



JUDICIAL FORM RETIREMENT SYSTEM

BOARD OF TRUSTEE MEETING – APRIL 21, 2023



AGENDA

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

April 21, 2023 – 10:00 a.m. EST

**Administrative Office of the Courts, Meeting Room A
1001 Vandalay Drive, Frankfort, Kentucky
AND
Video Conference using Microsoft Teams**

- I. Call to Order.

- II. Adoption of the *Minutes* of the January 23, 2023 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
 - B. 2023 Regular Session of the General Assembly
 - C. Deferred Retiree Benefit Accruals – Alan Pauw
 - D. Custody, Asset Consolidation Discussion
 - E. Medicare PPO Update
 - F. Pension Administration System Update
 - G. Administrative/Personnel Update

- V. July 21, 2023 Meeting

Item II – Adoption of Minutes

- January 23, 2023

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

January 20, 2023

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, January 20, 2022, at 10:00 a.m. All Board members were present, with the exception of Judge Douglas George, who participated for a portion of the meeting virtually via a Microsoft Team Meeting.

JFRS staff present included Bo Cracraft, Executive Director. Guests attending the meeting included Don Asfahl and Andy Means of Baird Trust Company, along with Allen Norvell of Blue & Co. In addition, Ryan Graham of Blue & Co. participated virtually via Microsoft Teams video-conferencing.

Chairman Grise called the meeting to order at 10:05 a.m.

The trustees considered the adoption of the previously distributed *Minutes* from the October 21, 2022 meeting. Upon motion by Mr. Stephen LeLaurin, seconded by Justice Daniel Venters, the Board unanimously approved the *Minutes* of the October 21, 2022 meeting.

The next item for consideration was the election of Chairs of the Board and Investment Committees. The trustees considered the election of Chair of the Board of Trustees and the Chairs of the Judicial and Legislative Investment Committees. Upon a motion by Judge Douglas George, seconded by Senator Jimmy Higdon, the Board unanimously elected Justice Daniel Venters as Chairman of the Board for the Judicial Form Retirement System.

Upon a motion by Mr. Stephen LeLaurin George, seconded by Judge John Grise, the Investment Committee for the Judicial Retirement Fund unanimously elected Mr. Ben Allison as Chair of the Investment Committee of the Judicial Retirement Fund.

Upon a motion by Mr. Stephen LeLaurin, seconded by Senator Jimmy Higdon, the Investment Committee for the Legislators Retirement Fund unanimously elected Rep. 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 Venters recognized Mr. Stan Kerrick. Mr. Kerrick distributed to the trustees Lexington Investments' *Report of the Kentucky Judicial & Legislators Retirement Funds* as of December 31, 2022, dated January 20, 2022. In accordance with Board policy, the System maintains a copy of the Report.

Mr. Kerrick began with a compliance statement, which noted both plans were within their prescribed asset allocation guidelines. He also highlighted that neither plan currently had any individual equity positions that exceeded the 8% maximum weighting as of December 31, 2022. Mr. Kerrick also pointed recent activity in the portfolios. Mr. Kerrick also reviewed the dividend yield of the equity portfolio and duration of fixed income allocation and stated both complied with the investment policy. Lastly, Mr. Kerrick discussed recent transactions, which were limited to a few bond purchases, and projected cash flow in the portfolios.

Chairman Venters welcomed Baird Trust Company, who arrived and joined the meeting at 10:50 a.m. Mr. Cracraft had previously distributed copies of Baird's *Investment Review for Kentucky Judicial Retirement Fund and Kentucky Legislators Retirement Fund* dated January 20, 2023. In accordance with Board policy, the System maintains a copy of the Investment Review. Mr. Kerrick departed the meeting.

Mr. Andy Means began the quarterly review with a few comments regarding Baird's most recent quarterly Market Commentary, titled "The Pandemic Era Reset," which discussed the significant by the Federal Reserve to try to tame growing inflationary concerns. After an expected period of providing liquidity, the Fed has moved to a period of quantitative tightening, which has seen reduced liquidity and pushed interest rates higher.

While no one knows exactly how the future will go, Mr. Means highlighted a few things, both positive and negative, that are known. First on the negative side, he pointed to the tremendous amount of debt that currently sits on the federal government's balance sheet. Given a rising rate environment, more government spending will be required to service and will force some change in spending patterns going forward. In addition, Mr. Means noted a shift to quantitative tightening will likely result in a less accommodative environment for both the overall economy and stock market. Whereas easing provides liquid and serves as a tailwind, tightening serves as a headwind that will slow growth. Lastly, he pointed to increased and deteriorating relations with China, along with the geopolitical concerns that have been growing since Russia invaded Ukraine.

Moving to the positive side, Mr. Means stated that rising interest rates did enhance the attractiveness of fixed income investing. After a period where fixed income portfolios really did not offer much in the form of return, investors should expect bonds to contribute to overall portfolio returns going forward. Secondly, he stated the U.S. banking system was in a stronger position than any time over the past several decades, largely the result of changes that were instituted after the great financial crisis in 2009, and should be better able to handle any upcoming periods of stress. Lastly, the recent reset in markets also removed a lot of speculative activity that surged in 2021. This cleansing should lead to healthier markets, less excess and extreme volatility that is driven by unknown, speculative drivers.

Moving forward, Mr. Means reiterated that all recessions lead to new opportunities. The decline in prices have made some companies much more attractive, while the team also recognizes that historically, during downturns, innovative companies tend to spawn new ideas, technologies, and advances that lead future growth in the market. While the team doesn't try to predict what innovative ideas or advances will ultimately lead that change, the team does continue to emphasize owning reasonably priced, high quality companies, who are financially

strong, managed by talented leaders who have the ability to cultivate productive corporate cultures and durable business models.

In response to a question from Mr. Stephen LeLaurin regarding if the team felt a need to take a defensive posture, Mr. Means stated the team always thinks defensive and a primary goal is to protect on the downside. In order to significantly outperform over a longer term, the team wants to avoid large downturns that quickly erase value added.

In response to a question from Judge John Grise regarding potential innovations or new technological advancement, Mr. Means indicated that many existing positions in the portfolio, such as Meta, Alphabet, Apple, and Pfizer, had made huge investments either organically or through acquisitions. While he didn't rule out a new addition to the portfolio, it would have to be a high quality company, with a trusted business model and management team. The team wants to own businesses that can weather tough periods, but also have a culture of innovation and looking forward to future innovation.

In response to a question from Representative Scott Brinkman regarding Disney, the recent CEO change and current Board of Director seat contest, Mr. Means believed Bob Iger returning as CEO was great news and expressed confidence in the Mark Parker as the new Chairman of the Board. With regards to the contest for a board seat, overall, Mr. Means did not believe one seat would dramatically change the dynamic of the board and said the Baird team was very confident in the team of Iger and Parker. Currently the team views Disney as undervalued and in a position to hold.

In response to a question from Chairman Venters, regarding the portfolios lack of energy holdings, Mr. Means stated the team historically had avoided companies whose value was largely dependent on the price of a commodity, given their speculative and volatile nature. In addition, the team feels like the industry as a whole is facing a bit of headwind as many governments are trying to reduce use and production. In response to a follow up question regarding some other sources that might replace oil and gas, Mr. Means pointed to renewables, fusion, and potentially nuclear. However, he agreed that, currently, no other source was adequate and new technology will be required.

Mr. Asfahl reviewed 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. Mr. Means reviewed a snapshot of the portfolio, which included relative sector weightings, top performers and largest holdings. He also reviewed some recent attribution, pointing out that many of the more recent detractors, such as Microsoft and Apple, had been the most successful companies over a longer, 5-year period. He also pointed out that not holding energy had been the largest detractor to performance over a 1-year period, but when you considered the past five years, it had actually had a slightly additive effect.

Judge Douglas George left the meeting at 11:30 a.m.

In response to a question from Judge John Grise regarding if there were any larger concerns with regards to recent performance from technology stocks, Mr. Means pointed to a siege in demand that was created by the pandemic. Technology companies had to size up to meet the demand, but as markets and demand has drawn back in 2022, many are now having to

right size their workforce. Broadly speaking, the team see this as more of a reset to a new normal and not a fundamental problem with the underlying businesses.

In response to a question from Mr. Cracraft regarding the portfolio's holding in Meta/Facebook and recent underperformance, Mr. Means pointed to a couple of factors. First, he referenced a change in privacy policy initiated by Apple, which had significantly impacted advertisers like Facebook on apple devices. Secondly, the recent whistleblower issue has led to an overall change in sentiment amongst users and has served as a tailwind. Currently the team is in a holding pattern as they see how management responds but is not looking to add to the position.

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.

The meeting recessed for lunch at 12:05. The meeting reconvened at 12:30 p.m. Mr. Allen Norvell of Blue & Co. joined the meeting in person, while Mr. Ryan Graham of Blue & Co. joined the meeting virtually via Microsoft TEAMS. Mr. Means and Mr. Asfahl departed the meeting.

Chairman Venters recognized Mr. Cracraft, who reported on several administrative matters. The trustees discussed the items and took action when noted.

(C) FY 2022 Financial Audit Reports (Blue & Co.). Mr. Cracraft introduced Mr. Norvell and Mr. Graham, who had both joined the meeting to provide a short review of the recently completed fiscal year audit. Mr. Cracraft reminded the trustees that copies of the final reports had been provided via email in November, but copies were also included in their board materials.

Mr. Norvell and Mr. Graham provide a short review of both the Management Letter and full Audit Report. Blue & Co. issued an unmodified opinion on the Financial Statements and found no findings that required to communication under GASB.

Mr. Norvell and Mr. Graham left the meeting at 12:55 p.m.

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

November 15, 2022. Each state-administered retirement system presented annual valuation results, along with a review of fiscal year end performance and cash flow.

December 20, 2022. Each state-administered retirement system was ask to provide a summary of their holdings in cryptocurrency and Meta Holdings (aka Facebook). Mr. Cracraft noted that both LRP and JRP had a marginal holding in Meta, which was not unexpected given its position in the S&P 500 index.

January 30, 2023. Meeting was scheduled for the last Monday of month. Mr. Cracraft indicated the meeting would likely be presentation of proposed legislation expected as Part II of the Regular Session reconvenes in February.

(B) 2023 General Session. Mr. Cracraft referenced the *2023 Regular Session – Legislative Update* memo from staff included in the Board materials. He noted that I Part I of the 2023 Regular Session of the General Assembly began on Tuesday, January 3, 2023. The General Assembly met for four days before adjourning until February 7, 2023 when Part II of the shorter, 30-day, session will convene. As of the close of Part I, 200 bills were filed.

He reviewed a few pension related proposals, most notable was HB 114, which related to LRP and would close the Hybrid Cash balance plan to all new members and ultimately transfer all existing accounts to KERS. There was a healthy discussion regarding this legislation and the Board discussed next steps.

(D) Medicare Group PPO Plan Update. Mr. Cracraft provide a short verbal update. He informed the Board of some recent news that was involving Humana and Vanderbilt Medical Center and had the potential to impact a small group of JFRS retirees. Negotiations were still pending, but as of the meeting date, Vanderbilt had notified Humana participants that their insurance would not be accepted.

(E) Financial Disclosure Statements. Mr. Cracraft requested that each trustee complete a Financial Disclosure Report for calendar year 2022 on or before March 31, 2023 in order to comply with the annual mandated disclosure requirement. A copy of the disclosure had been included in the material and he noted hard copies were available to those members in attendance.

There being no further business, the meeting adjourned at 1:40 p.m.

Judge Daniel Venters, Chairman
Judicial Form Retirement System Board of Trustees

Mr. Ben Allison, Chairman
Judicial Retirement Fund Investment Committee

Representative Brad Montell, Chairman
Legislators Retirement Fund Investment Committee

Bo Cracraft, Executive Director

Item III – Investment Related Matters

A. Lexington Investment Company

LEXINGTON INVESTMENTS LLC

Kentucky Judicial and Legislators Retirement Funds

INVESTMENT POLICY STATEMENT COMPLIANCE

January 1, 2023 – March 31, 2023

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 allocations on March 31st were Judicial 72.4%, and Legislators 72.4%.
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 March 31st were Judicial 27.6%, and Legislators 27.6%. 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. On March 31st these positions represent 18.96% of the total equity portfolio in the Judicial Fund and 19.5% in the Legislators Fund. Each Fund's non-dividend paying equities did not exceed 50% of the total equities market value.
4. Investment in an individual equity security, at the time of purchase shall not exceed 5% of the Fund's then current market value of such Fund's equity portfolio. During the quarter no equity purchases exceeded 5% in either Fund.
5. 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 March 31st, the Judicial Fund's 8% limit was \$30,068,560, and the Legislators Fund's 8% limit was \$8,720,679. None of the equity positions in either Fund exceeded those market values as of March 31st.
6. 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 March 31st the modified duration of the Judicial Fund was 3.48 years, and Legislators 3.54 years, each fund less than 1 year of the duration of the benchmark which was 3.86 years.
7. During the quarter there were no bond maturities, sales or early redemptions.

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Lexington Investments LLC is a branch office of and securities are offered through Sunbelt Securities, Inc. Member FINRA & SIPC. Advisory services are offered through Sunbelt Securities, Inc., an SEC Registered Investment Adviser. Lexington Investments LLC and Sunbelt Securities, Inc. are unaffiliated companies.

Cash Reconciliation Report

From 01/01/2023 to 03/31/2023

KENTUCKY JUDICIAL

<u>Trade Date</u>	<u>Settlement Date</u>	<u>Trade Description</u>	<u>Net Amount</u>	<u>Daily Balance</u>
01/01/2023		CASH Beginning Balance		229,739.23
01/03/2023		Interest CASH	9,835.61	239,574.84
01/11/2023		Dividend OMNICOM GROUP	91,210.00	330,784.84
01/13/2023		Interest DISNEY WALT CO	59,625.00	390,409.84
01/13/2023		Dividend PROGRESSIVE CORP-OHIO	19,980.00	410,389.84
01/15/2023		Interest ORACLE CORP	63,437.50	473,827.34
01/15/2023		Interest JOHNSON & JOHNSON	72,500.00	546,327.34
01/15/2023		Interest CHEVRON USA INC	96,250.00	642,577.34
01/17/2023		Dividend U S BANCORP	92,976.00	735,553.34
01/20/2023		Interest CVS HEALTH CORP	67,812.50	803,365.84
01/25/2023	01/27/2023	Sell GE HEALTHCARE -0.333	22.07	803,387.91
01/25/2023		Interest PNC BK N A PITTSBURGH	57,000.00	860,387.91
01/25/2023		Interest SCHWAB CHARLES CORP	72,000.00	932,387.91
01/25/2023		Dividend GENERAL ELECTRIC NEW	10,520.00	942,907.91
01/25/2023		Dividend CISCO SYSTEMS INC	40,280.00	983,187.91
01/29/2023		Interest INTEL CORP	92,500.00	1,075,687.91
01/30/2023		Interest U S BANCORP MTNS BE	64,750.00	1,140,437.91
01/31/2023		Interest CASH	633.79	1,141,071.70
01/31/2023		Interest ALTRIA GROUP INC	70,000.00	1,211,071.70
01/31/2023		Dividend JP MORGAN	156,750.00	1,367,821.70
02/01/2023		Interest CASH	57.00	1,367,878.70
02/01/2023		Interest COMCAST CORP NEW	59,625.00	1,427,503.70
02/07/2023		Dividend iShares 1-3 YR TSY ETF	237.82	1,427,741.52
02/12/2023		Interest INTERNATIONAL BUS MACH	63,437.50	1,491,179.02
02/15/2023		Interest HOME DEPOT INC	56,250.00	1,547,429.02
02/15/2023		Interest VERIZON COMMUNICATIONS	59,062.50	1,606,491.52
02/16/2023		Dividend APPLE INC.	39,284.00	1,645,775.52
02/22/2023	02/24/2023	Sell GE HEALTHCARE -43833.00	3,149,894.33	4,795,669.85
02/22/2023	02/24/2023	Buy GENERAL ELECTRIC NEW 19310.00	(1,617,973.31)	3,177,696.54
02/22/2023	02/24/2023	Buy DISNEY (WALT) CO. 15565.00	(1,593,157.13)	1,584,539.41
02/24/2023		Dividend SCHWAB (CHAS)	63,300.00	1,647,839.41
02/28/2023		Interest CASH	1,042.74	1,648,882.15
03/01/2023		Interest CASH	1,792.17	1,650,674.32
03/01/2023		Dividend WELLS FARGO	46,500.00	1,697,174.32
03/02/2023		Dividend TJX COS INC NEW	43,866.50	1,741,040.82
03/02/2023		Dividend FASTENAL CO.	88,760.00	1,829,800.82
03/03/2023		Dividend PARKER-HANNIFIN CORP	33,649.00	1,863,449.82
03/03/2023		Dividend TE CONNECTIVITY LTD	64,526.00	1,927,975.82
03/03/2023		Dividend PFIZER INC	95,448.00	2,023,423.82
03/04/2023		Interest TEXAS INSTRUMENTS	50,625.00	2,074,048.82
03/06/2023		Interest CISCO SYS INC	63,437.50	2,137,486.32
03/07/2023		Interest MERCK & CO. INC	76,500.00	2,213,986.32
03/07/2023		Dividend iShares 1-3 YR TSY ETF	253.17	2,214,239.49
03/07/2023		Dividend JOHNSON & JOHNSON	137,069.00	2,351,308.49
03/09/2023		Dividend MICROSOFT CORP	66,368.00	2,417,676.49
03/19/2023		Interest PEPSICO INC	65,625.00	2,483,301.49
03/22/2023		Withdrawal CASH	(1,000,000.00)	1,483,301.49
03/23/2023		Dividend HOME DEPOT	164,483.00	1,647,784.49
03/26/2023		Interest KIMBERLY-CLARK CORP	69,750.00	1,717,534.49
03/26/2023		Interest PROGRESSIVE CORP	72,000.00	1,789,534.49
03/31/2023		Dividend BANKAMERICA CORP.	41,096.00	1,830,630.49
03/31/2023		Dividend UNION PACIFIC	60,710.00	1,891,340.49
03/31/2023		CASH Ending Balance		1,891,340.49

Cash Reconciliation Report

From 01/01/2023 to 03/31/2023

KENTUCKY LEGISLATORS

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
01/01/2023		CASH Beginning Balance		786,322.88
01/03/2023		Interest CASH	737.43	787,060.31
01/11/2023		Dividend OMNICOM GROUP	26,477.50	813,537.81
01/13/2023		Interest DISNEY WALT CO	16,562.50	830,100.31
01/13/2023		Dividend PROGRESSIVE CORP-OHIO	5,715.00	835,815.31
01/15/2023		Interest JOHNSON & JOHNSON	18,125.00	853,940.31
01/15/2023		Interest ORACLE CORP	18,125.00	872,065.31
01/15/2023		Interest CHEVRON USA INC	24,062.50	896,127.81
01/17/2023		Dividend U S BANCORP	26,064.00	922,191.81
01/20/2023		Interest CVS HEALTH CORP	19,375.00	941,566.81
01/25/2023	01/27/2023	Sell GE HEALTHCARE -0.667	45.21	941,612.02
01/25/2023		Interest PNC BK N A PITTSBURGH	19,000.00	960,612.02
01/25/2023		Interest SCHWAB CHARLES CORP	20,000.00	980,612.02
01/25/2023		Dividend GENERAL ELECTRIC NEW	3,088.00	983,700.02
01/25/2023		Dividend CISCO SYSTEMS INC	11,760.00	995,460.02
01/29/2023		Interest INTEL CORP	23,125.00	1,018,585.02
01/30/2023		Interest U S BANCORP MTNS BE	18,500.00	1,037,085.02
01/31/2023		Interest CASH	970.84	1,038,055.86
01/31/2023		Interest ALTRIA GROUP INC	20,000.00	1,058,055.86
01/31/2023		Dividend JP MORGAN	45,100.00	1,103,155.86
02/01/2023		Interest CASH	15.64	1,103,171.50
02/01/2023		Interest COMCAST CORP NEW	16,562.50	1,119,734.00
02/05/2023		Interest UNION PACIFIC CORP	12,000.00	1,131,734.00
02/07/2023		Dividend iShares 1-3 YR TSY ETF	268.31	1,132,002.31
02/12/2023		Interest INTERNATIONAL BUS MACH	18,125.00	1,150,127.31
02/15/2023		Interest VERIZON COMMUNICATIONS	16,406.25	1,166,533.56
02/15/2023		Interest HOME DEPOT INC	18,750.00	1,185,283.56
02/16/2023		Dividend APPLE INC.	11,385.00	1,196,668.56
02/22/2023	02/24/2023	Sell GE HEALTHCARE -12866.00	924,566.88	2,121,235.44
02/22/2023	02/24/2023	Buy GENERAL ELECTRIC NEW 5670.00	(475,085.90)	1,646,149.54
02/22/2023	02/24/2023	Buy DISNEY (WALT) CO. 4570.00	(467,762.81)	1,178,386.73
02/24/2023		Dividend SCHWAB (CHAS)	18,275.00	1,196,661.73
02/28/2023		Interest CASH	1,042.74	1,197,704.47
03/01/2023		Interest CASH	540.92	1,198,245.39
03/01/2023		Dividend WELLS FARGO	13,350.00	1,211,595.39
03/02/2023		Dividend TJX COS INC NEW	12,714.50	1,224,309.89
03/02/2023		Dividend FASTENAL CO.	25,725.00	1,250,034.89
03/03/2023		Dividend PARKER-HANNIFIN CORP	9,709.00	1,259,743.89
03/03/2023		Dividend TE CONNECTIVITY LTD	19,208.00	1,278,951.89
03/03/2023		Dividend PFIZER INC	27,470.00	1,306,421.89
03/04/2023		Interest TEXAS INSTRUMENTS	14,062.50	1,320,484.39
03/04/2023		Interest CISCO SYS INC	18,125.00	1,338,609.39
03/07/2023		Interest MERCK & CO. INC	21,250.00	1,359,859.39
03/07/2023		Dividend iShares 1-3 YR TSY ETF	285.63	1,360,145.02
03/07/2023		Dividend JOHNSON & JOHNSON	39,550.00	1,399,695.02
03/09/2023		Dividend MICROSOFT CORP	19,091.00	1,418,786.02
03/15/2023		Interest PARKER-HANNIFIN CORP NOTE	42,187.50	1,460,973.52
03/19/2023		Interest PEPSICO INC	16,406.25	1,477,379.77
03/23/2023		Dividend HOME DEPOT	47,390.75	1,524,770.52
03/26/2023		Interest PROGRESSIVE CORP	20,000.00	1,544,770.52
03/31/2023		Dividend BANKAMERICA CORP.	11,957.00	1,556,727.52
03/31/2023		Dividend UNION PACIFIC	17,550.00	1,574,277.52
03/31/2023		CASH Ending Balance		1,574,277.52

Item III – Investment Related Matters

B. Baird Trust Company



Investment Review
KY Judicial Retirement Fund
KY Legislator Retirement Fund
April 21, 2023

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Expecting the Unexpected

“Banking is a very good business unless you do dumb things.” —Warren Buffett

Unexpected events happen with incredible regularity. The most recent example of this phenomenon was the failure of the 16th largest bank in the U.S. – Silicon Valley Bank (SIVB) – on March 10, 2023, blindsiding many investors. Bank runs of this sort don’t happen often, and we certainly don’t remember bank runs being on anyone’s list of most pressing worries for 2023.

