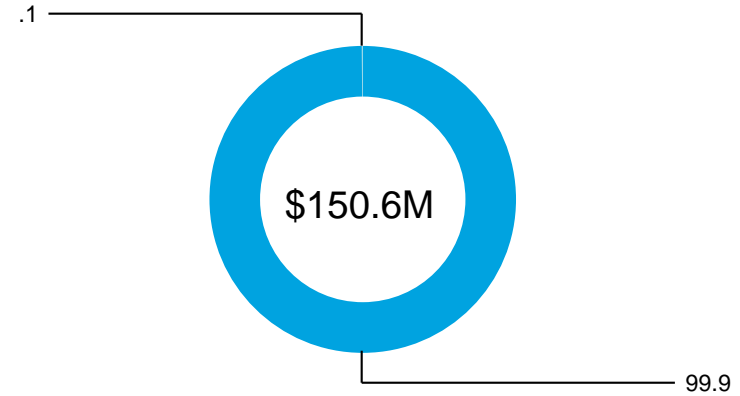
Ticker	Company	Ending Allocation	Total Return	Contribution
DIS	Walt Disney	3.53	-46.29	-2.89
META	Meta Platform	1.65	-53.66	-1.81
JPM	JP Morgan Chase	5.17	-25.64	-1.67
GE	General Electric	2.45	-38.14	-1.48
KMX	Carmax	2.56	-29.99	-1.04

5 Years

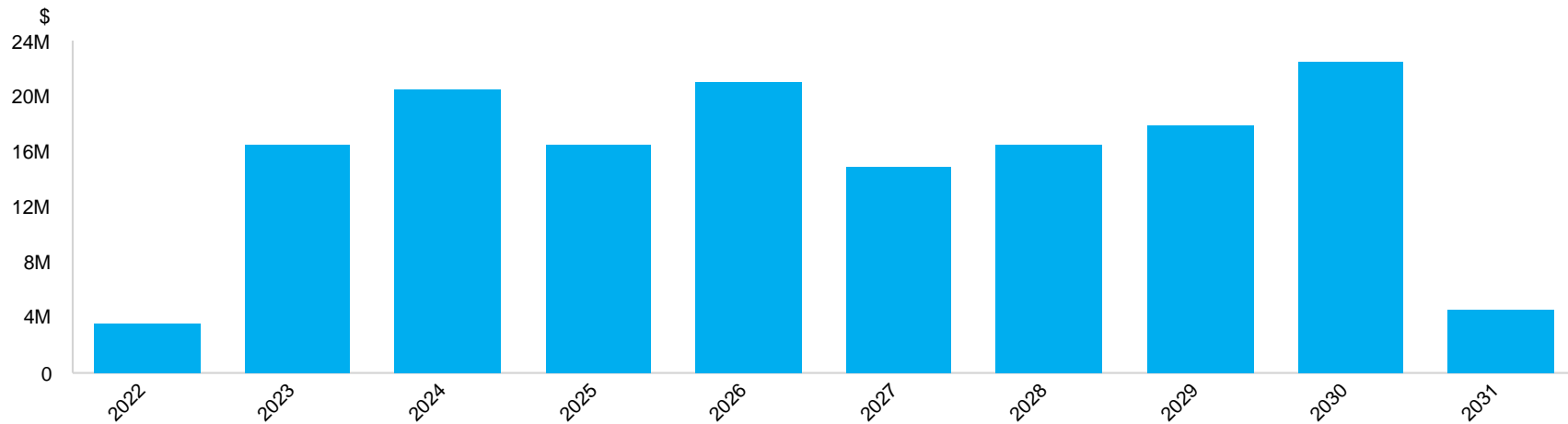
Ticker	Company	Ending Allocation	Total Return	Contribution
GE	General Electric	2.45	-38.14	-.34
WFC	Wells Fargo	1.78	-3.92	-.12
META	Meta Platform	1.65	-11.35	-.08
DIS	Walt Disney	3.53	-1.71	.00
OMC	Omnicom	2.45	-1.35	.01

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	150,435,083	99.9	5,031,225.00	3.4
● Taxable Bond Funds	129,152	.1	553.80	.4
Total	150,564,235	100.0	5,031,778.80	3.3



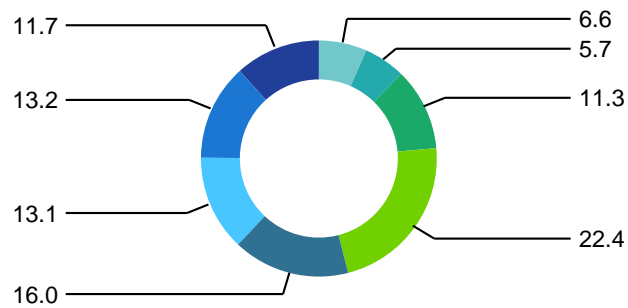
Fixed Income Maturity Schedule



Fixed Income Analysis

	06/30/2022	Barclays Gov't/Credit Interm Bond Index
Coupon	3.27	2.04
Current Yield	3.38	2.16
Yield to Maturity	3.85	3.49
Maturity	4.49	4.33
Duration	4.15	3.96
Face Amount	154,500,000	
Market Value	148,915,965	
Total Accrual	1,519,118	
Cost	163,076,767	

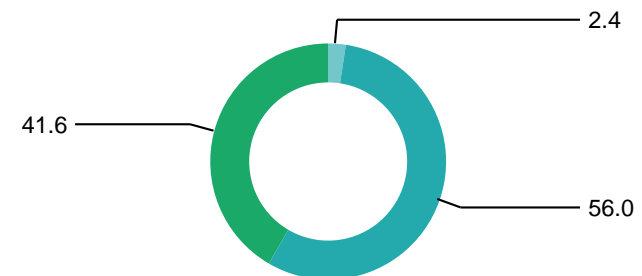
Quality Allocation by Market Value



■ AAA ■ AA+ ■ AA- ■ A+
■ A ■ A- ■ BBB+ ■ BBB

NR=Not rated by S&P

Maturity Allocation by Market Value



■ Less than 1 Year ■ Short (1-5 Years)
■ Intermediate (5-10 Years)

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2031									
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	4,500,000.000	107.230	88.009	4,016,055.00	BBB+			119,250.00
Total Matures 2031					4,016,055.00				119,250.00
Matures 2030									
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	4,500,000.000	107.950	89.789	4,065,300.00	AA-	07/15/2030		117,450.00
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	4,500,000.000	108.330	91.308	4,138,391.25	A+	01/01/2030		118,125.00
KIMBERLY CLARK CORP SR GLBL 3.100%03/26/2030	03/26/2030	4,500,000.000	109.260	93.477	4,243,277.50	A	12/26/2029		139,500.00
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	4,500,000.000	109.830	93.029	4,224,305.00	A	12/26/2029		144,000.00
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	4,500,000.000	107.850	89.481	4,076,332.50	A-	11/01/2029		119,250.00
Total Matures 2030					20,747,606.25				638,325.00
Matures 2029									
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	4,500,000.000	105.750	89.998	4,082,816.25	A+	06/04/2029		101,250.00
3M CO SR GLBL NT 2.375%08/26/2029	08/26/2029	4,500,000.000	105.780	89.694	4,073,339.38	A+	05/26/2029		106,875.00
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	4,500,000.000	110.960	94.204	4,263,961.25	AA-	01/30/2029		146,250.00
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	4,500,000.000	111.400	96.594	4,395,180.00	A+	12/07/2028		153,000.00
Total Matures 2029					16,815,296.88				507,375.00
Matures 2028									
US TREASURY NOTE 3.125%11/15/2028	11/15/2028	2,000,000.000	108.180	100.231	2,012,602.34	AAA			62,500.00
SCHWAB CHARLES CORP SR GLBL 3.200%01/25/2028	01/25/2028	4,500,000.000	106.380	95.587	4,363,815.00	A	10/25/2027		144,000.00
CHEVRON USA INC SR GLBL NT 3.850%01/15/2028	01/15/2028	5,000,000.000	100.840	99.323	5,054,913.89	AA-	10/15/2027		192,500.00
JOHNSON & JOHNSON SR GLBL 2.900%01/15/2028	01/15/2028	5,000,000.000	108.810	96.611	4,897,411.11	AAA	10/15/2027		145,000.00
Total Matures 2028					16,328,742.34				544,000.00
Matures 2027									
BANK AMER CORP FR	10/21/2027	5,000,000.000	108.340	93.992	4,731,177.78	A-	10/21/2026		162,400.00

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
3.248%10/21/2027									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	04/12/2027	5,000,000.000	100.000	98.903	4,981,687.50	AA+	04/12/2023		166,500.00
3.330%04/12/2027									
PEPSICO INC SR NT	03/19/2027	5,000,000.000	108.550	95.955	4,834,937.50	A+	01/19/2027		131,250.00
2.625%03/19/2027							100.000		
Total Matures 2027					14,547,802.78				460,150.00
Matures 2026									
WELLS FARGO CO NEW SR NT	10/23/2026	4,500,000.000	108.470	94.355	4,271,475.00	BBB+			135,000.00
3.000%10/23/2026									
JPMORGAN CHASE & CO SR NT	10/01/2026	4,500,000.000	108.980	95.154	4,315,117.50	A-	07/01/2026		132,750.00
2.950%10/01/2026							100.000		
VERIZON COMMUNICATIONS INC SR GLBL	08/15/2026	4,500,000.000	108.120	94.478	4,296,135.00	BBB+			118,125.00
2.625%08/15/2026									
ABBVIE INC SR GLBL	05/14/2026	4,500,000.000	109.020	96.328	4,353,560.01	BBB+	02/14/2026		144,000.00
3.200%05/14/2026									
OMNICOM GROUP INC SR GLBL	04/15/2026	3,000,000.000	104.300	97.085	2,935,350.00	BBB+	01/15/2026		108,000.00
3.600%04/15/2026									
Total Matures 2026					20,171,637.51				637,875.00
Matures 2025									
NORTHERN TR CORP SUB NT	10/30/2025	4,500,000.000	104.400	100.408	4,548,478.76	A			177,750.00
3.950%10/30/2025									
SYSCO CORP SR NT	10/01/2025	3,500,000.000	102.850	99.180	3,504,112.50	BBB	07/01/2025		131,250.00
3.750%10/01/2025									
INTEL CORP SR GLBL	07/29/2025	5,000,000.000	103.130	100.632	5,109,711.10	A+	04/29/2025		185,000.00
3.700%07/29/2025									
CVS HEALTH CORP SR GLBL NT	07/20/2025	3,500,000.000	101.290	99.371	3,538,639.51	BBB	04/20/2025		135,625.00
3.875%07/20/2025									
AT&T INC SR GLBL NT	01/15/2025	.000	.000	.000	.00	BBB	10/15/2024		.00
3.950%01/15/2025									
Total Matures 2025					16,700,941.87				629,625.00
Matures 2024									
APPLE INC SR GLBL NT	05/06/2024	3,500,000.000	102.810	100.336	3,530,207.91	AA+			120,750.00
3.450%05/06/2024									
CISCO SYS INC SR NT	03/04/2024	3,500,000.000	102.240	100.566	3,561,044.37	AA-			126,875.00
3.625%03/04/2024									
HOME DEPOT INC SR NT	02/15/2024	3,000,000.000	101.890	101.002	3,072,560.01	A	11/15/2023		112,500.00
3.750%02/15/2024									
INTERNATIONAL BUSINESS MACHS SR GLBL	02/12/2024	3,500,000.000	102.280	100.212	3,556,407.85	A-			126,875.00
3.625%02/12/2024									

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
ALTRIA GROUP INC SR GBLB NT 4.000%01/31/2024	01/31/2024	3,500,000.000	102.900	100.207	3,565,578.33	BBB			140,000.00
U S BANCORP MTNS BK ENT FR 3.700%01/30/2024	01/30/2024	3,500,000.000	102.460	100.463	3,570,523.05	A+	12/29/2023		129,500.00
Total Matures 2024					20,856,321.52				756,500.00
Matures 2023									
MICROSOFT CORP NT 3.625%12/15/2023	12/15/2023	3,000,000.000	100.770	100.765	3,027,783.33	AAA	09/15/2023		108,750.00
SCHLUMBERGER INVT SA SR NT 3.650%12/01/2023	12/01/2023	3,500,000.000	102.720	100.336	3,522,405.84	A	09/01/2023		127,750.00
CUMMINS INC SR GBLB NT 3.650%10/01/2023	10/01/2023	3,500,000.000	101.530	100.421	3,546,672.50	A+	07/01/2023		127,750.00
PNC BK N A PITTSBURGH PA SUB NT 3.800%07/25/2023	07/25/2023	3,000,000.000	100.280	100.272	3,057,560.00	A-	06/25/2023		114,000.00
ORACLE CORP SR NT 3.625%07/15/2023	07/15/2023	3,500,000.000	102.600	99.693	3,547,758.47	BBB			126,875.00
Total Matures 2023					16,702,180.14				605,125.00
Matures 2022									
O REILLY AUTOMOTIVE INC NEW SR NT 3.800%09/01/2022	09/01/2022	3,500,000.000	101.340	100.119	3,548,498.33	BBB	06/01/2022		133,000.00
UNION PAC CORP SR NT 4.163%07/15/2022	07/15/2022	.000	.000	.000	.00	A-	04/15/2022		.00
Total Matures 2022					3,548,498.33				133,000.00
No Maturity									
ISHARES 1-3 YEAR TREASURY BOND ETF		1,560.000	84.580	82.790	129,152.40	NR			
Total No Maturity					129,152.40				
Total					150,564,235.02				5,031,225.00

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	9,660.000	550.22	5,315,124.68	2,187.45	21,130,767.00	4.2	.00	.00	.000
DISNEY WALT CO COM	131,225.000	50.56	6,634,271.18	94.40	12,387,640.00	2.5	.00	.00	.000
META PLATFORM, INC.	35,975.000	218.91	7,875,319.57	161.25	5,800,968.75	1.2	.00	.00	.000
OMNICOM GROUP INC COM	133,900.000	48.20	6,453,767.71	63.61	8,611,109.00	1.7	2.80	374,920.00	4.402
Total for Communication Services			26,278,483.14		47,930,484.75	9.6		374,920.00	.784
Consumer Disc									
CARMAX INC COM	99,250.000	59.76	5,931,512.25	90.48	8,980,140.00	1.8	.00	.00	.000
HOME DEPOT INC COM	80,875.000	30.16	2,439,272.37	274.27	22,181,586.25	4.4	7.60	614,650.00	2.771
O REILLY AUTOMOTIVE INC NEW COM	24,500.000	178.33	4,369,183.46	631.76	15,478,120.00	3.1	.00	.00	.000
TJX COS INC NEW COM	152,800.000	6.25	955,083.71	55.85	8,533,880.00	1.7	1.18	180,304.00	2.113
Total for Consumer Disc			13,695,051.79		55,173,726.25	11.0		794,954.00	1.441
Financials									
BANK OF AMERICA CORP COM	191,900.000	26.92	5,165,377.98	31.13	5,973,847.00	1.2	.84	161,196.00	2.698
BERKSHIRE HATHAWAY INC DEL CL B NEW	80,950.000	112.56	9,112,074.64	273.02	22,100,969.00	4.4	.00	.00	.000
JPMORGAN CHASE & CO COM	161,050.000	52.37	8,434,765.22	112.61	18,135,840.50	3.6	4.00	644,200.00	3.552
PROGRESSIVE CORP OH COM	230,300.000	29.79	6,861,543.88	116.27	26,776,981.00	5.3	.40	92,120.00	.344
SCHWAB CHARLES CORP NEW COM	260,200.000	35.35	9,196,899.10	63.18	16,439,436.00	3.3	.80	208,160.00	1.266
US BANCORP DEL COM NEW	199,000.000	22.95	4,567,455.38	46.02	9,249,520.00	1.8	1.84	366,160.00	3.998
WELLS FARGO & CO NEW COM	159,250.000	27.29	4,345,939.61	39.17	6,237,822.50	1.2	1.00	159,250.00	2.553
Total for Financials			47,684,055.81		104,914,416.00	20.9		1,631,086.00	1.556
Health Care									
JOHNSON & JOHNSON COM	124,625.000	70.56	8,793,252.14	177.51	22,122,183.75	4.4	4.52	563,305.00	2.546
PFIZER INC COM	239,200.000	25.51	6,102,666.18	52.43	12,541,256.00	2.5	1.60	382,720.00	3.052
Total for Health Care			14,895,918.32		34,663,439.75	6.9		946,025.00	2.729
Industrials									
EXPEDITORS INTL WASH INC COM	89,700.000	37.96	3,404,928.61	97.46	8,742,162.00	1.7	1.34	120,198.00	1.375
FASTENAL CO COM	260,600.000	20.76	5,409,535.11	49.92	13,009,152.00	2.6	1.24	323,144.00	2.484

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GENERAL ELECTRIC CO COM NEW	135,100.000	107.89	14,576,442.68	63.67	8,612,625.00	1.7	.32	43,232.00	.503
UNION PAC CORP COM	48,000.000	93.91	4,507,666.83	213.28	10,237,440.00	2.0	5.20	249,600.00	2.438
Total for Industrials			27,898,573.23		40,601,379.00	8.1		736,174.00	1.814
Information Tech									
APPLE INC COM	175,400.000	20.14	3,532,379.95	136.72	23,980,688.00	4.8	.92	161,368.00	.673
CISCO SYS INC COM	108,900.000	17.33	1,887,674.36	42.64	4,643,496.00	.9	1.52	165,528.00	3.565
MICROSOFT CORP COM	100,275.000	25.41	2,548,453.91	256.83	25,753,628.25	5.1	2.48	248,682.00	.966
TE CONNECTIVITY LTD REG SHS	118,425.000	31.41	3,720,203.06	113.15	13,399,788.75	2.7	2.24	265,272.00	1.980
Total for Information Tech			11,688,711.28		67,777,601.00	13.5		840,850.00	1.241
Total: Total Equity			142,140,793.57		351,061,046.75	70.0		5,324,009.00	1.517
Total Fixed Income									
Corporate Bonds									
ABBVIE INC SR GBLB 3.200% 05/14/2026	4,500,000.000	109.02	4,906,016.32	96.33	4,353,560.01	.9	3.20	144,000.00	3.322
ALTRIA GROUP INC SR GBLB NT 4.000% 01/31/2024	3,500,000.000	102.90	3,601,329.95	100.21	3,565,578.33	.7	4.00	140,000.00	3.992
APPLE INC SR GBLB NT 3.450% 05/06/2024	3,500,000.000	102.81	3,598,323.99	100.34	3,530,207.91	.7	3.45	120,750.00	3.438
BANK AMER CORP FR 3.248% 10/21/2027	5,000,000.000	108.34	5,417,210.81	93.99	4,731,177.78	.9	3.25	162,400.00	3.456
BLACKROCK INC SR GBLB NT 3.250% 04/30/2029	4,500,000.000	110.96	4,993,217.73	94.20	4,263,961.25	.9	3.25	146,250.00	3.450
CVS HEALTH CORP SR GBLB NT 3.875% 07/20/2025	3,500,000.000	101.29	3,545,260.35	99.37	3,538,639.51	.7	3.88	135,625.00	3.900
CHEVRON USA INC SR GBLB NT 3.850% 01/15/2028	5,000,000.000	100.84	5,042,000.00	99.32	5,054,913.89	1.0	3.85	192,500.00	3.876
CISCO SYS INC SR NT 3.625% 03/04/2024	3,500,000.000	102.24	3,578,499.64	100.57	3,561,044.37	.7	3.63	126,875.00	3.605
COMCAST CORP NEW GBLB NT 2.650% 02/01/2030	4,500,000.000	107.85	4,853,306.19	89.48	4,076,332.50	.8	2.65	119,250.00	2.962

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
CUMMINS INC SR GLBL NT 3.650% 10/01/2023	3,500,000.000	101.53	3,553,563.05	100.42	3,546,672.50	.7	3.65	127,750.00	3.635
DISNEY WALT CO SR GLBL NT 2.650% 01/13/2031	4,500,000.000	107.23	4,825,574.74	88.01	4,016,055.00	.8	2.65	119,250.00	3.011
EXXON MOBIL CORP SR GLBL COCO 2.610% 10/15/2030	4,500,000.000	107.95	4,857,881.62	89.79	4,065,300.00	.8	2.61	117,450.00	2.907
HOME DEPOT INC SR NT 3.750% 02/15/2024	3,000,000.000	101.89	3,056,795.26	101.00	3,072,560.01	.6	3.75	112,500.00	3.713
INTEL CORP SR GLBL 3.700% 07/29/2025	5,000,000.000	103.13	5,156,596.70	100.63	5,109,711.10	1.0	3.70	185,000.00	3.677
INTERNATIONAL BUSINESS MACHS SR GLBL 3.625% 02/12/2024	3,500,000.000	102.28	3,579,771.22	100.21	3,556,407.85	.7	3.63	126,875.00	3.617
JPMORGAN CHASE & CO SR NT 2.950% 10/01/2026	4,500,000.000	108.98	4,903,950.28	95.15	4,315,117.50	.9	2.95	132,750.00	3.100
JOHNSON & JOHNSON SR GLBL 2.900% 01/15/2028	5,000,000.000	108.81	5,440,382.18	96.61	4,897,411.11	1.0	2.90	145,000.00	3.002
KIMBERLY CLARK CORP SR GLBL 3.100% 03/26/2030	4,500,000.000	109.26	4,916,915.28	93.48	4,243,277.50	.8	3.10	139,500.00	3.316
MERCK & CO INC SR GLBL 3.400% 03/07/2029	4,500,000.000	111.40	5,012,820.28	96.59	4,395,180.00	.9	3.40	153,000.00	3.520
MICROSOFT CORP NT 3.625% 12/15/2023	3,000,000.000	100.77	3,022,956.85	100.77	3,027,783.33	.6	3.63	108,750.00	3.597
NORTHERN TR CORP SUB NT 3.950% 10/30/2025	4,500,000.000	104.40	4,698,095.06	100.41	4,548,478.76	.9	3.95	177,750.00	3.934
O REILLY AUTOMOTIVE INC NEW SR NT 3.800% 09/01/2022	3,500,000.000	101.34	3,546,886.81	100.12	3,548,498.33	.7	3.80	133,000.00	3.795
OMNICOM GROUP INC SR GLBL 3.600% 04/15/2026	3,000,000.000	104.30	3,129,146.81	97.08	2,935,350.00	.6	3.60	108,000.00	3.708
ORACLE CORP SR NT 3.625% 07/15/2023	3,500,000.000	102.60	3,590,945.42	99.69	3,547,758.47	.7	3.63	126,875.00	3.636
PNC BK N A PITTSBURGH PA SUB NT 3.800% 07/25/2023	3,000,000.000	100.28	3,008,487.10	100.27	3,057,560.00	.6	3.80	114,000.00	3.790
PEPSICO INC SR NT 2.625% 03/19/2027	5,000,000.000	108.55	5,427,413.51	95.95	4,834,937.50	1.0	2.63	131,250.00	2.736

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
PFIZER INC GLBL NT 2.625% 04/01/2030	4,500,000.000	108.33	4,874,850.53	91.31	4,138,391.25	.8	2.63	118,125.00	2.875
PROGRESSIVE CORP SR GLBL 3.200% 03/26/2030	4,500,000.000	109.83	4,942,133.37	93.03	4,224,305.00	.8	3.20	144,000.00	3.440
SCHLUMBERGER INVT SA SR NT 3.650% 12/01/2023	3,500,000.000	102.72	3,595,266.69	100.34	3,522,405.84	.7	3.65	127,750.00	3.638
SCHWAB CHARLES CORP SR GLBL 3.200% 01/25/2028	4,500,000.000	106.38	4,787,060.00	95.59	4,363,815.00	.9	3.20	144,000.00	3.348
SYSCO CORP SR NT 3.750% 10/01/2025	3,500,000.000	102.85	3,599,581.69	99.18	3,504,112.50	.7	3.75	131,250.00	3.781
TEXAS INSTRS INC SR GLBL NT 2.250% 09/04/2029	4,500,000.000	105.75	4,758,542.97	90.00	4,082,816.25	.8	2.25	101,250.00	2.500
3M CO SR GLBL NT 2.375% 08/26/2029	4,500,000.000	105.78	4,760,024.33	89.69	4,073,339.38	.8	2.38	106,875.00	2.648
U S BANCORP MTNS BK ENT FR 3.700% 01/30/2024	3,500,000.000	102.46	3,586,048.69	100.46	3,570,523.05	.7	3.70	129,500.00	3.683
VERIZON COMMUNICATIONS INC SR GLBL 2.625% 08/15/2026	4,500,000.000	108.12	4,865,186.69	94.48	4,296,135.00	.9	2.63	118,125.00	2.778
WELLS FARGO CO NEW SR NT 3.000% 10/23/2026	4,500,000.000	108.47	4,881,224.62	94.36	4,271,475.00	.9	3.00	135,000.00	3.179
Total for Corporate Bonds			155,913,266.73		143,440,792.78	28.6		4,802,225.00	3.383
Governments									
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330% 04/12/2027	5,000,000.000	100.00	5,000,000.00	98.90	4,981,687.50	1.0	3.33	166,500.00	3.367
US TREASURY NOTE 3.125% 11/15/2028	2,000,000.000	108.18	2,163,500.00	100.23	2,012,602.34	.4	3.13	62,500.00	3.118
Total for Governments			7,163,500.00		6,994,289.84	1.4		229,000.00	3.295
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,560.000	84.58	131,943.81	82.79	129,152.40	.0	.35	553.80	.429
Total for Taxable Bond Funds			131,943.81		129,152.40	.0		553.80	.429
Total: Total Fixed Income			163,208,710.54		150,564,235.02	30.0		5,031,778.80	3.376
Total			305,349,504.11		501,625,281.77	100.0		10,355,787.80	2.072