What Happened To SIVB?

Everything at Silicon Valley Bank seemed fine until, of course, it wasn’t. Ernest Hemingway’s quote perfectly encapsulates what happened: “How did you go bankrupt? Gradually, then suddenly.”

Much has already been written about the SIVB failure, so consider this an over-simplification. Silicon Valley Bank saw huge deposit inflows from its customers (mainly venture-backed start-ups) in 2020 and 2021. SIVB’s management invested these deposits in long-term government-backed securities at very low interest rates. In 2022 and 2023, interest rates surged higher, resulting in mark-to-market price declines for these securities.

While this normally wouldn’t be a catastrophic issue, SIVB’s depositors were unique in that they were highly concentrated in one industry/geography and had large amounts of uninsured deposits (above the FDIC limits). All of a sudden, depositors lost faith in SIVB’s financial position and all ran for the exit at the same time, withdrawing large amounts of money. The bank’s swift failure was due to a classic bank run.

Silicon Valley Bank's management team deserves most of the blame due to an egregious error in risk management – loading SIVB's balance sheet with long-dated government securities at ultra-low interest rates. While these securities have no credit risk, this balance sheet structure exposed the bank to substantial losses if interest rates were to rise rapidly, also known as interest rate risk.

2023 Is Not 2008

These events immediately brought comparisons to the 2007- 2009 Global Financial Crisis (GFC). On the surface, this makes sense. The GFC was relatively recent, centered around large bank failures, and left many deep and long-lasting scars in investors' memories. For many, there is a sense of "here we go again!"

However, the banking events of 2023 bear virtually no resemblance to the GFC. There are no toxic loans or impossible- to-understand financial instruments hiding on bank balance sheets this time around. So far, the banks that failed simply made horrible risk management decisions, putting short-term earnings ahead of long-term solvency. Additionally, their concentrated depositor base with large amounts of uninsured deposits made them especially vulnerable to a crisis of confidence. These unique characteristics are not widespread across most banks.

The big question that lingers is this: Will 2023's bank crisis create contagion across the rest of the financial sector and the broader economy, creating substantial systemic risk? At this point, nobody truly knows the answer to this. However, the uniqueness of each of the recent bank failures makes this possibility seem unlikely. Overall, the U.S. banking industry is in much better shape today than in the years prior to the GFC.

The Importance of Management

The banking business is based on trust. Depositors must have confidence that the bank holding their money is financially sound. Once this trust is broken, even a small crack, an unraveling can happen swiftly. This is why risk management is the number one most critical aspect to the long-term success of a bank. The CEO is the ultimate steward of risk management, which is why evaluating a bank's management team is of utmost importance prior to purchasing shares (or potentially even making a deposit).

Risk in banking can come in many different shapes and sizes – credit risk, interest rate or duration risk, concentration in funding sources, concentration in geographies or industries, among many others. As investors, we must always consider these risks as well as the risk-taking culture of the firm. Risk can never be eliminated, but banks with a culture of transparent risk management and mitigation will stand a much better chance of avoiding the major potholes that will inevitably arise over time.

Who's Swimming Naked?

Across all industries, we at Baird Trust look to invest in companies with managers who think and act like Chief Risk Officers. We are often reminded of Warren Buffett's saying, "You only find out who's swimming naked when the tide goes out." What he means by this is that in good times, many companies seemingly forget about risk management and instead start taking more aggressive risks in search of higher returns. This embrace of risk often goes unnoticed by much of the investment community. But when an unexpected event happens – a banking crisis, a recession, a pandemic, etc. – those risk management decisions become crystal clear. Those companies that took excess risk are exposed and typically suffer, sometimes catastrophically.

There are all sorts of large long-term risks a company can take in the pursuit of higher near-term earnings. Like SIVB, many companies pander to the short-term nature of Wall Street and follow this strategy. However, this approach is almost always a mistake. A business can only generate attractive long-term cash flows and returns for its owners if it actually survives over the long term. Any decision that puts survival in serious jeopardy is a bad one, even if it takes years for it to become apparent.

In today's environment of rapidly rising interest rates, we are finding out who has been swimming naked - Silicon Valley Bank, Credit Suisse, Signature Bank, and Silvergate Capital. There may be more failures before the tide has fully receded. However, this is the normal course of capitalism. As Charlie Munger has said, "Capitalism without failure is like religion without hell."

Risk Management Is Critical

We have written many times about the folly of trying to make predictions about the future, and the SIVB episode simply adds another piece of evidence. Using history as a guide, we must always be prepared for unexpected events that we are not contemplating. While risk always looks obvious in hindsight, it is incredibly difficult to predict when and where it will rear its ugly head next.

We approach this conundrum by ensuring that disciplined risk management is a foundational tenet of our investment process. We try to invest in companies that maniacally prepare for the bad times before they arrive. This means companies with strong competitive advantages, robust positive cash flows through cycles, and low or moderate levels of financial leverage. These companies must have CEOs who are first and foremost risk managers. Their first goal is to put the company into a position to not only survive crises, but also to thrive and grow stronger through them. Finally, we aim to buy stakes in these businesses at prices below what we think they are worth. This creates a margin of safety so that if we are wrong in our assessment, and we will be wrong sometimes, the mistake is unlikely to be a catastrophic one.

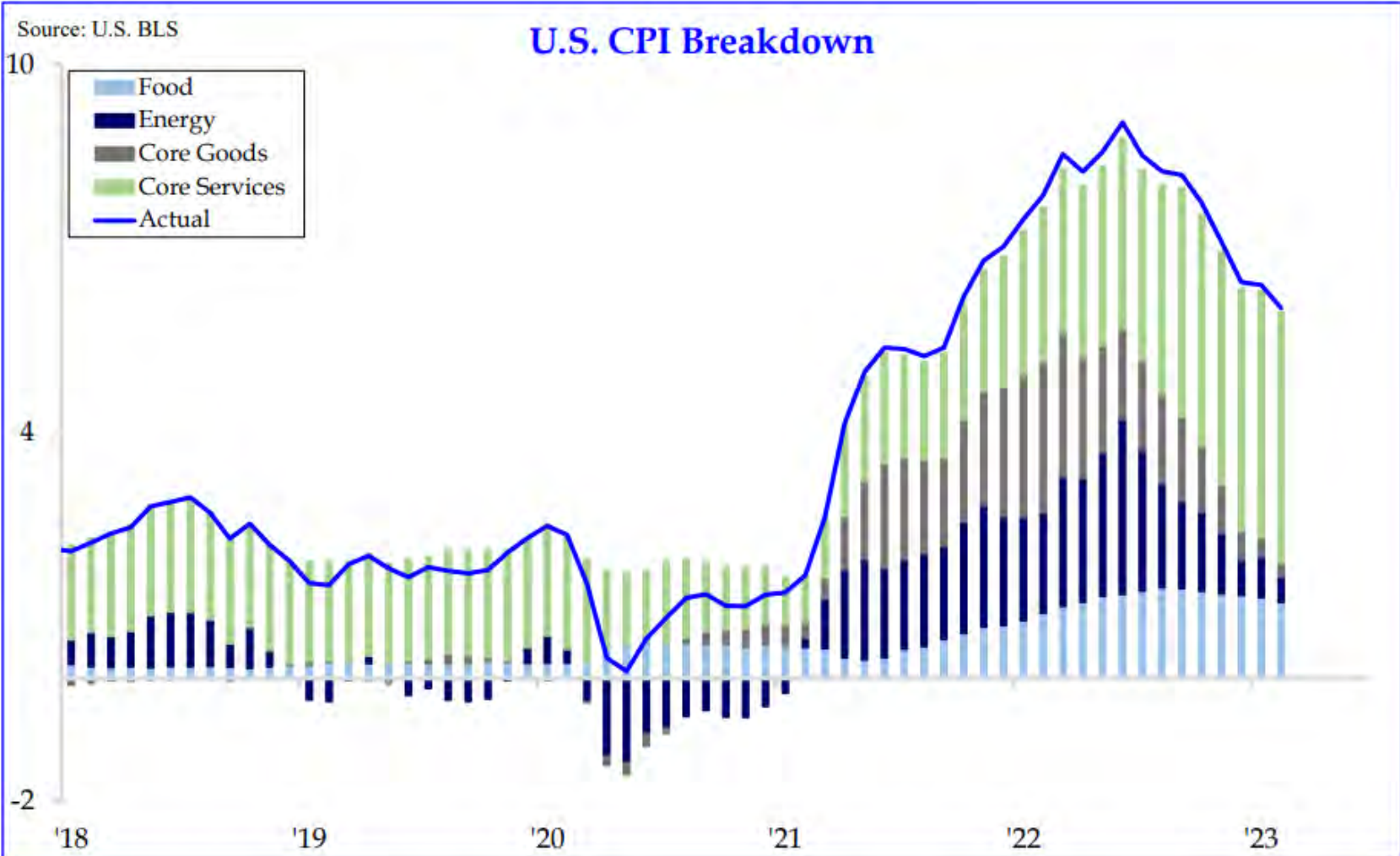
Each step in our investment process – business, management, and price – has risk mitigation at its core. We are always thinking about what could go wrong and trying to protect against it as best we can. In other words, we aim to avoid swimming naked because we never know when the tide will go out. We know that recent events are bringing back tough memories from the Global Financial Crisis for many of you, our valued clients. We understand that this is unpleasant and frightening. But our guiding light is our time-tested investment process, which remains the same today as it has been during all periods of heightened uncertainty over the past 30 years. We may not know exactly how the current financial uncertainty will play out, but we do know we will make it to the other side. Thank you for your unwavering commitment to Baird Trust.

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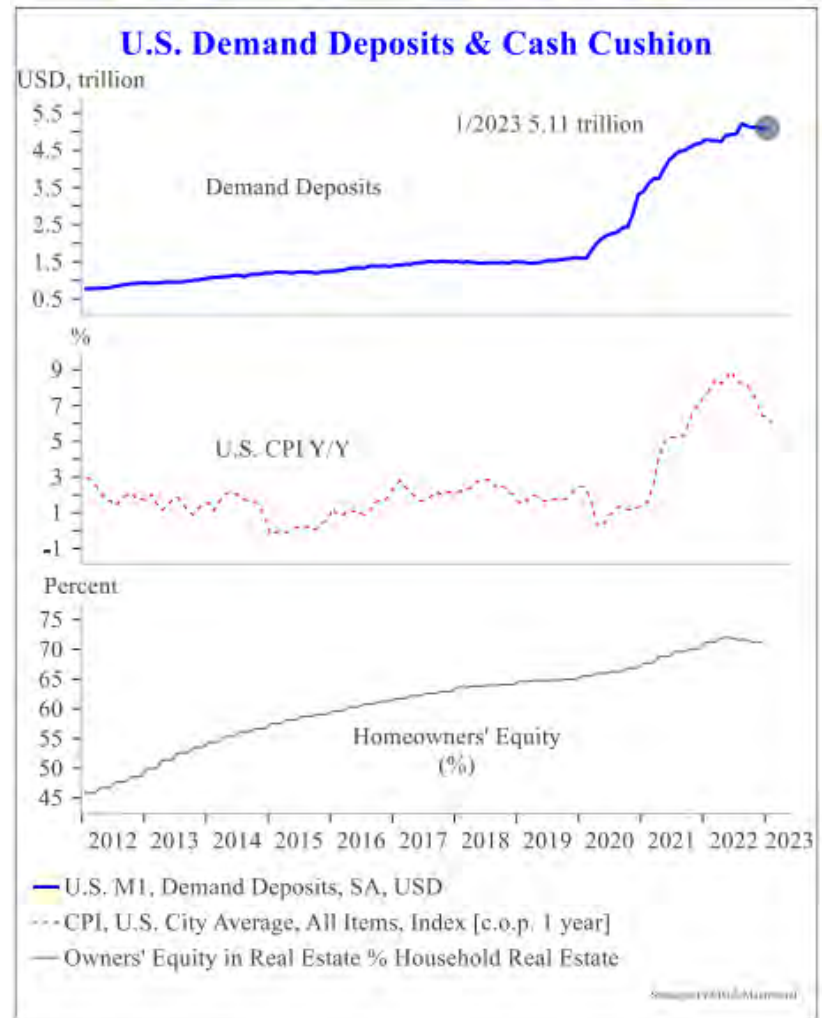
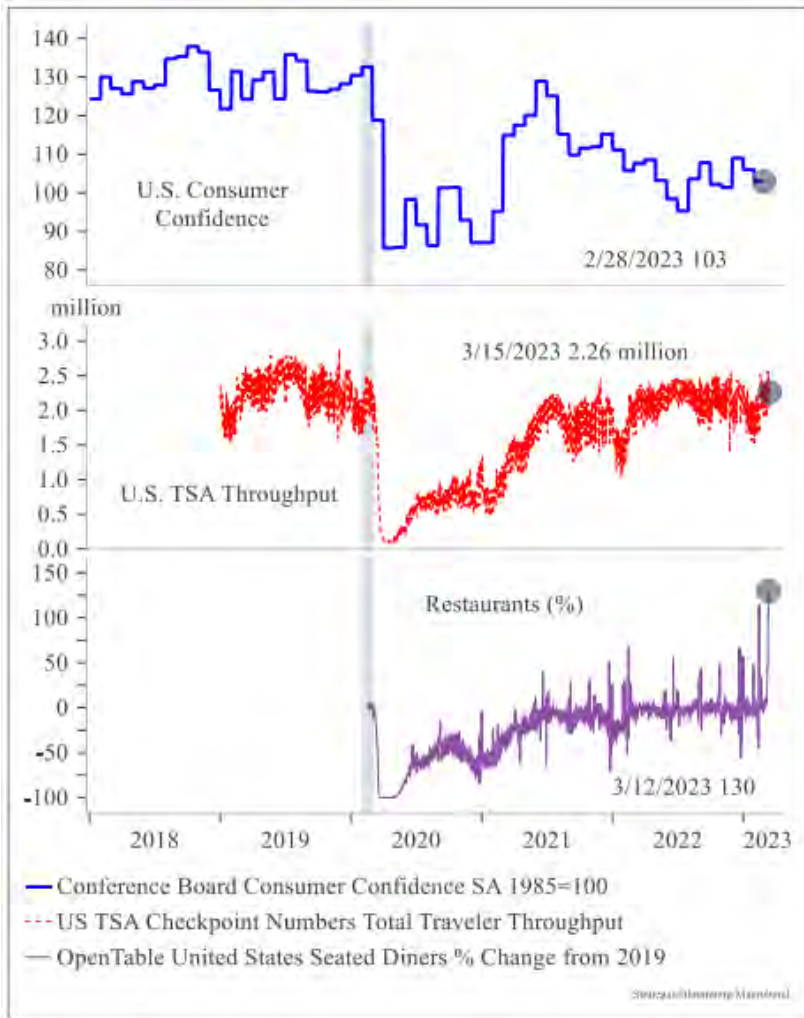
- The U.S. added 236,000 jobs in March. The unemployment rate fell to 3.5%. Wages grew 0.3%. Hourly earnings have risen 4.2% year-over-year.
- The CPI rose 0.4% in February. The core rose 0.5%. Gas prices rose 1.7%. Food prices rose 0.4%. Year-over-year the CPI rose 6.0%, the slowest increase since September 2021. The core rose 5.5%.
- 4Q GDP was revised to 2.6% from the previously estimated 2.7%. Corporate profits fell 2.0%, the biggest decline since the end of 2020.
- Retail sales fell 0.4% in February. Bar and restaurant sales fell 2.2%. Department store sales fell 4.0%. Furniture store sales fell 2.5%.
- The Consumer Confidence Index increased to 104.2 in March from a revised 103.4 in February.
- Personal income increased 0.3% in February. Consumer spending increased 0.2%, based on a decline in vehicle sales. The savings rate rose to 4.6%.

US Inflation Has Peaked, Rolling Over (CPI 6.0%, Core 5.5%)