	Market Value	3 Months	Fiscal Year to Date (1 Year)	3 Years	5 Years	10 Years	20 Years	Inception to Date 01/01/1993
Total Portfolio - Gross	501,625,282	-12.07	-9.88	9.46	10.13	11.24	7.98	8.67
Total Portfolio - Net	501,625,282	-12.07	-9.93	9.38	10.05	11.18	7.93	8.62
70% SP500 30% Barclays Int Govt Cr		-12.10	-9.37	7.62	8.48	9.60	7.56	8.36
Total Equity	351,061,047	-15.54	-11.03	12.27	13.00	14.59	9.28	10.58
S P 500 Index		-16.10	-10.62	10.60	11.31	12.96	9.08	9.73
Total Fixed Income	150,564,235	-2.82	-7.78	-.36	1.01	1.46	2.98	4.10
Barclays US Government/Credit Interm Bond		-2.37	-7.28	-.16	1.13	1.45	3.25	4.37

	Total Portfolio - Gross	70% S&P 500 / 30% Barclays US Govt/Credit
Return	11.24	9.60
Standard Deviation	11.06	9.70
Beta	1.01	
Alpha	1.55	
R-Squared	.99	
Sharpe Ratio	10.06	11.30
Treynor Ratio	110.14	109.60
Tracking Error	2.92	
Information Ratio	.56	
Downside Deviation	6.95	6.10
Downside Standard Deviation	8.41	7.34
Sortino Ratio	1.71	1.66
Upside Capture	1.15	
Downside Capture	1.07	
Batting Average	.56	
Annualized Excess Return	1.64	
Cumulative Excess Return	40.12	
Turnover %	133.61	
M-Squared	-2.44	
Residual Risk	.97	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

	Total Portfolio - Gross	70% S&P 500 / 30% Barclays US Govt/Credit
Return	7.98	7.56
Standard Deviation	10.35	10.40
Beta	.99	
Alpha	.52	
R-Squared	.98	
Sharpe Ratio	10.43	10.34
Treynor Ratio	109.07	107.56
Tracking Error	3.18	
Information Ratio	.12	
Downside Deviation	6.71	6.94
Downside Standard Deviation	7.81	7.96
Sortino Ratio	1.27	1.17
Upside Capture	.98	
Downside Capture	.94	
Batting Average	.51	
Annualized Excess Return	.42	
Cumulative Excess Return	35.05	
Turnover %	192.24	
M-Squared	8.50	
Residual Risk	1.02	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

Purchases

Date	Amount	Security	Purchase Price	Total Cost
01/11/2022	4,000,000.00	SCHWAB CHARLES CORP SR GLBL	106.61	4,264,400.00
02/28/2022	500,000.00	BANK AMER CORP FR	102.74	513,700.00
02/28/2022	500,000.00	BLACKROCK INC SR GLBL NT	105.00	525,000.00
02/28/2022	500,000.00	JOHNSON & JOHNSON SR GLBL	103.94	519,700.00
02/28/2022	1,000,000.00	NORTHERN TR CORP SUB NT	106.16	1,061,600.00
02/28/2022	500,000.00	PEPSICO INC SR NT	102.71	513,550.00
02/28/2022	500,000.00	SCHWAB CHARLES CORP SR GLBL	104.53	522,660.00
02/28/2022	-500,000.00	BANK AMER CORP FR	102.74	-513,700.00
02/28/2022	-500,000.00	BLACKROCK INC SR GLBL NT	105.00	-525,000.00
02/28/2022	-500,000.00	JOHNSON & JOHNSON SR GLBL	103.94	-519,700.00
02/28/2022	-1,000,000.00	NORTHERN TR CORP SUB NT	106.16	-1,061,600.00
02/28/2022	-500,000.00	PEPSICO INC SR NT	102.71	-513,550.00
02/28/2022	-500,000.00	SCHWAB CHARLES CORP SR GLBL	104.53	-522,660.00
02/28/2022	500,000.00	BANK AMER CORP FR	102.74	513,700.00
02/28/2022	500,000.00	BLACKROCK INC SR GLBL NT	105.00	525,000.00
02/28/2022	500,000.00	JOHNSON & JOHNSON SR GLBL	103.94	519,700.00
02/28/2022	1,000,000.00	NORTHERN TR CORP SUB NT	106.16	1,061,600.00
02/28/2022	500,000.00	PEPSICO INC SR NT	102.71	513,550.00
02/28/2022	500,000.00	SCHWAB CHARLES CORP SR GLBL	104.53	522,660.00
03/08/2022	2,000,000.00	US TREASURY NOTE	108.17	2,163,500.00
04/07/2022	5,000,000.00	FEDERAL FARM CR BKS CONS SYSTEMWIDE	100.00	5,000,000.00
04/07/2022	1,500,000.00	INTEL CORP SR GLBL	102.40	1,536,000.00
05/17/2022	5,000,000.00	CHEVRON USA INC SR GLBL NT	100.84	5,042,000.00
05/17/2022	5,000,000.00	CHEVRON USA INC SR GLBL NT	100.84	5,042,000.00
05/17/2022	-5,000,000.00	CHEVRON USA INC SR GLBL NT	100.84	-5,042,000.00
				21,662,110.00

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
01/05/2022	-3,700.00	TE CONNECTIVITY LTD REG SHS	163.98	606,724.38	09/26/2011	30.90	114,315.01	492,409.37
01/05/2022	-275.00	ALPHABET INC CAP STK CL C	2,815.27	774,198.41	10/05/2015	550.22	151,310.49	622,887.92
01/05/2022	-5,050.00	APPLE INC COM	178.79	902,907.62	04/25/2013	14.64	73,908.36	828,999.26
01/05/2022	-5,500.00	BANK OF AMERICA CORP COM	48.11	264,582.19	08/30/2019	26.92	148,043.66	116,538.53
01/05/2022	-2,325.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	312.73	727,088.66	07/26/2011	48.71	113,258.14	613,830.52
01/05/2022	-2,850.00	CARMAX INC COM	123.16	351,011.61	01/30/2019	59.76	170,325.54	180,686.07
01/05/2022	-3,150.00	CISCO SYS INC COM	60.89	191,798.11	07/26/2011	18.22	57,392.25	134,405.86
01/05/2022	-3,775.00	DISNEY WALT CO COM	157.98	596,357.86	07/26/2011	25.61	96,677.53	499,680.33
01/05/2022	-2,600.00	EXPEDITORS INTL WASH INC COM	130.88	340,288.86	03/25/2013	37.20	96,723.38	243,565.48
01/05/2022	-1,025.00	META PLATFORM, INC.	331.38	339,663.89	05/06/2020	203.86	208,960.39	130,703.50
01/05/2022	-7,500.00	FASTENAL CO COM	62.41	468,106.36	02/12/2015	21.12	158,429.25	309,677.11
01/05/2022	-3,900.00	GENERAL ELECTRIC CO COM NEW	100.42	391,638.34	08/02/2021	109.86	428,444.04	-36,805.70
01/05/2022	-2,325.00	HOME DEPOT INC COM	410.53	954,481.80	06/30/2021	39.91	92,798.42	861,683.38
01/05/2022	-4,650.00	JPMORGAN CHASE & CO COM	166.73	775,310.07	06/06/2008	40.49	188,290.12	587,019.95
01/05/2022	-3,600.00	JOHNSON & JOHNSON COM	172.98	622,736.34	11/24/2021	161.97	583,097.04	39,639.30
01/05/2022	-2,900.00	MICROSOFT CORP COM	321.21	931,508.59	01/05/2006	26.75	77,576.91	853,931.68
01/05/2022	-700.00	O REILLY AUTOMOTIVE INC NEW COM	698.76	489,131.25	07/11/2017	174.94	122,459.20	366,672.05
01/05/2022	-3,850.00	OMNICOM GROUP INC COM	76.35	293,959.85	06/24/2003	37.20	143,218.65	150,741.20
01/05/2022	-6,850.00	PFIZER INC COM	55.66	381,262.89	09/07/2011	18.04	123,551.04	257,711.85
01/05/2022	-6,600.00	PROGRESSIVE CORP OH COM	103.38	682,326.29	05/23/2007	23.19	153,026.28	529,300.01
01/05/2022	-7,500.00	SCHWAB CHARLES CORP NEW COM	90.07	675,553.80	08/26/2020	35.35	265,091.25	410,462.55
01/05/2022	-4,400.00	TJX COS INC NEW COM	76.90	338,343.31	12/06/2004	5.92	26,031.29	312,312.02
01/05/2022	-5,700.00	US BANCORP DEL COM NEW	58.97	336,129.56	12/06/2000	17.47	99,562.90	236,566.66
01/05/2022	-1,400.00	UNION PAC CORP COM	254.05	355,664.96	07/24/2015	93.91	131,473.62	224,191.34
01/05/2022	-4,600.00	WELLS FARGO & CO NEW COM	52.71	242,481.32	06/02/2011	28.21	129,762.78	112,718.54
01/18/2022	-2,000,000.00	MCDONALDS CORP MED TERM NT SR NT	100.00	2,000,000.00	11/15/2020	1.00	2,005,756.99	-5,756.99
03/30/2022	-3,500,000.00	HSBC HLDGS PLC SR NT	100.00	3,500,000.00	01/05/2016	1.01	3,528,368.44	-28,368.44
04/06/2022	-1,975.00	TE CONNECTIVITY LTD REG SHS	124.23	245,352.99	09/26/2011	30.90	61,019.50	184,333.49
04/06/2022	-160.00	ALPHABET INC CAP STK CL C	2,754.84	440,774.28	10/05/2015	550.22	88,035.19	352,739.09
04/06/2022	-2,950.00	APPLE INC COM	171.83	506,907.71	04/25/2013	14.64	43,174.19	463,733.52
04/06/2022	-3,200.00	BANK OF AMERICA CORP COM	39.73	127,140.15	08/30/2019	26.92	86,134.49	41,005.66
04/06/2022	-1,350.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	343.68	463,968.38	07/26/2011	48.71	65,762.79	398,205.59
04/06/2022	-1,650.00	CARMAX INC COM	96.99	160,035.49	01/30/2019	59.76	98,609.52	61,425.97

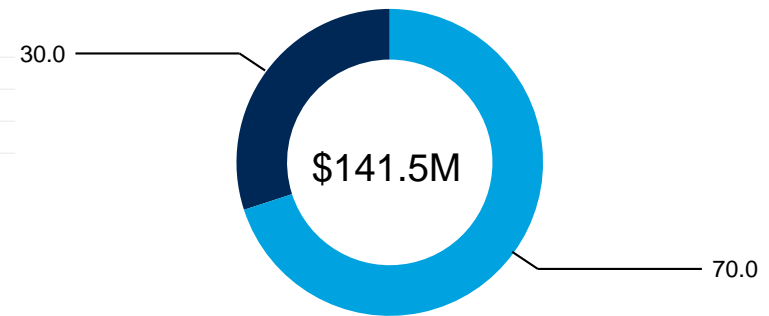
Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
04/06/2022	-1,800.00	CISCO SYS INC COM	54.35	97,836.52	07/26/2011	18.22	32,795.57	65,040.95
04/06/2022	-2,200.00	DISNEY WALT CO COM	132.65	291,838.37	07/26/2011	25.61	56,341.87	235,496.50
04/06/2022	-1,500.00	EXPEDITORS INTL WASH INC COM	96.43	144,645.46	03/25/2013	37.20	55,801.95	88,843.51
04/06/2022	-600.00	META PLATFORM, INC.	225.95	135,571.64	05/06/2020	203.86	122,318.28	13,253.36
04/06/2022	-4,400.00	FASTENAL CO COM	59.43	261,490.62	02/12/2015	21.12	92,945.16	168,545.46
04/06/2022	-2,250.00	GENERAL ELECTRIC CO COM NEW	88.37	198,831.48	08/02/2021	109.86	247,179.26	-48,347.78
04/06/2022	-1,350.00	HOME DEPOT INC COM	299.94	404,924.49	06/30/2021	39.91	53,882.95	351,041.54
04/06/2022	-2,700.00	JPMORGAN CHASE & CO COM	132.23	357,019.98	06/06/2008	40.49	109,329.75	247,690.23
04/06/2022	-2,075.00	JOHNSON & JOHNSON COM	180.16	373,830.09	11/24/2021	5.79	12,012.91	361,817.18
04/06/2022	-1,675.00	MICROSOFT CORP COM	302.56	506,787.25	01/05/2006	25.68	43,014.00	463,773.25
04/06/2022	-400.00	O REILLY AUTOMOTIVE INC NEW COM	690.32	276,128.59	07/11/2017	174.94	69,976.69	206,151.90
04/06/2022	-2,250.00	OMNICOM GROUP INC COM	80.43	180,973.10	06/24/2003	29.14	65,555.04	115,418.06
04/06/2022	-4,000.00	PFIZER INC COM	52.52	210,082.52	09/07/2011	18.04	72,146.59	137,935.93
04/06/2022	-3,850.00	PROGRESSIVE CORP OH COM	115.06	442,984.12	05/23/2007	23.19	89,265.33	353,718.79
04/06/2022	-4,400.00	SCHWAB CHARLES CORP NEW COM	81.73	359,610.16	08/26/2020	35.35	155,520.20	204,089.96
04/06/2022	-2,550.00	TJX COS INC NEW COM	60.53	154,351.73	12/06/2004	5.92	15,086.32	139,265.41
04/06/2022	-3,300.00	US BANCORP DEL COM NEW	53.01	174,949.26	12/06/2000	17.47	57,641.68	117,307.58
04/06/2022	-800.00	UNION PAC CORP COM	247.01	197,606.11	07/24/2015	93.91	75,127.78	122,478.33
04/06/2022	-2,650.00	WELLS FARGO & CO NEW COM	47.81	126,695.85	06/02/2011	25.38	67,265.48	59,430.37
04/15/2022	-1,500,000.00	UNION PAC CORP SR NT	100.00	1,500,000.00	08/22/2018	1.01	1,515,181.32	-15,181.32
05/11/2022	-2,000,000.00	AT& T INC SR GLBL NT	101.84	2,036,728.89	06/13/2018	1.01	2,012,390.34	24,338.55
05/16/2022	-2,000,000.00	BERKSHIRE HATHAWAY FIN CORP SR NT	100.00	2,000,000.00	05/31/2012	1.00	2,000,446.04	-446.04
				<u>30,910,321.55</u>			<u>16,951,813.16</u>	<u>13,958,508.39</u>

Client Investment Review

Investment activity through 06/30/2022

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	98,988,765	70.0	1,495,872.00	1.5
Total Fixed Income	42,484,327	30.0	1,426,374.80	3.4
Total	141,473,092	100.0	2,922,246.80	2.1

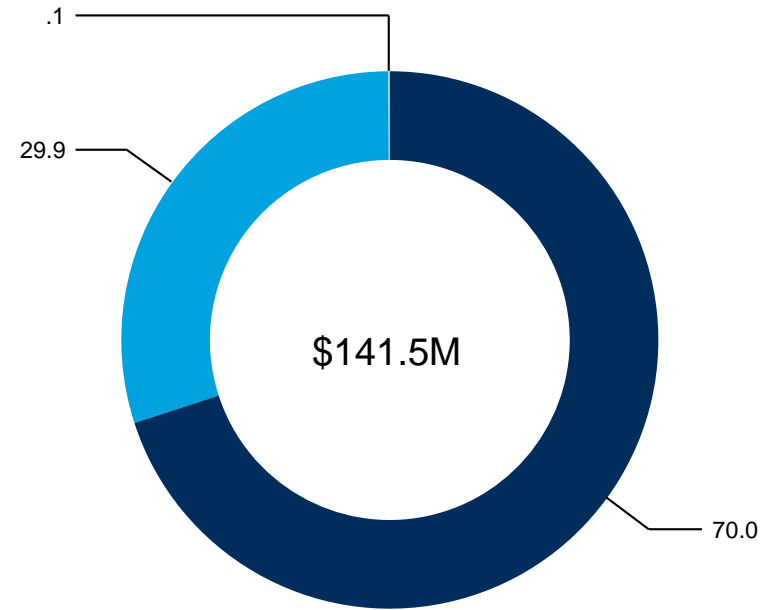


Investment Summary

	Fiscal Year to Date (1 Year)
Beginning Account Value	165,612,710.28
Net Contributions/Withdrawals	-9,355,983.55
Income Earned	2,927,958.70
Market Appreciation	-17,711,593.68
Ending Account Value	141,473,091.75

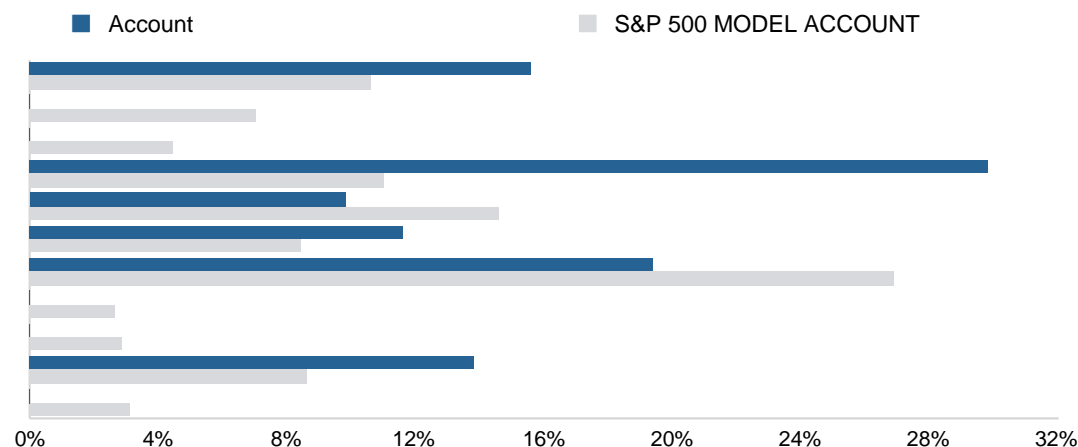
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	98,988,765	70.0
● Taxable Fixed Income	42,338,616	29.9
● Taxable Bond Funds	145,710	.1
Total	141,473,092	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	15.6	10.6
Consumer Staples	.0	7.0
Energy	.0	4.4
Financials	29.8	11.0
Health Care	9.8	14.6
Industrials	11.6	8.4
Information Tech	19.4	26.9
Materials	.0	2.6
Real Estate	.0	2.8
Communication Servic	13.8	8.6
Utilities	.0	3.1



Top 10 Performers

	Market Value	% of Mkt Val	Return
PFIZER INC COM	3,512,810	2.5	38.48
PROGRESSIVE CORP OH COM	7,574,991	5.3	20.67
O REILLY AUTOMOTIVE INC N	4,327,556	3.1	11.58
JOHNSON & JOHNSON COM	6,212,850	4.4	10.33
O REILLY AUTOMOTIVE INC N	1,013,857	.7	1.02
APPLE INC COM	6,767,640	4.8	.32
FEDERAL FARM CR BKS CONS	1,245,422	.9	-.37
INTEL CORP SR GLBL	1,277,428	.9	-.93
CHEVRON USA INC SR GLBL N	1,263,728	.9	-1.05
UNION PAC CORP COM	2,879,280	2.0	-1.05

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
PROGRESSIVE CORP OH COM	7,574,991	5.3	20.67
MICROSOFT CORP COM	7,210,502	5.1	-4.06
APPLE INC COM	6,767,640	4.8	.32
BERKSHIRE HATHAWAY INC DE	6,265,809	4.4	-1.72
HOME DEPOT INC COM	6,219,072	4.4	-12.15
JOHNSON & JOHNSON COM	6,212,850	4.4	10.33
ALPHABET INC CAP STK CL C	6,037,362	4.3	-12.87
JPMORGAN CHASE & CO COM	5,078,711	3.6	-25.65
SCHWAB CHARLES CORP NEW C	4,618,458	3.3	-12.37
O REILLY AUTOMOTIVE INC N	4,327,556	3.1	11.58

Large Cap Equity Attribution

June 30, 2022

Sector	Qtr
Consumer Disc	2.49
Information Tech	0.78
Financials	0.28
Health Care	0.07
Materials	0.01
Real Estate	-0.04
Utilities	-0.29
Energy	-0.41
Industrials	-0.46
Consumer Staples	-0.68
Communication Services	-0.89
Total	0.85

Sector	1 Year
Information Tech	1.98
Consumer Disc	1.72
Financials	1.01
Health Care	0.38
Materials	-0.04
Real Estate	-0.14
Industrials	-0.54
Utilities	-0.55
Consumer Staples	-0.96
Energy	-1.40
Communication Services	-1.64
Total	-0.19

Sector	5 Years
Information Tech	0.79
Financials	0.31
Industrials	0.28
Consumer Disc	0.24
Energy	0.22
Real Estate	0.07
Materials	0.04
Utilities	0.04
Consumer Staples	0.02
Communication Services	-0.23
Health Care	-0.29
Total	1.50

Ky Legislators Retirement DB Top & Bottom Contributors

June 30, 2022

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
PGR	Progressive	7.65	2.12	.13
PFE	Pfizer	3.55	2.17	.06
JNJ	Johnson & Johnson	6.28	.84	.04
EXPD	Expeditors	2.47	-4.91	-.11
KMX	Carmax	2.51	-6.31	-.14

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
PGR	Progressive	7.65	20.67	1.32
PFE	Pfizer	3.55	38.48	1.04
JNJ	Johnson & Johnson	6.28	10.33	.62
ORLY	O Reilly	4.37	11.58	.50
MSFT	Microsoft	7.28	-4.06	.22

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.84	32.14	2.36
MSFT	Microsoft	7.28	31.56	2.06
PGR	Progressive	7.65	25.39	1.35
HD	Home Depot	6.28	14.87	.99
GOOG	Alphabet	6.10	19.18	.93

Bottom Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.84	-21.62	-1.59
BRK B	Berkshire Hathaway	6.33	-22.65	-1.56
GOOG	Alphabet	6.10	-21.74	-1.42
DIS	Walt Disney	3.61	-31.19	-1.38
SCHW	Charles Schwab	4.67	-24.85	-1.31

1 Year

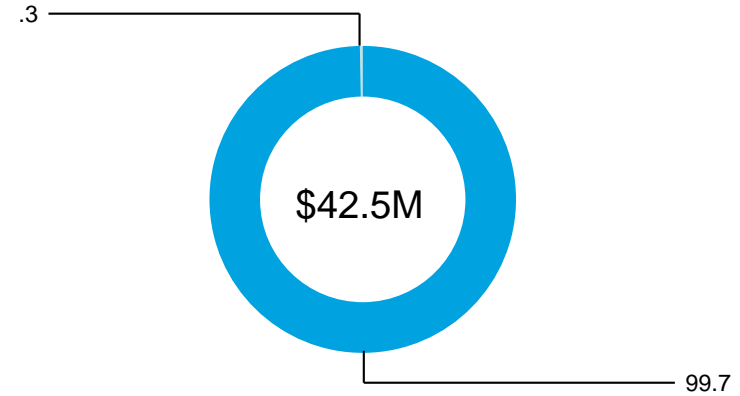
Ticker	Company	Ending Allocation	Total Return	Contribution
DIS	Walt Disney	3.61	-46.27	-3.02
META	Meta Platform	1.66	-53.70	-1.89
JPM	JP Morgan Chase	5.13	-25.65	-1.71
GE	General Electric	2.49	-38.15	-1.55
KMX	Carmax	2.51	-30.02	-1.06

5 Years

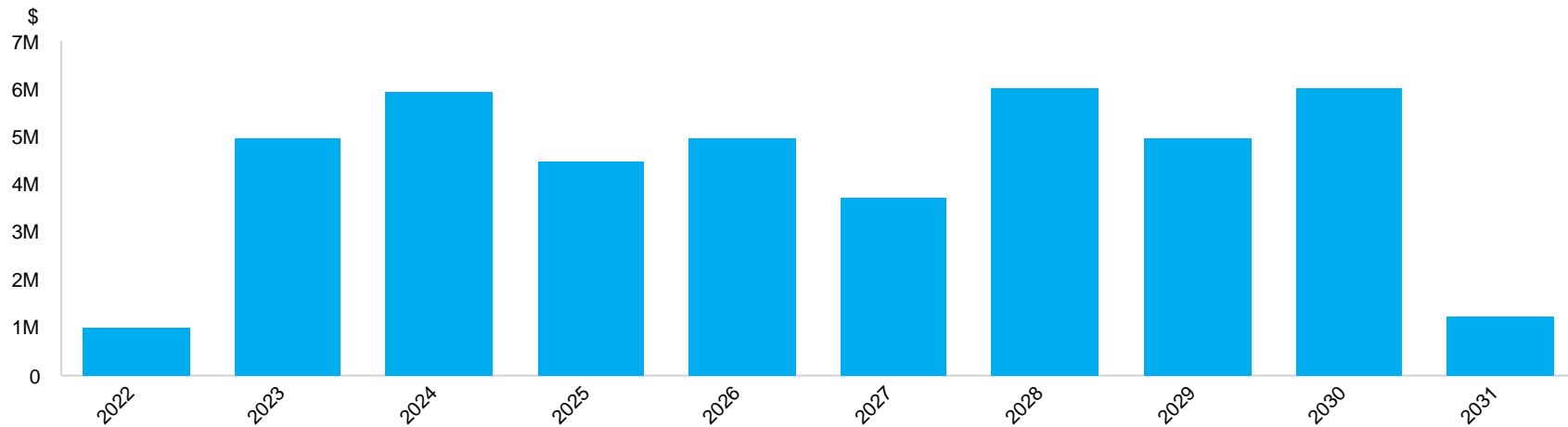
Ticker	Company	Ending Allocation	Total Return	Contribution
GE	General Electric	2.49	-38.15	-.33
WFC	Wells Fargo	1.76	-3.90	-.12
META	Meta Platform	1.66	-11.27	-.07
DIS	Walt Disney	3.61	-1.68	.00
OMC	Omnicom	2.46	-1.33	.01

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	42,338,616	99.7	1,425,750.00	3.4
● Taxable Bond Funds	145,710	.3	624.80	.4
Total	42,484,327	100.0	1,426,374.80	3.4



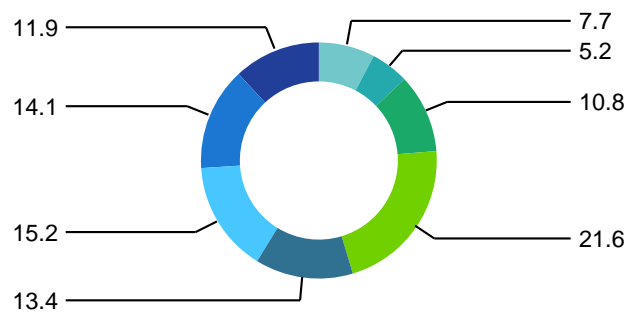
Fixed Income Maturity Schedule



Fixed Income Analysis

	06/30/2022	Barclays Gov't/Credit Interm Bond Index
Coupon	3.30	2.04
Current Yield	3.40	2.16
Yield to Maturity	3.85	3.49
Maturity	4.49	4.33
Duration	4.15	3.96
Face Amount	43,450,000	
Market Value	41,911,132	
Total Accrual	427,484	
Cost	45,766,427	

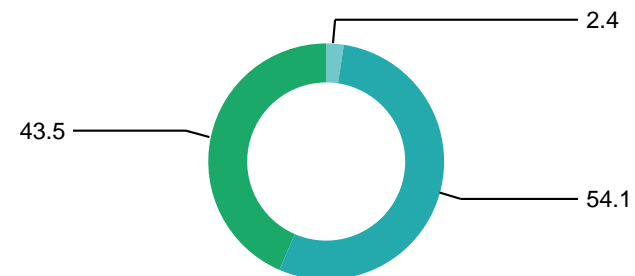
Quality Allocation by Market Value



■ AAA ■ AA+ ■ AA- ■ A+
■ A ■ A- ■ BBB+ ■ BBB

NR=Not rated by S&P

Maturity Allocation by Market Value



■ Less than 1 Year ■ Short (1-5 Years)
■ Intermediate (5-10 Years)

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2031									
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	1,250,000.000	107.380	88.009	1,115,570.84	BBB+			33,125.00
Total Matures 2031					1,115,570.84				33,125.00
Matures 2030									
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	1,250,000.000	107.910	89.789	1,129,250.00	AA-	07/15/2030		32,625.00
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	1,250,000.000	108.410	91.308	1,149,553.12	A+	01/01/2030		32,812.50
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	1,250,000.000	109.860	93.029	1,173,418.05	A	12/26/2029		40,000.00
UNION PAC CORP SR GLBL 2.400%02/05/2030	02/05/2030	1,000,000.000	106.970	88.421	893,943.33	A-	11/05/2029		24,000.00
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	1,250,000.000	108.150	89.481	1,132,314.59	A-	11/01/2029		33,125.00
Total Matures 2030					5,478,479.09				162,562.50
Matures 2029									
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	1,250,000.000	105.830	89.998	1,134,115.63	A+	06/04/2029		28,125.00
3M CO SR GLBL NT 2.375%08/26/2029	08/26/2029	1,250,000.000	105.840	89.694	1,131,483.16	A+	05/26/2029		29,687.50
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	1,250,000.000	110.360	94.204	1,184,433.68	AA-	01/30/2029		40,625.00
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	1,250,000.000	111.450	96.594	1,220,883.34	A+	12/07/2028		42,500.00
Total Matures 2029					4,670,915.81				140,937.50
Matures 2028									
US TREASURY NOTE 3.125%11/15/2028	11/15/2028	1,000,000.000	108.180	100.231	1,006,301.17	AAA			31,250.00
ABBVIE INC SR GLBL NT 4.250%11/14/2028	11/14/2028	1,250,000.000	104.360	99.039	1,244,923.26	BBB+	08/14/2028		53,125.00
SCHWAB CHARLES CORP SR GLBL 3.200%01/25/2028	01/25/2028	1,250,000.000	106.190	95.587	1,212,170.84	A	10/25/2027		40,000.00
CHEVRON USA INC SR GLBL NT 3.850%01/15/2028	01/15/2028	1,250,000.000	100.840	99.323	1,263,728.47	AA-	10/15/2027		48,125.00
JOHNSON & JOHNSON SR GLBL 2.900%01/15/2028	01/15/2028	1,250,000.000	109.210	96.611	1,224,352.78	AAA	10/15/2027		36,250.00
Total Matures 2028					5,951,476.52				208,750.00

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2027									
BANK AMER CORP FR 3.248%10/21/2027	10/21/2027	1,250,000.000	108.960	93.992	1,182,794.45	A-	10/21/2026		40,600.00
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330%04/12/2027	04/12/2027	1,250,000.000	100.000	98.903	1,245,421.88	AA+	04/12/2023		41,625.00
PEPSICO INC SR NT 2.625%03/19/2027	03/19/2027	1,250,000.000	109.150	95.955	1,208,734.37	A+	01/19/2027 100.000		32,812.50
Total Matures 2027					3,636,950.70				115,037.50
Matures 2026									
WELLS FARGO CO NEW SR NT 3.000%10/23/2026	10/23/2026	1,250,000.000	108.470	94.355	1,186,520.83	BBB+			37,500.00
JPMORGAN CHASE & CO SR NT 2.950%10/01/2026	10/01/2026	1,250,000.000	108.130	95.154	1,198,643.75	A-	07/01/2026 100.000		36,875.00
VERIZON COMMUNICATIONS INC SR GLOBL 2.625%08/15/2026	08/15/2026	1,250,000.000	108.160	94.478	1,193,370.84	BBB+			32,812.50
OMNICOM GROUP INC SR GLOBL 3.600%04/15/2026	04/15/2026	1,250,000.000	104.400	97.085	1,223,062.50	BBB+	01/15/2026		45,000.00
Total Matures 2026					4,801,597.92				152,187.50
Matures 2025									
NORTHERN TR CORP SUB NT 3.950%10/30/2025	10/30/2025	1,250,000.000	104.250	100.408	1,263,466.32	A			49,375.00
SYSCO CORP SR NT 3.750%10/01/2025	10/01/2025	1,000,000.000	102.850	99.180	1,001,175.00	BBB	07/01/2025		37,500.00
INTEL CORP SR GLOBL 3.700%07/29/2025	07/29/2025	1,250,000.000	102.400	100.632	1,277,427.78	A+	04/29/2025		46,250.00
CVS HEALTH CORP SR GLOBL NT 3.875%07/20/2025	07/20/2025	1,000,000.000	101.290	99.371	1,011,039.86	BBB	04/20/2025		38,750.00
AT&T INC SR GLOBL NT 3.950%01/15/2025	01/15/2025	.000	.000	.000	.00	BBB	10/15/2024		.00
Total Matures 2025					4,553,108.96				171,875.00
Matures 2024									
APPLE INC SR GLOBL NT 3.450%05/06/2024	05/06/2024	950,000.000	102.700	100.336	958,199.30	AA+			32,775.00
CISCO SYS INC SR NT 3.625%03/04/2024	03/04/2024	1,000,000.000	102.210	100.566	1,017,441.25	AA-			36,250.00
HOME DEPOT INC SR NT 3.750%02/15/2024	02/15/2024	1,000,000.000	102.920	101.002	1,024,186.66	A	11/15/2023		37,500.00
INTERNATIONAL BUSINESS MACHS SR GLOBL 3.625%02/12/2024	02/12/2024	1,000,000.000	102.280	100.212	1,016,116.53	A-			36,250.00

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
ALTRIA GROUP INC SR GLBL NT 4.000%01/31/2024	01/31/2024	1,000,000.000	102.900	100.207	1,018,736.67	BBB			40,000.00
U S BANCORP MTNS BK ENT FR 3.700%01/30/2024	01/30/2024	1,000,000.000	102.680	100.463	1,020,149.44	A+	12/29/2023		37,000.00
Total Matures 2024					6,054,829.85				219,775.00
Matures 2023									
MICROSOFT CORP NT 3.625%12/15/2023	12/15/2023	1,000,000.000	101.630	100.765	1,009,261.12	AAA	09/15/2023		36,250.00
SCHLUMBERGER INVT SA SR NT 3.650%12/01/2023	12/01/2023	1,000,000.000	102.320	100.336	1,006,401.67	A	09/01/2023		36,500.00
CUMMINS INC SR GLBL NT 3.650%10/01/2023	10/01/2023	1,000,000.000	101.440	100.421	1,013,335.00	A+	07/01/2023		36,500.00
PNC BK N A PITTSBURGH PA SUB NT 3.800%07/25/2023	07/25/2023	1,000,000.000	100.310	100.272	1,019,186.67	A-	06/25/2023		38,000.00
ORACLE CORP SR NT 3.625%07/15/2023	07/15/2023	1,000,000.000	102.610	99.693	1,013,645.28	BBB			36,250.00
Total Matures 2023					5,061,829.74				183,500.00
Matures 2022									
O REILLY AUTOMOTIVE INC NEW SR NT 3.800%09/01/2022	09/01/2022	1,000,000.000	101.340	100.119	1,013,856.67	BBB	06/01/2022		38,000.00
Total Matures 2022					1,013,856.67				38,000.00
No Maturity									
ISHARES 1-3 YEAR TREASURY BOND ETF		1,760.000	84.580	82.790	145,710.40	NR			
Total No Maturity					145,710.40				
Total					42,484,326.50				1,425,750.00

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	2,760.000	548.40	1,513,594.02	2,187.45	6,037,362.00	4.3	.00	.00	.000
DISNEY WALT CO COM	37,875.000	56.83	2,152,529.94	94.40	3,575,400.00	2.5	.00	.00	.000
META PLATFORM, INC.	10,200.000	218.25	2,226,153.96	161.25	1,644,750.00	1.2	.00	.00	.000
OMNICOM GROUP INC COM	37,825.000	53.99	2,042,193.82	63.61	2,432,525.75	1.7	2.80	105,910.00	4.402
Total for Communication Services			7,934,471.74		13,690,037.75	9.7		105,910.00	.775
Consumer Disc									
CARMAX INC COM	27,500.000	59.76	1,643,492.05	90.48	2,488,200.00	1.8	.00	.00	.000
HOME DEPOT INC COM	22,675.000	56.60	1,283,410.14	274.27	6,219,072.25	4.4	7.60	172,330.00	2.771
O REILLY AUTOMOTIVE INC NEW COM	6,850.000	178.61	1,223,444.25	631.76	4,327,556.00	3.1	.00	.00	.000
TJX COS INC NEW COM	43,100.000	11.93	514,198.06	55.85	2,407,135.00	1.7	1.18	50,858.00	2.113
Total for Consumer Disc			4,664,544.50		15,441,963.25	10.9		223,188.00	1.445
Financials									
BANK OF AMERICA CORP COM	54,350.000	26.92	1,462,940.56	31.13	1,691,915.50	1.2	.84	45,654.00	2.698
BERKSHIRE HATHAWAY INC DEL CL B NEW	22,950.000	119.41	2,740,542.72	273.02	6,265,809.00	4.4	.00	.00	.000
JPMORGAN CHASE & CO COM	45,100.000	58.19	2,624,476.48	112.61	5,078,711.00	3.6	4.00	180,400.00	3.552
PROGRESSIVE CORP OH COM	65,150.000	30.72	2,001,196.13	116.27	7,574,990.50	5.4	.40	26,060.00	.344
SCHWAB CHARLES CORP NEW COM	73,100.000	35.35	2,583,756.05	63.18	4,618,458.00	3.3	.80	58,480.00	1.266
US BANCORP DEL COM NEW	54,300.000	28.78	1,562,876.17	46.02	2,523,864.00	1.8	1.84	99,912.00	3.998
WELLS FARGO & CO NEW COM	44,500.000	33.33	1,483,258.95	39.17	1,743,065.00	1.2	1.00	44,500.00	2.553
Total for Financials			14,459,047.06		29,496,813.00	20.8		455,006.00	1.544
Health Care									
JOHNSON & JOHNSON COM	35,000.000	70.55	2,469,226.32	177.51	6,212,850.00	4.4	4.52	158,200.00	2.546
PFIZER INC COM	67,000.000	28.03	1,877,850.59	52.43	3,512,810.00	2.5	1.60	107,200.00	3.052
Total for Health Care			4,347,076.91		9,725,660.00	6.9		265,400.00	2.729
Industrials									
EXPEDITORS INTL WASH INC COM	25,100.000	39.94	1,002,516.05	97.46	2,446,246.00	1.7	1.34	33,634.00	1.375
FASTENAL CO COM	73,500.000	20.75	1,524,783.54	49.92	3,669,120.00	2.6	1.24	91,140.00	2.484

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GENERAL ELECTRIC CO COM NEW	38,600.000	109.75	4,236,522.07	63.67	2,460,750.00	1.7	.32	12,352.00	.503
UNION PAC CORP COM	13,500.000	93.91	1,267,781.30	213.28	2,879,280.00	2.0	5.20	70,200.00	2.438
Total for Industrials			8,031,602.96		11,455,396.00	8.1		207,326.00	1.810
Information Tech									
APPLE INC COM	49,500.000	26.27	1,300,468.74	136.72	6,767,640.00	4.8	.92	45,540.00	.673
CISCO SYS INC COM	30,950.000	21.91	678,121.98	42.64	1,319,708.00	.9	1.52	47,044.00	3.565
MICROSOFT CORP COM	28,075.000	31.25	877,475.61	256.83	7,210,502.25	5.1	2.48	69,626.00	.966
TE CONNECTIVITY LTD REG SHS	34,300.000	39.88	1,367,816.10	113.15	3,881,045.00	2.7	2.24	76,832.00	1.980
Total for Information Tech			4,223,882.43		19,178,895.25	13.6		239,042.00	1.246
Total: Total Equity			43,660,625.60		98,988,765.25	70.0		1,495,872.00	1.512
Total Fixed Income									
Corporate Bonds									
ABBVIE INC SR GLBL NT 4.250% 11/14/2028	1,250,000.000	104.36	1,304,500.00	99.04	1,244,923.26	.9	4.25	53,125.00	4.291
ALTRIA GROUP INC SR GLBL NT 4.000% 01/31/2024	1,000,000.000	102.90	1,028,953.24	100.21	1,018,736.67	.7	4.00	40,000.00	3.992
APPLE INC SR GLBL NT 3.450% 05/06/2024	950,000.000	102.70	975,692.03	100.34	958,199.30	.7	3.45	32,775.00	3.438
BANK AMER CORP FR 3.248% 10/21/2027	1,250,000.000	108.96	1,362,048.44	93.99	1,182,794.45	.8	3.25	40,600.00	3.456
BLACKROCK INC SR GLBL NT 3.250% 04/30/2029	1,250,000.000	110.36	1,379,554.43	94.20	1,184,433.68	.8	3.25	40,625.00	3.450
CVS HEALTH CORP SR GLBL NT 3.875% 07/20/2025	1,000,000.000	101.29	1,012,931.54	99.37	1,011,039.86	.7	3.88	38,750.00	3.900
CHEVRON USA INC SR GLBL NT 3.850% 01/15/2028	1,250,000.000	100.84	1,260,500.00	99.32	1,263,728.47	.9	3.85	48,125.00	3.876
CISCO SYS INC SR NT 3.625% 03/04/2024	1,000,000.000	102.21	1,022,129.61	100.57	1,017,441.25	.7	3.63	36,250.00	3.605
COMCAST CORP NEW GLBL NT 2.650% 02/01/2030	1,250,000.000	108.15	1,351,916.41	89.48	1,132,314.59	.8	2.65	33,125.00	2.962

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
CUMMINS INC SR GLBL NT 3.650% 10/01/2023	1,000,000.000	101.44	1,014,418.26	100.42	1,013,335.00	.7	3.65	36,500.00	3.635
DISNEY WALT CO SR GLBL NT 2.650% 01/13/2031	1,250,000.000	107.38	1,342,255.25	88.01	1,115,570.84	.8	2.65	33,125.00	3.011
EXXON MOBIL CORP SR GLBL COCO 2.610% 10/15/2030	1,250,000.000	107.91	1,348,900.66	89.79	1,129,250.00	.8	2.61	32,625.00	2.907
HOME DEPOT INC SR NT 3.750% 02/15/2024	1,000,000.000	102.92	1,029,237.88	101.00	1,024,186.66	.7	3.75	37,500.00	3.713
INTEL CORP SR GLBL 3.700% 07/29/2025	1,250,000.000	102.40	1,280,000.00	100.63	1,277,427.78	.9	3.70	46,250.00	3.677
INTERNATIONAL BUSINESS MACHS SR GLBL 3.625% 02/12/2024	1,000,000.000	102.28	1,022,791.79	100.21	1,016,116.53	.7	3.63	36,250.00	3.617
JPMORGAN CHASE & CO SR NT 2.950% 10/01/2026	1,250,000.000	108.13	1,351,599.84	95.15	1,198,643.75	.8	2.95	36,875.00	3.100
JOHNSON & JOHNSON SR GLBL 2.900% 01/15/2028	1,250,000.000	109.21	1,365,091.23	96.61	1,224,352.78	.9	2.90	36,250.00	3.002
MERCK & CO INC SR GLBL 3.400% 03/07/2029	1,250,000.000	111.45	1,393,128.69	96.59	1,220,883.34	.9	3.40	42,500.00	3.520
MICROSOFT CORP NT 3.625% 12/15/2023	1,000,000.000	101.63	1,016,308.36	100.77	1,009,261.12	.7	3.63	36,250.00	3.597
NORTHERN TR CORP SUB NT 3.950% 10/30/2025	1,250,000.000	104.25	1,303,135.51	100.41	1,263,466.32	.9	3.95	49,375.00	3.934
O REILLY AUTOMOTIVE INC NEW SR NT 3.800% 09/01/2022	1,000,000.000	101.34	1,013,354.93	100.12	1,013,856.67	.7	3.80	38,000.00	3.795
OMNICOM GROUP INC SR GLBL 3.600% 04/15/2026	1,250,000.000	104.40	1,304,998.94	97.08	1,223,062.50	.9	3.60	45,000.00	3.708
ORACLE CORP SR NT 3.625% 07/15/2023	1,000,000.000	102.61	1,026,104.57	99.69	1,013,645.28	.7	3.63	36,250.00	3.636
PNC BK N A PITTSBURGH PA SUB NT 3.800% 07/25/2023	1,000,000.000	100.31	1,003,124.87	100.27	1,019,186.67	.7	3.80	38,000.00	3.790
PEPSICO INC SR NT 2.625% 03/19/2027	1,250,000.000	109.15	1,364,337.28	95.95	1,208,734.37	.9	2.63	32,812.50	2.736
PFIZER INC GLBL NT 2.625% 04/01/2030	1,250,000.000	108.41	1,355,079.82	91.31	1,149,553.12	.8	2.63	32,812.50	2.875

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
PROGRESSIVE CORP SR GLBL 3.200% 03/26/2030	1,250,000.000	109.86	1,373,253.13	93.03	1,173,418.05	.8	3.20	40,000.00	3.440
SCHLUMBERGER INVNT SA SR NT 3.650% 12/01/2023	1,000,000.000	102.32	1,023,166.32	100.34	1,006,401.67	.7	3.65	36,500.00	3.638
SCHWAB CHARLES CORP SR GLBL 3.200% 01/25/2028	1,250,000.000	106.19	1,327,430.00	95.59	1,212,170.84	.9	3.20	40,000.00	3.348
SYSCO CORP SR NT 3.750% 10/01/2025	1,000,000.000	102.85	1,028,451.91	99.18	1,001,175.00	.7	3.75	37,500.00	3.781
TEXAS INSTRS INC SR GLBL NT 2.250% 09/04/2029	1,250,000.000	105.83	1,322,899.94	90.00	1,134,115.63	.8	2.25	28,125.00	2.500
3M CO SR GLBL NT 2.375% 08/26/2029	1,250,000.000	105.84	1,323,049.25	89.69	1,131,483.16	.8	2.38	29,687.50	2.648
UNION PAC CORP SR GLBL 2.400% 02/05/2030	1,000,000.000	106.97	1,069,704.65	88.42	893,943.33	.6	2.40	24,000.00	2.714
U S BANCORP MTNS BK ENT FR 3.700% 01/30/2024	1,000,000.000	102.68	1,026,793.56	100.46	1,020,149.44	.7	3.70	37,000.00	3.683
VERIZON COMMUNICATIONS INC SR GLBL 2.625% 08/15/2026	1,250,000.000	108.16	1,351,938.92	94.48	1,193,370.84	.8	2.63	32,812.50	2.778
WELLS FARGO CO NEW SR NT 3.000% 10/23/2026	1,250,000.000	108.47	1,355,895.73	94.36	1,186,520.83	.8	3.00	37,500.00	3.179
Total for Corporate Bonds			43,434,676.99		40,086,893.05	28.3		1,352,875.00	3.410
Governments									
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330% 04/12/2027	1,250,000.000	100.00	1,250,000.00	98.90	1,245,421.88	.9	3.33	41,625.00	3.367
US TREASURY NOTE 3.125% 11/15/2028	1,000,000.000	108.18	1,081,750.00	100.23	1,006,301.17	.7	3.13	31,250.00	3.118
Total for Governments			2,331,750.00		2,251,723.05	1.6		72,875.00	3.255
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,760.000	84.58	148,859.68	82.79	145,710.40	.1	.35	624.80	.429
Total for Taxable Bond Funds			148,859.68		145,710.40	.1		624.80	.429
Total: Total Fixed Income			45,915,286.67		42,484,326.50	30.0		1,426,374.80	3.392
Total			89,575,912.27		141,473,091.75	100.0		2,922,246.80	2.073

	Market Value	3 Months	Fiscal Year to Date (1 Year)	3 Years	5 Years	10 Years	20 Years	Inception to Date 01/01/1993
Total Portfolio - Gross	141,473,092	-12.18	-9.87	9.48	10.10	11.30	7.97	8.61
Total Portfolio - Net	141,473,092	-12.18	-9.93	9.40	10.02	11.24	7.91	8.57
70% SP500 30% Barclays Int Govt Cr		-12.10	-9.37	7.62	8.48	9.60	7.56	8.36
Total Equity	98,988,765	-15.59	-11.08	12.25	12.97	14.60	9.26	10.38
S P 500 Index		-16.10	-10.62	10.60	11.31	12.96	9.08	9.73
Total Fixed Income	42,484,327	-2.96	-7.86	-.44	.93	1.55	2.95	4.04
Barclays US Government/Credit Interm Bond		-2.37	-7.28	-.16	1.13	1.45	3.25	4.37