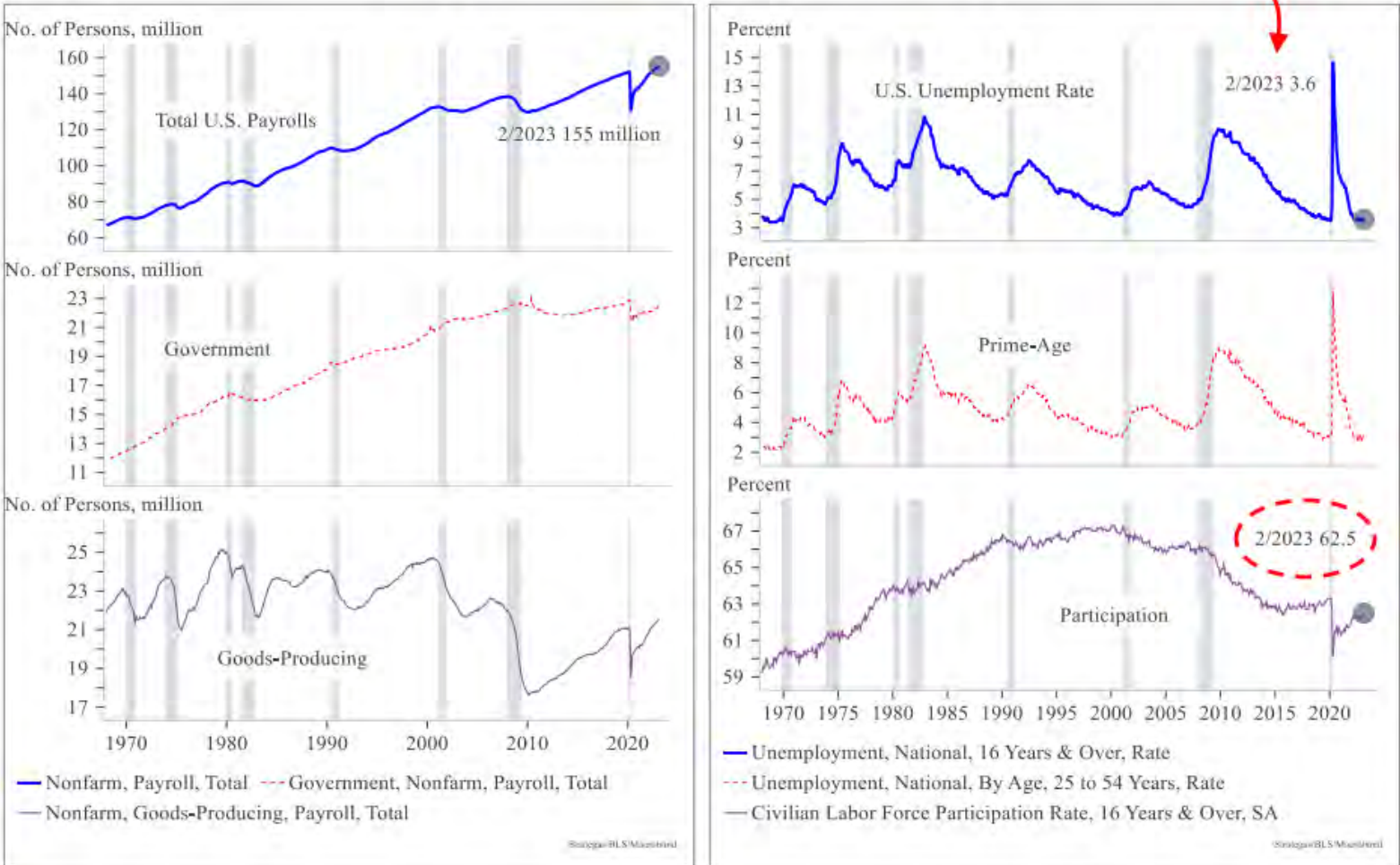
Source: Strategas Research Partners

US Consumer Snapshot – Still Fairly Healthy



US Labor Market Remains Tight

LONG HISTORICAL TRENDS SHOW A STILL-TIGHT U.S. LABOR MARKET

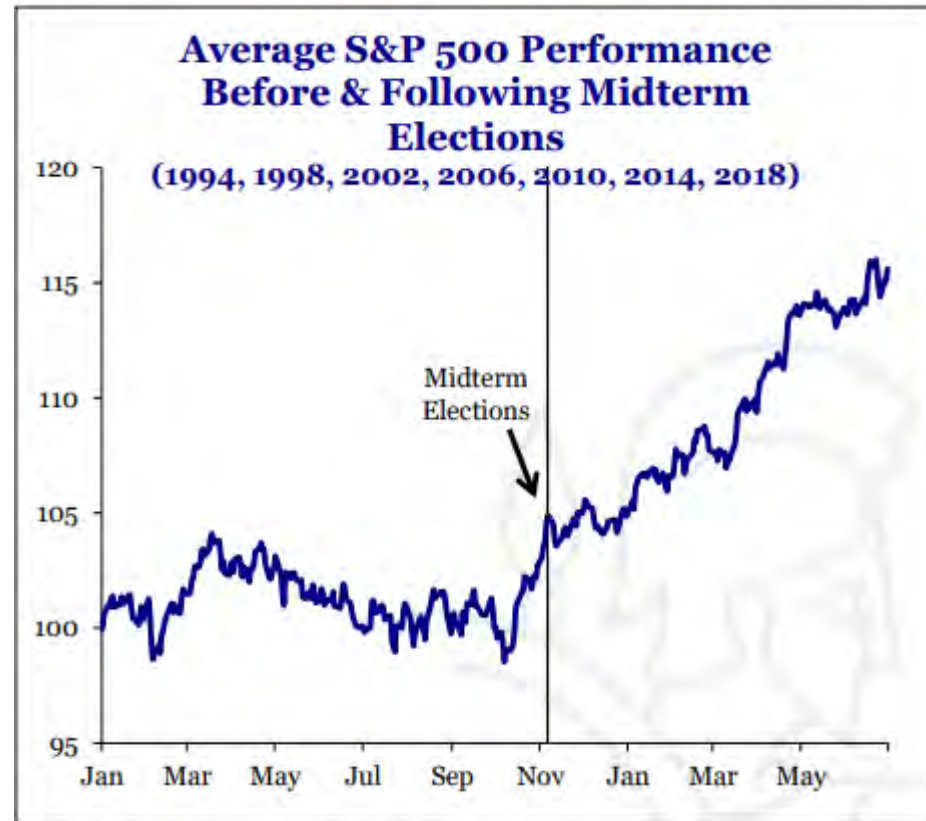
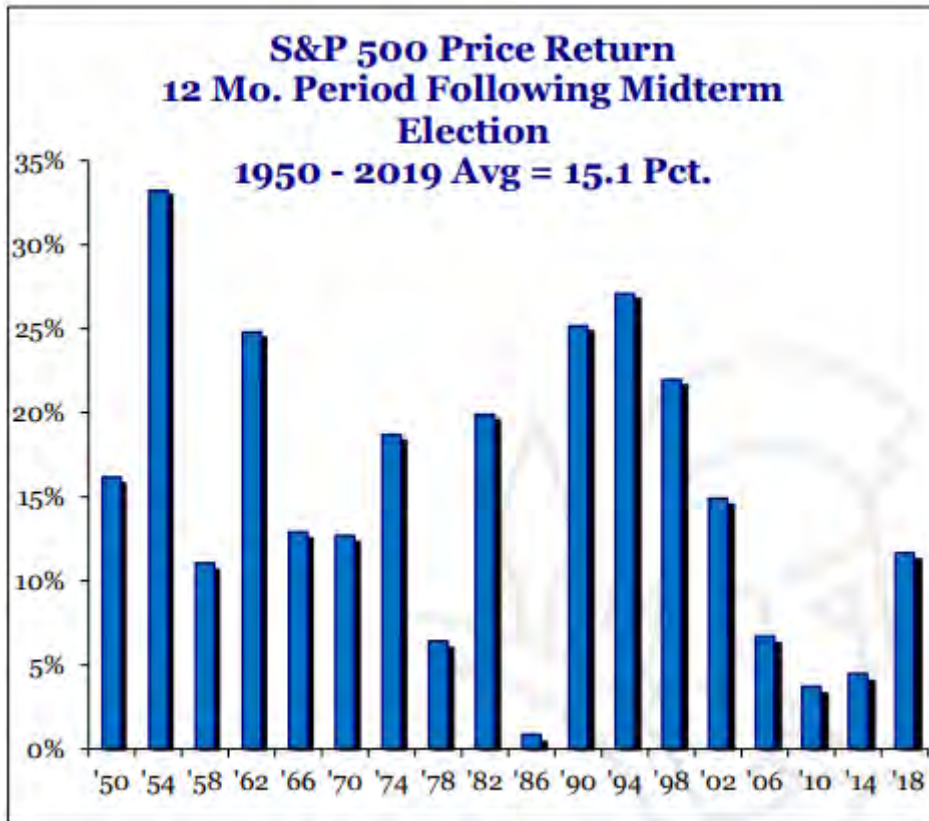


Earnings Growth – 2023 Estimates 1.7% YOY Growth



Source: Strategas Research Partners

Midterm Elections and the Stock Market



Source: Strategas Research Partners

S&P 500 Compound Annual Growth Rate (January 1, 1995 – December 31, 2022)



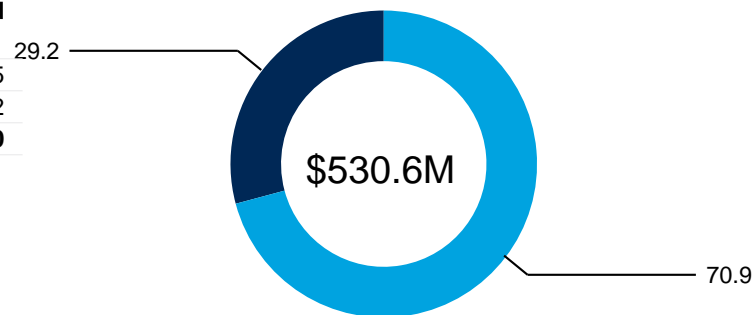
Source: Strategas Research Partners

Client Investment Review

Investment activity through 03/31/2023

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	375,925,511	70.8	5,590,635.20	1.5
Total Fixed Income	154,669,652	29.1	4,958,136.96	3.2
Total	530,595,162	100.0	10,548,772.16	2.0

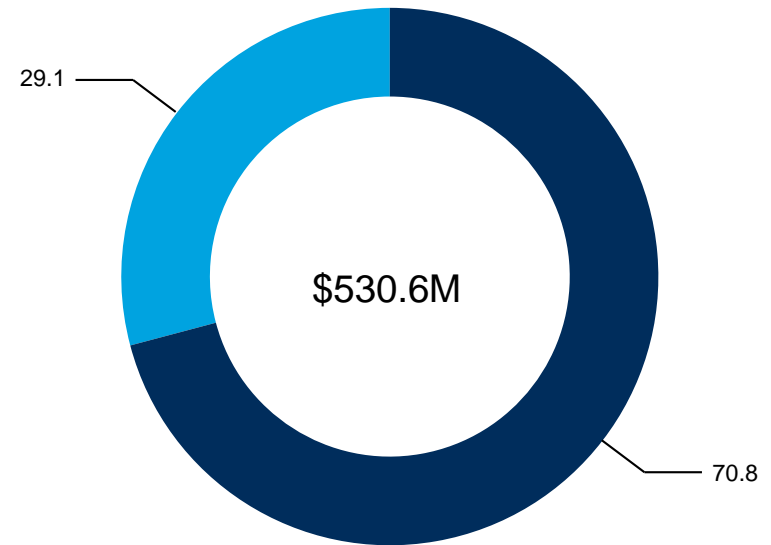


Investment Summary

	Fiscal Year to Date (9 Months)
Beginning Account Value	501,625,281.77
Net Contributions/Withdrawals	-12,498,313.49
Income Earned	7,896,000.45
Market Appreciation	33,572,193.61
Ending Account Value	530,595,162.34

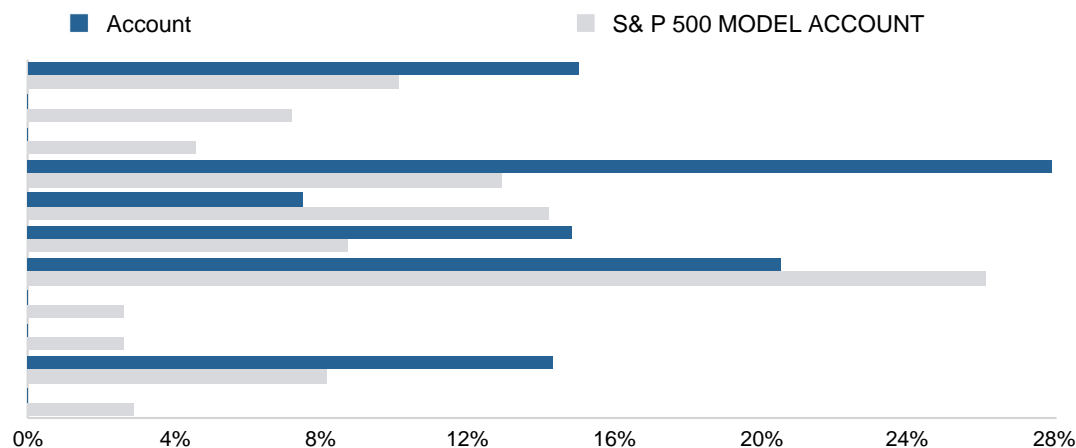
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	375,925,511	70.8
● Taxable Fixed Income	154,541,482	29.1
● Taxable Bond Funds	128,170	.0
Total	530,595,162	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	15.0	10.1
Consumer Staples	.0	7.2
Energy	.0	4.6
Financials	27.9	12.9
Health Care	7.5	14.2
Industrials	14.8	8.7
Information Tech	20.5	26.1
Materials	.0	2.6
Real Estate	.0	2.6
Communication Serv	14.3	8.1
Utilities	.0	2.9



Top 10 Performers

	Market Value	% of Mkt Val	Return
GENERAL ELECTRIC CO COM N	14,429,501	2.7	33.25
TJX COS INC NEW COM	11,652,132	2.2	31.51
PROGRESSIVE CORP OH COM	28,583,388	5.4	26.13
O REILLY AUTOMOTIVE INC N	15,451,436	2.9	23.98
PARKER HANNIFIN CORP COM	8,503,583	1.6	20.99
OMNICOM GROUP INC COM	12,383,712	2.3	15.41
EXPEDITORS INTL WASH INC	9,613,476	1.8	8.14
OREILLY AUTOMOTIVE INC SR	3,503,006	.7	2.93
TE CONNECTIVITY LTD REG S	15,111,759	2.9	1.87
CUMMINS INC SR GLBL NT	3,546,235	.7	1.77

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
PROGRESSIVE CORP OH COM	28,583,388	5.4	26.13
APPLE INC COM	28,164,920	5.3	-5.00
MICROSOFT CORP COM	28,138,080	5.3	-5.58
BERKSHIRE HATHAWAY INC DE	24,315,638	4.6	-12.51
HOME DEPOT INC COM	23,225,944	4.4	1.28
JPMORGAN CHASE & CO COM	20,426,093	3.9	-1.29
ALPHABET INC CAP STK CL C	19,562,400	3.7	-25.56
JOHNSON & JOHNSON COM	18,801,500	3.5	-10.14
O REILLY AUTOMOTIVE INC N	15,451,436	2.9	23.98
TE CONNECTIVITY LTD REG S	15,111,759	2.9	1.87

Large Cap Equity Attribution

March 31, 2023

Sector	Qtr
Financials	-3.21
Information Tech	-1.22
Communication Services	0.78
Real Estate	0.14
Consumer Staples	0.47
Materials	0.10
Utilities	0.34
Consumer Disc	-2.33
Industrials	1.50
Energy	0.64
Health Care	0.01
Total	-2.79

Sector	1 Year
Financials	0.26
Information Tech	-0.07
Communication Services	-0.28
Real Estate	0.33
Consumer Staples	-0.53
Materials	-0.01
Utilities	-0.01
Consumer Disc	3.52
Industrials	0.52
Energy	-0.80
Health Care	-0.72
Total	2.21

Sector	5 Years
Financials	0.18
Information Tech	0.55
Communication Services	-0.06
Real Estate	0.10
Consumer Staples	0.13
Materials	0.01
Utilities	0.05
Consumer Disc	0.89
Industrials	0.54
Energy	0.18
Health Care	-0.45
Total	2.12

Ky Judicial Retirement DB Top & Bottom Contributors

March 31, 2023

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	7.49	27.10	1.67
MSFT	Microsoft	7.49	20.54	1.33
GE	General Electric	3.84	45.08	1.30
META	Meta	1.97	76.12	0.89
GOOG	Alphabet	5.20	17.21	0.80

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
PGR	Progressive	7.60	26.13	1.46
GE	General Electric	3.84	33.25	0.86
ORLY	O'Reilly	4.11	23.98	0.84
TJX	TJ Maxx	3.10	31.51	0.68
OMC	Omnicom	3.29	15.41	0.36

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	7.49	32.87	2.39
MSFT	Microsoft	7.49	27.15	1.93
PGR	Progressive	7.60	22.11	1.37
ORLY	O'Reilly	4.11	27.88	1.00
HD	Home Depot	6.18	13.29	0.88

Bottom Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
SCHW	Charles Schwab	3.53	-36.89	-2.15
JNJ	Johnson & Johnson	5.00	-11.58	-0.69
PFE	Pfizer	2.53	-19.58	-0.65
HD	Home Depot	6.18	-5.88	-0.41
USB	US Bank	1.88	-16.29	-0.38

1 Year

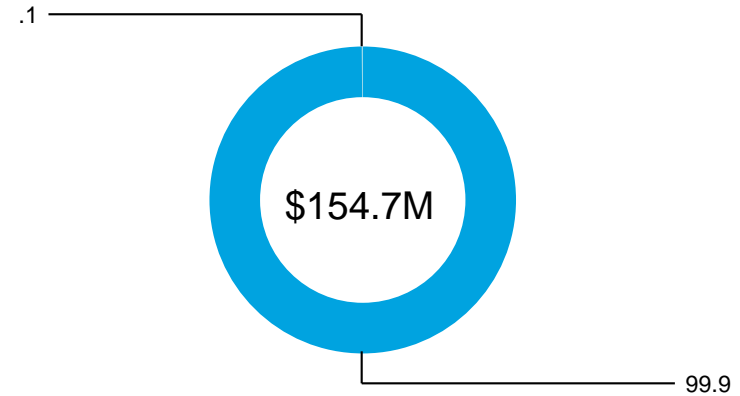
Ticker	Company	Ending Allocation	Total Return	Contribution
SCHW	Charles Schwab	3.53	-37.13	-1.85
GOOG	Alphabet	5.20	-25.56	-1.62
DIS	Walt Disney	3.82	-27.03	-1.15
BRK-B	Berkshire Hathaway	6.47	-12.51	-0.84
UNP	Union Pacific	2.50	-24.45	-0.75

5 Years

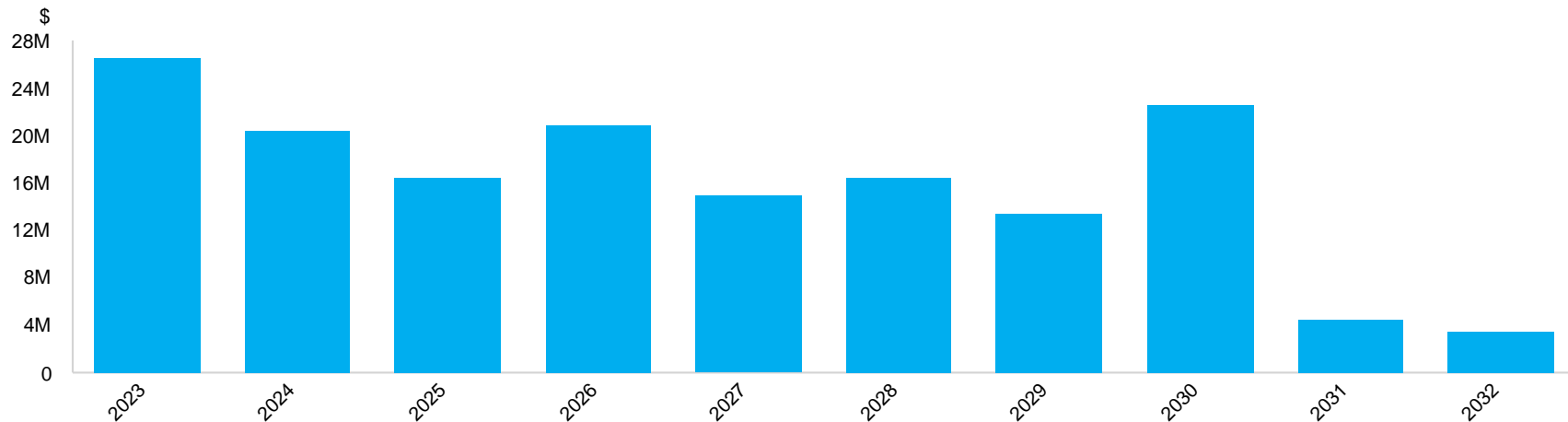
Ticker	Company	Ending Allocation	Total Return	Contribution
WFC	Wells Fargo	1.54	-3.76	-0.10
USB	US Bank	1.88	-3.19	-0.06
META	Meta	1.97	0.43	0.02
DIS	Walt Disney	3.82	0.30	0.08
BAC	Bank of America	1.42	4.18	0.08

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	154,541,482	99.9	4,955,850.00	3.2
● Taxable Bond Funds	128,170	.1	2,286.96	1.8
Total	154,669,652	100.0	4,958,136.96	3.2



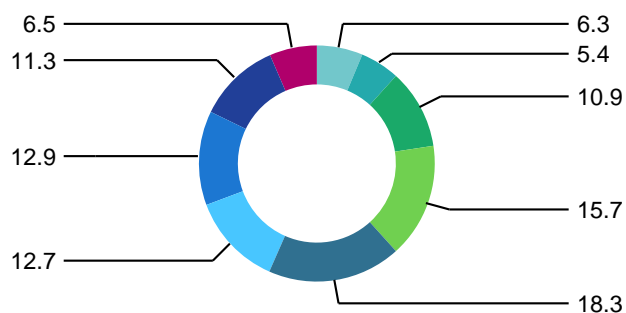
Fixed Income Maturity Schedule



Fixed Income Analysis

	03/31/2023	Bloomberg Gov't/Credit Interm Bond Index
Coupon	3.10	2.48
Current Yield	3.23	2.64
Yield to Maturity	4.41	4.25
Maturity	3.66	4.30
Duration	3.38	3.85
Face Amount	160,000,000	
Market Value	153,209,675	
Total Accrual	1,331,807	
Cost	168,087,206	

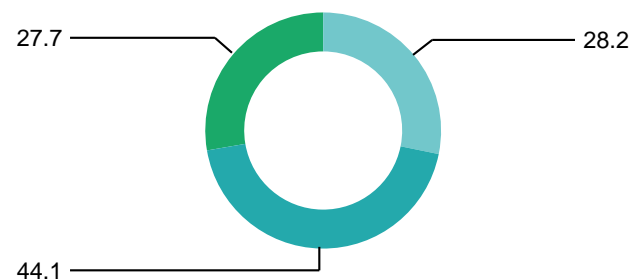
Quality Allocation by Market Value



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

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	Yield to Maturity
Matures 2032										
OREILLY AUTOMOTIVE INC SR GLBL 4.700%06/15/2032	06/15/2032	3,500,000.000	98.330	98.702	3,503,006.11	BBB	03/15/2032		164,500.00	4.876
Total Matures 2032					3,503,006.11				164,500.00	
Matures 2031										
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	4,500,000.000	107.230	88.357	4,001,902.50	BBB+			119,250.00	4.434
Total Matures 2031					4,001,902.50				119,250.00	
Matures 2030										
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	4,500,000.000	107.850	89.083	4,028,610.00	A-	11/01/2029		119,250.00	4.524
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	4,500,000.000	107.950	89.869	4,098,262.50	AA-	07/15/2030		117,450.00	4.191
KIMBERLY CLARK CORP SR GLBL 3.100%03/26/2030	03/26/2030	4,500,000.000	109.260	92.543	4,166,372.50	A	12/26/2029		139,500.00	4.349
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	4,500,000.000	108.330	90.274	4,121,392.50	A+	01/01/2030		118,125.00	4.245
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	4,500,000.000	109.830	91.770	4,131,650.00	A	12/26/2029		144,000.00	4.590
Total Matures 2030					20,546,287.50				638,325.00	
Matures 2029										
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	4,500,000.000	110.960	95.024	4,337,423.75	AA-	01/30/2029		146,250.00	4.185
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	4,500,000.000	111.400	96.157	4,337,265.00	A+	12/07/2028		153,000.00	4.136
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	4,500,000.000	105.750	89.352	4,028,433.75	A+	06/04/2029		101,250.00	4.154
Total Matures 2029					12,703,122.50				400,500.00	
Matures 2028										
CHEVRON USA INC SR GLBL NT 3.850%01/15/2028	01/15/2028	5,000,000.000	100.840	98.676	4,974,438.89	AA-	10/15/2027		192,500.00	4.157
JOHNSON & JOHNSON SR GLBL 2.900%01/15/2028	01/15/2028	5,000,000.000	108.810	95.804	4,820,811.11	AAA	10/15/2027		145,000.00	3.867
SCHWAB CHARLES CORP SR GLBL 3.200%01/25/2028	01/25/2028	4,500,000.000	106.380	91.223	4,131,435.00	A	10/25/2027		144,000.00	5.286
US TREASURY NOTE 3.125%11/15/2028	11/15/2028	2,000,000.000	108.180	97.516	1,973,973.31	AAA			62,500.00	3.617
Total Matures 2028					15,900,658.31				544,000.00	