	Total Portfolio - Gross	70% S&P 500 / 30% Barclays US Govt/Credit
Return	11.30	9.60
Standard Deviation	11.07	9.70
Beta	1.01	
Alpha	1.56	
R-Squared	.99	
Sharpe Ratio	10.05	11.30
Treynor Ratio	110.20	109.60
Tracking Error	2.90	
Information Ratio	.58	
Downside Deviation	6.95	6.10
Downside Standard Deviation	8.41	7.34
Sortino Ratio	1.72	1.66
Upside Capture	1.15	
Downside Capture	1.07	
Batting Average	.55	
Annualized Excess Return	1.70	
Cumulative Excess Return	41.60	
Turnover %	130.80	
M-Squared	-2.47	
Residual Risk	.98	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

	Total Portfolio - Gross	70% S&P 500 / 30% Barclays US Govt/Credit
Return	7.97	7.56
Standard Deviation	10.32	10.40
Beta	.99	
Alpha	.49	
R-Squared	.98	
Sharpe Ratio	10.46	10.34
Treynor Ratio	109.06	107.56
Tracking Error	3.21	
Information Ratio	.12	
Downside Deviation	6.68	6.94
Downside Standard Deviation	7.78	7.96
Sortino Ratio	1.28	1.17
Upside Capture	.98	
Downside Capture	.94	
Batting Average	.52	
Annualized Excess Return	.41	
Cumulative Excess Return	33.85	
Turnover %	192.40	
M-Squared	8.81	
Residual Risk	1.02	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

Purchases

Date	Amount	Security	Purchase Price	Total Cost
01/11/2022	1,000,000.00	SCHWAB CHARLES CORP SR GLBL	106.61	1,066,100.00
02/28/2022	250,000.00	BLACKROCK INC SR GLBL NT	105.00	262,500.00
02/28/2022	250,000.00	NORTHERN TR CORP SUB NT	106.16	265,400.00
02/28/2022	-250,000.00	BLACKROCK INC SR GLBL NT	105.00	-262,500.00
02/28/2022	-250,000.00	NORTHERN TR CORP SUB NT	106.16	-265,400.00
02/28/2022	250,000.00	BLACKROCK INC SR GLBL NT	105.00	262,500.00
02/28/2022	250,000.00	BLACKROCK INC SR GLBL NT	105.00	262,500.00
02/28/2022	250,000.00	NORTHERN TR CORP SUB NT	106.16	265,400.00
03/02/2022	-250,000.00	OMNICOM GROUP INC SR GLBL	104.78	-261,950.00
03/02/2022	250,000.00	OMNICOM GROUP INC SR GLBL	104.78	261,950.00
03/02/2022	250,000.00	SCHWAB CHARLES CORP SR GLBL	104.53	261,330.00
03/08/2022	1,000,000.00	US TREASURY NOTE	108.17	1,081,750.00
04/01/2022	250,000.00	OMNICOM GROUP INC SR GLBL	104.78	261,950.00
04/07/2022	1,250,000.00	ABBVIE INC SR GLBL NT	104.36	1,304,500.00
04/07/2022	1,250,000.00	INTEL CORP SR GLBL	102.40	1,280,000.00
04/07/2022	1,250,000.00	FEDERAL FARM CR BKS CONS SYSTEMWIDE	100.00	1,250,000.00
04/07/2022	-1,250,000.00	ABBVIE INC SR GLBL NT	104.36	-1,304,500.00
04/07/2022	-1,250,000.00	INTEL CORP SR GLBL	102.40	-1,280,000.00
05/01/2022	-250,000.00	BLACKROCK INC SR GLBL NT	105.00	-262,500.00
05/01/2022	1,250,000.00	ABBVIE INC SR GLBL NT	104.36	1,304,500.00
05/01/2022	1,250,000.00	INTEL CORP SR GLBL	102.40	1,280,000.00
05/01/2022	1,250,000.00	INTEL CORP SR GLBL	102.40	1,280,000.00
05/01/2022	1,250,000.00	ABBVIE INC SR GLBL NT	104.36	1,304,500.00
05/01/2022	-1,250,000.00	ABBVIE INC SR GLBL NT	104.36	-1,304,500.00
05/01/2022	-1,250,000.00	INTEL CORP SR GLBL	102.40	-1,280,000.00
05/17/2022	1,250,000.00	CHEVRON USA INC SR GLBL NT	100.84	1,260,500.00
05/17/2022	1,250,000.00	CHEVRON USA INC SR GLBL NT	100.84	1,260,500.00
05/17/2022	-1,250,000.00	CHEVRON USA INC SR GLBL NT	100.84	-1,260,500.00
				8,294,030.00

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
01/05/2022	-1,500.00	TE CONNECTIVITY LTD REG SHS	163.98	245,969.34	11/07/2007	40.74	61,103.18	184,866.16
01/05/2022	-100.00	ALPHABET INC CAP STK CL C	2,815.27	281,526.69	10/05/2015	548.40	54,840.36	226,686.33
01/05/2022	-2,125.00	APPLE INC COM	178.79	379,936.37	04/25/2013	32.36	68,762.61	311,173.76
01/05/2022	-2,350.00	BANK OF AMERICA CORP COM	48.11	113,048.76	08/30/2019	26.92	63,255.02	49,793.74
01/05/2022	-975.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	312.73	304,908.14	03/27/2020	182.34	177,779.35	127,128.79
01/05/2022	-1,200.00	CARMAX INC COM	123.16	147,794.36	01/30/2019	59.76	71,716.02	76,078.34
01/05/2022	-1,325.00	CISCO SYS INC COM	60.89	80,676.98	06/03/2005	25.72	34,078.33	46,598.65
01/05/2022	-1,575.00	DISNEY WALT CO COM	157.98	248,811.56	04/23/2015	108.49	170,875.69	77,935.87
01/05/2022	-1,100.00	EXPEDITORS INTL WASH INC COM	130.88	143,968.36	03/25/2013	37.20	40,921.43	103,046.93
01/05/2022	-450.00	META PLATFORM, INC.	331.38	149,120.73	05/06/2020	203.86	91,738.71	57,382.02
01/05/2022	-3,150.00	FASTENAL CO COM	62.41	196,604.67	02/12/2015	21.12	66,540.29	130,064.38
01/05/2022	-1,650.00	GENERAL ELECTRIC CO COM NEW	100.42	165,693.14	08/02/2021	113.92	187,975.43	-22,282.29
01/05/2022	-975.00	HOME DEPOT INC COM	410.53	400,266.55	04/23/2015	113.55	110,707.25	289,559.30
01/05/2022	-1,950.00	JPMORGAN CHASE & CO COM	166.73	325,130.03	06/06/2008	40.49	78,960.38	246,169.65
01/05/2022	-1,500.00	JOHNSON & JOHNSON COM	172.98	259,473.47	05/19/1993	161.97	242,957.10	16,516.37
01/05/2022	-1,200.00	MICROSOFT CORP COM	321.21	385,451.83	06/30/2021	27.07	32,484.00	352,967.83
01/05/2022	-300.00	O REILLY AUTOMOTIVE INC NEW COM	698.76	209,627.68	07/11/2017	174.94	52,482.52	157,145.16
01/05/2022	-1,625.00	OMNICOM GROUP INC COM	76.35	124,073.96	06/30/2021	43.83	71,215.65	52,858.31
01/05/2022	-2,900.00	PFIZER INC COM	55.66	161,410.56	09/07/2011	18.04	52,306.28	109,104.28
01/05/2022	-2,800.00	PROGRESSIVE CORP OH COM	103.38	289,471.76	05/23/2007	23.19	64,920.24	224,551.52
01/05/2022	-3,150.00	SCHWAB CHARLES CORP NEW COM	90.07	283,732.60	08/26/2020	35.35	111,338.33	172,394.27
01/05/2022	-1,850.00	TJX COS INC NEW COM	76.90	142,257.98	04/23/2015	33.17	61,364.59	80,893.39
01/05/2022	-2,350.00	US BANCORP DEL COM NEW	58.97	138,579.73	12/07/2000	10.86	25,525.70	113,054.03
01/05/2022	-575.00	UNION PAC CORP COM	254.05	146,076.68	07/24/2015	93.91	53,998.09	92,078.59
01/05/2022	-1,900.00	WELLS FARGO & CO NEW COM	52.71	100,155.32	06/02/2011	28.21	53,597.67	46,557.65
01/18/2022	-1,000,000.00	MCDONALDS CORP MED TERM NT SR NT	100.00	1,000,000.00	12/06/2012	1.00	1,001,688.29	-1,688.29
01/31/2022	-1,000,000.00	BERKSHIRE HATHAWAY INC DEL SR NT	100.00	1,000,000.00	06/07/2018	1.00	1,003,604.22	-3,604.22
03/30/2022	-1,000,000.00	HSBC HLDGS PLC SR NT	100.00	1,000,000.00	06/10/2015	1.01	1,007,574.20	-7,574.20
04/06/2022	-1,200.00	TE CONNECTIVITY LTD REG SHS	124.23	149,075.23	11/07/2007	40.74	48,882.55	100,192.68
04/06/2022	-90.00	ALPHABET INC CAP STK CL C	2,754.84	247,935.53	10/05/2015	548.40	49,356.33	198,579.20
04/06/2022	-1,675.00	APPLE INC COM	171.83	287,820.48	04/25/2013	14.64	24,514.16	263,306.32
04/06/2022	-1,700.00	BANK OF AMERICA CORP COM	39.73	67,543.20	08/30/2019	26.92	45,758.95	21,784.25
04/06/2022	-750.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	343.68	257,758.43	03/27/2020	40.76	30,571.13	227,187.30

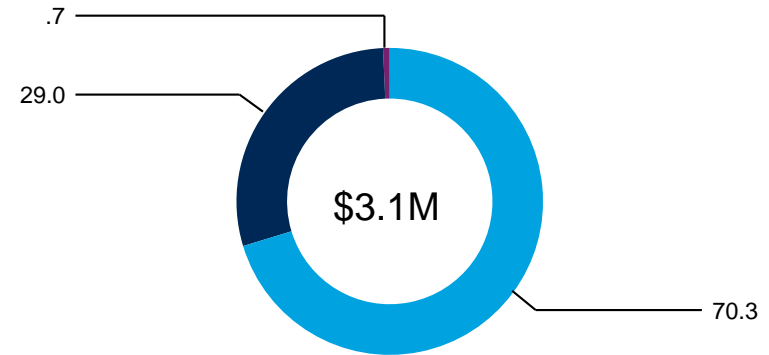
Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
04/06/2022	-900.00	CARMAX INC COM	96.99	87,292.08	01/30/2019	59.76	53,787.01	33,505.07
04/06/2022	-1,000.00	CISCO SYS INC COM	54.35	54,353.62	06/03/2005	19.83	19,828.86	34,524.76
04/06/2022	-250.00	DISNEY WALT CO COM	132.64	33,159.91	04/23/2015	25.44	6,358.93	26,800.98
04/06/2022	-800.00	EXPEDITORS INTL WASH INC COM	96.43	77,144.24	03/25/2013	37.20	29,761.04	47,383.20
04/06/2022	-350.00	META PLATFORM, INC.	225.95	79,083.46	05/06/2020	203.86	71,352.33	7,731.13
04/06/2022	-2,300.00	FASTENAL CO COM	59.43	136,686.37	02/12/2015	21.12	48,584.97	88,101.40
04/06/2022	-1,300.00	GENERAL ELECTRIC CO COM NEW	88.37	114,880.41	08/02/2021	113.92	148,101.86	-33,221.45
04/06/2022	-750.00	HOME DEPOT INC COM	299.94	224,958.05	04/23/2015	39.91	29,934.98	195,023.07
04/06/2022	-1,500.00	JPMORGAN CHASE & CO COM	132.23	198,344.43	06/06/2008	35.42	53,129.95	145,214.48
04/06/2022	-1,200.00	JOHNSON & JOHNSON COM	180.16	216,190.89	05/19/1993	58.65	70,383.85	145,807.04
04/06/2022	-975.00	MICROSOFT CORP COM	302.56	294,995.56	06/30/2021	27.07	26,393.25	268,602.31
04/06/2022	-250.00	O REILLY AUTOMOTIVE INC NEW COM	690.32	172,580.36	07/11/2017	174.94	43,735.43	128,844.93
04/06/2022	-1,300.00	OMNICOM GROUP INC COM	80.43	104,562.23	06/30/2021	41.58	54,048.49	50,513.74
04/06/2022	-2,300.00	PFIZER INC COM	52.52	120,797.45	09/07/2011	18.04	41,484.29	79,313.16
04/06/2022	-2,200.00	PROGRESSIVE CORP OH COM	115.06	253,133.78	05/23/2007	23.19	51,008.76	202,125.02
04/06/2022	-2,500.00	SCHWAB CHARLES CORP NEW COM	81.73	204,323.95	08/26/2020	35.35	88,363.75	115,960.20
04/06/2022	-1,450.00	TJX COS INC NEW COM	60.53	87,768.63	04/23/2015	6.06	8,782.29	78,986.34
04/06/2022	-1,850.00	US BANCORP DEL COM NEW	53.01	98,077.61	12/07/2000	10.86	20,094.70	77,982.91
04/06/2022	-500.00	UNION PAC CORP COM	247.01	123,503.82	07/24/2015	93.91	46,954.86	76,548.96
04/06/2022	-1,500.00	WELLS FARGO & CO NEW COM	47.81	71,714.63	06/02/2011	28.21	42,313.95	29,400.68
05/11/2022	-900,000.00	AT& T INC SR GLBL NT	101.84	916,528.00	06/13/2018	0.99	893,726.84	22,801.16
				<u>13,103,979.60</u>			<u>7,161,524.44</u>	<u>5,942,455.16</u>

Client Investment Review

Investment activity through 06/30/2022

Asset Allocation Summary

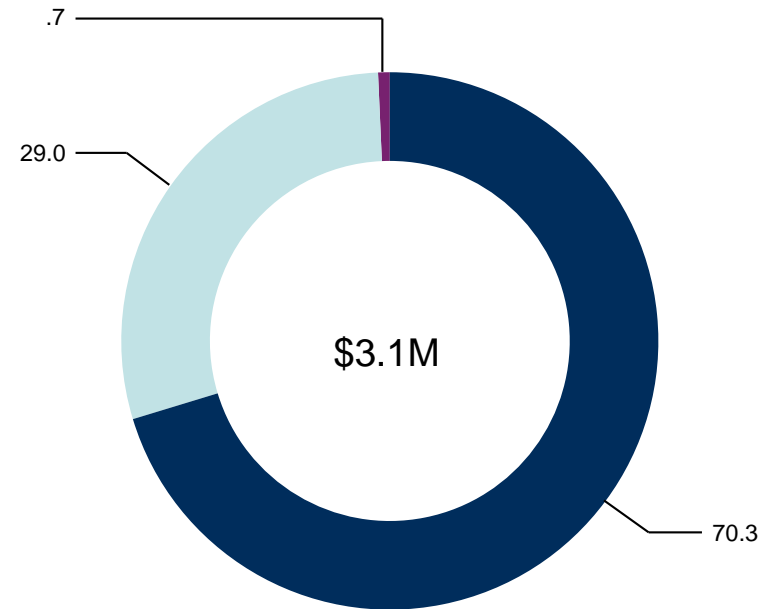
	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	2,199,482	70.3	33,265.00	1.5
Total Fixed Income	907,360	29.0	18,526.32	2.0
Cash & Equivalents	20,660	.7	297.37	1.4
Total	3,127,502	100.0	52,088.69	1.7



Investment Summary

	Fiscal Year to Date (1 Year)
Beginning Account Value	2,949,477.10
Net Contributions/Withdrawals	542,757.13
Income Earned	44,541.03
Market Appreciation	-409,272.98
Ending Account Value	3,127,502.28

	Market Value	% of Mkt Val
● Core Equity	2,199,482	70.3
● Taxable Bond Funds	907,360	29.0
● Cash & Equivalents	20,660	.7
Total	3,127,502	100.0



	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Cash & Equivalents									
Money Markets									
GOLDMAN SACHS FINANCIAL SQUARE	20,643.530	1.00	20,643.53	1.00	20,659.50	.7	1.44	297.37	1.440
Total for Money Markets			20,643.53		20,659.50	.7		297.37	1.440
Total: Cash & Equivalents			20,643.53		20,659.50	.7		297.37	1.440
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	61.000	2,733.90	166,768.14	2,187.45	133,434.45	4.3	.00	.00	.000
DISNEY WALT CO COM	834.000	172.63	143,975.25	94.40	78,729.60	2.5	.00	.00	.000
META PLATFORM, INC.	233.000	346.31	80,690.49	161.25	37,571.25	1.2	.00	.00	.000
OMNICOM GROUP INC COM	845.000	75.73	63,994.87	63.61	54,341.95	1.7	2.80	2,366.00	4.402
Total for Communication Services			455,428.75		304,077.25	9.7		2,366.00	.780
Consumer Disc									
CARMAX INC COM	612.000	125.54	76,830.51	90.48	55,373.76	1.8	.00	.00	.000
HOME DEPOT INC COM	498.000	330.48	164,577.56	274.27	136,586.46	4.4	7.60	3,784.80	2.771
O REILLY AUTOMOTIVE INC NEW COM	154.000	603.48	92,935.99	631.76	97,291.04	3.1	.00	.00	.000
TJX COS INC NEW COM	865.000	69.43	60,056.25	55.85	48,310.25	1.5	1.18	1,020.70	2.113
Total for Consumer Disc			394,400.31		337,561.51	10.8		4,805.50	1.424
Financials									
BANK OF AMERICA CORP COM	1,212.000	40.90	49,567.88	31.13	37,729.56	1.2	.84	1,018.08	2.698
BERKSHIRE HATHAWAY INC DEL CL B NEW	518.000	293.32	151,939.58	273.02	141,424.36	4.5	.00	.00	.000
JPMORGAN CHASE & CO COM	1,062.000	155.55	165,192.24	112.61	119,591.82	3.8	4.00	4,248.00	3.552
PROGRESSIVE CORP OH COM	1,420.000	98.37	139,680.72	116.27	165,103.40	5.3	.40	568.00	.344
SCHWAB CHARLES CORP NEW COM	1,704.000	73.03	124,448.05	63.18	107,658.72	3.4	.80	1,363.20	1.266
US BANCORP DEL COM NEW	1,161.000	56.82	65,969.77	46.02	53,963.28	1.7	1.84	2,136.24	3.998
WELLS FARGO & CO NEW COM	958.000	49.10	47,035.39	39.17	37,524.86	1.2	1.00	958.00	2.553
Total for Financials			743,833.63		662,996.00	21.2		10,291.52	1.554

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
JOHNSON & JOHNSON COM	776.000	172.49	133,851.82	177.51	137,747.76	4.4	4.52	3,507.52	2.546
PFIZER INC COM	1,404.000	48.21	67,684.24	52.43	73,611.72	2.4	1.60	2,246.40	3.052
Total for Health Care			201,536.06		211,359.48	6.8		5,753.92	2.722
Industrials									
EXPEDITORS INTL WASH INC COM	539.000	122.57	66,066.46	97.46	52,530.94	1.7	1.34	722.26	1.375
FASTENAL CO COM	1,617.000	55.90	90,394.61	49.92	80,720.64	2.6	1.24	2,005.08	2.484
GENERAL ELECTRIC CO COM NEW	780.000	102.74	80,138.10	63.67	49,725.00	1.6	.32	249.60	.503
UNION PAC CORP COM	311.000	229.84	71,479.54	213.28	66,330.08	2.1	5.20	1,617.20	2.438
Total for Industrials			308,078.71		249,306.66	8.0		4,594.14	1.843
Information Tech									
APPLE INC COM	1,150.000	149.87	172,349.91	136.72	157,228.00	5.0	.92	1,058.00	.673
CISCO SYS INC COM	808.000	55.91	45,172.15	42.64	34,453.12	1.1	1.52	1,228.16	3.565
MICROSOFT CORP COM	627.000	292.20	183,206.47	256.83	161,032.41	5.1	2.48	1,554.96	.966
TE CONNECTIVITY LTD REG SHS	720.000	150.34	108,242.24	113.15	81,468.00	2.6	2.24	1,612.80	1.980
Total for Information Tech			508,970.77		434,181.53	13.9		5,453.92	1.256
Total: Total Equity			2,612,248.23		2,199,482.43	70.3		33,265.00	1.513
Total Fixed Income									
Taxable Bond Funds									
ISHARES TRUST ISHARES 1-5 YEAR	11,135.000	54.02	601,521.57	50.55	562,874.25	18.0	.84	9,386.81	1.668
VANGUARD SCOTTSDALE FDS VANGUARD	4,305.000	93.08	400,712.03	80.02	344,486.10	11.0	2.12	9,139.51	2.653
Total for Taxable Bond Funds			1,002,233.60		907,360.35	29.0		18,526.32	2.042
Total: Total Fixed Income			1,002,233.60		907,360.35	29.0		18,526.32	2.042
Total			3,635,125.36		3,127,502.28	100.0		52,088.69	1.666

Performance Overview

	Market Value	3 Months	Fiscal Year to Date (1 Year)	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	3,127,502	-12.42	-10.21	7.58	8.58	8.08
Total Portfolio - Net	3,127,502	-12.44	-10.28	7.50	8.49	8.00
70% SP500 30% Barclays Int Govt Cr		-12.10	-9.37	7.62	8.48	8.06
Total Equity	2,199,482	-15.72	-11.39	10.31	11.05	10.50
S P 500 Index		-16.10	-10.62	10.60	11.31	10.70
Total Fixed Income	907,360	-3.62	-9.13	-.55	1.69	1.90
Barclays US Government/Credit Interm Bond		-2.37	-7.28	-.16	1.13	1.29
Cash & Equivalents	20,660	.16	.17	.54	.98	.76
3 Mos Treasury Bill Rate		.29	.39	.57	1.11	.89

	Total Portfolio - Gross	70% SP500 30% Barclays Int Govt Cr
Return	8.58	8.48
Standard Deviation	12.68	12.04
Beta	1.00	
Alpha	.08	
R-Squared	1.00	
Sharpe Ratio	8.56	9.01
Treynor Ratio	108.58	108.48
Tracking Error	1.35	
Information Ratio	.13	
Downside Deviation	8.51	7.98
Downside Standard Deviation	9.73	9.18
Sortino Ratio	1.11	1.16
Upside Capture	1.05	
Downside Capture	1.05	
Batting Average	.62	
Annualized Excess Return	.10	
Cumulative Excess Return	.72	
Turnover %	.38	
M-Squared	3.10	
Residual Risk	.00	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

iShares 1-5 Year Investment Grade Corp Bd ETF (IGSB)

	IGSB	Barclays Intermediate Gov/Cr
Duration	2.75	3.96
Effective Maturity	3.08	4.33
Credit Rating	A-	AA1/AA2
Weighted Coupon	2.98	2.04
Weighted Price	99.01	94.31
Yield to Maturity	3.18	3.49

Source: Morningstar | Investment as of July 14, 2022, Category: Short-Term Bond, Manager-reported and holdings-based calculations.
Source: Bloomberg | Barclays Intermediate Gov/Cr as of June 30, 2022

iShares 1-5 Year Investment Grade Corp Bd ETF (IGSB)

Credit Rating (Subtotal Weight)	0-1	1-3	3-5	5-7	7-10	10-20	>20
AAA (0.87)		0.48	0.39	—	—	—	—
AA (8.24)		4.52	3.70	—	—	—	—
A (44.60)	0.50	27.55	16.27	--	—	—	—
BBB (45.08)	0.21	26.69	17.97	—	—	—	—
BB (0.92)	—	0.51	0.41	—	—	—	—
B	—	—	—	—	—	—	—
Below B	—	—	—	—	—	—	—
Not Rated (0.26)	—	0.07	0.19	—	—	—	—

Source: Morningstar

As of July 14, 2022 | Data is based on the long position of the holdings. Source: Holdings-based calculations.