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
Matures 2027										
BANK AMER CORP FR 3.248%10/21/2027	10/21/2027	5,000,000.000	108.340	94.231	4,783,727.78	A-	10/21/2026		162,400.00	4.667
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330%04/12/2027	04/12/2027	5,000,000.000	100.000	96.379	4,897,112.50	AA+	04/12/2023		166,500.00	4.318
PEPSICO INC SR NT 2.625%03/19/2027	03/19/2027	5,000,000.000	108.550	94.518	4,730,275.00	A+	01/19/2027 100.000		131,250.00	4.136
Total Matures 2027					14,411,115.28				460,150.00	
Matures 2026										
ABBVIE INC SR GBLB 3.200%05/14/2026	05/14/2026	4,500,000.000	109.020	96.552	4,399,640.00	BBB+	02/14/2026		144,000.00	4.393
JPMORGAN CHASE & CO SR NT 2.950%10/01/2026	10/01/2026	4,500,000.000	108.980	94.439	4,316,130.00	A-	07/01/2026 100.000		132,750.00	4.690
OMNICOM GROUP INC SR GBLB 3.600%04/15/2026	04/15/2026	3,000,000.000	104.300	97.037	2,960,910.00	BBB+	01/15/2026		108,000.00	4.656
VERIZON COMMUNICATIONS INC SR GBLB 2.625%08/15/2026	08/15/2026	4,500,000.000	108.120	94.532	4,269,033.75	BBB+			118,125.00	4.385
WELLS FARGO CO NEW SR NT 3.000%10/23/2026	10/23/2026	4,500,000.000	108.470	93.548	4,268,910.00	BBB+			135,000.00	4.999
Total Matures 2026					20,214,623.75				637,875.00	
Matures 2025										
CVS HEALTH CORP SR GBLB NT 3.875%07/20/2025	07/20/2025	3,500,000.000	101.290	98.207	3,463,993.26	BBB	04/20/2025		135,625.00	4.703
INTEL CORP SR GBLB 3.700%07/29/2025	07/29/2025	5,000,000.000	103.130	98.585	4,961,111.11	A	04/29/2025		185,000.00	4.343
NORTHERN TR CORP SUB NT 3.950%10/30/2025	10/30/2025	4,500,000.000	104.400	95.723	4,382,091.26	A			177,750.00	5.755
SYSCO CORP SR NT 3.750%10/01/2025	10/01/2025	3,500,000.000	102.850	97.337	3,472,420.00	BBB	07/01/2025		131,250.00	4.893
Total Matures 2025					16,279,615.63				629,625.00	
Matures 2024										
ALTRIA GROUP INC SR GBLB NT 4.000%01/31/2024	01/31/2024	3,500,000.000	102.900	99.081	3,491,168.33	BBB			140,000.00	5.136
APPLE INC SR GBLB NT 3.450%05/06/2024	05/06/2024	3,500,000.000	102.810	98.832	3,507,755.41	AA+			120,750.00	4.549
CISCO SYS INC SR NT 3.625%03/04/2024	03/04/2024	3,500,000.000	102.240	98.927	3,471,960.62	AA-			126,875.00	4.816
HOME DEPOT INC SR NT	02/15/2024	3,000,000.000	101.890	99.025	2,985,125.01	A	11/15/2023		112,500.00	4.897

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
3.750%02/15/2024 INTERNATIONAL BUSINESS MACHS SR GBLB	02/12/2024	3,500,000.000	102.280	98.761	3,473,904.10	A-			126,875.00	5.099
3.625%02/12/2024 U S BANCORP MTNS BK ENT FR	01/30/2024	3,500,000.000	102.460	98.581	3,472,278.05	A+	12/29/2023		129,500.00	5.462
3.700%01/30/2024										
Total Matures 2024					20,402,191.52				756,500.00	
Matures 2023										
CUMMINS INC SR GBLB NT 3.650%10/01/2023	10/01/2023	3,500,000.000	101.530	99.496	3,546,235.00	A+	07/01/2023		127,750.00	4.676
MICROSOFT CORP NT 3.625%12/15/2023	12/15/2023	3,000,000.000	100.770	99.487	3,016,630.83	AAA	09/15/2023		108,750.00	4.362
ORACLE CORP SR NT 3.625%07/15/2023	07/15/2023	3,500,000.000	102.600	99.423	3,506,589.72	BBB			126,875.00	5.636
PNC BK N A PITTSBURGH PA SUB NT 3.800%07/25/2023	07/25/2023	3,000,000.000	100.280	99.357	3,001,610.00	A-	06/25/2023		114,000.00	5.852
SCHLUMBERGER INVT SA SR NT 3.650%12/01/2023	12/01/2023	3,500,000.000	102.720	99.046	3,509,193.34	A	09/01/2023		127,750.00	5.109
US TREASURY BILL DUE 04/04/2023	04/04/2023	10,000,000.000	98.760	99.987	9,998,700.00	NA			.00	1.191
Total Matures 2023					26,578,958.89				605,125.00	
No Maturity										
ISHARES 1-3 YEAR TREASURY BOND ETF		1,560.000	84.580	82.160	128,169.60	NR				.000
Total No Maturity					128,169.60					
Total					154,669,651.59				4,955,850.00	

	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	188,100.000	13.34	2,509,002.95	104.00	19,562,400.00	3.7	.00	.00	.000
DISNEY WALT CO COM	143,290.000	56.79	8,137,793.52	100.13	14,347,627.70	2.7	.00	.00	.000
META PLATFORM, INC.	34,975.000	219.34	7,671,455.77	211.94	7,412,601.50	1.4	.00	.00	.000
OMNICOM GROUP INC COM	130,300.000	48.73	6,348,879.65	94.34	12,383,712.00	2.3	2.80	364,840.00	2.968
Total for Communication Services			24,667,131.89		53,706,341.20	10.1		364,840.00	.680
Consumer Disc									
CARMAX INC COM	96,600.000	59.76	5,773,139.38	64.28	6,209,448.00	1.2	.00	.00	.000
HOME DEPOT INC COM	78,700.000	29.89	2,352,460.94	295.12	23,225,944.00	4.4	8.36	657,932.00	2.833
O REILLY AUTOMOTIVE INC NEW COM	18,200.000	179.51	3,267,050.63	848.98	15,451,436.00	2.9	.00	.00	.000
TJX COS INC NEW COM	148,700.000	6.26	930,827.28	78.36	11,652,132.00	2.2	1.33	197,771.00	1.697
Total for Consumer Disc			12,323,478.23		56,538,960.00	10.7		855,703.00	1.513
Financials									
BANK OF AMERICA CORP COM	186,800.000	26.92	5,028,101.13	28.60	5,342,480.00	1.0	.88	164,384.00	3.077
BERKSHIRE HATHAWAY INC DEL CL B NEW	78,750.000	114.35	9,004,905.64	308.77	24,315,637.50	4.6	.00	.00	.000
JPMORGAN CHASE & CO COM	156,750.000	52.70	8,260,647.47	130.31	20,426,092.50	3.8	4.00	627,000.00	3.070
PROGRESSIVE CORP OH COM	199,800.000	30.80	6,154,376.98	143.06	28,583,388.00	5.4	.40	79,920.00	.280
SCHWAB CHARLES CORP NEW COM	253,200.000	35.35	8,949,480.60	52.38	13,262,616.00	2.5	1.00	253,200.00	1.909
US BANCORP DEL COM NEW	193,700.000	23.04	4,463,327.98	36.05	7,075,861.00	1.3	1.92	371,904.00	5.326
WELLS FARGO & CO NEW COM	155,000.000	27.26	4,226,050.09	37.38	5,793,900.00	1.1	1.20	186,000.00	3.210
Total for Financials			46,086,889.89		104,799,975.00	19.7		1,682,408.00	1.607
Health Care									
JOHNSON & JOHNSON COM	121,300.000	72.33	8,774,002.54	155.00	18,801,500.00	3.5	4.52	548,276.00	2.916
PFIZER INC COM	232,800.000	25.72	5,987,231.63	40.80	9,498,240.00	1.8	1.64	381,792.00	4.020
Total for Health Care			14,761,234.17		28,299,740.00	5.3		930,068.00	3.286
Industrials									
EXPEDITORS INTL WASH INC COM	87,300.000	37.98	3,315,645.49	110.12	9,613,476.00	1.8	1.34	116,982.00	1.217
FASTENAL CO COM	253,600.000	20.75	5,261,667.81	53.94	13,679,184.00	2.6	1.40	355,040.00	2.595

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GENERAL ELECTRIC CO COM NEW	150,810.000	104.76	15,798,929.18	95.60	14,429,500.80	2.7	.32	48,259.20	.335
PARKER HANNIFIN CORP COM	25,300.000	280.15	7,087,711.51	336.11	8,503,583.00	1.6	5.32	134,596.00	1.583
UNION PAC CORP COM	46,700.000	93.91	4,385,584.19	201.26	9,398,842.00	1.8	5.20	242,840.00	2.584
Total for Industrials			35,849,538.18		55,624,585.80	10.5		897,717.20	1.614
Information Tech									
APPLE INC COM	170,800.000	20.29	3,465,057.49	164.90	28,164,920.00	5.3	.92	157,136.00	.558
CISCO SYS INC COM	106,000.000	17.31	1,834,837.05	52.27	5,541,150.00	1.0	1.56	165,360.00	2.984
MICROSOFT CORP COM	97,600.000	25.38	2,476,895.89	288.30	28,138,080.00	5.3	2.72	265,472.00	.943
TE CONNECTIVITY LTD REG SHS	115,225.000	31.43	3,621,823.22	131.15	15,111,758.75	2.8	2.36	271,931.00	1.799
Total for Information Tech			11,398,613.65		76,955,908.75	14.4		859,899.00	1.117
Total: Total Equity			145,086,886.01		375,925,510.75	70.7		5,590,635.20	1.488
Total Fixed Income									
Corporate Bonds									
ABBVIE INC SR GLBL 3.200% 05/14/2026	4,500,000.000	109.02	4,906,016.32	96.55	4,399,640.00	.8	3.20	144,000.00	3.314
ALTRIA GROUP INC SR GLBL NT 4.000% 01/31/2024	3,500,000.000	102.90	3,601,329.95	99.08	3,491,168.33	.7	4.00	140,000.00	4.037
APPLE INC SR GLBL NT 3.450% 05/06/2024	3,500,000.000	102.81	3,598,323.99	98.83	3,507,755.41	.7	3.45	120,750.00	3.491
BANK AMER CORP FR 3.248% 10/21/2027	5,000,000.000	108.34	5,417,210.81	94.23	4,783,727.78	.9	3.25	162,400.00	3.447
BLACKROCK INC SR GLBL NT 3.250% 04/30/2029	4,500,000.000	110.96	4,993,217.73	95.02	4,337,423.75	.8	3.25	146,250.00	3.420
CVS HEALTH CORP SR GLBL NT 3.875% 07/20/2025	3,500,000.000	101.29	3,545,260.35	98.21	3,463,993.26	.7	3.88	135,625.00	3.946
CHEVRON USA INC SR GLBL NT 3.850% 01/15/2028	5,000,000.000	100.84	5,042,000.00	98.68	4,974,438.89	.9	3.85	192,500.00	3.902
CISCO SYS INC SR NT 3.625% 03/04/2024	3,500,000.000	102.24	3,578,499.64	98.93	3,471,960.62	.7	3.63	126,875.00	3.664
COMCAST CORP NEW GLBL NT	4,500,000.000	107.85	4,853,306.19	89.08	4,028,610.00	.8	2.65	119,250.00	2.975

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.650% 02/01/2030 CUMMINS INC SR GLBL NT	3,500,000.000	101.53	3,553,563.05	99.50	3,546,235.00	.7	3.65	127,750.00	3.668
3.650% 10/01/2023 DISNEY WALT CO SR GLBL NT	4,500,000.000	107.23	4,825,574.74	88.36	4,001,902.50	.8	2.65	119,250.00	2.999
2.650% 01/13/2031 EXXON MOBIL CORP SR GLBL COCO	4,500,000.000	107.95	4,857,881.62	89.87	4,098,262.50	.8	2.61	117,450.00	2.904
2.610% 10/15/2030 HOME DEPOT INC SR NT	3,000,000.000	101.89	3,056,795.26	99.03	2,985,125.01	.6	3.75	112,500.00	3.787
3.750% 02/15/2024 INTEL CORP SR GLBL	5,000,000.000	103.13	5,156,596.70	98.58	4,961,111.11	.9	3.70	185,000.00	3.753
3.700% 07/29/2025 INTERNATIONAL BUSINESS MACHS SR GLBL	3,500,000.000	102.28	3,579,771.22	98.76	3,473,904.10	.7	3.63	126,875.00	3.670
3.625% 02/12/2024 JPMORGAN CHASE & CO SR NT	4,500,000.000	108.98	4,903,950.28	94.44	4,316,130.00	.8	2.95	132,750.00	3.124
2.950% 10/01/2026 JOHNSON & JOHNSON SR GLBL	5,000,000.000	108.81	5,440,382.18	95.80	4,820,811.11	.9	2.90	145,000.00	3.027
2.900% 01/15/2028 KIMBERLY CLARK CORP SR GLBL	4,500,000.000	109.26	4,916,915.28	92.54	4,166,372.50	.8	3.10	139,500.00	3.350
3.100% 03/26/2030 MERCK & CO INC SR GLBL	4,500,000.000	111.40	5,012,820.28	96.16	4,337,265.00	.8	3.40	153,000.00	3.536
3.400% 03/07/2029 MICROSOFT CORP NT	3,000,000.000	100.77	3,022,956.85	99.49	3,016,630.83	.6	3.63	108,750.00	3.644
3.625% 12/15/2023 NORTHERN TR CORP SUB NT	4,500,000.000	104.40	4,698,095.06	95.72	4,382,091.26	.8	3.95	177,750.00	4.126
3.950% 10/30/2025 OREILLY AUTOMOTIVE INC SR GLBL	3,500,000.000	98.33	3,441,550.00	98.70	3,503,006.11	.7	4.70	164,500.00	4.762
4.700% 06/15/2032 OMNICOM GROUP INC SR GLBL	3,000,000.000	104.30	3,129,146.81	97.04	2,960,910.00	.6	3.60	108,000.00	3.710
3.600% 04/15/2026 ORACLE CORP SR NT	3,500,000.000	102.60	3,590,945.42	99.42	3,506,589.72	.7	3.63	126,875.00	3.646
3.625% 07/15/2023 PNC BK N A PITTSBURGH PA SUB NT	3,000,000.000	100.28	3,008,487.10	99.36	3,001,610.00	.6	3.80	114,000.00	3.825
3.800% 07/25/2023 PEPSICO INC SR NT	5,000,000.000	108.55	5,427,413.51	94.52	4,730,275.00	.9	2.63	131,250.00	2.777

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.625% 03/19/2027									
PFIZER INC GLBL NT	4,500,000.000	108.33	4,874,850.53	90.27	4,121,392.50	.8	2.63	118,125.00	2.908
2.625% 04/01/2030									
PROGRESSIVE CORP SR GLBL	4,500,000.000	109.83	4,942,133.37	91.77	4,131,650.00	.8	3.20	144,000.00	3.487
3.200% 03/26/2030									
SCHLUMBERGER INVT SA SR NT	3,500,000.000	102.72	3,595,266.69	99.05	3,509,193.34	.7	3.65	127,750.00	3.685
3.650% 12/01/2023									
SCHWAB CHARLES CORP SR GLBL	4,500,000.000	106.38	4,787,060.00	91.22	4,131,435.00	.8	3.20	144,000.00	3.508
3.200% 01/25/2028									
SYSCO CORP SR NT	3,500,000.000	102.85	3,599,581.69	97.34	3,472,420.00	.7	3.75	131,250.00	3.853
3.750% 10/01/2025									
TEXAS INSTRS INC SR GLBL NT	4,500,000.000	105.75	4,758,542.97	89.35	4,028,433.75	.8	2.25	101,250.00	2.518
2.250% 09/04/2029									
U S BANCORP MTNS BK ENT FR	3,500,000.000	102.46	3,586,048.69	98.58	3,472,278.05	.7	3.70	129,500.00	3.753
3.700% 01/30/2024									
VERIZON COMMUNICATIONS INC SR GLBL	4,500,000.000	108.12	4,865,186.69	94.53	4,269,033.75	.8	2.63	118,125.00	2.777
2.625% 08/15/2026									
WELLS FARGO CO NEW SR NT	4,500,000.000	108.47	4,881,224.62	93.55	4,268,910.00	.8	3.00	135,000.00	3.207
3.000% 10/23/2026									
Total for Corporate Bonds			151,047,905.59		137,671,696.18	26.6		4,726,850.00	3.464
Governments									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	5,000,000.000	100.00	5,000,000.00	96.38	4,897,112.50	.9	3.33	166,500.00	3.455
3.330% 04/12/2027									
US TREASURY BILL DUE 04/04/2023	10,000,000.000	98.76	9,875,800.00	99.99	9,998,700.00	1.9	.00	.00	.000
US TREASURY NOTE	2,000,000.000	108.18	2,163,500.00	97.52	1,973,973.31	.4	3.13	62,500.00	3.205
3.125% 11/15/2028									
Total for Governments			17,039,300.00		16,869,785.81	3.2		229,000.00	1.366
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,560.000	84.58	131,943.81	82.16	128,169.60	.0	1.47	2,286.96	1.784
Total for Taxable Bond Funds			131,943.81		128,169.60	.0		2,286.96	1.784
Total: Total Fixed Income			168,219,149.40		154,669,651.59	29.8		4,958,136.96	3.233
Total			313,306,035.41		530,595,162.34	100.0		10,548,772.16	1.994

	Market Value	Fiscal Year to Date (9 Months)	1 Year	3 Years	5 Years	10 Years	20 Years	Inception to Date 01/01/1993
Total Portfolio - Gross	530,595,162	8.33	-4.75	15.57	10.34	10.54	8.76	8.73
Total Portfolio - Net	530,595,162	8.27	-4.81	15.49	10.26	10.47	8.70	8.68
70% SP500 30% Bloomberg Int Govt Cr		7.38	-5.61	12.61	8.51	9.09	8.33	8.40
Total Equity	375,925,511	11.34	-5.96	21.00	13.21	13.66	10.80	10.70
S P 500 Index		9.98	-7.73	18.60	11.19	12.24	10.37	9.83
Total Fixed Income	154,669,652	1.40	-1.46	-.49	1.40	1.34	2.65	4.05
Bloomberg US Government/Credit Interm Bond		.72	-1.66	-1.28	1.40	1.32	2.89	4.29

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	10.54	9.09
Standard Deviation	11.72	10.67
Beta	1.00	
Alpha	1.40	
R-Squared	.99	
Sharpe Ratio	9.43	10.22
Treynor Ratio	110.54	109.09
Tracking Error	3.08	
Information Ratio	.47	
Downside Deviation	7.39	6.76
Downside Standard Deviation	8.84	8.01
Sortino Ratio	1.53	1.44
Upside Capture	1.11	
Downside Capture	1.04	
Batting Average	.56	
Annualized Excess Return	1.44	
Cumulative Excess Return	33.57	
Turnover %	128.63	
M-Squared	.64	
Residual Risk	.98	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	8.76	8.33
Standard Deviation	10.59	10.53
Beta	.99	
Alpha	.52	
R-Squared	.98	
Sharpe Ratio	10.27	10.29
Treynor Ratio	109.86	108.33
Tracking Error	3.10	
Information Ratio	.13	
Downside Deviation	6.79	6.92
Downside Standard Deviation	7.98	8.03
Sortino Ratio	1.38	1.29
Upside Capture	.99	
Downside Capture	.95	
Batting Average	.52	
Annualized Excess Return	.44	
Cumulative Excess Return	41.45	
Turnover %	190.41	
M-Squared	8.14	
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 Global	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 Global NT	105.00	525,000.00
02/28/2022	500,000.00	Johnson & Johnson SR Global	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 Global	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 Global NT	105.00	-525,000.00
02/28/2022	-500,000.00	Johnson & Johnson SR Global	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 Global	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 Global NT	105.00	525,000.00
02/28/2022	500,000.00	Johnson & Johnson SR Global	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 Global	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 Global	102.40	1,536,000.00
05/17/2022	5,000,000.00	Chevron USA Inc SR Global NT	100.84	5,042,000.00
05/17/2022	5,000,000.00	Chevron USA Inc SR Global NT	100.84	5,042,000.00
05/17/2022	-5,000,000.00	Chevron USA Inc SR Global NT	100.84	-5,042,000.00
09/14/2022	3,500,000.00	O'Reilly Automotive Inc SR Global	98.33	3,441,550.00
10/26/2022	26,000.00	Parker Hannifin Corp Com	280.15	7,283,814.20
12/16/2022	10,000,000.00	US Treasury Bill Due 04/04/2023	98.76	9,875,800.00
02/22/2023	15,565.00	Disney Walt Co Com	102.36	1,593,157.13
02/22/2023	19,310.00	General Electric Co Com New	83.79	1,617,973.31
				<u>45,474,404.64</u>

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
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

Portfolio Turnover

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

December 31, 2021 to March 31, 2023

Managed since: January 01, 1993

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
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
09/01/2022	-3,500,000.00	O REILLY AUTOMOTIVE INC NEW SR NT	100.00	3,500,000.00	11/16/2017	1.01	3,546,886.81	-46,886.81
10/26/2022	-5,800.00	O REILLY AUTOMOTIVE INC NEW COM	776.16	4,501,733.94	07/11/2017	174.94	1,014,661.97	3,487,071.97
10/26/2022	-25,000.00	PROGRESSIVE CORP OH COM	123.51	3,087,796.76	05/23/2007	23.19	579,645.00	2,508,151.76
12/08/2022	-3,200.00	TE CONNECTIVITY LTD REG SHS	122.16	390,911.04	09/26/2011	30.74	98,379.84	292,531.20
12/08/2022	-5,100.00	ALPHABET INC CAP STK CL C	94.80	483,499.52	10/05/2015	550.22	2,806,121.73	-2,322,622.21
12/08/2022	-4,600.00	APPLE INC COM	141.88	652,658.34	04/25/2013	14.64	67,322.46	585,335.88
12/08/2022	-5,100.00	BANK OF AMERICA CORP COM	32.87	167,640.29	08/30/2019	26.92	137,276.85	30,363.44
12/08/2022	-2,200.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	306.66	674,647.54	07/26/2011	48.71	107,169.00	567,478.54
12/08/2022	-2,650.00	CARMAX INC COM	65.00	172,255.06	01/30/2019	59.76	158,372.87	13,882.19
12/08/2022	-2,900.00	CISCO SYS INC COM	48.71	141,256.05	07/26/2011	18.22	52,837.31	88,418.74
12/08/2022	-3,500.00	DISNEY WALT CO COM	92.85	324,982.60	07/26/2011	25.61	89,634.79	235,347.81
12/08/2022	-2,400.00	EXPEDITORS INTL WASH INC COM	108.56	260,545.95	03/25/2013	37.20	89,283.12	171,262.83
12/08/2022	-1,000.00	META PLATFORM, INC.	115.12	115,118.36	05/06/2020	203.86	203,863.80	-88,745.44
12/08/2022	-7,000.00	FASTENAL CO COM	50.51	353,573.09	02/12/2015	21.12	147,867.30	205,705.79
12/08/2022	-3,600.00	GENERAL ELECTRIC CO COM NEW	85.47	307,705.11	08/02/2021	109.86	395,486.81	-87,781.70

Portfolio Turnover

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

December 31, 2021 to March 31, 2023

Managed since: January 01, 1993

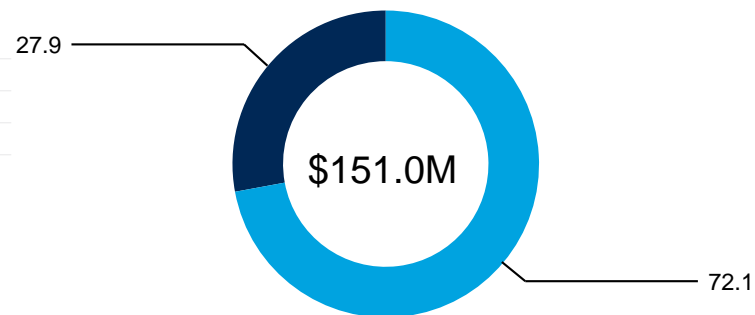
Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
12/08/2022	-2,175.00	HOME DEPOT INC COM	321.47	699,197.33	06/30/2021	39.91	86,811.43	612,385.90
12/08/2022	-4,300.00	JPMORGAN CHASE & CO COM	132.59	570,117.06	06/06/2008	40.49	174,117.75	395,999.31
12/08/2022	-3,325.00	JOHNSON & JOHNSON COM	176.97	588,409.11	11/24/2021	5.79	19,249.60	569,159.51
12/08/2022	-2,675.00	MICROSOFT CORP COM	244.42	653,824.04	01/05/2006	26.75	71,558.02	582,266.02
12/08/2022	-500.00	O REILLY AUTOMOTIVE INC NEW COM	832.03	416,013.42	07/11/2017	174.94	87,470.86	328,542.56
12/08/2022	-3,600.00	OMNICOM GROUP INC COM	76.01	273,643.41	06/24/2003	29.14	104,888.06	168,755.35
12/08/2022	-700.00	PARKER HANNIFIN CORP COM	294.41	206,089.27	10/28/2022	280.15	196,102.69	9,986.58
12/08/2022	-6,400.00	PFIZER INC COM	50.37	322,343.33	09/07/2011	18.04	115,434.55	206,908.78
12/08/2022	-5,500.00	PROGRESSIVE CORP OH COM	131.07	720,897.63	05/23/2007	23.19	127,521.90	593,375.73
12/08/2022	-7,000.00	SCHWAB CHARLES CORP NEW COM	80.63	564,437.66	08/26/2020	35.35	247,418.50	317,019.16
12/08/2022	-4,100.00	TJX COS INC NEW COM	79.77	327,042.53	12/06/2004	5.92	24,256.43	302,786.10
12/08/2022	-5,300.00	US BANCORP DEL COM NEW	43.51	230,595.06	12/06/2000	19.65	104,127.40	126,467.66
12/08/2022	-1,300.00	UNION PAC CORP COM	213.83	277,973.02	07/24/2015	93.91	122,082.64	155,890.38
12/08/2022	-4,250.00	WELLS FARGO & CO NEW COM	42.75	181,696.93	06/02/2011	28.21	119,889.52	61,807.41
12/08/2022	-4,500,000.00	3M CO SR GLBL NT	86.91	3,910,950.00	02/03/2021	1.06	4,760,024.33	-849,074.33
12/08/2022	-3,325.00	JOHNSON & JOHNSON COM	176.97	588,409.11	11/24/2021	5.79	19,249.60	569,159.51
01/01/2023	3,325.00	JOHNSON & JOHNSON COM	176.97	-588,409.11	11/24/2021	5.79	-19,249.60	0.00
01/25/2023	0.00	GE HEALTHCARE TECHNOLOGIES INC	0.00	22.07	01/12/2023	0.00	0.00	0.00
02/22/2023	-43,833.00	GE HEALTHCARE TECHNOLOGIES INC	71.86	3,149,894.33	01/04/2023	76.01	3,331,834.18	-181,939.85
				<u>59,137,791.40</u>			<u>36,139,410.68</u>	<u>23,567,518.16</u>

Client Investment Review

Investment activity through 03/31/2023

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	108,919,956	72.1	1,613,590.40	1.5
Total Fixed Income	42,096,780	27.9	1,463,892.66	3.5
Total	151,016,736	100.0	3,077,483.06	2.0

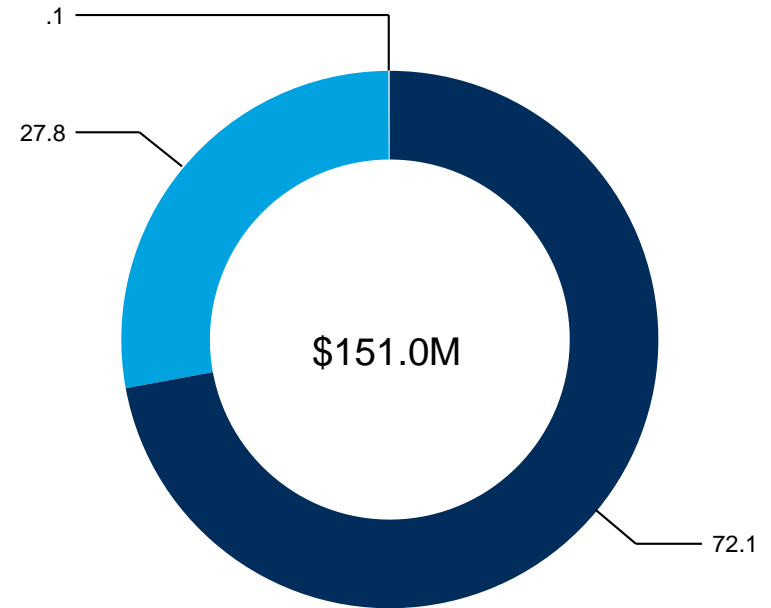


Investment Summary

	Fiscal Year to Date (9 Months)
Beginning Account Value	141,473,091.75
Net Contributions/Withdrawals	-2,299,100.52
Income Earned	2,265,756.78
Market Appreciation	9,576,987.56
Ending Account Value	151,016,735.57

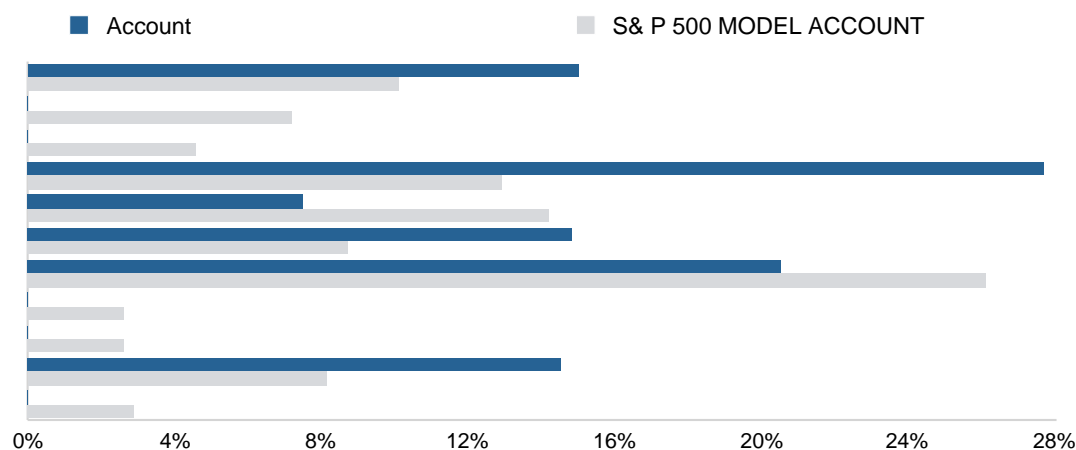
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	108,919,956	72.1
● Taxable Fixed Income	41,952,178	27.8
● Taxable Bond Funds	144,602	.1
Total	151,016,736	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	15.0	10.1
Consumer Staples	.0	7.2
Energy	.0	4.6
Financials	27.7	12.9
Health Care	7.5	14.2
Industrials	14.8	8.7
Information Tech	20.5	26.1
Materials	.0	2.6
Real Estate	.0	2.6
Communication Serv	14.5	8.1
Utilities	.0	2.9



Top 10 Performers

	Market Value	% of Mkt Val	Return
GENERAL ELECTRIC CO COM N	4,235,754	2.8	33.19
TJX COS INC NEW COM	3,377,316	2.2	31.45
PROGRESSIVE CORP OH COM	8,175,879	5.4	26.16
O REILLY AUTOMOTIVE INC N	4,499,594	3.0	23.97
PARKER HANNIFIN CORP COM	2,453,603	1.6	20.96
OMNICOM GROUP INC COM	3,594,888	2.4	15.38
EXPEDITORS INTL WASH INC	2,764,012	1.8	8.10
OREILLY AUTOMOTIVE INC SR	1,000,859	.7	2.93
TE CONNECTIVITY LTD REG S	4,498,445	3.0	1.81
CUMMINS INC SR GLBL NT	1,013,210	.7	1.77

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
PROGRESSIVE CORP OH COM	8,175,879	5.4	26.16
APPLE INC COM	8,162,550	5.4	-5.05
MICROSOFT CORP COM	8,094,023	5.4	-5.62
BERKSHIRE HATHAWAY INC DE	7,086,272	4.7	-12.52
HOME DEPOT INC COM	6,691,846	4.4	1.24
JPMORGAN CHASE & CO COM	5,876,981	3.9	-1.32
ALPHABET INC CAP STK CL C	5,740,800	3.8	-25.58
JOHNSON & JOHNSON COM	5,425,000	3.6	-10.11
O REILLY AUTOMOTIVE INC N	4,499,594	3.0	23.97
TE CONNECTIVITY LTD REG S	4,498,445	3.0	1.81

Large Cap Equity Attribution

March 31, 2023

Sector	Qtr
Financials	-3.21
Information Tech	-1.22
Communication Services	0.78
Real Estate	0.14
Consumer Staples	0.47
Materials	0.10
Utilities	0.34
Consumer Disc	-2.33
Industrials	1.50
Energy	0.64
Health Care	0.01
Total	-2.79

Sector	1 Year
Financials	0.26
Information Tech	-0.07
Communication Services	-0.28
Real Estate	0.33
Consumer Staples	-0.53
Materials	-0.01
Utilities	-0.01
Consumer Disc	3.52
Industrials	0.52
Energy	-0.80
Health Care	-0.72
Total	2.21

Sector	5 Years
Financials	0.18
Information Tech	0.55
Communication Services	-0.06
Real Estate	0.10
Consumer Staples	0.13
Materials	0.01
Utilities	0.05
Consumer Disc	0.89
Industrials	0.54
Energy	0.18
Health Care	-0.45
Total	2.12

Ky Legislators Retirement DB Top & Bottom Contributors

March 31, 2023

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	7.49	27.10	1.67
MSFT	Microsoft	7.43	20.54	1.32
GE	General Electric	3.89	45.07	1.31
META	Meta	1.98	76.12	0.90
GOOG	Alphabet	5.27	17.21	0.81

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
PGR	Progressive	7.51	26.16	1.48
GE	General Electric	3.89	33.19	0.90
ORLY	O'Reilly	4.13	23.97	0.85
TJX	TJ Maxx	3.10	31.45	0.68
OMC	Omnicom	3.30	15.38	0.38

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	7.49	32.88	2.39
MSFT	Microsoft	7.43	27.11	1.92
PGR	Progressive	7.51	22.11	1.35
ORLY	O'Reilly	4.13	27.90	0.99
HD	Home Depot	6.14	13.29	0.88

Bottom Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
SCHW	Charles Schwab	3.52	-36.89	-2.15
JNJ	Johnson & Johnson	4.98	-11.61	-0.69
PFE	Pfizer	2.51	-19.58	-0.64
HD	Home Depot	6.14	-5.88	-0.41
USB	US Bank	1.82	-16.31	-0.37

1 Year

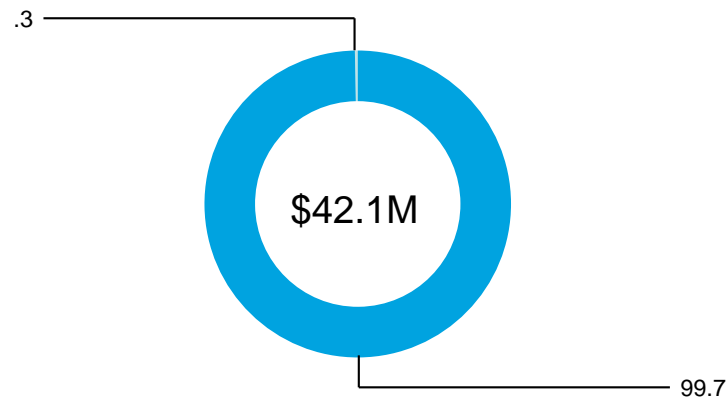
Ticker	Company	Ending Allocation	Total Return	Contribution
SCHW	Charles Schwab	3.52	-37.15	-1.91
GOOG	Alphabet	5.27	-25.58	-1.65
DIS	Walt Disney	3.90	-27.03	-1.18
BRK-B	Berkshire Hathaway	6.51	-12.52	-0.85
UNP	Union Pacific	2.49	-24.50	-0.77

5 Years

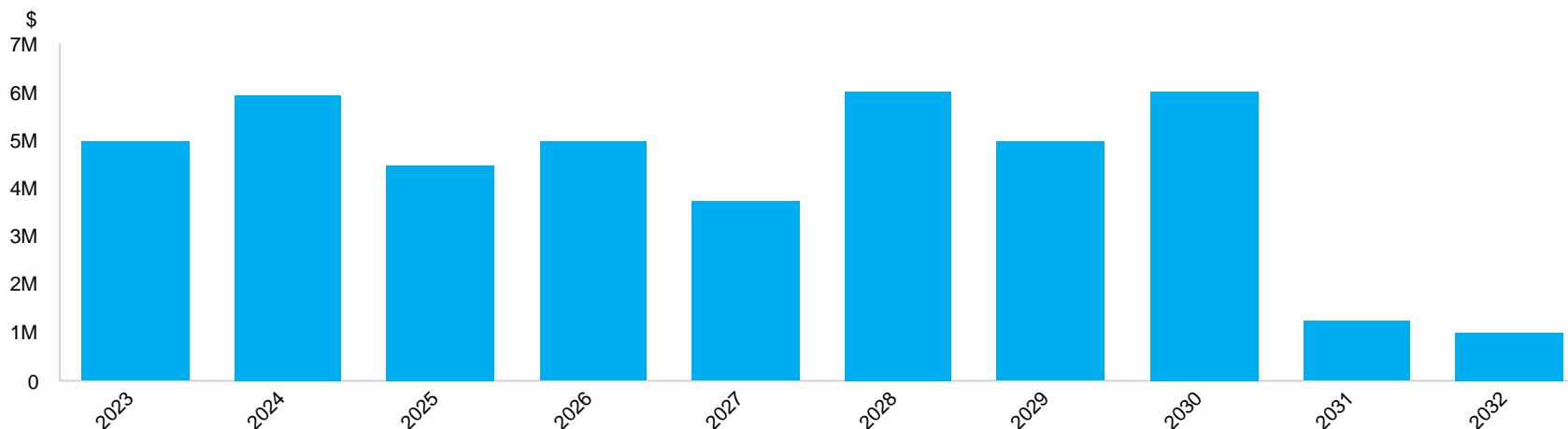
Ticker	Company	Ending Allocation	Total Return	Contribution
WFC	Wells Fargo	1.53	-3.74	-0.10
USB	US Bank	1.82	-3.19	-0.06
META	Meta	1.98	0.49	0.03
BAC	Bank of America	1.43	4.19	0.08
DIS	Walt Disney	3.90	0.32	0.09

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	41,952,178	99.7	1,461,312.50	3.5
● Taxable Bond Funds	144,602	.3	2,580.16	1.8
Total	42,096,780	100.0	1,463,892.66	3.5



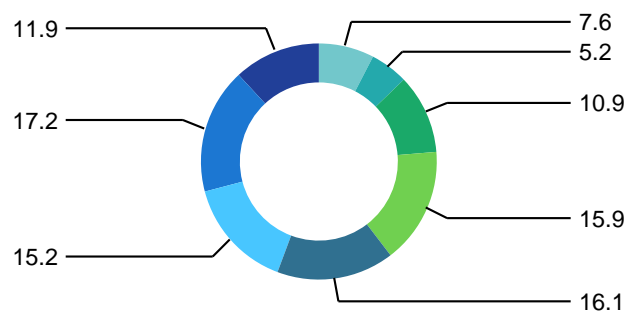
Fixed Income Maturity Schedule



Fixed Income Analysis

	03/31/2023	Bloomberg Gov't/Credit Interm Bond Index
Coupon	3.38	2.48
Current Yield	3.52	2.64
Yield to Maturity	4.64	4.25
Maturity	3.99	4.30
Duration	3.68	3.85
Face Amount	43,450,000	
Market Value	41,560,354	
Total Accrual	391,824	
Cost	45,645,010	