Vanguard Interm-Term Corp Bd ETF (VCIT)

	VCIT	Barclays Intermediate Gov/Cr
Duration	6.37	3.96
Effective Maturity	7.60	4.33
Credit Rating	BBB+	AA1/AA2
Weighted Coupon	3.37	2.04
Weighted Price	90.93	94.31
Yield to Maturity	4.28	3.49

Source: Morningstar | As of July 14, 2022, Category: Corporate Bond, Manager-reported and holdings-based calculations.
Source: Bloomberg | Barclays Intermediate Gov/Cr as of June 30, 2022

Vanguard Interm-Term Corp Bd ETF (VCIT)

Credit Rating (Subtotal Weight)	0-1	1-3	3-5	5-7	7-10	10-20	>20
AAA (1.20)	—	—	0.37	—	0.77	—	—
AA (5.16)	—	—	0.77	2.09	2.30	—	—
A (39.80)	—	0.17	5.76	19.18	14.47	0.01	—
BBB (52.37)	—	0.10	8.08	27.89	15.99	0.31	—
BB (1.28)	—	0.05	0.40	0.63	0.20	—	—
B	—	—	—	—	—	—	—
Below B	—	—	—	—	—	—	—
Not Rated (0.19)	—	—	—	0.07	0.12	—	—

Source: Morningstar

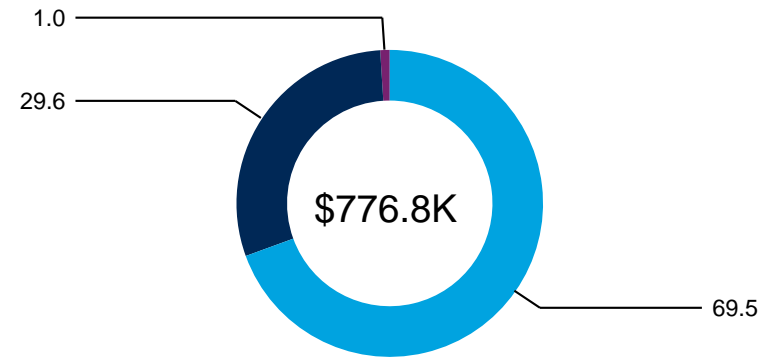
As of June 30, 2022 | Data is based on the long position of the holdings. Source: Holdings-based calculations.

Client Investment Review

Investment activity through 06/30/2022

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	539,731	69.5	8,234.34	1.5
Total Fixed Income	229,520	29.6	4,687.11	2.0
Cash & Equivalents	7,577	1.0	109.05	1.4
Total	776,828	100.0	13,030.51	1.7



Investment Summary

	Fiscal Year to Date (1 Year)
Beginning Account Value	762,827.07
Net Contributions/Withdrawals	100,958.23
Income Earned	10,732.45
Market Appreciation	-97,689.97
Ending Account Value	776,827.78

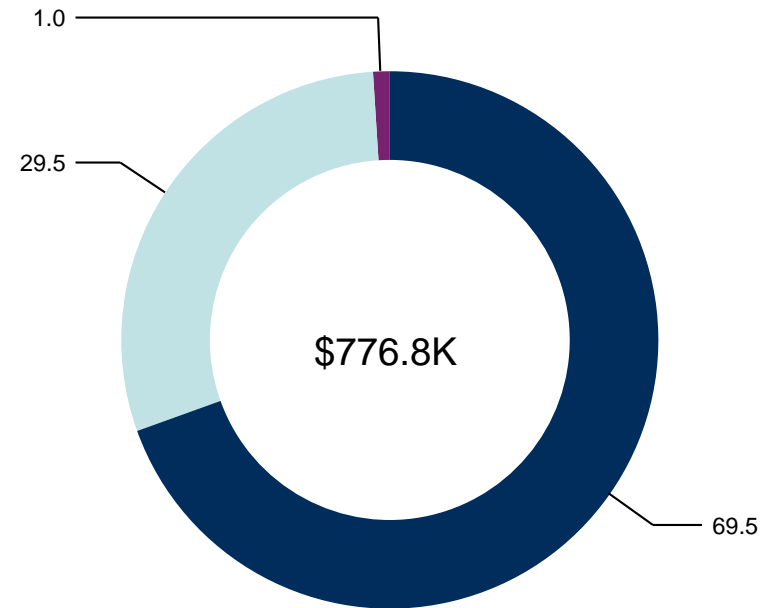
Market Value by Asset Class

KY LEGISLATORS RET HYBRID CSH BL AGT (920008018)

Ending: June 30, 2022

Managed since: June 01, 2015

	Market Value	% of Mkt Val
● Core Equity	539,731	69.5
● Taxable Bond Funds	229,520	29.5
● Cash & Equivalents	7,577	1.0
Total	776,828	100.0



	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Cash & Equivalents									
Money Markets									
GOLDMAN SACHS FINANCIAL SQUARE	7,570.570	1.00	7,570.57	1.00	7,576.57	1.0	1.44	109.05	1.441
Total for Money Markets			7,570.57		7,576.57	1.0		109.05	1.441
Total: Cash & Equivalents			7,570.57		7,576.57	1.0		109.05	1.441
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	14.000	2,719.91	38,078.76	2,187.45	30,624.30	3.9	.00	.00	.000
DISNEY WALT CO COM	204.000	169.82	34,644.02	94.40	19,257.60	2.5	.00	.00	.000
META PLATFORM, INC.	58.000	340.57	19,753.14	161.25	9,352.50	1.2	.00	.00	.000
OMNICOM GROUP INC COM	210.000	75.92	15,942.99	63.61	13,505.10	1.7	2.80	588.00	4.402
Total for Communication Services			108,418.91		72,739.50	9.4		588.00	.810
Consumer Disc									
CARMAX INC COM	151.000	124.02	18,726.88	90.48	13,662.48	1.8	.00	.00	.000
HOME DEPOT INC COM	123.000	329.15	40,485.83	274.27	33,735.21	4.3	7.60	934.80	2.771
O REILLY AUTOMOTIVE INC NEW COM	36.000	606.17	21,822.09	631.76	22,743.36	2.9	.00	.00	.000
TJX COS INC NEW COM	210.000	69.01	14,492.66	55.85	11,728.50	1.5	1.18	247.80	2.113
Total for Consumer Disc			95,527.46		81,869.55	10.5		1,182.60	1.444
Financials									
BANK OF AMERICA CORP COM	302.000	40.76	12,308.53	31.13	9,401.26	1.2	.84	253.68	2.698
BERKSHIRE HATHAWAY INC DEL CL B NEW	128.000	295.19	37,784.86	273.02	34,946.56	4.5	.00	.00	.000
JPMORGAN CHASE & CO COM	263.000	154.02	40,506.05	112.61	29,616.43	3.8	4.00	1,052.00	3.552
PROGRESSIVE CORP OH COM	351.000	99.20	34,820.56	116.27	40,810.77	5.3	.40	140.40	.344
SCHWAB CHARLES CORP NEW COM	420.000	73.06	30,683.25	63.18	26,535.60	3.4	.80	336.00	1.266
US BANCORP DEL COM NEW	286.000	56.48	16,153.32	46.02	13,293.28	1.7	1.84	526.24	3.998
WELLS FARGO & CO NEW COM	234.000	48.90	11,441.81	39.17	9,165.78	1.2	1.00	234.00	2.553
Total for Financials			183,698.38		163,769.68	21.1		2,542.32	1.554

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
JOHNSON & JOHNSON COM	198.000	172.56	34,167.80	177.51	35,146.98	4.5	4.52	894.96	2.546
PFIZER INC COM	349.000	48.27	16,846.56	52.43	18,298.07	2.4	1.60	558.40	3.052
Total for Health Care			51,014.36		53,445.05	6.9		1,453.36	2.719
Industrials									
EXPEDITORS INTL WASH INC COM	135.000	121.24	16,367.38	97.46	13,157.10	1.7	1.34	180.90	1.375
FASTENAL CO COM	394.000	55.90	22,026.04	49.92	19,668.48	2.5	1.24	488.56	2.484
GENERAL ELECTRIC CO COM NEW	200.000	101.60	20,319.11	63.67	12,750.00	1.6	.32	64.00	.503
UNION PAC CORP COM	76.000	230.08	17,485.83	213.28	16,209.28	2.1	5.20	395.20	2.438
Total for Industrials			76,198.36		61,784.86	8.0		1,128.66	1.827
Information Tech									
APPLE INC COM	281.000	150.64	42,329.34	136.72	38,418.32	4.9	.92	258.52	.673
CISCO SYS INC COM	198.000	55.69	11,026.19	42.64	8,442.72	1.1	1.52	300.96	3.565
MICROSOFT CORP COM	151.000	291.90	44,076.52	256.83	38,781.33	5.0	2.48	374.48	.966
TE CONNECTIVITY LTD REG SHS	181.000	149.20	27,005.30	113.15	20,480.15	2.6	2.24	405.44	1.980
Total for Information Tech			124,437.35		106,122.52	13.7		1,339.40	1.262
Total: Total Equity			639,294.82		539,731.16	69.5		8,234.34	1.526
Total Fixed Income									
Taxable Bond Funds									
ISHARES TRUST ISHARES 1-5 YEAR	2,815.000	53.89	151,702.55	50.55	142,298.25	18.3	.84	2,373.05	1.668
VANGUARD SCOTTSDALE FDS VANGUARD	1,090.000	92.55	100,882.71	80.02	87,221.80	11.2	2.12	2,314.07	2.653
Total for Taxable Bond Funds			252,585.26		229,520.05	29.5		4,687.11	2.042
Total: Total Fixed Income			252,585.26		229,520.05	29.5		4,687.11	2.042
Total			899,450.65		776,827.78	100.0		13,030.51	1.678

Performance Overview

	Market Value	3 Months	Fiscal Year to Date (1 Year)	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	776,828	-12.32	-10.19	7.51	8.55	8.07
Total Portfolio - Net	776,828	-12.34	-10.26	7.43	8.46	7.99
70% SP500 30% Barclays Int Govt Cr		-12.10	-9.37	7.62	8.48	8.06
Total Equity	539,731	-15.70	-11.40	10.30	11.05	10.52
S P 500 Index		-16.10	-10.62	10.60	11.31	10.70
Total Fixed Income	229,520	-3.63	-9.14	-.54	1.70	1.90
Barclays US Government/Credit Interm Bond		-2.37	-7.28	-.16	1.13	1.29
Cash & Equivalents	7,577	.15	.17	.47	.94	.74
3 Mos Treasury Bill Rate		.29	.39	.57	1.11	.89

	Total Portfolio - Gross	70% SP500 30% Barclays Int Govt Cr
Return	8.55	8.48
Standard Deviation	12.67	12.04
Beta	1.00	
Alpha	.05	
R-Squared	1.00	
Sharpe Ratio	8.57	9.01
Treynor Ratio	108.55	108.48
Tracking Error	1.32	
Information Ratio	.11	
Downside Deviation	8.50	7.98
Downside Standard Deviation	9.72	9.18
Sortino Ratio	1.11	1.16
Upside Capture	1.05	
Downside Capture	1.05	
Batting Average	.60	
Annualized Excess Return	.07	
Cumulative Excess Return	.51	
Turnover %	3.82	
M-Squared	3.15	
Residual Risk	.00	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

This report is for informational purposes only and does not supersede confirmations and monthly client statements. The results reported should not be relied upon for tax information. Clients should consult tax documents for a complete summary of gain or loss history. The information has been derived from sources considered to be reliable but we cannot guarantee the accuracy.

This information represents past performance and is not indicative of future results. Principal value and investment return will fluctuate, and shares/units, when redeemed, may be worth more or less than the original amount. Returns assume reinvestment of dividends and other earnings.

Performance calculations are performed using the Daily Time Weighted Rate of Return (DTWRR) calculation method. This time-weighted rate of return method revalues the portfolio whenever a cash flow takes place, therefore significantly minimizing its impact on the return. Returns are measured from day-to-day and are then compounded or geometrically linked resulting in the time-weighted rate of return. Performance returns for time periods longer than 365 days have been annualized.

Performance calculations may also be performed using the Internal Rate of Return (IRR) Calculation method. The IRR is used to calculate the appropriate money-weighted rate of return. Cash flows are included based on their timing and size. The IRR is related to the time-value of money or present value formula. It calculates the discount rate which will take the starting value and all cash flows to result in the ending market value. Performance returns for time periods longer than 365 days have been annualized.

The inception date is the date on which performance calculations started. Your portfolio manager may or may not have begun executing security purchases and sales on the start date. Baird Trust may change the inception date to minimize the effect on performance when securities fund the account.

Account values on the Investment Summary page may not reflect the market value of holdings, due to the inclusion of accrued income. Accrued income is included when income has been earned as of the reporting end date, but not yet paid out.

Broad Index Descriptions

Barclays U.S. Intermediate Government Credit Bond Index: The index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

S&P 500 Composite: The S&P 500 composite index is an unmanaged, market capitalization weighted index of 500 common stocks widely regarded to be representative of the market in general. Returns include reinvestment of dividends.

MSCI EAFE: The MSCI EAFE Index is a Morgan Stanley international index that includes stocks traded on 16 exchanges in Europe, Australia and the Far East, weighted by capitalization.

MSCI ACWI Index: MSCI's flagship global equity index, is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 27 emerging markets.

Index returns may not represent your portfolio and are provided only as a representation of broad market performance. It is not possible to invest directly in an index.

Glossary of Terms and Calculations

Cost Basis Information: All information with respect to cost information is derived from transactions in your account or information supplied by other sources. There is no guarantee as to the accuracy of this information or the corresponding gain and loss information. Certain transactions resulting from reorganization activity - including but not limited to mergers, acquisitions, exchanges, tenders, conversions, spin-offs, and stock distributions - may have complex tax ramifications that may require adjustments to the cost basis of the assets acquired and/or disposed. Please consult a tax advisor for guidance in handling these transactions. The cost basis for factorable securities, unit investment trusts, and certain limited partnerships may be reduced by the amount of principal payments returned. This cost information is displayed and the gain/loss information is calculated for these securities only if both the cost and principal payment information is deemed to be complete.

Inception Date: The inception date is the date on which performance calculations started.

Total Portfolio Net: Returns are calculated after the deduction of investment management fees and transaction expenses. In some cases, separate custodial fees may be assessed but are not deducted from the return. Some client accounts may see adjustments to their historical returns compared to statements from prior periods. The differences may occur in accounts with significant contributions or distributions. Additional information is available upon request.

Non-Performance Assets: Non-performance assets are assets on which performance is not calculated. These would include, but are not limited to, limited partnerships, annuities, and assets requested to be "unsupervised" (excluded from the performance calculation).

Valuations: The pricing of securities displayed in this report is derived from various sources, and in some cases may be higher or lower than the price you would actually receive in the market. For securities listed on an exchange or trading continually in an active marketplace, the prices reflect market quotations at the close of the reporting period. For securities trading less frequently, we rely on third party pricing services, or a computerized pricing model, which do not always reflect actual market prices. Valuation differences may be due to the different definitions of the closing market prices of securities.

The information contained herein, while not guaranteed, has been obtained from sources which we believe to be reliable and accurate. This material is not to be considered an offer or solicitation regarding the sale of any security.

Information contained in this report has been provided at your request. If you have questions regarding this information, please contact your Baird Financial Advisor or Baird Trust Portfolio Manager.

Baird Trust Company ("Baird Trust"), a Kentucky state-chartered trust company, is owned by Baird Financial Corporation ("BFC"). It is affiliated with Robert W. Baird & Co. Incorporated ("Baird"), (an SEC-registered broker-dealer and investment advisor), and other operating businesses owned by BFC.



INVESTMENT POLICY STATEMENT

Effective as of April 23, 2022

INTRODUCTION



This Investment Policy Statement amends and completely replaces the Investment Policy Statement of the **Investment Committees for the Kentucky Judicial Retirement Fund** and the **Kentucky Legislators Retirement Fund**, dated October 25, 2019.

The purpose of this **Investment Policy Statement** is to establish a clear understanding between the **Investment Committees for the Kentucky Judicial Retirement Fund** and the **Kentucky Legislators Retirement Fund**, hereinafter referred to as the “Committees,” and **Baird Trust Company**, hereinafter referred to as the “Manager,” of the investment policies and objectives of the Committees. This **Statement** will outline an overall philosophy that is specific enough for the Manager to know what is expected, but sufficiently flexible to allow for changing economic and securities markets. The Manager shall be responsible for individually managing the investments for the retirement plans administered by **Judicial Form Retirement System** (hereinafter referred to as JFRS), including the Defined Benefit Fund and the Hybrid Cash Balance Fund for the Kentucky Judicial Retirement Fund, and the Defined Benefit Fund and the Hybrid Cash Balance Fund for the Kentucky Legislators Retirement Fund.

A. OBJECTIVES

The assets of the two Defined Benefit Funds and the two Hybrid Cash Balance Funds (collectively the “Funds,” or individually a “Fund”) must be invested with the care, skill and diligence that a prudent person acting in this capacity would undertake. The Manager’s primary objective will be to provide growth of principal and income of each Fund’s assets. This objective should be pursued as a long-term goal designed to maximize portfolio results without exposure to undue risk, as defined herein. The Committees understand that fluctuating rates of return are characteristic of the securities markets, thus, the Manager’s greatest concern should be long-term appreciation of the Funds’ assets and consistency of total portfolio returns.

The Committees recognize that short-term market fluctuations may cause variations in performance in each Fund’s portfolios; however, over three-year rolling time periods, the Committees expect the total portfolios of each of the four Funds to achieve or exceed a total return equal to the composite performance of securities markets, as represented by broad market indexes similar to but not limited to the S&P 500 Index (Equity), and the Bloomberg Barclays Intermediate US Government/Credit Bond Index (Fixed Income).

B. POLICIES AND RESTRICTIONS

The Committees intend the investment policies and restrictions presented in this **Statement** to be used as a framework to help the Manager achieve the investment objectives of the Funds, at a level of risk the Committees deem acceptable. The Committees allow the Manager discretion in the asset allocation and diversification of the Funds, for the purposes of increasing investment returns and/or reducing risk exposure in accordance with the policies and restrictions of this **Statement**. When appropriate and from time to time, the Committees may also give the Manager broad responsibility in writing to shift the commitment of any of the Funds’ investments among asset classes, industry sectors, and individual securities or funds of securities to pursue opportunities presented by long-term secular changes within the capital markets.

All Fund investments shall be consistent with those permitted for Trust Funds by law in the Commonwealth of Kentucky. Investments shall be limited to readily marketable securities or funds of such securities, and no investment shall be made in mortgages.

ASSET ALLOCATION



C. ASSET ALLOCATION GUIDELINES

The Committees expect each of the four Funds' asset allocation policies to separately reflect, and be consistent with, the investment objectives and risk tolerances expressed throughout this *Statement*. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide a high probability of maximizing the Committees' return objectives while minimizing risk. Although dynamic capital markets may cause fluctuating risk and return opportunities over a market cycle, the following standards and limits will be used to evaluate the asset allocation and Fund performance (as measured at market value) over a full market cycle not to exceed five years.

Each of the Funds' investments shall be separately managed under allocation rules as follows:

1. Cash and cash equivalent balances will be held separately for each Fund as a liquidity reserve for the payment of certain Fund expenses, pension or qualified refund payments, and insurance premium requirements. Such liquidity reserve balances will be held separately from a Fund's overall investment portfolio as managed by the Manager.
2. Equities (generally, common stock investments) in each Fund's investment portfolio will have a target allocation of 70% of the total portfolio market value, not including cash and cash equivalents balances, of such Fund. The Manager is granted discretion to vary from this portfolio allocation within a range of 60% to 80% (inclusive) of the Fund's portfolio market value, unless otherwise granted an exception by a Committee in writing.
3. Fixed income investments in each Fund's investment portfolio will have a target allocation of 30% of the total portfolio market value, not including cash and cash equivalent balances, of such Fund. The Manager is granted discretion to vary from this portfolio allocation within a range of 20% to 40% (inclusive) of the Fund's portfolio market value, unless otherwise granted an exception by a Committee in writing.
4. If a Fund's portfolio allocation falls outside of its targeted range, the Manager will notify the applicable Investment Committee, or its designee, of the status of the Fund's portfolio allocation percentages. Such Committee may direct the Manager to, on a timely basis, adjust the Fund's applicable allocation percentage to bring the Fund's portfolio back into its targeted range. If the Committee does not make a rebalancing recommendation, the Manager, at its discretion, may or may not adjust the Fund's portfolio allocations. The Committees' designee will review all of the Funds' portfolio allocations on a monthly basis and will make quarterly or more frequent reports to the Committees, if the target portfolio allocations fall outside of the parameters above.

D. EQUITY GUIDELINES

The Committees expect the Manager to maintain each Fund's equity portfolio at a risk level approximately equivalent to that of the domestic equity markets as a whole, with the objective of exceeding its results. Equity investments shall be selected from any security listed on the New York, American and Regional Stock Exchanges, or at the NASDAQ markets.

At the Manager's discretion, equity allocations may be achieved by the purchase of individual securities, shares of one or more registered mutual funds invested substantially in equities, and/or shares of one or more registered exchange traded funds (ETFs) invested substantially in equities.

Should the Manager elect to invest in mutual funds or ETFs for a Fund's equity allocation, the aggregate of such funds' investments must be consistent with the Equity Guidelines herein for such Fund, and must in the aggregate generally comply with the underlying diversification characteristics, risk and limits in the Equity Guidelines for such Fund as described herein. The Committees understand that any mutual Funds or ETFs utilized by the Manager may allow broader latitude, but whose investment objective, in the Manager's opinion, is consistent with the Fund's investment guidelines.

The Committees also understand that any mutual fund or ETFs utilized under these Guidelines may utilize derivative instruments for exposure, efficiency, or risk management purposes and are not used as a speculative nature. Any mutual fund or ETF selected by the Manager must generally be consistent with these Guidelines.

The Manager is prohibited from investment in private placements, unregistered securities, hedge funds, letter stock, uncovered options, common trust funds or collective investment funds, or from engaging in short sales, margin transactions or other specialized investment activities. The Manager may write covered options against common stocks held by the Funds to increase investment returns and/or reduce risk. No investments shall be made in proprietary funds of the Manager without written consent of the Committees.

Within the above guidelines, the Committees give the Manager discretion for equity security and fund selection, timing, turnover, and benchmark selection for each of the four Funds, subject to the following limitations:

1. Each Fund's investment in equities (generally, common stocks) shall be from those stocks that meet the statutory standards for investment of trust funds, except that 50% of the total equity portfolio of each Fund may not be invested in common stocks with a dividend payment history of less than five years.
2. Investment in an individual security, at time of purchase shall not exceed 5% of a Fund's then current market value of such Fund's equity portfolio. At a time when a security's value reaches 8% of such Fund's equity portfolio market value, the Manager shall promptly notify the applicable Investment Committee, or its designee. Upon notification of a security value reaching 8%, the Committee may recommend a course of action to the Manager; absent a Committee recommendation to reduce the equity holding, the Manager, at its discretion, may or may not reduce the equity holding.

3. Investment in a particular sector of a Fund's equity portfolio shall not exceed more than 20% of the sector's weighting in the S&P 500.

If an individual sector weighting reaches a 40% weighting of a Fund's total equity portfolio, the Manager shall promptly notify the applicable Investment Committee, or its designee. Upon notification of a sector reaching a 40% weighting, the Committee may recommend a course of action to the Manager; absent a Committee recommendation to take action, the Manager has discretion, as long as the weighting does not exceed more than 20% of the sector weight in the S&P 500.

4. Any equity benchmark selected by the Manager for any Fund must be a broad market benchmark and must reasonably reflect the nature and risk of the underlying investments of such Fund's equity portfolio.

Unless corrective actions are otherwise provided for in these Equity Guidelines, or unless a Committee provides corrective or rebalancing directions to the Manager, should any Fund's equity portfolio no longer comply with the Equity limits and requirements as described immediately above, the Manager shall take, with notice to the applicable Committee or its designee, reasonable steps to bring such Fund's equity investments into compliance with these Equity Guidelines.

E. FIXED INCOME GUIDELINES

The Committees expect the Manager to maintain each Fund's fixed income portfolio at a risk level approximately equivalent to that of the domestic fixed income markets as a whole, with the objective of exceeding its results.

At the Manager's discretion, fixed income allocations may be achieved by purchase of individual securities, shares of one or more registered mutual funds investing substantially in fixed income, and/or shares of one or more registered ETFs investing substantially in fixed income. Should the Manager elect to invest in mutual funds or ETFs for a Fund's fixed income allocation, the aggregate of such funds' investments must be consistent with the Fixed Income Guidelines herein for such Fund, and must in the aggregate generally comply with the underlying diversification characteristics, risk and limits in the Fixed Income Guidelines for such Fund as described herein.

The Committees also understand that any mutual fund or ETFs utilized under these Guidelines may utilize derivative instruments for exposure, efficiency, or risk management purposes and are not used as a speculative nature. Any mutual fund or ETF selected by the Manager must generally be consistent with these Guidelines.