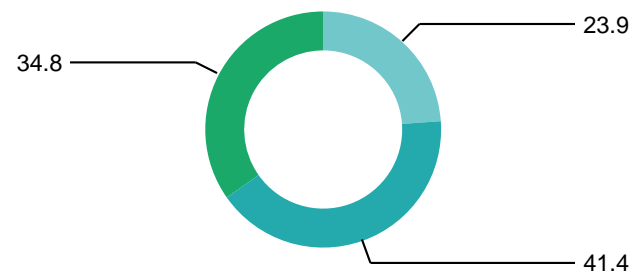
Quality Allocation by Market Value



■ 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	Yield to Maturity
Matures 2032										
OREILLY AUTOMOTIVE INC SR GLBL 4.700%06/15/2032	06/15/2032	1,000,000.000	98.330	98.702	1,000,858.89	BBB	03/15/2032		47,000.00	4.876
Total Matures 2032					1,000,858.89				47,000.00	
Matures 2031										
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	1,250,000.000	107.380	88.357	1,111,639.59	BBB+			33,125.00	4.434
Total Matures 2031					1,111,639.59				33,125.00	
Matures 2030										
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	1,250,000.000	108.150	89.083	1,119,058.34	A-	11/01/2029		33,125.00	4.524
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	1,250,000.000	107.910	89.869	1,138,406.25	AA-	07/15/2030		32,625.00	4.191
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	1,250,000.000	108.410	90.274	1,144,831.25	A+	01/01/2030		32,812.50	4.245
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	1,250,000.000	109.860	91.770	1,147,680.55	A	12/26/2029		40,000.00	4.590
UNION PAC CORP SR GLBL 2.400%02/05/2030	02/05/2030	1,000,000.000	106.970	87.954	883,273.33	A-	11/05/2029		24,000.00	4.460
Total Matures 2030					5,433,249.72				162,562.50	
Matures 2029										
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	1,250,000.000	110.360	95.024	1,204,839.93	AA-	01/30/2029		40,625.00	4.185
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	1,250,000.000	111.450	96.157	1,204,795.84	A+	12/07/2028		42,500.00	4.136
PARKER HANNIFIN CORP SR GLBL 4.500%09/15/2029	09/15/2029	1,250,000.000	98.540	99.020	1,240,250.00	BBB+	07/15/2029		56,250.00	4.677
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	1,250,000.000	105.830	89.352	1,119,009.38	A+	06/04/2029		28,125.00	4.154
Total Matures 2029					4,768,895.15				167,500.00	
Matures 2028										
ABBVIE INC SR GLBL NT 4.250%11/14/2028	11/14/2028	1,250,000.000	104.360	99.395	1,262,654.51	BBB+	08/14/2028		53,125.00	4.372
CHEVRON USA INC SR GLBL NT 3.850%01/15/2028	01/15/2028	1,250,000.000	100.840	98.676	1,243,609.72	AA-	10/15/2027		48,125.00	4.157
JOHNSON & JOHNSON SR GLBL 2.900%01/15/2028	01/15/2028	1,250,000.000	109.210	95.804	1,205,202.78	AAA	10/15/2027		36,250.00	3.867
SCHWAB CHARLES CORP SR GLBL	01/25/2028	1,250,000.000	106.190	91.223	1,147,620.84	A	10/25/2027		40,000.00	5.286

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
3.200%01/25/2028 US TREASURY NOTE	11/15/2028	1,000,000.000	108.180	97.516	986,986.66	AAA			31,250.00	3.617
3.125%11/15/2028										
Total Matures 2028					5,846,074.51				208,750.00	
Matures 2027										
BANK AMER CORP FR 3.248%10/21/2027	10/21/2027	1,250,000.000	108.960	94.231	1,195,931.95	A-	10/21/2026		40,600.00	4.667
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330%04/12/2027	04/12/2027	1,250,000.000	100.000	96.379	1,224,278.13	AA+	04/12/2023		41,625.00	4.318
PEPSICO INC SR NT 2.625%03/19/2027	03/19/2027	1,250,000.000	109.150	94.518	1,182,568.75	A+	01/19/2027 100.000		32,812.50	4.136
Total Matures 2027					3,602,778.83				115,037.50	
Matures 2026										
JPMORGAN CHASE & CO SR NT 2.950%10/01/2026	10/01/2026	1,250,000.000	108.130	94.439	1,198,925.00	A-	07/01/2026 100.000		36,875.00	4.690
OMNICOM GROUP INC SR GLOBL 3.600%04/15/2026	04/15/2026	1,250,000.000	104.400	97.037	1,233,712.50	BBB+	01/15/2026		45,000.00	4.656
VERIZON COMMUNICATIONS INC SR GLOBL 2.625%08/15/2026	08/15/2026	1,250,000.000	108.160	94.532	1,185,842.71	BBB+			32,812.50	4.385
WELLS FARGO CO NEW SR NT 3.000%10/23/2026	10/23/2026	1,250,000.000	108.470	93.548	1,185,808.33	BBB+			37,500.00	4.999
Total Matures 2026					4,804,288.54				152,187.50	
Matures 2025										
CVS HEALTH CORP SR GLOBL NT 3.875%07/20/2025	07/20/2025	1,000,000.000	101.290	98.207	989,712.36	BBB	04/20/2025		38,750.00	4.703
INTEL CORP SR GLOBL 3.700%07/29/2025	07/29/2025	1,250,000.000	102.400	98.585	1,240,277.78	A	04/29/2025		46,250.00	4.343
NORTHERN TR CORP SUB NT 3.950%10/30/2025	10/30/2025	1,250,000.000	104.250	95.723	1,217,247.57	A			49,375.00	5.755
SYSCO CORP SR NT 3.750%10/01/2025	10/01/2025	1,000,000.000	102.850	97.337	992,120.00	BBB	07/01/2025		37,500.00	4.893
Total Matures 2025					4,439,357.71				171,875.00	
Matures 2024										
ALTRIA GROUP INC SR GLOBL NT 4.000%01/31/2024	01/31/2024	1,000,000.000	102.900	99.081	997,476.67	BBB			40,000.00	5.136
APPLE INC SR GLOBL NT 3.450%05/06/2024	05/06/2024	950,000.000	102.700	98.832	952,105.05	AA+			32,775.00	4.549
CISCO SYS INC SR NT	03/04/2024	1,000,000.000	102.210	98.927	991,988.75	AA-			36,250.00	4.816

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
3.625%03/04/2024 HOME DEPOT INC SR NT	02/15/2024	1,000,000.000	102.920	99.025	995,041.66	A	11/15/2023		37,500.00	4.897
3.750%02/15/2024 INTERNATIONAL BUSINESS MACHS SR GLBL	02/12/2024	1,000,000.000	102.280	98.761	992,544.03	A-			36,250.00	5.099
3.625%02/12/2024 U S BANCORP MTNS BK ENT FR	01/30/2024	1,000,000.000	102.680	98.581	992,079.44	A+	12/29/2023		37,000.00	5.462
3.700%01/30/2024 Total Matures 2024					5,921,235.60				219,775.00	
Matures 2023										
CUMMINS INC SR GLBL NT 3.650%10/01/2023	10/01/2023	1,000,000.000	101.440	99.496	1,013,210.00	A+	07/01/2023		36,500.00	4.676
MICROSOFT CORP NT 3.625%12/15/2023	12/15/2023	1,000,000.000	101.630	99.487	1,005,543.62	AAA	09/15/2023		36,250.00	4.362
ORACLE CORP SR NT 3.625%07/15/2023	07/15/2023	1,000,000.000	102.610	99.423	1,001,882.77	BBB			36,250.00	5.636
PNC BK N A PITTSBURGH PA SUB NT 3.800%07/25/2023	07/25/2023	1,000,000.000	100.310	99.357	1,000,536.67	A-	06/25/2023		38,000.00	5.852
SCHLUMBERGER INVT SA SR NT 3.650%12/01/2023	12/01/2023	1,000,000.000	102.320	99.046	1,002,626.67	A	09/01/2023		36,500.00	5.109
Total Matures 2023					5,023,799.73				183,500.00	
No Maturity										
ISHARES 1-3 YEAR TREASURY BOND ETF		1,760.000	84.580	82.160	144,601.60	NR				.000
Total No Maturity					144,601.60					
Total					42,096,779.87				1,461,312.50	

	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	55,200.000	27.42	1,513,594.02	104.00	5,740,800.00	3.8	.00	.00	.000
DISNEY WALT CO COM	42,445.000	61.73	2,620,292.75	100.13	4,250,017.85	2.8	.00	.00	.000
META PLATFORM, INC.	10,200.000	218.25	2,226,153.96	211.94	2,161,788.00	1.4	.00	.00	.000
OMNICOM GROUP INC COM	37,825.000	53.99	2,042,193.82	94.34	3,594,888.00	2.4	2.80	105,910.00	2.968
Total for Communication Services			8,402,234.55		15,747,493.85	10.4		105,910.00	.674
Consumer Disc									
CARMAX INC COM	27,500.000	59.76	1,643,492.05	64.28	1,767,700.00	1.2	.00	.00	.000
HOME DEPOT INC COM	22,675.000	56.60	1,283,410.14	295.12	6,691,846.00	4.4	8.36	189,563.00	2.833
O REILLY AUTOMOTIVE INC NEW COM	5,300.000	179.68	952,284.59	848.98	4,499,594.00	3.0	.00	.00	.000
TJX COS INC NEW COM	43,100.000	11.93	514,198.06	78.36	3,377,316.00	2.2	1.33	57,323.00	1.697
Total for Consumer Disc			4,393,384.84		16,336,456.00	10.8		246,886.00	1.511
Financials									
BANK OF AMERICA CORP COM	54,350.000	26.92	1,462,940.56	28.60	1,554,410.00	1.0	.88	47,828.00	3.077
BERKSHIRE HATHAWAY INC DEL CL B NEW	22,950.000	119.41	2,740,542.72	308.77	7,086,271.50	4.7	.00	.00	.000
JPMORGAN CHASE & CO COM	45,100.000	58.19	2,624,476.48	130.31	5,876,981.00	3.9	4.00	180,400.00	3.070
PROGRESSIVE CORP OH COM	57,150.000	31.77	1,815,709.73	143.06	8,175,879.00	5.4	.40	22,860.00	.280
SCHWAB CHARLES CORP NEW COM	73,100.000	35.35	2,583,756.05	52.38	3,828,978.00	2.5	1.00	73,100.00	1.909
US BANCORP DEL COM NEW	54,300.000	28.78	1,562,876.17	36.05	1,983,579.00	1.3	1.92	104,256.00	5.326
WELLS FARGO & CO NEW COM	44,500.000	33.33	1,483,258.95	37.38	1,663,410.00	1.1	1.20	53,400.00	3.210
Total for Financials			14,273,560.66		30,169,508.50	19.9		481,844.00	1.599
Health Care									
JOHNSON & JOHNSON COM	35,000.000	70.55	2,469,226.32	155.00	5,425,000.00	3.6	4.52	158,200.00	2.916
PFIZER INC COM	67,000.000	28.03	1,877,850.59	40.80	2,733,600.00	1.8	1.64	109,880.00	4.020
Total for Health Care			4,347,076.91		8,158,600.00	5.4		268,080.00	3.286
Industrials									
EXPEDITORS INTL WASH INC COM	25,100.000	39.94	1,002,516.05	110.12	2,764,012.00	1.8	1.34	33,634.00	1.217
FASTENAL CO COM	73,500.000	20.75	1,524,783.54	53.94	3,964,590.00	2.6	1.40	102,900.00	2.595

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GENERAL ELECTRIC CO COM NEW	44,270.000	106.43	4,711,607.97	95.60	4,235,753.60	2.8	.32	14,166.40	.335
PARKER HANNIFIN CORP COM	7,300.000	280.15	2,045,070.91	336.11	2,453,603.00	1.6	5.32	38,836.00	1.583
UNION PAC CORP COM	13,500.000	93.91	1,267,781.30	201.26	2,717,010.00	1.8	5.20	70,200.00	2.584
Total for Industrials			10,551,759.77		16,134,968.60	10.6		259,736.40	1.610
Information Tech									
APPLE INC COM	49,500.000	26.27	1,300,468.74	164.90	8,162,550.00	5.4	.92	45,540.00	.558
CISCO SYS INC COM	30,950.000	21.91	678,121.98	52.27	1,617,911.25	1.1	1.56	48,282.00	2.984
MICROSOFT CORP COM	28,075.000	31.25	877,475.61	288.30	8,094,022.50	5.4	2.72	76,364.00	.943
TE CONNECTIVITY LTD REG SHS	34,300.000	39.88	1,367,816.10	131.15	4,498,445.00	3.0	2.36	80,948.00	1.799
Total for Information Tech			4,223,882.43		22,372,928.75	14.9		251,134.00	1.122
Total: Total Equity			46,191,899.16		108,919,955.70	72.0		1,613,590.40	1.482
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	99.39	1,262,654.51	.8	4.25	53,125.00	4.276
ALTRIA GROUP INC SR GLBL NT 4.000% 01/31/2024	1,000,000.000	102.90	1,028,953.24	99.08	997,476.67	.7	4.00	40,000.00	4.037
APPLE INC SR GLBL NT 3.450% 05/06/2024	950,000.000	102.70	975,692.03	98.83	952,105.05	.6	3.45	32,775.00	3.491
BANK AMER CORP FR 3.248% 10/21/2027	1,250,000.000	108.96	1,362,048.44	94.23	1,195,931.95	.8	3.25	40,600.00	3.447
BLACKROCK INC SR GLBL NT 3.250% 04/30/2029	1,250,000.000	110.36	1,379,554.43	95.02	1,204,839.93	.8	3.25	40,625.00	3.420
CVS HEALTH CORP SR GLBL NT 3.875% 07/20/2025	1,000,000.000	101.29	1,012,931.54	98.21	989,712.36	.7	3.88	38,750.00	3.946
CHEVRON USA INC SR GLBL NT 3.850% 01/15/2028	1,250,000.000	100.84	1,260,500.00	98.68	1,243,609.72	.8	3.85	48,125.00	3.902
CISCO SYS INC SR NT 3.625% 03/04/2024	1,000,000.000	102.21	1,022,129.61	98.93	991,988.75	.7	3.63	36,250.00	3.664
COMCAST CORP NEW GLBL NT	1,250,000.000	108.15	1,351,916.41	89.08	1,119,058.34	.7	2.65	33,125.00	2.975

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.650% 02/01/2030 CUMMINS INC SR GLBL NT	1,000,000.000	101.44	1,014,418.26	99.50	1,013,210.00	.7	3.65	36,500.00	3.668
3.650% 10/01/2023 DISNEY WALT CO SR GLBL NT	1,250,000.000	107.38	1,342,255.25	88.36	1,111,639.59	.7	2.65	33,125.00	2.999
2.650% 01/13/2031 EXXON MOBIL CORP SR GLBL COCO	1,250,000.000	107.91	1,348,900.66	89.87	1,138,406.25	.8	2.61	32,625.00	2.904
2.610% 10/15/2030 HOME DEPOT INC SR NT	1,000,000.000	102.92	1,029,237.88	99.03	995,041.66	.7	3.75	37,500.00	3.787
3.750% 02/15/2024 INTEL CORP SR GLBL	1,250,000.000	102.40	1,280,000.00	98.58	1,240,277.78	.8	3.70	46,250.00	3.753
3.700% 07/29/2025 INTERNATIONAL BUSINESS MACHS SR GLBL	1,000,000.000	102.28	1,022,791.79	98.76	992,544.03	.7	3.63	36,250.00	3.670
3.625% 02/12/2024 JPMORGAN CHASE & CO SR NT	1,250,000.000	108.13	1,351,599.84	94.44	1,198,925.00	.8	2.95	36,875.00	3.124
2.950% 10/01/2026 JOHNSON & JOHNSON SR GLBL	1,250,000.000	109.21	1,365,091.23	95.80	1,205,202.78	.8	2.90	36,250.00	3.027
2.900% 01/15/2028 MERCK & CO INC SR GLBL	1,250,000.000	111.45	1,393,128.69	96.16	1,204,795.84	.8	3.40	42,500.00	3.536
3.400% 03/07/2029 MICROSOFT CORP NT	1,000,000.000	101.63	1,016,308.36	99.49	1,005,543.62	.7	3.63	36,250.00	3.644
3.625% 12/15/2023 NORTHERN TR CORP SUB NT	1,250,000.000	104.25	1,303,135.51	95.72	1,217,247.57	.8	3.95	49,375.00	4.126
3.950% 10/30/2025 OREILLY AUTOMOTIVE INC SR GLBL	1,000,000.000	98.33	983,300.00	98.70	1,000,858.89	.7	4.70	47,000.00	4.762
4.700% 06/15/2032 OMNICOM GROUP INC SR GLBL	1,250,000.000	104.40	1,304,998.94	97.04	1,233,712.50	.8	3.60	45,000.00	3.710
3.600% 04/15/2026 ORACLE CORP SR NT	1,000,000.000	102.61	1,026,104.57	99.42	1,001,882.77	.7	3.63	36,250.00	3.646
3.625% 07/15/2023 PNC BK N A PITTSBURGH PA SUB NT	1,000,000.000	100.31	1,003,124.87	99.36	1,000,536.67	.7	3.80	38,000.00	3.825
3.800% 07/25/2023 PARKER HANNIFIN CORP SR GLBL	1,250,000.000	98.54	1,231,687.50	99.02	1,240,250.00	.8	4.50	56,250.00	4.545
4.500% 09/15/2029 PEPSICO INC SR NT	1,250,000.000	109.15	1,364,337.28	94.52	1,182,568.75	.8	2.63	32,812.50	2.777

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.625% 03/19/2027									
PFIZER INC GLBL NT	1,250,000.000	108.41	1,355,079.82	90.27	1,144,831.25	.8	2.63	32,812.50	2.908
2.625% 04/01/2030									
PROGRESSIVE CORP SR GLBL	1,250,000.000	109.86	1,373,253.13	91.77	1,147,680.55	.8	3.20	40,000.00	3.487
3.200% 03/26/2030									
SCHLUMBERGER INVT SA SR NT	1,000,000.000	102.32	1,023,166.32	99.05	1,002,626.67	.7	3.65	36,500.00	3.685
3.650% 12/01/2023									
SCHWAB CHARLES CORP SR GLBL	1,250,000.000	106.19	1,327,430.00	91.22	1,147,620.84	.8	3.20	40,000.00	3.508
3.200% 01/25/2028									
SYSCO CORP SR NT	1,000,000.000	102.85	1,028,451.91	97.34	992,120.00	.7	3.75	37,500.00	3.853
3.750% 10/01/2025									
TEXAS INSTRS INC SR GLBL NT	1,250,000.000	105.83	1,322,899.94	89.35	1,119,009.38	.7	2.25	28,125.00	2.518
2.250% 09/04/2029									
UNION PAC CORP SR GLBL	1,000,000.000	106.97	1,069,704.65	87.95	883,273.33	.6	2.40	24,000.00	2.729
2.400% 02/05/2030									
U S BANCORP MTNS BK ENT FR	1,000,000.000	102.68	1,026,793.56	98.58	992,079.44	.7	3.70	37,000.00	3.753
3.700% 01/30/2024									
VERIZON COMMUNICATIONS INC SR GLBL	1,250,000.000	108.16	1,351,938.92	94.53	1,185,842.71	.8	2.63	32,812.50	2.777
2.625% 08/15/2026									
WELLS FARGO CO NEW SR NT	1,250,000.000	108.47	1,355,895.73	93.55	1,185,808.33	.8	3.00	37,500.00	3.207
3.000% 10/23/2026									
Total for Corporate Bonds			43,313,260.31		39,740,913.48	26.8		1,388,437.50	3.526
Governments									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	1,250,000.000	100.00	1,250,000.00	96.38	1,224,278.13	.8	3.33	41,625.00	3.455
3.330% 04/12/2027									
US TREASURY NOTE	1,000,000.000	108.18	1,081,750.00	97.52	986,986.66	.7	3.13	31,250.00	3.205
3.125% 11/15/2028									
Total for Governments			2,331,750.00		2,211,264.79	1.5		72,875.00	3.343
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,760.000	84.58	148,859.68	82.16	144,601.60	.1	1.47	2,580.16	1.784
Total for Taxable Bond Funds			148,859.68		144,601.60	.1		2,580.16	1.784
Total: Total Fixed Income			45,793,869.99		42,096,779.87	28.4		1,463,892.66	3.510
Total			91,985,769.15		151,016,735.57	100.0		3,077,483.06	2.044

	Market Value	Fiscal Year to Date (9 Months)	1 Year	3 Years	5 Years	10 Years	20 Years	Inception to Date 01/01/1993
Total Portfolio - Gross	151,016,736	8.60	-4.63	15.68	10.36	10.60	8.77	8.69
Total Portfolio - Net	151,016,736	8.53	-4.69	15.59	10.28	10.53	8.72	8.64
70% SP500 30% Bloomberg Int Govt Cr		7.38	-5.61	12.61	8.51	9.09	8.33	8.40
Total Equity	108,919,956	11.39	-5.98	21.00	13.20	13.65	10.77	10.51
S P 500 Index		9.98	-7.73	18.60	11.19	12.24	10.37	9.83
Total Fixed Income	42,096,780	1.43	-1.57	-.59	1.29	1.34	2.63	3.99
Bloomberg US Government/Credit Interm Bond		.72	-1.66	-1.28	1.40	1.32	2.89	4.29

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	10.60	9.09
Standard Deviation	11.74	10.67
Beta	1.01	
Alpha	1.41	
R-Squared	.99	
Sharpe Ratio	9.42	10.22
Treynor Ratio	109.50	109.09
Tracking Error	3.06	
Information Ratio	.49	
Downside Deviation	7.39	6.76
Downside Standard Deviation	8.84	8.01
Sortino Ratio	1.54	1.44
Upside Capture	1.11	
Downside Capture	1.04	
Batting Average	.55	
Annualized Excess Return	1.50	
Cumulative Excess Return	35.00	
Turnover %	123.91	
M-Squared	.52	
Residual Risk	.98	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	8.77	8.33
Standard Deviation	10.57	10.53
Beta	.99	
Alpha	.51	
R-Squared	.98	
Sharpe Ratio	10.29	10.29
Treynor Ratio	109.87	108.33
Tracking Error	3.13	
Information Ratio	.13	
Downside Deviation	6.75	6.92
Downside Standard Deviation	7.95	8.03
Sortino Ratio	1.39	1.29
Upside Capture	.99	
Downside Capture	.95	
Batting Average	.53	
Annualized Excess Return	.45	
Cumulative Excess Return	42.60	
Turnover %	189.47	
M-Squared	8.36	
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 GLOBL	106.61	1,066,100.00
02/28/2022	250,000.00	BLACKROCK INC SR GLOBL 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 GLOBL 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 GLOBL NT	105.00	262,500.00
02/28/2022	250,000.00	BLACKROCK INC SR GLOBL 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 GLOBL	104.78	-261,950.00
03/02/2022	250,000.00	OMNICOM GROUP INC SR GLOBL	104.78	261,950.00
03/02/2022	250,000.00	SCHWAB CHARLES CORP SR GLOBL	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 GLOBL	104.78	261,950.00
04/07/2022	1,250,000.00	ABBVIE INC SR GLOBL NT	104.36	1,304,500.00
04/07/2022	1,250,000.00	INTEL CORP SR GLOBL	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 GLOBL NT	104.36	-1,304,500.00
04/07/2022	-1,250,000.00	INTEL CORP SR GLOBL	102.40	-1,280,000.00
05/01/2022	-250,000.00	BLACKROCK INC SR GLOBL NT	105.00	-262,500.00
05/01/2022	1,250,000.00	ABBVIE INC SR GLOBL NT	104.36	1,304,500.00
05/01/2022	1,250,000.00	INTEL CORP SR GLOBL	102.40	1,280,000.00
05/01/2022	1,250,000.00	INTEL CORP SR GLOBL	102.40	1,280,000.00
05/01/2022	1,250,000.00	ABBVIE INC SR GLOBL NT	104.36	1,304,500.00
05/01/2022	-1,250,000.00	ABBVIE INC SR GLOBL NT	104.36	-1,304,500.00
05/01/2022	-1,250,000.00	INTEL CORP SR GLOBL	102.40	-1,280,000.00
05/17/2022	1,250,000.00	CHEVRON USA INC SR GLOBL NT	100.84	1,260,500.00
05/17/2022	1,250,000.00	CHEVRON USA INC SR GLOBL NT	100.84	1,260,500.00
05/17/2022	-1,250,000.00	CHEVRON USA INC SR GLOBL NT	100.84	-1,260,500.00
09/14/2022	1,000,000.00	OREILLY AUTOMOTIVE INC SR GLOBL	98.33	983,300.00
10/26/2022	7,300.00	PARKER HANNIFIN CORP COM	280.15	2,045,070.91
12/16/2022	1,250,000.00	PARKER HANNIFIN CORP SR GLOBL	98.53	1,231,687.50
02/22/2023	4,570.00	DISNEY WALT CO COM	102.36	467,762.81
02/22/2023	5,670.00	GENERAL ELECTRIC CO COM NEW	83.79	475,085.90
				<u>13,496,937.12</u>

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
04/06/2022	-900.00	CARMAX INC COM	96.99	87,292.08	01/30/2019	59.76	53,787.01	33,505.07

Portfolio Turnover

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

December 31, 2021 to March 31, 2023

Managed since: January 01, 1993

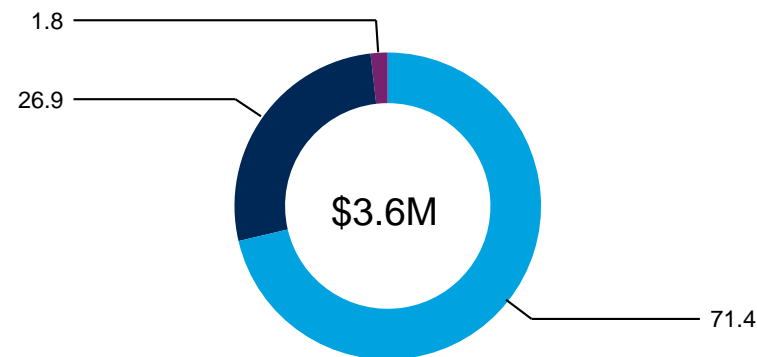
Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
04/06/2022	-1,000.00	CISCO SYS INC COM	54.35	54,353.62	06/03/2005	19.83	19,828.86	34,524.76
04/06/2022	-250.00	DISNEY WALT CO COM	132.64	33,159.91	04/23/2015	25.44	6,358.93	26,800.98
04/06/2022	-800.00	EXPEDITORS 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
09/01/2022	-1,000,000.00	O REILLY AUTOMOTIVE INC NEW SR NT	100.00	1,000,000.00	11/16/2017	1.01	1,013,354.93	-13,354.93
10/26/2022	-1,550.00	O REILLY AUTOMOTIVE INC NEW COM	776.16	1,203,049.58	07/11/2017	174.94	271,159.66	931,889.92
10/26/2022	-8,000.00	PROGRESSIVE CORP OH COM	123.51	988,094.96	05/23/2007	23.19	185,486.40	802,608.56
12/08/2022	-1,250,000.00	3M CO SR GLBL NT	86.91	1,086,375.00	02/03/2021	1.06	1,323,049.25	-236,674.25
01/25/2023	0.00	GE HEALTHCARE TECHNOLOGIES INC	0.00	44.21	01/12/2023	0.00	0.00	0.00
02/22/2023	-12,866.00	GE HEALTHCARE TECHNOLOGIES INC	71.86	924,566.88	01/04/2023	76.79	988,001.95	-63,435.07
				18,306,110.23			10,942,576.63	7,363,489.39

Client Investment Review

Investment activity through 03/31/2023

Asset Allocation Summary

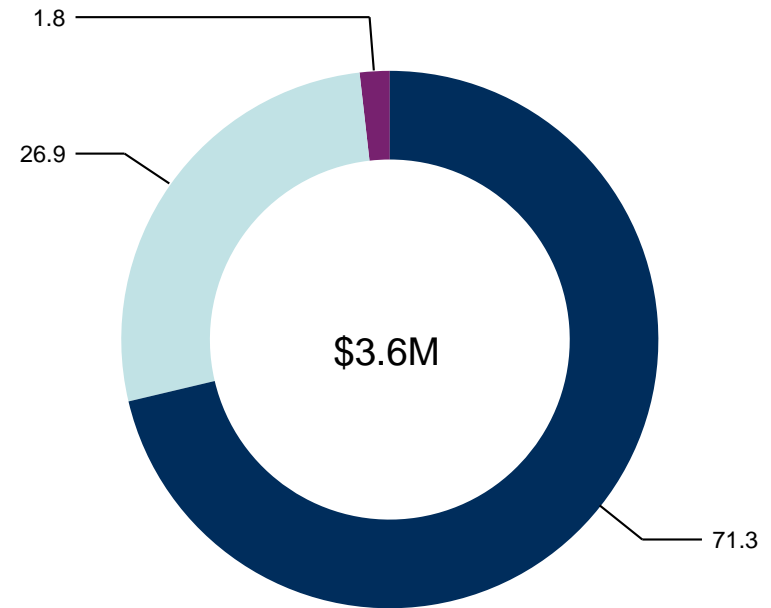
	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	2,568,812	71.3	38,084.00	1.5
Total Fixed Income	966,856	26.9	25,714.76	2.7
Cash & Equivalents	64,679	1.8	2,996.01	4.6
Total	3,600,347	100.0	66,794.77	1.9



Investment Summary

	Fiscal Year to Date (9 Months)
Beginning Account Value	3,127,502.28
Net Contributions/Withdrawals	185,596.55
Income Earned	47,317.33
Market Appreciation	239,931.30
Ending Account Value	3,600,347.46

	Market Value	% of Mkt Val
● Core Equity	2,568,812	71.3
● Taxable Bond Funds	966,856	26.9
● Cash & Equivalents	64,679	1.8
Total	3,600,347	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	64,439.940	1.00	64,439.94	1.00	64,679.25	1.8	4.65	2,996.01	4.649
Total for Money Markets			64,439.94		64,679.25	1.8		2,996.01	4.649
Total: Cash & Equivalents			64,439.94		64,679.25	1.8		2,996.01	4.649
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	1,296.000	134.43	174,215.28	104.00	134,784.00	3.7	.00	.00	.000
DISNEY WALT CO COM	983.000	161.69	158,940.58	100.13	98,427.79	2.7	.00	.00	.000
META PLATFORM, INC.	247.000	334.52	82,626.79	211.94	52,349.18	1.5	.00	.00	.000
OMNICOM GROUP INC COM	896.000	75.10	67,289.08	94.34	85,155.84	2.4	2.80	2,508.80	2.968
Total for Communication Services			483,071.73		370,716.81	10.3		2,508.80	.678
Consumer Disc									
CARMAX INC COM	650.000	122.11	79,371.59	64.28	41,782.00	1.2	.00	.00	.000
HOME DEPOT INC COM	529.000	327.52	173,259.05	295.12	156,118.48	4.3	8.36	4,422.44	2.833
O REILLY AUTOMOTIVE INC NEW COM	125.000	612.94	76,617.94	848.98	106,122.50	2.9	.00	.00	.000
TJX COS INC NEW COM	918.000	69.06	63,400.50	78.36	71,934.48	2.0	1.33	1,220.94	1.697
Total for Consumer Disc			392,649.08		375,957.46	10.4		5,643.38	1.501
Financials									
BANK OF AMERICA CORP COM	1,285.000	40.31	51,800.77	28.60	36,751.00	1.0	.88	1,130.80	3.077
BERKSHIRE HATHAWAY INC DEL CL B NEW	549.000	292.03	160,325.89	308.77	169,514.73	4.7	.00	.00	.000
JPMORGAN CHASE & CO COM	1,129.000	152.59	172,276.75	130.31	147,119.99	4.1	4.00	4,516.00	3.070
PROGRESSIVE CORP OH COM	1,350.000	99.87	134,822.77	143.06	193,131.00	5.4	.40	540.00	.280
SCHWAB CHARLES CORP NEW COM	1,809.000	73.03	132,110.68	52.38	94,755.42	2.6	1.00	1,809.00	1.909
US BANCORP DEL COM NEW	1,232.000	55.89	68,854.94	36.05	45,004.96	1.3	1.92	2,365.44	5.326
WELLS FARGO & CO NEW COM	1,017.000	48.61	49,431.33	37.38	38,015.46	1.1	1.20	1,220.40	3.210
Total for Financials			769,623.13		724,292.56	20.2		11,581.64	1.600

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
JOHNSON & JOHNSON COM	824.000	172.03	141,754.67	155.00	127,720.00	3.5	4.52	3,724.48	2.916
PFIZER INC COM	1,490.000	47.98	71,497.36	40.80	60,792.00	1.7	1.64	2,443.60	4.020
Total for Health Care			213,252.03		188,512.00	5.2		6,168.08	3.272
Industrials									
EXPEDITORS INTL WASH INC COM	573.000	120.63	69,118.33	110.12	63,098.76	1.8	1.34	767.82	1.217
FASTENAL CO COM	1,716.000	55.36	95,003.06	53.94	92,561.04	2.6	1.40	2,402.40	2.595
GENERAL ELECTRIC CO COM NEW	953.000	77.92	74,260.96	95.60	91,183.04	2.5	.32	304.96	.335
PARKER HANNIFIN CORP COM	170.000	284.10	48,296.86	336.11	57,138.70	1.6	5.32	904.40	1.583
UNION PAC CORP COM	331.000	227.84	75,413.54	201.26	66,617.06	1.9	5.20	1,721.20	2.584
Total for Industrials			362,092.75		370,598.60	10.4		6,100.78	1.647
Information Tech									
APPLE INC COM	1,220.000	149.37	182,227.44	164.90	201,178.00	5.6	.92	1,122.40	.558
CISCO SYS INC COM	857.000	55.02	47,155.57	52.27	44,799.68	1.2	1.56	1,336.92	2.984
MICROSOFT CORP COM	667.000	288.86	192,672.53	288.30	192,296.10	5.3	2.72	1,814.24	.943
TE CONNECTIVITY LTD REG SHS	766.000	148.07	113,423.24	131.15	100,460.90	2.8	2.36	1,807.76	1.799
Total for Information Tech			535,478.78		538,734.68	14.9		6,081.32	1.129
Total: Total Equity			2,756,167.50		2,568,812.11	71.4		38,084.00	1.483
Total Fixed Income									
Taxable Bond Funds									
ISHARES TRUST ISHARES 1-5 YEAR	11,845.000	53.74	636,606.22	50.54	598,646.30	16.6	1.19	14,083.70	2.353
VANGUARD SCOTTSDALE FDS VANGUARD	4,590.000	92.02	422,377.73	80.22	368,209.80	10.2	2.53	11,631.06	3.159
Total for Taxable Bond Funds			1,058,983.95		966,856.10	26.8		25,714.76	2.660
Total: Total Fixed Income			1,058,983.95		966,856.10	26.8		25,714.76	2.660
Total			3,879,591.39		3,600,347.46	100.0		66,794.77	1.856

Performance Overview

	Market Value	Fiscal Year to Date (9 Months)	1 Year	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	3,600,347	8.53	-4.96	13.02	8.84	8.40
Total Portfolio - Net	3,600,347	8.46	-5.03	12.93	8.75	8.32
70% SP500 30% Bloomberg Int Govt Cr		7.38	-5.61	12.61	8.51	8.24
Total Equity	2,568,812	11.24	-6.25	18.70	11.24	10.94
S P 500 Index		9.98	-7.73	18.60	11.19	10.97
Total Fixed Income	966,856	2.15	-1.55	-1.52	2.22	1.99
Bloomberg US Government/Credit Interm Bond		.72	-1.66	-1.28	1.40	1.26
Cash & Equivalents	64,679	2.70	2.86	.97	1.34	1.02
3 Mos Treasury Bill Rate		2.98	3.27	1.15	1.50	1.18

	Total Portfolio - Gross	70% SP500 30% Bloomberg Int Govt Cr
Return	8.84	8.51
Standard Deviation	13.77	13.50
Beta	1.00	
Alpha	.32	
R-Squared	1.00	
Sharpe Ratio	7.90	8.04
Treynor Ratio	108.84	108.51
Tracking Error	2.02	
Information Ratio	.17	
Downside Deviation	9.09	8.88
Downside Standard Deviation	10.43	10.20
Sortino Ratio	1.08	1.07
Upside Capture	1.02	
Downside Capture	1.00	
Batting Average	.62	
Annualized Excess Return	.32	
Cumulative Excess Return	2.26	
Turnover %	.38	
M-Squared	6.71	
Residual Risk	.00	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

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

	IGSB	Bloomberg Intermediate Gov/Cr
Duration	2.60	3.85
Effective Maturity	2.94	4.30
Credit Rating	A-	AA2 / AA3
Weighted Coupon	3.38	2.48
Weighted Price	96.18	93.90
Yield to Maturity	4.98	4.25

Source: Morningstar | As of Apr. 06, 2023, Category: Short-Term Bond as of Feb. 28, 2023

Source: Bloomberg | Bloomberg Intermediate Gov/Cr as of Mar. 31, 2023

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 (0.67)	-	0.35	0.32	-	-	-	-
AA (8.77)	-	5.46	3.31	-	-	-	-
A (44.83)	0.32	27.92	16.55	0.04	-	-	-
BBB (44.02)	0.37	27.33	16.31	0.01	-	-	-
BB (1.00)	0.05	0.70	0.25	-	-	-	-
B	-	-	-	-	-	-	-
Below B	-	-	-	-	-	-	-
Not Rated (0.25)	-	0.14	0.11	-	-	-	-

Source: Morningstar

As of Apr. 06, 2023 | Data is based on the long position of the holdings. | Source: Holdings-based calculations.

Vanguard Interm-Term Corp Bd ETF (VCIT)

	VCIT	Bloomberg Intermediate Gov/Cr
Duration	6.19	3.85
Effective Maturity	7.40	4.30
Credit Rating	BBB+	AA2 / AA3
Weighted Coupon	-----	2.48
Weighted Price	89.08	93.90
Yield to Maturity	5.49	4.25

Source: Morningstar | As of Feb. 28, 2023, Category: Corporate Bond

Source: Bloomberg | Bloomberg Intermediate Gov/Cr as of Mar. 31, 2023

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 (0.18)	-	-	0.03	0.10	0.05	-	-
AA (4.99)	-	-	0.68	2.31	2.00	-	-
A (40.93)	-	0.04	6.48	18.89	15.52	-	-
BBB (51.51)	-	0.06	11.34	28.20	11.91	-	-
BB (1.67)	-	0.04	0.57	0.96	0.10	-	-
B	-	-	-	-	-	-	-
Below B	-	-	-	-	-	-	-
Not Rated	-	-	-	-	-	-	-

Source: Morningstar

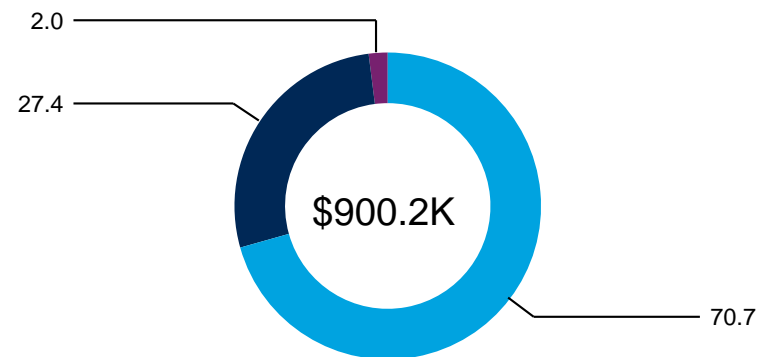
As of Feb. 28, 2023 | Data is based on the long position of the holdings. Source: Holdings-based calculations.

Client Investment Review

Investment activity through 03/31/2023

Asset Allocation Summary

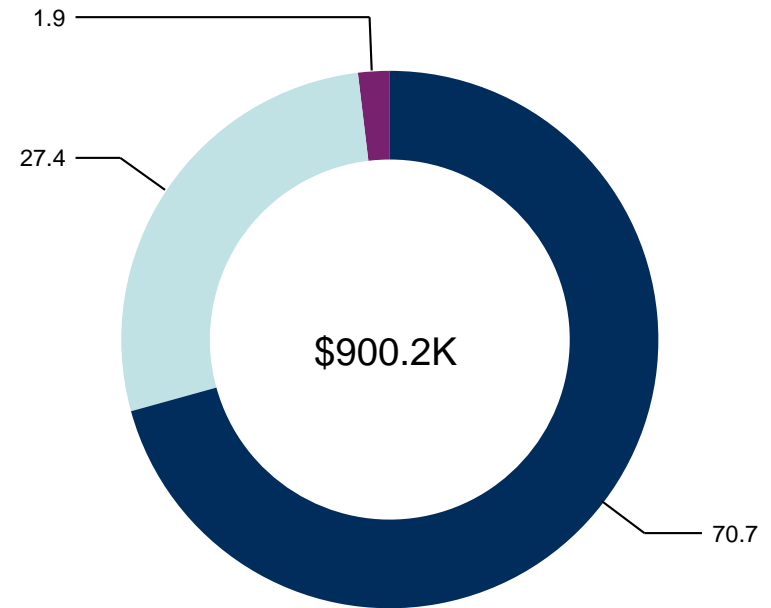
	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	636,180	70.7	9,498.15	1.5
Total Fixed Income	246,476	27.4	6,557.22	2.7
Cash & Equivalents	17,519	1.9	811.47	4.6
Total	900,175	100.0	16,866.84	1.9



Investment Summary

	Fiscal Year to Date (9 Months)
Beginning Account Value	776,827.78
Net Contributions/Withdrawals	51,735.73
Income Earned	11,919.54
Market Appreciation	59,692.04
Ending Account Value	900,175.09