At its discretion, the Manager may select for either or both of the Hybrid Cash Balance Funds' fixed income portfolios one or more low cost registered fixed income mutual funds or ETFs utilizing an indexing strategy, and/or utilizing a targeted sector or style strategy, and/or utilizing an actively managed strategy, provided that in the aggregate such selected funds are consistent with the Hybrid Cash Balance Fund's overall fixed income benchmark and Fixed Income Guidelines for such Fund as described herein.

The Manager is prohibited from investing in private placements, from speculating in fixed income or interest rate futures, and from arbitrage or any other specialized investments. No investments shall be made in proprietary funds of the Manager without written consent of the Committees.

Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums. The Manager may select from appropriately liquid preferred stocks, corporate debt securities, obligations of the U.S. Government and its Agencies and issues convertible to equities.

Within the above guidelines, the Committees give the Manager discretion for fixed income security and fund selection, timing, turnover, and benchmark selection for each of the four Funds, subject to the following limitations:

1. No individual fixed income security (with the exception of those of the U.S. Government and its Agencies) may be purchased with a modified duration of more than 15 years at time of purchase.
2. Investments in individual fixed income securities of the U.S. Government and its Agencies may be purchased with a maturity of up to 30 years at time of purchase, but the weighted average maturity of those securities in each Fund shall not exceed ten years.
3. Investments for any Fund in an individual security at time of purchase of a single issuer (with the exception of U.S. Government and its Agencies) must not exceed 5% of the market value of such Fund's fixed income portfolio.
4. Only corporate debt issues that meet or exceed a credit rating of BBB from Standard & Poor's and/or a Baa rating from Moody's, may be purchased.
5. Preferred stocks must be rated A or better, by Moody's and/or Standard & Poor's at the time of purchase.
6. Only ETF or Mutual Fund securities whose fixed income investments have a dollar-weighted average credit rating of BBB from Standard & Poor's and/or Baa rating from Moody's, may be purchased. No ETF or Mutual Fund shall have a total allocation of more than 5% in below investment grade rated holdings.
7. Investment in bonds will be limited to those eligible for purchase by national banks.
8. Individual fixed income security maturities will be reasonably spaced with due consideration given to call provisions.
9. Each Fund's fixed income portfolio duration, defined as the weighted average of the modified durations of all of the Fund's fixed income investments, including ETF or Mutual Funds, shall at all times be within one year of the duration of its fixed income benchmark.

10. The fixed income benchmark selected by the Manager for any Fund shall be approved by the Committee' and must be a broad market benchmark that reasonably reflects the nature and risk of the underlying investments of such Fund's fixed income portfolio.

Unless corrective actions are otherwise provided for in these Fixed Income Guidelines, or unless a Committee has provided corrective or rebalancing directions to the Manager, should any Fund's fixed income portfolio no longer comply with the Fixed Income limits and requirements described immediately above, the Manager shall take, with notice to the applicable Committee or its designee, reasonable steps to bring such Fund's fixed income investments into compliance with these Fixed Income Guidelines.

F. CASH AND CASH EQUIVALENT GUIDELINES

The Committees expect the Manager to invest each Fund's portfolios substantially in equity and fixed income investments as described in this *Statement*. As noted in the Asset Allocation Guidelines above, certain cash and cash equivalent balances will be held as liquidity reserves separately from each Fund's investment portfolios, as necessary to provide for certain Fund expenses, insurance premiums, and underlying plan participant cash flow and pension payment requirements. The Manager may also maintain cash and cash equivalent balances as part of a Fund's portfolio allocations in anticipation of liquidity reserve needs or as temporary Fund investments pending longer term portfolio investments.

Any cash and cash equivalent investments held in the liquidity reserves or within Fund portfolios may be made in the following types of short-term investments, with limits and requirements as described below:

1. Treasury bills;
2. Commercial paper investments and marketable short-term money market securities, each with time of purchase ratings of at least A-2 or P-2 by Standard & Poor's or Moody's, respectively, and each with time of purchase maturities of no longer than 270 days;
3. Marketable short-term money market funds of marketable short-term securities, under the following limits for each such fund:
 - a. fund ratings at least AAA or Aaa by Standard & Poor's or Moody's, respectively, at time of purchase;
 - b. final maturities of underlying fund investments of no longer than 13 months from dates of acquisition;
 - c. fund weighted average maturity of underlying fund investments of no longer than 60 days at all times;
4. Corporate cash equivalent investments with maturities no longer than one year, provided any such investment shall be restricted to not more than 7% per issuer;
5. Repurchase agreements relating to and consistent with the instruments described in these Cash and Cash Equivalent Guidelines provided such agreements have a maturity deemed to be no longer than the scheduled maturity period remaining on the underlying securities covered by such agreement; and/or

6. All other cash and cash equivalent investments with maturities no longer than one year from their dates of acquisition.

Additionally, the Manager may invest no more than 10% of the market values of either of the two Defined Benefit Funds' portfolios, and no more than 5% of the market values of either of the two Hybrid Cash Balance Funds' portfolios, in cash or cash equivalents of a single government agency other than U.S Government agencies. Investment in obligations of the U.S. Government and its agencies are not restricted.

Unless corrective actions are otherwise provided for in these Cash and Cash Equivalent Guidelines, or unless a Committee has provided corrective or rebalancing directions to the Manager, should any Fund's portfolio no longer comply with the Cash and Cash Equivalent limits or requirements described immediately above, the Manager shall take, with notice to the applicable Committee, reasonable steps to bring such Fund's short term investments into compliance with these Cash and Cash Equivalent Guidelines.

G. OTHER ASSETS

The Manager will not purchase assets other than those described herein without the prior written consent of the Committees. Investments in commodities and currency exchange contracts are strictly prohibited.

The Manager may invest in or hold ETF or mutual funds which make use of derivatives securities, for the purpose of gaining exposure, cost efficiency and risk management purposes as long as such investments do not cause the Funds to be leveraged beyond a 100% position. All derivative securities utilized shall be sufficiently liquid and expected to be able to be sold at or near its most recently quoted market price.

Under no circumstances shall the Manager purchase securities on margin or take positions in derivative securities that leverage the Funds' investments beyond a 100% invested position. The Manager shall not hold ETF or Mutual fund securities that holds underlying securities on margin.

Investments not specifically addressed by this *Statement* are forbidden by the Committees without prior written consent.

H. SALES AND PURCHASES

The Manager shall have discretion in selecting brokers or institution(s) to execute transactions, unless directed otherwise by the Committees.

The Manager shall immediately notify the JFRS Executive Director, or approved brokers of all transactions, with specific data as to settlement and delivery instructions. The JFRS Executive Director or approved brokers will in turn notify the custodian of the Funds to execute such sales and purchases.

MONITORING



I. COMMUNICATIONS AND COMPLIANCE

The JFRS Executive Director will maintain contact with the Manager as necessary and will advise the Manager of available funds for reinvestment with respect to each of the Funds. The Manager is required to give the Committees monthly Fund portfolio appraisals, and to give the Committees promptly at the end of each quarter a quarterly account review. Such quarterly account reviews shall include but not limited to detail regarding each Fund's value and investment characteristics, each Fund's time-weighted investment performance and strategy, and each Fund's compliance with investment guidelines. The Committees or their designee must also receive information about changes in the Manager's investment philosophy, management, ownership and key personnel in a timely fashion.

Meetings between the Committees and the Manager will generally be held on a quarterly basis. In the event a quarterly meeting with the Manager is not held, the Committee's designee will provide a quarterly update. All such meetings with or updates shall include:

1. Each Fund's holdings and characteristics, investment performance and risk levels in light of the stated objectives, policies, guidelines, and benchmarks.
2. A review of each Fund's portfolio investment positions during the prior quarter in comparison to the guidelines of this *Statement*, along with any exceptions. The Manager shall include an assessment of the financial effects of any compliance exceptions and proposals for corrective actions.
3. The Manager's view on any important recent or anticipated developments within the economy and the securities markets, and their potential effect on investment strategy and Fund performance.
4. The effects of any recent or anticipated changes within the Manager's organization on investment philosophy, strategy and performance.
5. Amendments to the policies and objectives presented in this *Statement* as desired by the Committees or recommended by the Manager.

In addition to requiring that the Manager provide compliance reporting as described above, JFRS may also engage an independent third party to provide the Committees with a periodic compliance assessment for each Fund.

The Committees, or designee, may call more frequent meetings if significant concerns arise about the Manager's performance, strategy, personnel and organizational structure.

By **executing** this *Investment Policy Statement*, the Manager agrees to its terms and conditions. Should the Manager believe at any time that changes, additions or deletions to this *Statement* are advisable, it will be the Manager's full responsibility to recommend them to the Committees on a timely basis.

Executed on this, the 16th day of June, 2022.

**Investment Committee
Kentucky Judicial Retirement Plan**

Stephen F LeLaurin
By: Stephen F LeLaurin (Jun 16, 2022 10:38 CDT)
Stephen F. LeLaurin, Chairman

**Investment Committee
Kentucky Legislators Retirement Plan**

Brad Montell
By: Brad Montell (Jul 1, 2022 15:47 EDT)
W. Brad Montell, Chairman

Baird Trust Company

Don Asfahl
By: Don Asfahl (Jul 5, 2022 08:41 EDT)
Donald L. Asfahl, Chairman

Item IV – Administrative Reports

- A. Public Pension Oversight Board - *Material Included*
- B. PPOB Actuarial Audit RFP
- C. Audit Services RFP
- D. 2022 Retiree Health Insurance - *Material Included*
- E. Fiduciary Liability Insurance
- F. Pension Spiking Opinion - *Material Included*
- G. 2022 Actuarial Valuations
- H. Pension Administration System Update



JUDICIAL FORM RETIREMENT SYSTEM

QUARTERLY UPDATE

PUBLIC PENSION OVERSIGHT BOARD – APRIL 25, 2022



JOHN R. GRISE, CHAIR
BOARD OF TRUSTEES

STEPHEN F. LELAURIN, CHAIR
JUDICIAL RETIREMENT INVESTMENT COMMITTEE

BRAD MONTELL, CHAIR
LEGISLATORS RETIREMENT INVESTMENT COMMITTEE

BO CRACRAFT
EXECUTIVE DIRECTOR



INVESTMENT PERFORMANCE



Investment Performance									
As of March 31, 2022									
		MV	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD ¹
JRP	Defined Benefit	\$573.8M	2.4%	8.5%	16.3%	13.1%	12.4%	8.4%	9.2%
	Cash Balance	\$3.5M	2.5%	9.2%	13.9%	12.0%	-	-	10.4%
	Benchmark ²		3.1%	9.6%	13.8%	11.9%	10.9%	7.8%	-
LRP	Defined Benefit	\$161.3M	2.6%	8.6%	16.4%	13.1%	12.5%	8.4%	9.1%
	Cash Balance	\$0.8M	2.4%	9.0%	13.8%	11.9%	-	-	10.4%
	Benchmark ²		3.1%	9.6%	13.8%	11.9%	10.9%	7.8%	-

Returns are Net of Fees with exception of 20-year and Since Inception

¹ Inception to Date performance: January 1, 1993 (Legacy DB) and June 1, 2015 (Cash Balance)

² Benchmark is 70% S&P 500 Index + 30% Barclays Intermediate Government/Credit Index (compounded monthly)



ESG INVESTING



- **Demand for ESG Investing has increased recently**
- **While not perfect, the Board of Trustees does believe new emphasis is a overall positive development for both business and society**
 - Has increased accountability and forced companies to think more holistically
 - Companies focus on creating value for shareholders has to be balanced with investing in employees, dealing fairly and ethically with suppliers, and supporting the communities in which they operate.
- **JFRS does not currently have Policy, but investment strategy lends itself to**
 - Potential investments are not screened based on criteria with socially conscious focus.
 - BUT, the strategy aims is to find high-quality companies, with competitive advantage and strong management teams that can be held in the portfolio for a VERY long-term period.
 - Result is portfolio of companies that are generally good corporate citizens, respect their employees and customers, and take all stakeholders into consideration.



PROXY VOTING



- **The Board of Trustees Places Importance on Proxy Voting**
 - Share ownership carries rights and responsibilities, including
 - The right to vote shares at annual company meetings and
 - The responsibility to vote proxies diligently in a manner consistent with duty to optimize long-term value of underlying investments.
- **Responsibility of Voting Delegated to External Investment Manager**
 - JFRS has contracted with Baird Trust Company, who manages all JFRS assets across fixed income and equity assets
 - Baird Trust does have approved Proxy Voting Policy and also receives additional proxy research and recommendations from Glass Lewis, who is a industry leader in proxy voting research and execution.

Overview of Retiree Health Benefits & Funding

1

5/23/2022

NATIONAL PERSPECTIVE

2

- Retiree health benefits for public employees, often referred to in the broader class of Other Post-Employment Benefits (OPEB), vary among states and in Kentucky.

Item	Financing	Benefits	Protections	Adm./Funding
Most States	“Pay as you go”	Most states provide a retiree health benefit under 3 common broad plan designs: <ul style="list-style-type: none"> • % of Premium • Fixed \$ subsidy • Implied subsidy (in same health plan w/employees) 	Few legal protections	Separate from retirement systems
KY	Prefunded <i>(Some systems more recently)</i>	<ul style="list-style-type: none"> • All of the above, varies by system/tier 	Varied legal protections	Part of retirement systems

- Per NCSL, nationwide on about 7% of retiree health liabilities are funded and wide variation among the states (2020 NCSL Legisbrief).
- Like pensions, we have numbers for funding, reporting (GASB), and bond rating, etc.

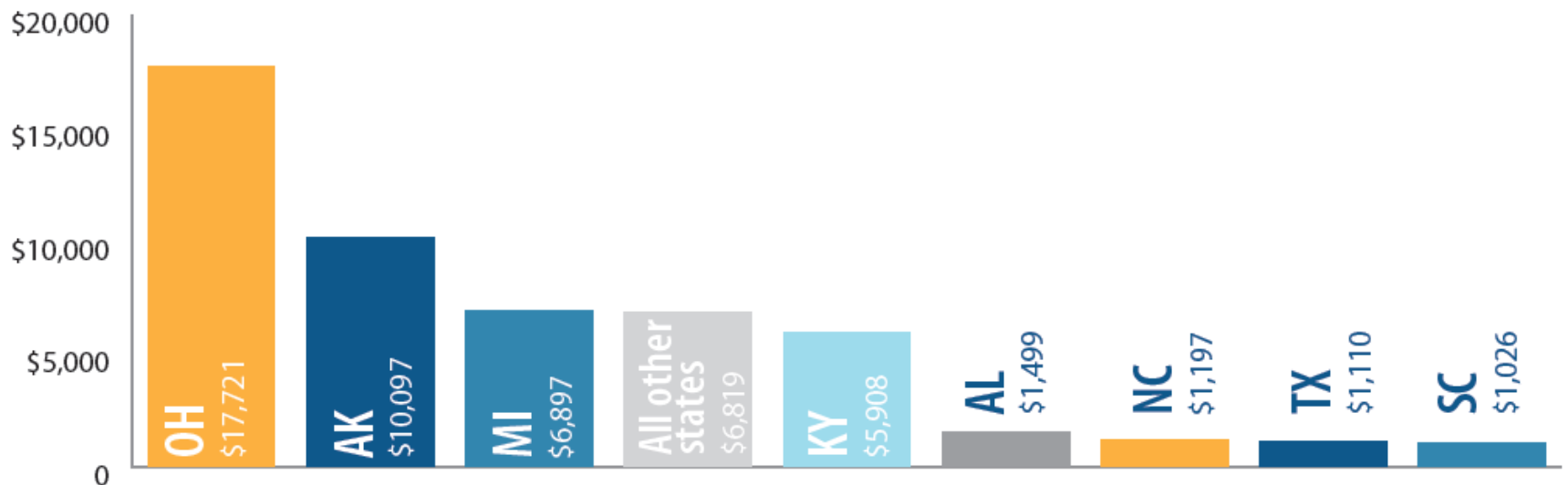
NATIONAL PERSPECTIVE

3

- Center for State & Local Govt. Excellence
 - OPEB assets by state
 - KY reported as \$5.9 billion in FY 17, FY 21 \$9.5 billion

Relative Distribution of FY 17 State OPEB Assets for States with Over \$1 Billion in Assets (in millions)

Figure 3



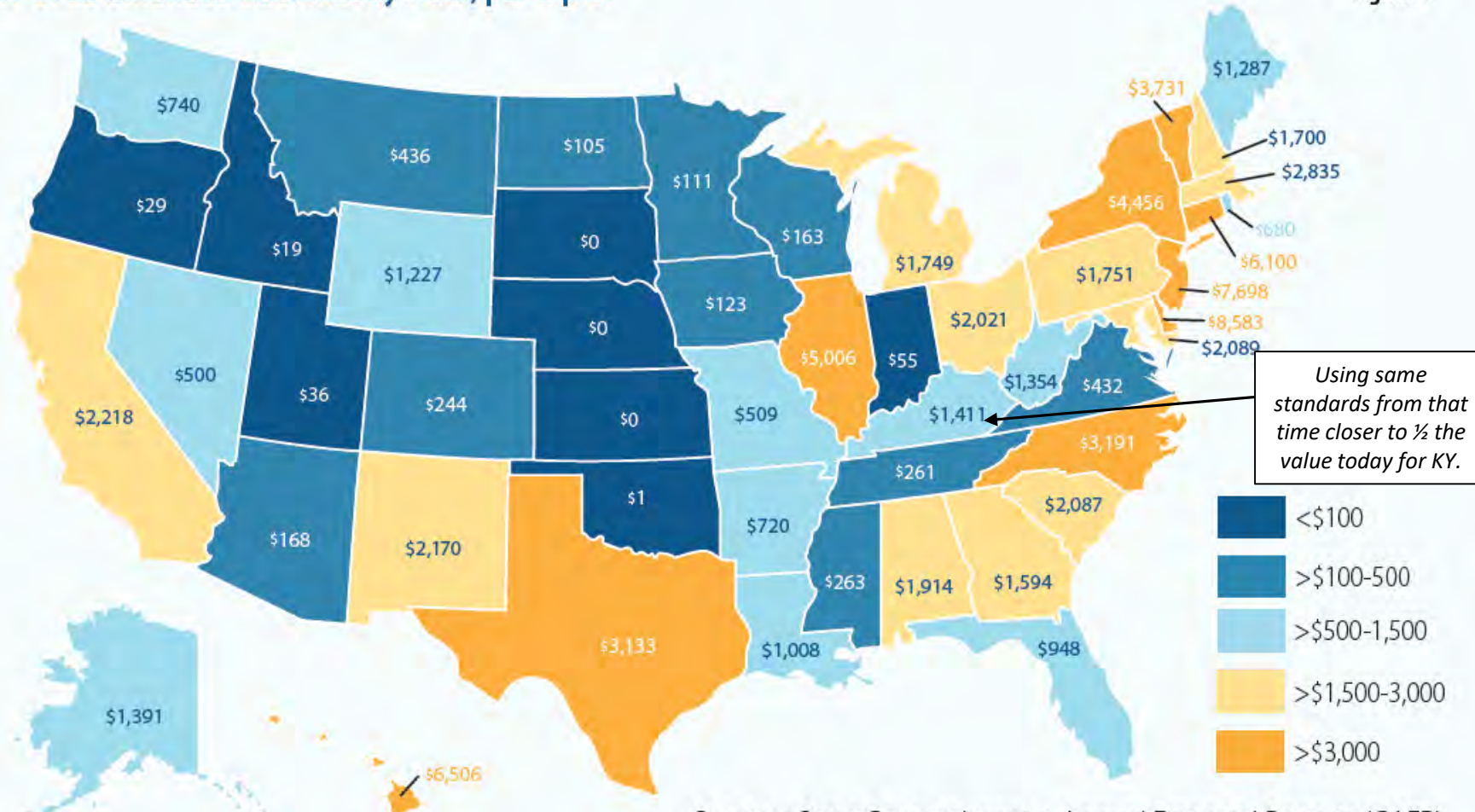
Source: State Comprehensive Annual Financial Reports (CAFR)

NATIONAL PERSPECTIVE

4

FY 17 OPEB Unfunded Liabilities by State, per capita

Figure 1



Source: State Comprehensive Annual Financial Reports (CAFR); 2017 state population data sourced from U.S. Census Bureau

ALL SYSTEMS HEALTH FUNDS → *Background*

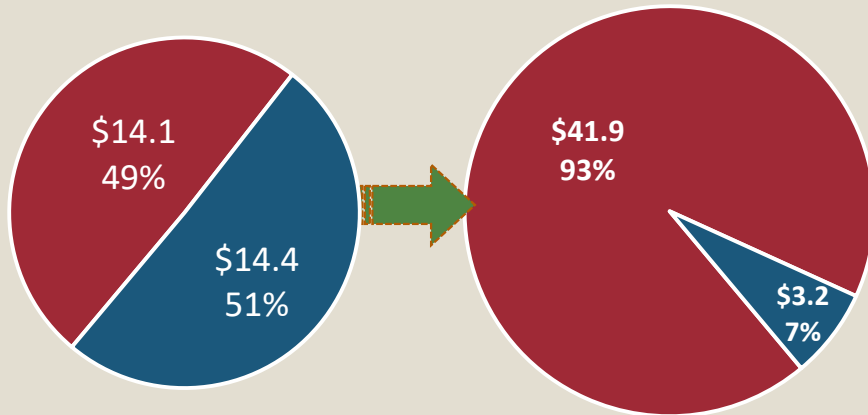
5

Unfunded Liabilities

2007 vs. 2021 (\$ in billions)

2007: \$28.5 Billion

2021: \$45.2 Billion



Retiree Health Pension

2019 to 2020: Retiree Health UL reduced by \$1.3 B

2020 to 2021: Retiree Health UL reduced by \$0.3 B

Retiree Health Funds

Factors for Improvement

- Reform Packages
 - KPPA: Changes in 2003, 2004, 2008
 - TRS: Changes in 2008, 2010 (“shared solution”)
 - JFRS: Changes in 2013
- Movement to Full Funding
 - Most states on “pay as you go” method for OPEB
 - All Kentucky OPEB plans now actuarially prefunded model
 - KPPA/JFRS have ADC; TRS has statutory rates from “shared solution”
 - Prior GASB Standards
- Positive Actuarial Experience
 - Positive medical inflation

ALL SYSTEMS HEALTH FUNDS → *Actuarial Data*

6

Ret. Health Fund	2007 Valuation	2021 Valuation		2025 Valuation (Projected)	Projected Full Funding*
System	Funding Level	Funding Level	UL (\$ in billion)	Funding Level	Valuation Year
KERS NH	12%	50%	\$1.283 B	62%	2049
KERS H	50%	136%	(\$0.151 B)	152%	NOW
SPRS	27%	82%	\$0.049 B	95%	2049
CERS NH	29%	85%	\$0.503 B	96%	2049
CERS H	31%	84%	\$0.276 B	96%	2049
TRS	2%	60%	\$1.384 B	94%	2026
JRP	97%	273%	(\$0.068 B)	376%	NOW
LRP	108%	363%	(\$0.041 B)	547%	NOW

Data provided in annual valuations from systems. *Each system has varied statutory funding policies that have changed over time.

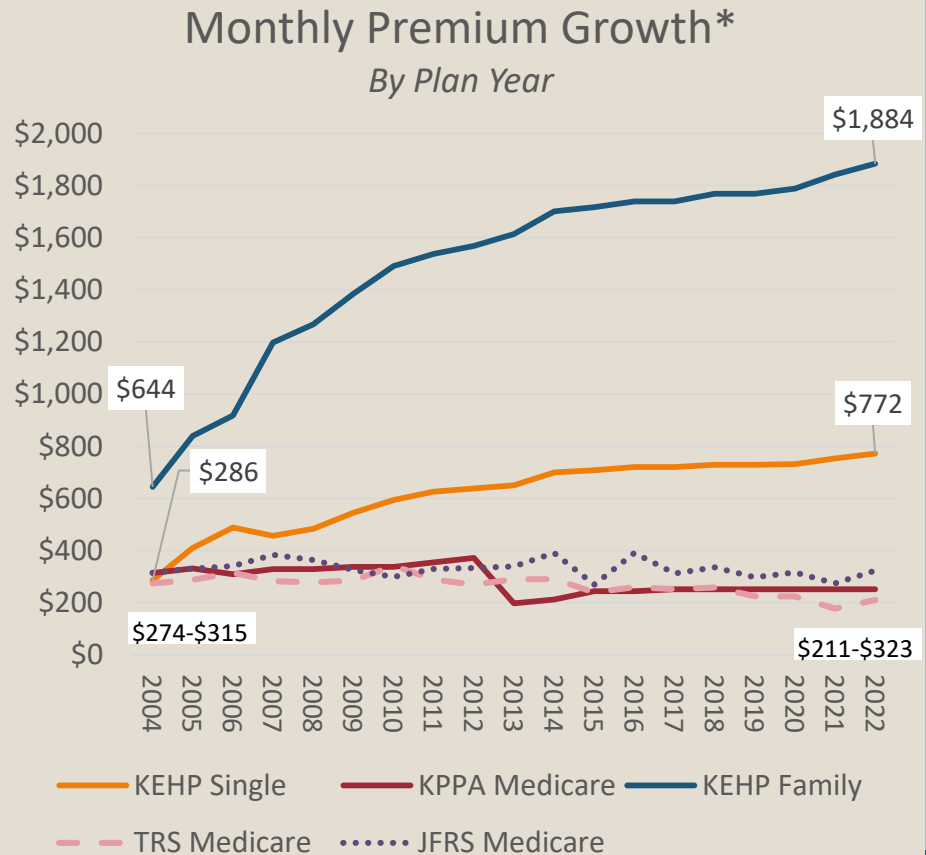
BENEFITS → Coverage & Premium Costs

7

Coverage/Subsidy

- Coverage:
 - Non-Medicare Eligible: Provided via the Ky. Employees Health Plan (KEHP)---the same plan provided to state/school employees (adm. by Personnel Cabinet).
 - Medicare eligible: Provided through a plan offered by systems (coordinates with Medicare for delivery of health benefits).
 - ✦ Must pick up Medicare Part A & B
- Level of Subsidy:
 - Determine how much of the premium is paid on behalf of retiree & in some cases dependents.
 - All systems have undergone changes in last 15 years.
 - KPPA: Statutorily determined, varies based upon participation date in the system, and type of service (nonhazardous or hazardous duty).
 - TRS: TRS board determines based upon “availability of funding” per statute.
 - JFRS: Statutorily determined, varies based upon participation date in the system.

Premium Growth Over Time



*For non-Medicare eligible retirees, the KEHP plans have changed over time & vary. The premiums represent a Living Well PPO in 2022 and similar plans in the past.

BENEFITS → KPPA/JFRS Subsidies

KPPA/JFRS Statutory Subsidy

Based upon participation date

KPPA (KERS, CERS, SPRS)

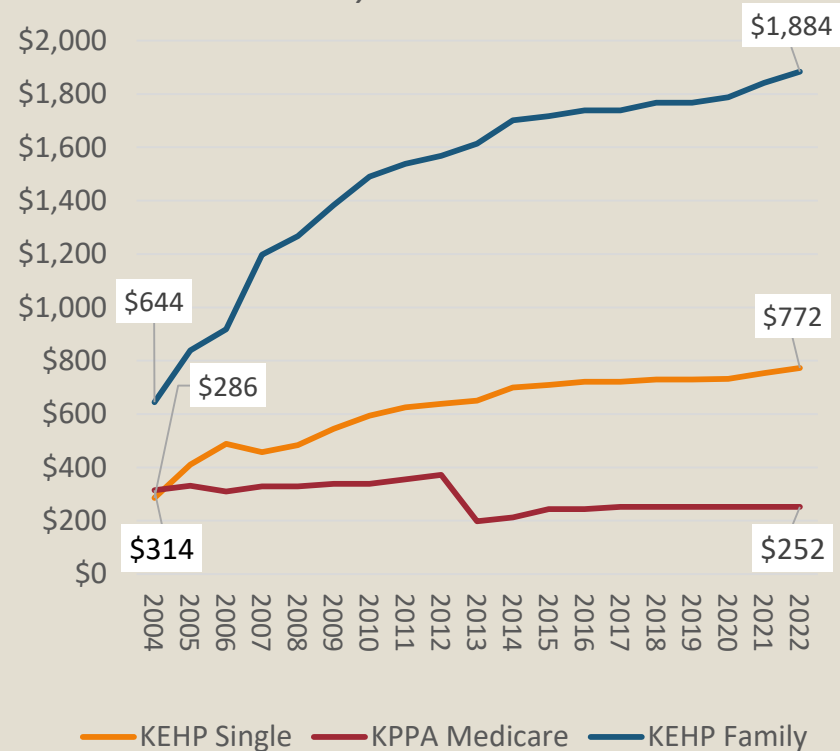
- Prior to July 1, 2003---% of premium.
 - NH sliding scale with a full single premium paid at 20 years service.
 - H sliding scale with a full single, parent plus, couple, or family premium paid at 20 years hazardous service.
- On or after July 1, 2003---set dollar value that is adjusted by 1.5% annually, must meet minimum service requirement.
 - NH: \$10 per month for each year of service
 - ✦ Currently \$13.99 per month.
 - H: \$15 per month for each year of hazardous service, \$10 per month for surviving spouse.
 - ✦ Currently \$20.99 per month
 - Examples:
 - H-20 year: \$419.80/month subsidy ($\20.99×20)
 - H-25 years: \$524.75/month subsidy ($\20.99×25)
 - NH- 30 years: \$419.17/month subsidy (13.99×30 years)
 - SB 209---for KPPA health funds 90% funded, adds an \$5 per month for each year of service towards the non-Medicare eligible plans for each year of service beyond career threshold.

JFRS: Similar to H prior to 1/1/2014 but based upon judicial/legislative service; After 1/1/2014 same provisions as KPPA nonhazardous.

Premium Growth Over Time

Monthly Premium Growth*

By Plan Year



*For non-Medicare eligible retirees, the KEHP plans have changed over time & vary. The premiums represent a Living Well PPO in 2022 and similar plans in the past.

BENEFITS → TRS Subsidies

9

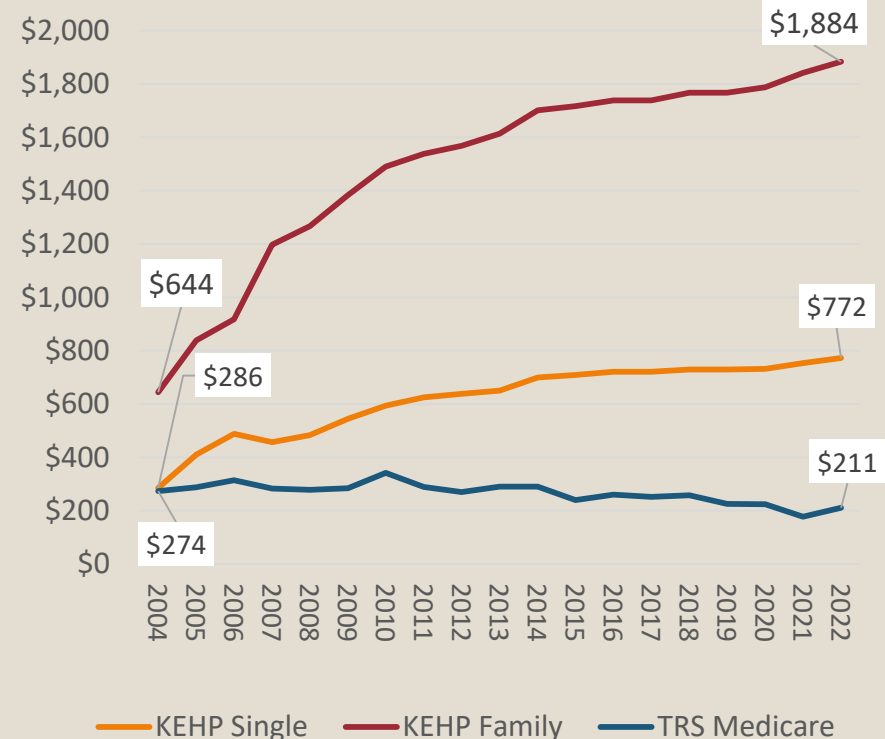
TRS Board Est. Subsidies

Based upon participation date

- Subsidies est. by TRS board based upon “available funding”. Must meet minimum service requirement.
- Sliding scale w/full subsidy paid at:
 - 20 years service if part. date prior to 07/1/02.
 - 27 years service if part. date on or after 07/1/02.
- Full subsidy:
 - Non-Medicare eligible retirees:
 - ✦ Subsidy cannot exceed single premium per statute.
 - ✦ Member pays:
 - Same amount as state employees on single plan+
 - Equivalent of Medicare Part B premium
 - \$170.10 in 2022, part of shared solution
 - ✦ Example: Living Well PPO single premium of \$772 per month. Member eligible for full subsidy pays \$259.24, leaving subsidy payment by TRS of \$512.76 per month.
 - Medicare eligible: Full premium paid for retiree.
 - ✦ 2022: \$211 per month.

Premium Growth Over Time

Monthly Premium Growth*
By Plan Year



*For non-Medicare eligible retirees, the KEHP plans have changed over time & vary. The premiums represent a Living Well PPO in 2022 and similar plans in the past.

FUNDING OF SUBSIDIES

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KPPA/JFRS FUNDING

- Actuarially determined contribution (ADC) based upon valuation.
- Employee contributions:
 - 1% of pay
 - ✦ KPPA: Part. date of 9/1/08 or after
 - ✦ JFRS: Part date of 1/1/2014 or after
- Employer Contributions for retiree health (FY 23 from 2021 valuation):
 - KERS NH
 - ✦ Normal Cost 9.97% of pay (7.82% pension, 2.35% retiree health)
 - ✦ UL Payment: \$994 M (\$906 M pension, \$88 M retiree health)
 - CERS NH: 26.79% of pay (23.40% pension 3.39% retiree health)
 - CERS H: 49.59% of pay (42.81% to pension and 6.78% to retiree health).
 - SPRS: 99.43% of pay (85.32% to pension, 14.11% of pay to retiree health)*
 - KERS H/JRP/LRP: No contributions to retiree health (due to high funding level)
- Employer costs projected to go down in short to mid-term for KERS NH, CERS, and SPRS

TRS FUNDING

- Fixed statutory contributions
- 2010 RS HB 540/531 (the “shared solution” measures)
 - Employee contribution: 3.75% of pay (phased-in additional 2-3% of pay).
 - Employer contribution: 3% by Local school districts into the retiree health funds (phased-in).
 - Pre-Medicare retirees: Required under 65 retirees to contribute the equivalent of the Medicare Part B premium towards retiree;
 - State Contributions/costs:
 - ✦ Required additional funding from the state in the form of additional contributions (pay for all new non-Medicare eligible retirees who retire on or after July 1, 2010). This amount subject to reduction based upon needs of Commonwealth.
 - ✦ Bonded monies “borrowed” from the pension fund to fund retiree health benefits in the past (roughly \$465 million) and to provide transitional retiree health funding (another \$423 million in bonds).
 - ✦ State also continued to provide 0.75% of pay contribution.
- 2021 Valuation:
 - 4.64% of pay needed to fund benefit (1.92% NC, 2.72% UL payment).
 - Statutory rates in excess of ADC, means fund is projected to achieve full funded status quickly.

KEY ASSUMPTIONS

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	Investment Return	Payroll Growth	Medical Inflation
KPPA	<ul style="list-style-type: none"> 6.25% 	<ul style="list-style-type: none"> KERS/SPRS: 0% CERS: 2% 	<ul style="list-style-type: none"> 6.30% trending to 4.05%
TRS	<ul style="list-style-type: none"> 7.1% 	<ul style="list-style-type: none"> 2.75% 	<ul style="list-style-type: none"> Non-Medicare: 7% trending to 4.5% Medicare: 5.125% trending to 4.5%
JFRS	<ul style="list-style-type: none"> 6.5% 	<ul style="list-style-type: none"> Level dollar amortization (0%)* 	<ul style="list-style-type: none"> 6.25% trending to 4.04%

*Based upon change enacted in 2022 SB 32 and effective with 2023 valuation.

KEY QUESTIONS/CONSIDERATIONS

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- What happens when and if additional retiree health funds reach 100+% funded?
 - KPPA adjusts employer ADC until 0% of pay like KERS H but what happens if there is a surplus or growing surplus?
 - TRS: Fixed statutory rates continue, who gets a break first and how much? How is volatility accounted if reductions occur?
 - ✦ TRS is required to recommend adjustments to employee/school district rates. TRS can by board action modify costs paid by retirees (i.e. costs paid by non-Medicare eligible retirees as part of shared solution).
 - JFRS: Already well above 100% funded and continuing to grow.
- Will we see increased assumption volatility in near future?
 - FY 22 investment returns are likely to be below assumption
 - Does medical inflation increase in near term
- How do the Medicare eligible plans differ among the systems and what can they learn from each other?



JUDICIAL FORM RETIREMENT SYSTEM

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN

John R. Grise, Chairman
Board of Trustees

Bo Cracraft
Executive Director

Memo

TO: Members of the Judicial Form Retirement System Board of Trustees

FROM: Bo Cracraft, Executive Director

DATE: August 5, 2022

SUBJECT: 2023 Retiree Health Insurance – KEHP and Medicare Advantage Plan Premiums

Recipients of LRP and JRP monthly retirement benefits, and their qualified dependents, are eligible to participate and receive medical insurance coverage provided by the Plans. The level of coverage is dependent upon the number of years of service the member has accrued and their tier of benefits. Those individuals receiving medical insurance benefits who are not Medicare eligible (under age 65) participate in the Kentucky Employees Health Plan (KEHP), while those who eligible for Medicare (age 65 and older) currently participate in a Medicare Advantage plan provided by Humana.

In preparation for the 2023 calendar year Open Enrollment process, please find below a summary of 2023 rates as provided by KEHP and Humana as compared to the prior year. The Board of Trustees must determine 2023 premium funding levels for both Non-Medicare and Medicare eligible participants.

Non-Medicare Eligible

Recipients and qualified dependents under the age of 65 participate in the Kentucky Employees Health Plan (KEHP). KEHP is a self-funded plan that offers health insurance to nearly 294,000 active employees, retirees, or beneficiaries and is administer by the Department of Employee Insurance (DEI).

For the 2022 Plan Year, the Board of Trustees adopted the Living Well PPO plan as the maximum premium levels provided to covered members. As shown in the summary chart below, after small increases of 2-3% in 2021 and 2022, rates for 2023 are increasing across all levels (single, family, etc.) from 5% to 8% monthly:

<i>Living Well PPO</i>	2021		2022		2023	
	Premiums	% Chg PY	Premiums	% Chg PY	Premiums	% Chg PY
Single	\$753.76	3.0%	\$772.16	2.4%	\$833.64	8.0%
Parent Plus	\$1,075.44	3.0%	\$1,101.08	2.4%	\$1,177.30	6.9%
Couple	\$1,653.10	3.0%	\$1,691.64	2.3%	\$1,792.42	6.0%
Family	\$1,841.08	3.0%	\$1,883.60	2.3%	\$1,988.62	5.6%

Alternatively, the Board of Trustees could choose to adopt a lower premium KEHP plan, which would reduce the premium increase from the 2022 plan year. The table on the following page provides a summary of 2023 rates across all three KEHP plans as compared to the current JFRS adopted premium level (2022 LivingWell PPO premiums):

Level of Benefit	LivingWell Basic CDHP		LivingWell CDHP		LivingWell PPO	
	2023 Premiums	% Chg PY JFRS Rate	2023 Premiums	% Chg PY JFRS Rate	2023 Premiums	% Chg PY JFRS Rate
Single	\$783.92	1.5%	\$813.02	5.3%	\$833.64	8.0%
Parent Plus	\$1,078.16	-2.1%	\$1,117.34	1.5%	\$1,177.30	6.9%
Couple	\$1,650.78	-2.4%	\$1,608.24	-4.9%	\$1,792.42	6.0%
Family	\$1,837.42	-2.5%	\$1,794.34	-4.7%	\$1,988.62	5.6%

Staff is requesting the Board of Trustees determine and adopt the maximum premium funding level for Non-Medicare eligible recipients and dependents to apply for the 2023 plan year.

Medicare Eligible

Recipients and qualified dependents age 65 and over participate in a Medicare Employer Preferred Provider Organization (PPO) plan, also referred to as a Medicare Advantage Plan, provided by Humana since the 2015 plan year.

For the 2022 Plan Year, the Medicare Employer PPO premium is \$323.43, which represented a increase of just over 4% from the prior year’s premium (before a one-year COVID credit was applied). The proposed premium for 2023 is \$333.18, which is approximately 3% higher than the prior year. Below is a summary of rates for the past five years:

	2019	2020	2021	2022	2023
Humana Medicare Advantage Plan	\$ 297.90	\$ 316.16	\$ 310.80	\$ 323.43	\$ 333.18
% Increase from prior year	(11.4%)	6.1%	(1.7%)	4.1%	3.0%

Pricing Dental and Vision

In addition to the level of coverage above, Humana has also provided a monthly premium cost for adding some basic dental and vision coverage for Medicare participants. While the KEHP plans do not provide either, other state-administered pension plans have recently included some basic coverage, so JFRS staff wanted to provide for the Board’s consideration. Below is a summary of benefits along with monthly premium of coverage:

Plan	Summary of Benefits	Monthly Cost
Dental Plan	In Network, \$1000 Annual Max Benefit, 100% Preventative/80% Basic/50% Major Copays	\$9.79
Vision Plan	In Network, One routine exam per years, \$150 max benefit per year for contact/glasses	\$2.29
Combined Cost of Dental & Vision		\$12.08

Staff is requesting the Board of Trustees determine and adopt the Medicare Employer PPO plan and level of coverage for Medicare eligible recipients and dependents for the 2023 plan year.



JUDICIAL FORM RETIREMENT SYSTEM

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN

John R. Grise, Chairman
Board of Trustees

Bo Cracraft
Executive Director

Memo

TO: Members of the Judicial Form Retirement System Board of Trustees

FROM: Bo Cracraft, Executive Director

DATE: August 5, 2022

SUBJECT: SB 104 – Pension Spiking

Background. During the 2017 Regular Session, the General Assembly passed Senate Bill 104, which created new sections within KRS Chapter 21 and Chapter 6 and imposed anti-pension spiking provisions.

Broadly speaking, if a retiring member's compensation used for pension calculation purposes increased by 10% or more from the previous year and occurred during the final sixty months, preceding retirement, then member's salary for that year is "capped" at a 10% increase when calculating their final pension benefit. An exception applies if the increase in salary was the result of a "bona fide promotion or career advancement." In both cases, a bona fide promotion or career advance does not include any circumstance where a judge or legislator takes a position of employment with any employer participating in another state-administered retirement system. These provisions only apply to retirements on or after January 1, 2018 and only compensation earned after July 1, 2017 was subject to reduction. Lastly, the provisions do not apply to members of the cash balance plans.

As of the date of this memo, no LPR or JRP member retirements have been subject to the added pension spiking provisions. However, given the number of retirements expected and increased probability that a member's salary may be subject to review; staff has been reviewing the statutory language and ultimately asked Alan Pauw to assist in the review and development of an administrative process.

Review. While both JRP and LRP have very similar statutory language, the impact of the added pension spiking provisions are not identical between the two plans for a couple of primary reasons. First, the plans have very different definition of final compensation. JRP is based on the member's last sixty (60) months of salary as a judge, whereas LRP is based upon the member's highest-3 calendar years of salary, regardless of when earned. Secondly, LRP members have reciprocity provisions, which allows their highest three years of compensation to include annual salary earned while participating in another state retirement system. Lastly, the compensation models for LRP and JRP are quite different. Legislators are compensated on a daily per diem basis, while Judges receive a standard monthly salary based upon the position they hold.

Judicial Retirement Plan

Mr. Pauw and staff both agree that in most cases, if not all, JRP members will not be subject to pension spiking. A spike of 10% or more in salary would only occur if a member were elected or appointed to another court and this is exempted as a bona fide promotion in statute. Additionally, if a judge were to take a position of employment with an employer participating in any of the other state-administered retirement systems, it would have no impact on their JRP benefit given the plan does not have reciprocity with other state plans. A judge's final compensation is based upon their last 60 months of judicial salary and does not include any salary earned while participating in another state-administered plan.

Legislators Retirement Plan

Moving to LRP, while staff does not believe it will occur often, the likelihood of a member's benefit being subject to a pension spike does increase. Staff reviewed several factors that could lead to a member's annual salary increasing by 10% or more and asked Mr. Pauw to assist in determining if any, or all, of these factors were exempt from the spiking provisions.

First, and primarily, LRP shares salary reciprocity provisions with other state administered retirement plans and a member's benefit from LRP is calculated on the highest-3 years of salary. So, as an example, if a legislator were to leave the General Assembly and move to a higher paid position covered by KPPA or TRS, the final compensation used to calculate LRP benefits would include those higher salaries. This is the most likely scenario for LRP and any increase of more than 10% resulting from moving to the other plan would be subject to spiking. This situation is explicitly defined as not being considered a bona fide promotion by statute.

Secondly, the compensation model of legislators, which is largely based upon a daily per diem rates, does have some unique characteristics that impact the annual salary earned by a legislator and could potentially result in an increase of 10% or more. A few include:

- *Leadership Roles* – Member given party leadership roles often see salary increase because of more responsibility and job duties.
- *30-Day versus 60-Day sessions* – By Kentucky State Constitution, odd-numbered sessions can be no more than 30 days, while even-numbered sessions can be no longer than 60 days. Given the longer session, more days are worked and more committee meetings are held.
- *Committee Appointments* – Those in leadership also determine committee assignments and appoint legislators to serve as members of standing, statutory, and interim joint committees. Historically, by chamber rule, every legislator serves on at least one committee, however depending on the party and size of party, some members may serve on multiple committee. As a member of any legislative committee, members are expected to attend meetings, become knowledgeable in subject matter and, in the case of standing committee, vote on bills as presented during each session.
- *Special Session, Other Legislative Requirements* – Occasionally, special legislative sessions have been called during the interim period. In addition, special legislative task forces have been created periodically for the purposes of researching specific topics. A familiar example would be a 2012 Task Force on Kentucky Public Pension that was created by House Concurrent Resolution 162.

Given these potential situations, which could see a salary increase above the 10% threshold, staff felt it was prudent to have Mr. Pauw review the statutory language and other recent court decisions to help provide clarity in determining if some or all of these factors could be considered exempt. Attached you can find Mr. Pauw memorandum in response to staff's request. After review, it is his opinion that any increase in salary, which is the result of leadership roles, length of session, or committee assignments should not be subject to the spiking provisions.

Lastly, JFRS staff met with and discussed the provisions with Kentucky Public Pensions Authority (KPPA) staff. The statutory language found in KPPA statutes is very similar to JFRS and both Chapter 21 and Chapter 6 direct the state-administered retirement systems to cooperate on implementation of these provisions. Staff spent the majority of time discussing KPPA's process at retirement, how they determined bona fide promotions, and the steps for calculating a member's retirement. JFRS staff also reviewed example calculations that included salary reductions and reduced final benefit amounts.

Administration. After review and discussion with Mr. Pauw and KPPA staff, staff has developed the following process of step, which will be utilized to administer retirements consistent with spiking provisions.

Step 1: At retirement, the members credible compensation (actual, W-2 wages) used to calculate the members Final Compensation will be reviewed to determine if any year included in the calculation of final compensation occurred during the members last five years of service.

If YES, staff will move to Step 2.

If NO, spiking provisions do not apply.

Step 2: An annual year, which occurred during the members final five years prior to retirement, will be reviewed to determine if it increased at a rate of 10% or more annually over the immediately preceding annual year's creditable compensation.

If YES, staff will move to Step 3.

If NO, spiking provisions do not apply.

Step 3: The annual year, which increased at a rate of 10% or more, will be reviewed by JFRS staff to determine if spiking provision applies or if the increase is exempt.

IF YES, spiking provisions would apply and staff will move to Step 4.

If NO, spiking provisions do not apply.

Step 4: If an annual year creditable compensation increased by more than 10% and staff determined the increase was not exempt from spiking provisions, staff would disregard the amount of salary in excess of 10% and the member's final compensation would be reduced accordingly.

Step 5: The member's final benefit would be based on revised final compensation as calculated in Step 4.

If annual year of salary used for purpose of calculating final compensation is reduced in Step 4, the plan would reimburse the member for contributions (5% or 6% of pay depending on their participation date) on the amount of creditable compensation that exceeded the 10% limit.

Conclusion. During the 2017 Regular Session, the General Assembly passed Senate Bill 104, which created new sections within KRS Chapter 21 and Chapter 6 and imposed anti-pension spiking provisions applying to any retirements from LRP or JRP on or after January 1, 2018. Staff does not believe the provisions will affect JRP; however, there are situations where a LRP member's benefit could be subject to reduction. Staff does not believe many members will be subject to spiking, nor is the financial impact expected to be material. However, given some unique provisions of LRP and the compensation model of Legislators, staff did request a legal review. After the review, along with discussion with KPPA staff, staff has developed a process they believe is consistent with the added provisions.

MEMORANDUM

To: Kentucky Judicial Form Retirement System
From: A. Pauw
Re: Pension Spike – Legislators’ Retirement Plan (LRP) and Judicial Retirement Plan (JRP)
Date: July 22, 2022

Introduction. The pension spike statutes under the Plans are similar if not identical, KRS 6.518 and KRS 21.372. According to these anti-spike statutes, compensation increases in excess of 10% will be ignored for pension purposes unless the increase is the direct result of a bona fide promotion or career advancement (together, a “Bona Fide Promotion”). The spike statute has little relevance for JRP. For example, compensation increases over 10% would most likely occur for a JRP member only when he/she is elected or appointed to another court within the Court of Justice. But KRS 21.372(1)(a) specifically defines such a circumstance as a Bona Fide Promotion, and hence, the compensation increase would be exempt from the spike statute.

Question One

Does a member’s election to leadership in the House of Representatives or Senate constitute a Bona Fide Promotion? Yes

Supreme Court Cases. Kentucky courts have not examined LRP’s spike statute, and JFRS has not published any administrative regulation on point. Last year, the Kentucky Supreme Court interpreted the pension spike statutes under Kentucky Public Pensions Authority (KPPA) in these cases:

- City of Villa Hills v. Kentucky Retirement Systems Ky., 628 S.W.3d 94 8/26/21
- Jefferson County Sheriff’s Office v. Kentucky Retirement Systems Ky., 626 S.W.3d 554 6/17/21
- Kentucky Retirement Systems v. Jefferson County Sheriff’s Office Ky., 630 S.W.3d 610 6/17/21

The Kentucky Supreme Court dealt with pension spiking under Kentucky Retirement Systems in the case of a police officer in City of Villa Hills. The Court examined KRS 61.598 which is similar to KRS 6.518. This case examined whether a police officer had a Bona Fide Promotion. Prior to a compensation change, this officer performed certain building inspection duties as an independent contractor for the City. The City later added certain inspection services and paid him as a W-2 employee for all inspection services.

According to City of Villa Hills, the determination of a Bona Fide Promotion should be based on the circumstances of each individual case, and changes in job title and/or rank are not dispositive. City of Villa Hills 628 S.W. 3d 94, 106. The police officer was performing the same services for the City (in a different employment capacity, employee vs. contractor) prior to the

compensation increase. The only substantive change was that his employment status changed with respect to his performance of inspection services. Actual services did not fundamentally change, and the Court concluded that the compensation increase was not the direct result of a Bona Fide Promotion. Id., 107.

An increase attributable to a member's return to full-time work following unpaid sick leave was not a Bona Fide Promotion. Jefferson County Sheriff's Office, 626 S.W.3d 554, 559. Compensation increases due to changes in accounting methods (from accrual to cash basis) or accounting oversights like a missing paycheck do not constitute a Bona Fide Promotion. Kentucky Retirement Systems 630 S.W. 3d 610, 618.

Discussion. The concept and application of the spike statute and its Bona Fide Promotion do not easily fit with how LRP members are paid. According to KY Constitution Section 42, General Assembly days are limited, 30 days for odd-numbered years and 60 days for even-numbered years. Members are paid by the day regardless of their work product or productivity. KRS 6.190 establishes those per diem rates, and rates vary from \$ 100 per diem up to \$ 125 for the Senate President and House Speaker.

One indication of a Bona Fide Promotion is the higher per diem set by KRS 6.190. Similar to professionals who are paid by the hour, a higher rate reflects greater skill, expertise and/or experience. Under KRS 6.190, those with higher rates include: President and Speaker; majority and minority floor leaders of each house; President Pro Tempore of the Senate; Speaker Pro Tempore; majority and minority caucus chairmen and whips of each house; and chairmen of a standing committee of the House and Senate.

The duties of the President and President Pro Tempore of the Kentucky Senate are described in the Rules of Procedure of the 2022 Regular Session for the Kentucky Senate. These responsibilities are separate from a Senator's regular senatorial duties and responsibilities. Likewise, in the Kentucky House of Representatives, the Rules of Procedure of the 2022 Regular Session provide separate and additional duties and obligations of the Speaker and Speaker Pro Tempore.

Based on the additional duties for legislative leadership as reflected in House and Senate Rules and KRS 6.190 which sets higher per diem rates for leadership, JFRS should treat a compensation spike (10%+) resulting from a leadership appointment as a Bona Fide Promotion.

Question Two

Should JFRS apply the spike statute on compensation increases earned by LRP members during a long session (even years)? No

Supreme Court. Three KY Supreme Court cases were handed down in 2021 dealing with KPPA's pension spike statute. In one case, the Court held that the spike statute should not apply when an employee returned from unpaid sick leave. Jefferson County Sheriff's Office, at 559.

Compensation “increases”, for purposes of the statute, will include additional W-2 salary amounts, but the Court instructed KY Retirement Systems to not simply look at numerical differences. Salary changes should be viewed holistically and substantively. Increases which trigger the statute should reflect substantive changes to an employee’s compensation, not merely a restoration of total pay. *Id.*, at 560. According to Kentucky Retirement Systems, there cannot be a compensation “increase” – the intended target of the spike statute -- if there was no substantive change in the mode or amount of employee compensation. Kentucky Retirement Systems, at 618.

The Court recommended a holistic approach in reviewing and determining compensation increases and Bona Fide Promotions and noted that the purpose of the spike statute was to examine questionable compensation increases in anticipation of retirement. Kentucky Retirement Systems further states that the statute imposes actuarial costs on the employer when the employer’s actions incur a burden on the pension system. *Id.* 619. The spike statute should be applied when an employer actually and non-arbitrarily increases the financial burden on the pension plan. *Id.* 619.

Discussion. A member of the General Assembly serves the public and has both Constitutional and statutory duties. Part of a member’s job description includes serving on a standing committee. The odd-even schedule established by the KY Constitution is considered part of the terms of service for each member. For that public service, a member receives a per diem pursuant to KRS 6.190.

The KY Supreme Court does not mechanically apply the spike statute, and instead it looks for real, substantive increases in both the nature and kind of work in addition to dollar increases. Like Kentucky Retirement Systems in which compensation changes due to the terms of a union contract were not “increases” to be suppressed by the spike statute, odd-even year compensation increases reflect a member’s fulfilling the duties of his office. Kentucky Retirement Systems at 618. Nothing of substance changed, according to this case, with regard to the employee’s manner and amount paid per unit of time worked – similar to LRP members who work the odd-even calendar.

Finally, odd-even year compensation increases clearly have nothing to do with the focus of the statute, namely, employer-employee salary gimmicks near retirement to spike a pension. Neither the General Assembly or Legislative Research Commission or any employer took action related to higher compensation paid because of the odd-even schedule. The parties are simply following the legislative calendar and paying the statutory per diem.

The increase in a member’s annual compensation resulting from legislative calendar changes because of the General Assembly’s odd-even schedule are not the increases intended to be caught by the spike statute. Those salary increases should not be reduced for pension purposes by the spike statute.

Question Three

Should JFRS apply the spike statute if compensation increases result from additional committee assignments (more days of personal attendance)? No

According to House Rules, every legislator must serve on a committee. The Committee on Committees is comprised of leadership members. The Committee on Committees has supervision and control over all employees of the House. Committee on Committees members receive a higher per diem, according to KRS 6.190. As a result, if a spike occurs following appointment to the Committee on Committees, JFRS should treat the increase as a result of a Bona Fide Promotion.

For the reasons explained above in Question Two, increased compensation resulting from general committee work should not be considered an “increase” under KRS 6.518. By their committee work, members are performing their Constitutional and statutory duties, and there is no employer action in anticipation of retirement to spike a member’s pension.

Question Four

Should the spike calculation in the years after a spike-year be based on a member’s actual compensation or compensation as reduced because of the application of the anti-spike statute? JFRS should use actual compensation.

Example. Here is an example* of the issue and its implications:

<u>Last 5 years</u>	<u>Member’s W-2 Earnings</u>
2018	\$ 53,000
2019	50,000
2020	132,000
2021	136,000
2022	136,000
2023	retirement

*This hypothetical example is for discussion purposes only, and it is not meant to represent the actual results for any single LRP member.

Step One: apply spike statute: 2020 is 10%+ salary increase from 2019. Anti-spike rule applies assuming the compensation increase is not the direct result of a Bona Fide Promotion; reduce compensation for 2020 to \$ 55K for pension calculation.

Step Two: apply spike statute in following years, 2021 and 2022.

Option A: (actual compensation) no further spikes because W-2 earnings increased 3% in 2021 over 2020 (from \$ 132K to \$ 136K) and no increase in 2022. NET RESULT = One spike year.

Option B: (reduced compensation) spike in both years because W-2 earnings increased 147% over reduced compensation (\$ 136K vs. \$ 55K) and similar increase for 2022. NET RESULT = three spike years.

In most cases where last three years have steady salary increases, if JFRS uses actual (not reduced compensation), then only one spike year would be captured, Option A above.

Discussion. As Plan administrator, JFRS must operate LRP in a reasonable and consistent manner and must adopt a method of calculation which satisfies an arbitrary/capricious standard. The anti-spike statute focuses on the impact of increased compensation for purposes of a member's ultimate monthly pension. According to KRS 6.518(2)(a), JFRS is directed to identify the years to be used for a member's pension calculation. For LRP, those compensation years are a member's high-3 years. JFRS is required to identify those years and then calculate the spike. KRS 6.518(2)(a) provides that the spike occurs when a member's creditable compensation increased at a rate of 10% or more over the immediately preceding year's creditable compensation. The statute does not qualify that statement further by saying that prior year's compensation should be reduced because of application of the spike rule. By way of KRS 6.525(2) and 61.510(3), creditable compensation is defined as a member's Form W-2 earnings, and a member's Form W-2 earnings is the amount reported to the IRS for income and employment taxes.

Since LRP defines creditable compensation as W-2 earnings and not as reduced compensation by application of the anti-spike statute, there is a statutory basis to apply Option A above (actual compensation). As we understand, another plan administrator with similar anti-spike statutes, KPPA, applies actual compensation for its spike calculation. JFRS should use a member's W-2 compensation (unreduced) in each year of the spike calculation for determining whether a spike occurred in subsequent years; Option A above.

Prepared by:

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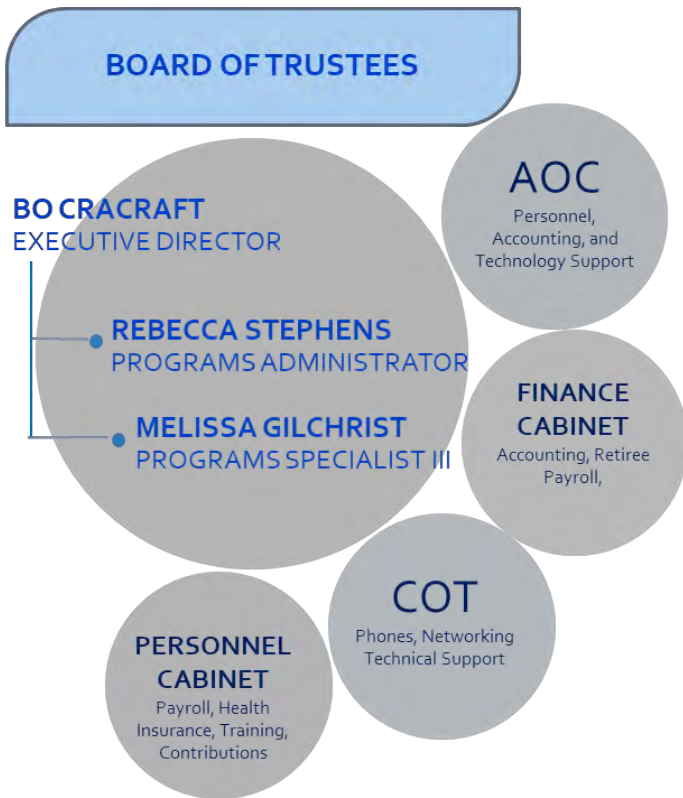
Appendix –

- Organization Chart & Service Providers
- State Administrated Retirement System – Actuarial and Financial Update

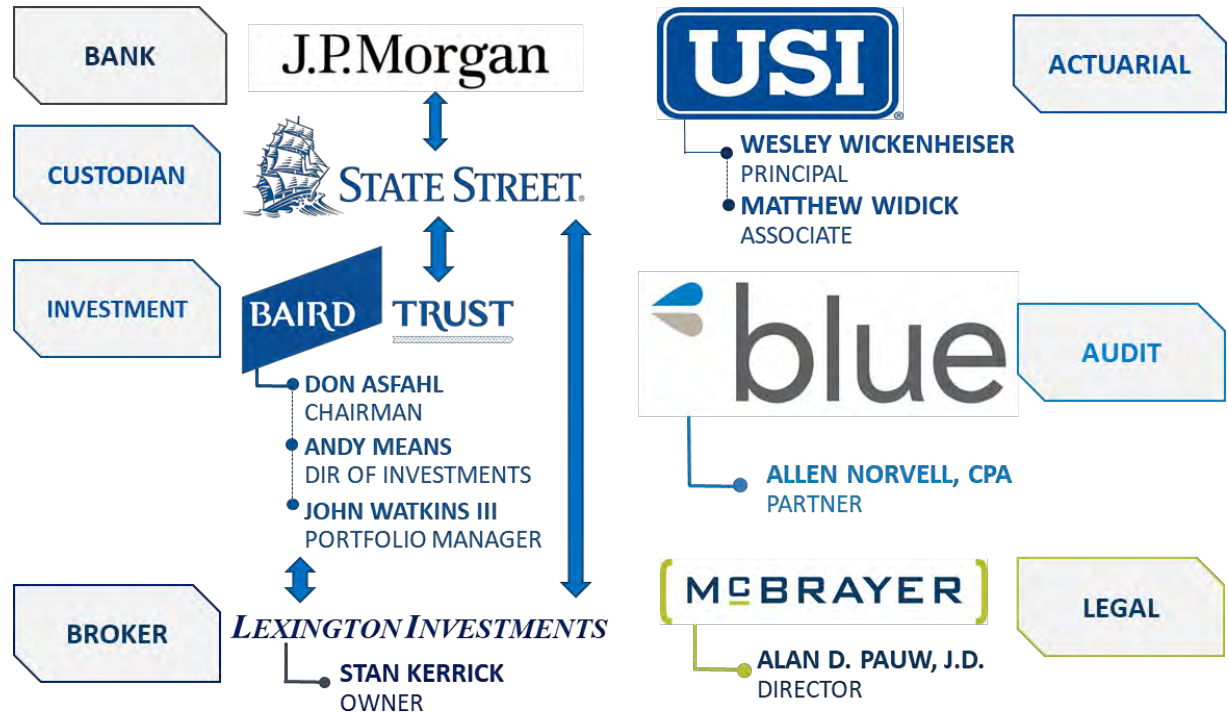


JUDICIAL FORM RETIREMENT SYSTEM

Organizational Structure



Service Providers



FY 2021 STATE ADMINISTERED RETIREMENT SYSTEMS – ACTUARIAL AND FINANCIAL UPDATE

2021 ACTUARIAL STAT AND FINANCIAL SUMMARY

The two most commonly discussed statistics in actuarial reports for public pension funds are the Unfunded Liability (UL) and the Funding Level. Below is a summary of the unfunded liability, funding levels, as well as the net plan assets financial statements for each of the state-administered retirement systems.

	ACTUARIAL: 2021 VALUATION STATISTICS				FINANCIALS: PLAN NET ASSETS	
	FUNDING LEVEL (%) *		UNFUNDED LIABILITY (\$)		MARKET VALUE (6/30/21)	
	Pension	Retiree Health	Pension	Retiree Health	Pension	Retiree Health
KERS NONHAZ	16.8% ↑	50.2% ↑	\$13.585 B	\$1.283 B	\$3.085 B	\$1.353 B
KERS HAZ	60.4% ↑	135.5% ↑	\$0.513 B	(\$0.151 B)	\$0.875 B	\$0.625 B
SPRS	30.7% ↑	82.0% ↑	\$0.730 B	\$0.049 B	\$0.358 B	\$0.246 B
CERS NONHAZ	51.8% ↑	85.4% ↑	\$7.179 B	\$0.503 B	\$8.671 B	\$3.142 B
CERS HAZ	46.7% ↑	84.3% ↑	\$3.001 B	\$0.276 B	\$2.934 B	\$1.608 B
TRS	57.2% ↓	60.0% ↓	\$16.957 B	\$1.384 B	\$25.936 B	\$2.301 B
LRP	108.9% ↑	362.6% ↑	(\$0.007 B)	(\$0.041 B)	\$0.098 B	\$0.071 B
JRP	94.7% ↑	272.5% ↑	\$0.020 B	(\$0.068 B)	\$0.448 B	\$0.134 B
	Subtotal:		\$41.979 B	\$3.234 B	\$42.405 B	\$9.479 B
	Combined Total:		\$45.214 B		\$51.866 B	

*↑ or ↓ denotes change in statistic from prior actuarial valuation. Funding Levels & Unfunded Liabilities are calculated using an actuarial value of assets (different from market value of assets reported above) that smooths individual year asset gains and losses over a 5 year period.

ALL SYSTEMS: UNFUNDED LIABILITIES		ALL SYSTEMS: NET PLAN ASSETS	
<u>PENSION UL</u>	<u>RETIREE HEALTH UL</u>	<u>PENSION</u>	<u>RETIREE HEALTH</u>
\$41.979 B ↑1.4 B	\$3.234 B ↓0.3 B	\$42.405 B ↑8.4 B	\$9.479 B ↑2.2 B

2021 vs. 2020 ACTUARIAL VALUATION STAT COMPARISON FOR 3 LARGEST SYSTEMS

Three of the state-administered retirement systems, KERS nonhazardous, CERS nonhazardous, and TRS, account for 90% of all unfunded liabilities (UL). Below is a comparison of the 2020 and 2021 actuarial valuation statistics for these 3 systems and the primary factors that resulted in the year over year changes.

KERS NONHAZ	CERS NONHAZ	TRS
<p>↑ PENSION FUND</p> <ul style="list-style-type: none"> Funding Level: 14.2% to 16.8% UL: \$14.026 B to \$13.585 B ○ Investments > assumption <p>↑ RETIREE HEALTH FUND</p> <ul style="list-style-type: none"> Funding Level: 42.7% to 50.2% UL: \$1.469 B to \$1.283 B ○ Investments > assumption ○ Premium growth < assumption 	<p>↑ PENSION FUND</p> <ul style="list-style-type: none"> Funding Level: 49.4% to 51.8% UL: \$7.390 B to \$7.179 B ○ Investments > assumption <p>↑ RETIREE HEALTH FUND</p> <ul style="list-style-type: none"> Funding Level: 78.5% to 85.4% UL: \$0.731 B to \$0.503 B ○ Investments > assumption ○ Premium growth < assumption 	<p>↓ PENSION FUND</p> <ul style="list-style-type: none"> Funding Level: 58.4% to 57.2% UL: \$14.786 B to \$16.957 B ○ Change in assumptions** ○ Investments > assumption** <p>↓ RETIREE HEALTH FUND</p> <ul style="list-style-type: none"> Funding Level: 61.7% to 60.0% UL: \$1.057 B to \$1.384 B ○ Change in assumptions** ○ Investments > assumption** ○ Premium growth < assumption

**For TRS, unfunded liabilities increased as a result of changes in assumptions that were incorporated into the 2021 valuation, which were partially offset by investment returns in excess of assumptions. The impact of the TRS assumption changes on employer costs to the pension fund will be phased-in over the next 5 years as the positive investment experience is phased-in according to the asset smoothing method. JRP/LRP modified assumptions in this valuation as well.

RECENT ACTUARIAL STAT TRENDS

Below is the 5 year trend of actuarial stats for KERS NH, KERS H, CERS NH, CERS H, and TRS.

		PENSION					INSURANCE				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
KERS NONHAZ	UL \$ B	\$13.468	\$13.656	\$14.260	\$14.026	\$13.585	\$1.859	\$1.548	\$1.742	\$1.469	\$1.283
	Level %	13.6% ⬇️	12.9% ⬇️	13.4% ⬆️	14.2% ⬆️	16.8% ⬆️	30.7% ⬆️	36.4% ⬆️	36.3% ⬇️	42.7% ⬆️	50.2% ⬆️
KERS HAZ	UL \$ B	\$0.514	\$0.513	\$0.555	\$0.574	\$0.513	(\$0.074)	(\$0.118)	(\$0.099)	(\$0.111)	(\$0.151)
	Level %	54.1% ⬇️	55.5% ⬆️	54.8% ⬇️	55.3% ⬆️	60.4% ⬆️	117.6% ⬇️	130.0% ⬆️	123.1% ⬇️	126.0% ⬆️	135.5% ⬆️
SPRS	UL \$ B	\$0.706	\$0.721	\$0.763	\$0.757	\$0.730	\$0.096	\$0.075	\$0.079	\$0.069	\$0.049
	Level %	27.0% ⬇️	27.1% ⬆️	27.0% ⬇️	28.1% ⬆️	30.7% ⬆️	65.2% ⬇️	71.6% ⬆️	71.3% ⬇️	75.0% ⬆️	82.0% ⬆️
CERS NONHAZ	UL \$ B	\$6.039	\$6.241	\$7.307	\$7.390	\$7.179	\$1.128	\$0.721	\$1.045	\$0.731	\$0.503
	Level %	52.8% ⬇️	52.7% ⬇️	49.1% ⬇️	49.4% ⬆️	51.8% ⬆️	66.4% ⬇️	76.7% ⬆️	70.7% ⬇️	78.5% ⬆️	85.4% ⬆️
CERS HAZ	UL \$ B	\$2.411	\$2.471	\$2.870	\$2.983	\$3.001	\$0.592	\$0.428	\$0.419	\$0.379	\$0.276
	Level %	48.1% ⬇️	48.4% ⬆️	45.3% ⬇️	45.1% ⬇️	46.7% ⬆️	66.9% ⬇️	74.6% ⬆️	75.8% ⬆️	78.2% ⬆️	84.3% ⬆️
TRS	UL \$ B	\$14.305	\$14.300	\$14.523	\$14.786	\$16.957	\$2.706	\$2.127	\$1.691	\$1.057	\$1.384
	Level %	56.4% ⬆️	57.7% ⬆️	58.1% ⬆️	58.4% ⬆️	57.2% ⬇️	26.7% ⬆️	36.3% ⬆️	46.0% ⬆️	61.7% ⬆️	60.0% ⬇️

CASH FLOW & CHANGE IN PLAN ASSETS (IN MILLIONS)

Below is a summary of contributions, investment gains, and total payouts for KERS NH, CERS NH, and TRS.

	PENSION			RETIREE HEALTH		
	KERS NH	CERS NH	TRS	KERS NH	CERS NH	TRS
Fund Assets Beginning of Year	\$2,362.2	\$7,110.9	\$20,717.0	\$1,006.5	\$2,498.1	1,616.7
• Employee Contributions	\$90.2	\$165.7	\$327.8	\$6.3	\$13.6	\$187.6
• Employer Contributions	1,134.2	472.2	1,147.0	182.0	124.7	184.9
• Investment Income	50.6	135.7	257.6	18.5	41.0	3.7
• Other	0	0	0	22.0	26.4	120.8
Total Cash Inflows	\$1,275.0	\$773.6	\$1,732.4	\$228.8	\$205.7	\$497.0
Less: Total Payouts	\$1,030.0	\$862.4	\$2,273.2	\$122.3	\$140.6	\$312.6
Net Cash Flow Before Asset Gains	\$245.0	(\$88.8)	(\$540.8)	\$106.5	\$65.1	\$184.4
Plus: Asset Gains or (Losses)	\$477.8	\$1,648.5	\$5,759.3	\$240.1	\$578.6	\$499.5
Fund Assets End of Year	\$3,085.0	\$8,670.6	\$25,935.8	\$1,353.1	\$3,141.8	\$2,300.5
Net Change in Plan Assets	\$722.8	\$1,559.7	\$5,218.8	\$346.6	\$643.7	\$683.8

PENSION FUND ASSET CHANGES

Asset growth significantly up, driven primarily by investment returns

The KERS NH, CERS NH, and TRS pension funds experienced significant asset growth in FY 21, with the three pension funds recording an investment return of 22.6%, 25.7%, and 29.6% respectively. While the CERS NH and TRS pension funds did have negative cash flows before asset gains, the significant investment gains resulted in overall asset gains to the KERS NH, CERS NH, and TRS pension funds of \$722.8, \$1,559.7, and \$5,218.8 million in FY 21.

RETIREE HEALTH FUND ASSET CHANGES

The KERS NH, CERS NH, and TRS retiree health funds experienced significant asset growth in FY 21, with the three retiree health funds recording positive cash flows across each fund and an investment return of 25.2%, 24.8%, and 31.1% respectively. Overall asset gains to the KERS NH, CERS NH, and TRS retiree health funds were \$346.6, \$643.7, and \$683.8 million in FY 21.