	Market Value	% of Mkt Val
● Core Equity	636,180	70.7
● Taxable Bond Funds	246,476	27.4
● Cash & Equivalents	17,519	1.9
Total	900,175	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	17,453.590	1.00	17,453.59	1.00	17,518.59	1.9	4.65	811.47	4.649
Total for Money Markets			17,453.59		17,518.59	1.9		811.47	4.649
Total: Cash & Equivalents			17,453.59		17,518.59	1.9		811.47	4.649
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	302.000	133.23	40,234.51	104.00	31,408.00	3.5	.00	.00	.000
DISNEY WALT CO COM	243.000	158.66	38,554.66	100.13	24,331.59	2.7	.00	.00	.000
META PLATFORM, INC.	62.000	327.52	20,306.37	211.94	13,140.28	1.5	.00	.00	.000
OMNICOM GROUP INC COM	225.000	75.16	16,911.88	94.34	21,384.00	2.4	2.80	630.00	2.968
Total for Communication Services			116,007.42		90,263.87	10.1		630.00	.699
Consumer Disc									
CARMAX INC COM	162.000	120.14	19,462.46	64.28	10,413.36	1.2	.00	.00	.000
HOME DEPOT INC COM	132.000	325.81	43,006.26	295.12	38,955.84	4.3	8.36	1,103.52	2.833
O REILLY AUTOMOTIVE INC NEW COM	30.000	619.20	18,575.86	848.98	25,469.40	2.8	.00	.00	.000
TJX COS INC NEW COM	225.000	68.62	15,439.15	78.36	17,631.00	2.0	1.33	299.25	1.697
Total for Consumer Disc			96,483.73		92,469.60	10.3		1,402.77	1.517
Financials									
BANK OF AMERICA CORP COM	323.000	40.10	12,950.87	28.60	9,237.80	1.0	.88	284.24	3.077
BERKSHIRE HATHAWAY INC DEL CL B NEW	137.000	293.57	40,219.59	308.77	42,301.49	4.7	.00	.00	.000
JPMORGAN CHASE & CO COM	282.000	150.76	42,515.09	130.31	36,747.42	4.1	4.00	1,128.00	3.070
PROGRESSIVE CORP OH COM	335.000	100.95	33,819.45	143.06	47,925.10	5.3	.40	134.00	.280
SCHWAB CHARLES CORP NEW COM	450.000	73.05	32,872.57	52.38	23,571.00	2.6	1.00	450.00	1.909
US BANCORP DEL COM NEW	306.000	55.44	16,966.04	36.05	11,178.18	1.2	1.92	587.52	5.326
WELLS FARGO & CO NEW COM	251.000	48.34	12,132.17	37.38	9,382.38	1.0	1.20	301.20	3.210
Total for Financials			191,475.78		180,343.37	19.9		2,884.96	1.601

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
JOHNSON & JOHNSON COM	212.000	172.04	36,472.80	155.00	32,860.00	3.7	4.52	958.24	2.916
PFIZER INC COM	374.000	48.01	17,955.02	40.80	15,259.20	1.7	1.64	613.36	4.020
Total for Health Care			54,427.82		48,119.20	5.4		1,571.60	3.266
Industrials									
EXPEDITORS INTL WASH INC COM	145.000	119.07	17,264.99	110.12	15,967.40	1.8	1.34	194.30	1.217
FASTENAL CO COM	422.000	55.28	23,329.44	53.94	22,762.68	2.5	1.40	590.80	2.595
GENERAL ELECTRIC CO COM NEW	245.000	77.02	18,868.69	95.60	23,441.60	2.6	.32	78.40	.335
PARKER HANNIFIN CORP COM	40.000	284.10	11,363.97	336.11	13,444.40	1.5	5.32	212.80	1.583
UNION PAC CORP COM	82.000	227.63	18,666.03	201.26	16,503.32	1.8	5.20	426.40	2.584
Total for Industrials			89,493.12		92,119.40	10.2		1,502.70	1.632
Information Tech									
APPLE INC COM	301.000	150.00	45,151.49	164.90	49,634.90	5.5	.92	276.92	.558
CISCO SYS INC COM	212.000	54.68	11,592.88	52.27	11,082.30	1.2	1.56	330.72	2.984
MICROSOFT CORP COM	162.000	288.15	46,679.69	288.30	46,704.60	5.2	2.72	440.64	.943
TE CONNECTIVITY LTD REG SHS	194.000	146.75	28,469.49	131.15	25,443.10	2.8	2.36	457.84	1.799
Total for Information Tech			131,893.55		132,864.90	14.7		1,506.12	1.134
Total: Total Equity			679,781.42		636,180.34	70.6		9,498.15	1.494
Total Fixed Income									
Taxable Bond Funds									
ISHARES TRUST ISHARES 1-5 YEAR	3,015.000	53.59	161,585.55	50.54	152,378.10	16.9	1.19	3,584.84	2.353
VANGUARD SCOTTSDALE FDS VANGUARD	1,173.000	91.38	107,192.37	80.22	94,098.06	10.5	2.53	2,972.38	3.159
Total for Taxable Bond Funds			268,777.92		246,476.16	27.4		6,557.22	2.660
Total: Total Fixed Income			268,777.92		246,476.16	27.4		6,557.22	2.660
Total			966,012.93		900,175.09	100.0		16,866.84	1.875

Performance Overview

	Market Value	Fiscal Year to Date (9 Months)	1 Year	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	900,175	8.48	-4.88	12.94	8.80	8.39
Total Portfolio - Net	900,175	8.42	-4.96	12.85	8.71	8.31
70% SP500 30% Bloomberg Int Govt Cr		7.38	-5.61	12.61	8.51	8.24
Total Equity	636,180	11.25	-6.22	18.69	11.23	10.94
S P 500 Index		9.98	-7.73	18.60	11.19	10.97
Total Fixed Income	246,476	2.15	-1.56	-1.51	2.23	1.99
Bloomberg US Government/Credit Interm Bond		.72	-1.66	-1.28	1.40	1.26
Cash & Equivalents	17,519	2.71	2.86	.97	1.31	1.00
3 Mos Treasury Bill Rate		2.98	3.27	1.15	1.50	1.18

	Total Portfolio - Gross	70% SP500 30% Bloomberg Int Govt Cr
Return	8.80	8.51
Standard Deviation	13.73	13.50
Beta	1.00	
Alpha	.28	
R-Squared	1.00	
Sharpe Ratio	7.92	8.04
Treynor Ratio	108.80	108.51
Tracking Error	2.02	
Information Ratio	.15	
Downside Deviation	9.06	8.88
Downside Standard Deviation	10.40	10.20
Sortino Ratio	1.08	1.07
Upside Capture	1.01	
Downside Capture	1.00	
Batting Average	.60	
Annualized Excess Return	.29	
Cumulative Excess Return	2.00	
Turnover %	3.21	
M-Squared	6.98	
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

Bloomberg 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
- B. 2023 Regular Session of the General Assembly- *Material Included*
- C. Deferred Retiree Benefit Accruals – Alan Pauw- *Material Included*
- D. Custody, Asset Consolidation Discussion
- E. Medicare PPO Update
- F. Pension Administration System Update
- G. Administrative/Personnel Update- *Material Included*



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: April 21, 2023

SUBJECT: 2023 Regular Session – Legislative Update

The 2023 Regular Session of the General Assembly began on Tuesday, January 3, 2023. The shorter 30-day session came to a close when legislators adjourned sine die on Thursday, March 30.

Below is a summary of JFRS related legislation that passed by the General Assembly during the Regular Session:

JFRS RELATED LEGISLATION – PASSED/ENACTED

Bill/Description

[HB 236](#) (S. Sharp) – ACT relating to the fiduciary duties owed to the state-administered retirement systems.

- Amended KRS 21.450 to expand definition of “Solely in the interest of members and beneficiaries” and defined “nonpecuniary interest,” “investment manager” and, “investment consultant” to make consistent with federal law.
- Amended KRS 21.540 to permit a sole investment manager, which acknowledges in writing its fiduciary duty to the system to provide proxy voting guidelines for adoption and vote shares for the Board of the Judicial Form Retirement System
- Requires that all proxy votes are reported to the Board and posted on the systems website at least quarterly.

[HB 551](#) (M. Meredith) – ACT relating to wagering and making an appropriation therefor.

- Created a new Kentucky Revised Statute Chapter 230 to establish a sports wagering administration fund within the State Treasury.
- Provides that a portion of any excess funds remaining in the administration fund, after oversight costs, are allocated to the Kentucky permanent pension fund established in KRS 42.205



Memo

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

FROM: Bo Cracraft, Executive Director

DATE: April 21, 2023

SUBJECT: Deferred Vested Retiree Benefit Accruals

Please find attached a memorandum from Alan Pauw concerning vested members of LRP and JRP who have deferred commencement and specifically how accrued benefits for such members have been administered by JFRS staff.

Background. Historically, retired vested members of LRP and JRP who elect to defer their monthly benefits have received subsequent cost of living increases applied to their accrued normal monthly benefit once benefits commence. Upon discovery, JFRS staff had some reason for pause and began a process to research other similar cases, statutory language, and prior plan documents to determine if any change in administrative interpretation might need consideration.

Statutory Language and Staff Research. For the purposes of LRP and JRP, a member's retirement date is defined in KRS 21.345(1) as the date in which a member leaves office, either voluntarily, failure of reelection, or result of removal. At retirement, if a vested legacy member is not eligible to commence normal benefits, they have the option to commence a reduced and early benefit or they have the right to "defer" benefits until they reach normal retirement age or accrue the required service credit. Per KRS 21.400 (2), a vested member who retires before his or her normal retirement age has ". . . the right to receive a service retirement allowance computed on the basis of the number of years of his or her actual service. . ." For members who joined prior to January 1, 2014 (legacy tier of benefits) there is no provision for a vested member refund the account in lieu of monthly benefits.

KRS 21.405 outlines increases of retirement benefits, and paragraphs (4) and (5) address annual benefit increases, commonly referred to as cost of living adjustments (COLAs). Prior to July of 2009, COLAs were based on the consumer price index. Additional language was later included to limit any annual COLA to 1.5% dependent upon the Plan's funding and/or action by the General Assembly. In both paragraphs, the language identifies "a recipient of a monthly pension benefit" as those members who shall have their benefit increased; however, there is no definition of "recipient" within Chapter 6 or Chapter 21.

Staff examined 150+ individual member records and discovered that JFRS staff consistently granted the COLAs when a deferred retiree reached vested status (5 years for LRP and 8 years for JRP). Furthermore, JFRS clearly communicated and included documentation outlining said COLA increases within each member's final *Pension Computation and Grant*. Given this consistent application and precise documentation, along with the fact that JFRS's prior administration had a long history of accurately interpreting statutes and administering benefits in a prudent manner, it is the opinion of staff that COLAs were applied in good faith and in compliance with statutory authority.

Request for Legal Opinion. Staff believes the lack of a clear definition of "recipient" and a vested members "right to receive a service retirement allowance" had to be central to the consistent application. However, given the lack of

clarity, staff asked Mr. Pauw to review and provide an opinion on any proposed action. Mr. Pauw has responded with the attached memorandum.

While staff believe JFRS's past interpretation and administration of benefits can be defended, staff agree with Mr. Pauw's recommendation that additional language be adopted either statutorily or in the form of an Administrative Regulation to clarify the System's application of deferred benefits. In addition, staff is open to a discussion with the Board regarding interpretation of these benefits and if a change is suggested, staff could seek Mr. Pauw's recommendation to pursue future housekeeping language to address statutorily.

MEMORANDUM

TO: Kentucky Judicial Form Retirement System
FROM: Alan D. Pauw
DATE: April 14, 2023
RE: COLA – Deferred Vested Members

Introduction. JFRS asked for legal review of applicable law governing cost-of-living adjustments (COLA) for deferred vested members. In the DB portion of JRP and LRP, a member who has become vested but who leaves office prior to normal retirement age (NRA), but does not commence monthly benefits, is considered a “deferred vested member.” Full vesting occurs at five years of service in LRP and eight years in JRP. COLA adjustments do not affect cash balance members.

When a vested member leaves office, he has an accrued benefit based on the plan’s pension formula and his service credit and compensation earned while he was working. According to KRS 21.345(1), retirement occurs upon voluntary resignation or failure of reelection. In effect, when a vested member leaves office he is considered retired. A vested member is eligible to receive his retirement allowance at NRA or prior to his NRA with an early retirement reduction. Neither Plan allows a deferred vested member to request a payout or refund prior to or at NRA. His vested status means that the member is assured to receive a pension.

JFRS’ practice has been to apply a COLA percentage to the accrued benefit of a deferred vested member beginning with the date a member left office until his/her NRA. JFRS consistently applied COLAs to such members for the period 1998 (when COLAs first started) until 2011 (when COLAs were last granted). Many deferred vested members have since received their pension and been paid out, and in some cases their survivors are receiving benefits based on the application of COLA increases. There are many deferred vested members, following their benefit commencement, currently receiving a pension based on COLA increases.

Kentucky Law. The term “deferred vested” is not defined or used in KRS Chapters 6 or 21 or under Chapter 61 governing Kentucky Retirement Systems. Nor is the term used or defined under any Kentucky administrative regulation. Even though the term is not used in the statutes, deferred vested members have certain rights. For example, a deferred vested DB member is entitled to receive a reduced early retirement benefit under KRS 21.400. Under KRS 21.460(2), a deferred vested member may leave his contributions in the plan. These statutes are silent as to COLA adjustments.

KRS 21.450(3) refers to a minimum accrual of benefits which shall be no less than the COLA-adjusted benefit provided under KRS 21.405(4). However, the Kentucky Supreme Court ruled this statute unconstitutional in 2003. Board of Trustees of JFRS v. Attorney General, 132 S.W.3d 770. JFRS' Executive Director initiated this lawsuit by asking for a declaratory judgment as to the application of KRS 21.450(3). Although KRS 21.450(3) is not law and not binding on JFRS, it remains in the statutes.

COLA Statutes. KRS 21.405(4) and (5) provide a COLA adjustment for JRP members who are "recipients of a monthly pension benefit" if certain requirements are met with respect to plan funding and General Assembly action. A parallel statute for LRP members has identical language in KRS 6.521. Also, KRS 21.405(6) offers an additional COLA adjustment to a recipient's retirement allowance if the General Assembly appropriates sufficient funding for the COLA benefit. None of these statutes refer to a deferred vested member. These statutes are substantially the same as when first enacted. In particular, the term "recipient" has remained unchanged since original enactment in 1998.

KRS 21.405 says that COLAs are intended for "recipients." One reading of this statute is to construe the phrase "of a monthly pension benefit" in the present tense, meaning COLAs go to a pensioner, someone receiving a Plan pension check. Indeed, COLAs are often added to a DB plan as protection of a member's pension, which is fixed at retirement, against inflation.

If such a plain reading of the statute is correct – COLAs are only for current pensioners – then JFRS' COLA policy for deferred vested members has generated overpayments for a large number of members. Under federal Tax Code rules, a tax-qualified plan must be administered in accordance with plan terms, and if overpayments have resulted, then JFRS should correct them.

Under the IRS' voluntary correction program, there are two ways a plan may correct overpayments: either by plan amendment, with retroactive effect, to match plan terms with plan operations (in effect continuing to pay pension amounts); or, recoupment of overpayments. Recoupments, however, may not be an option for JFRS. The 1989 Cornett case, while not directly on point because it does not involve COLA calculations, ruled that JFRS had no authority to recoup improperly paid retirement benefits to Judge Cornett. Cornett v. Board of Trustees of Kentucky Judicial Form Retirement System 764 S.W.2d 644 (Ky. Ct. App. 1989).

A Second Reading. JFRS, however, has not limited COLA increases to current pensioners. A different reading of JFRS' COLA statutes may support its COLA policy. JFRS has apparently interpreted the term "recipient" to include future recipients, someone who will become a recipient. This appears to be based on an interpretation of KPPA's definition under KRS 61.510(27). The key phrase in KRS 61.510(27) is "drawing a retirement allowance." This phrase applies to a beneficiary under the plan, either the person designated by the member or his dependent child. Read this way, the statute defines three types of "recipients", namely, a retired member; a

designated beneficiary receiving a retirement allowance; and a dependent child receiving an allowance.

Going further into Chapter 61, a “Retired Member” is defined in KRS 61.510(24), in relevant part, as any former member who has filed the necessary documents for retirement benefits and is no longer contributing to the retirement system. The phrase “drawing a retirement allowance” does not apply to a retired former member of KY Retirement System. Consistent with this definition, JFRS deferred vested members no longer contribute to the Plan. Also, JFRS has sent out retirement paperwork (explanatory letter) when a member leaves office, and deferred vested members have made their retirement elections at such time. KRS 61.510(24) contemplates a group of retired members who made their elections but await their first pension check – just like JFRS deferred vested members.

KRS 61.510(27) and (24) have been in substantially the same form since at least the mid-1990’s. Reading those statutes, a recipient could be construed to mean a retiree or retired member. For example, JFRS considers deferred vested members as retirees because KRS 21.345(1) says that a JRP member is retired when he/she leaves office. They are retired for Plan purposes, and they will become a recipient upon the passage of time since they are vested. For proper funding of plan liabilities, JFRS has included the costs of COLAs for deferred vested members in its valuations. Therefore, there is some basis for concluding that a deferred vested member, as a retiree, should be entitled to COLA adjustments to his accrued benefit prior to his NRA.

Conclusion. LRP and JRP COLA statutes do not explicitly approve or disapprove the application of COLAs for deferred vested members. This statutory silence has left open the question of application of COLAs for deferred vested members who leave office prior to full retirement. JFRS’ interpretation and administration of COLAs is not without challenge based on a plain reading of the statutes.

To support its long-standing COLA policy, JFRS should clarify this statutory ambiguity by making a statutory change to KRS 21.405 to define “recipient” to include deferred vested members. Such a change could also be made by promulgation of an administrative regulation. (1) In the alternative, if JFRS were to change its COLA policy based on a different reading of KRS 21.405, namely, that “recipient” means only members currently receiving a pension, then JFRS would need a correction by statute or regulation to avoid recoupment of any prior amounts paid out to members.

* * *

MCBRAYER PLLC

Memo to Kentucky Judicial Form Retirement System

April 14, 2023

Page 4

(1) The justification for use of an administrative regulation is as follows. IRS rules require retirement plans to be administered in accordance with plan terms. By KRS 21.540(3), JFRS' Board has authority to promulgate administrative regulations, with retroactive effect if required by federal law, to meet Tax Code qualification requirements. Such an administrative regulation to clarify the definition of "recipient" would make plan provisions match plan operations. The Board's adoption of such a regulation is premised on compliance with federal tax requirements, and therefore it would be authorized by KRS 21.540(3).

Alan D. Pauw
McBrayer PLLC

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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: April 21, 2023

SUBJECT: Administrative/Personnel Update – FY24 Budget Salary Increases

During the 2022 Regular Session of the General Assembly, biennial budgets for all three branches of government were passed by the General Assembly. All three budgets provided salary increases for state employees in fiscal year 2023, while also setting aside funds for similar increase in the second year of the budget pending some recommendation on how to distribute.

This memo provides a summary of language that was passed in House Bill 444, which outlines salary increases that were passed in House Bill 444 during the Regular Session. As Executive Director, I am seeking further direction from the Board of Trustees and action, if necessary, to support the implementation of any approved salary increases.

Background. JFRS pays all administrative expenses, including payroll costs, out of a restricted fund account funded by periodic transfers from JRP and LRP trust funds on a prorated basis (according to plan membership). Administrative expenses budgeted for each plan are incorporated into funding valuations and reflected in the Actuarially Determined Employer Contributions (ADEC) used during the biennial budget request process.

In addition to the request for employer contributions, staff must also include a request for Restricted Fund authorization to spend during the upcoming fiscal years for administrative expenses. This is a consistent process across all three state-administered retirement systems.

Budget Language Revisions. [House Bill 444](#) was passed by the General Assembly and signed by the Governor as of March 17, 2023. The bill clarifies and appropriates approximately \$89 million dollars that had been set aside by legislators during the 2022 budget process to address raises for state workers for the 2023-2024 fiscal year.

The bill included language to address salary increases for state employees across all three branches of government:

Executive Branch Budget Language: 18A employees Receiving 6% increase

Notwithstanding KRS 18A.355, relating to anniversary date, and notwithstanding KRS 156.808(6)(e) and 163.032(1), a **six percent salary increase is provided, effective July 1, 2023**, on the base salary or wages of each eligible state employee.

Legislative Budget Language: Same as State Budget

...to the Legislative Research Commission budget unit in the Legislative Branch for **a six percent salary increase on the base salary and wages** of each eligible employee effective July 1, 2023.

Judicial Budget Language: Employees Receiving \$2,000 increase + 6% increase

...to the Court Operations and Administration budget unit in the Judicial Branch **to provide a \$2,000 salary increase followed by a six percent increase on the base salary and wages of each eligible employee effective July 1, 2023, for elected and non-elected personnel.**

JFRS Restricted Funds. The JFRS request for restricted fund authority, including budgeted payroll costs, are included within the Judicial Branch budget. The budget bill adopted by the General Assembly in 2022 did provide additional Restricted Fund authority to support the increase in salaries for all three JFRS positions (2 full time, 1 part-time).

Below is a summary of the initial budget request compared to the adopted budget, along with an estimated change in required restricted funds to account for proposed FY2024 salary increases outline in HB 444:

Judicial Form Retirement System	Budget Request	FY 2022-23		FY 2023-24	
		Adopted	Difference	Adopted	Difference
Restricted Funds	\$713,400	\$743,500	\$30,100	\$766,300	\$52,900

Summary of Difference from Baseline			
Payroll Increases (FY 2023)		\$28,500	\$28,500
<i>Estimated Payroll Increases (FY 2024)</i>		---	<i>\$21,100</i>
Health Insurance Increase (10% per year)		\$1,600	\$3,300

Authority to Spend, But No Additional Appropriations. The result is JFRS has been granted authority in the budget to provide salary increases and request additional restrict funds, but unlike most state agencies, they did not receive any additional direct appropriations in the budget to offset the increase in spending.

Instead, any increase in administrative expenses adopted by the Board, will be built into future funding valuations as an administrative expense load and will be incorporated in future employer contribution requests to ensure the plans remain funded appropriately.

Next Steps. The intent of this agenda item is to generate a discussion and further direction from the Board regarding implementation of any approved salary increases. I am happy to provide the Board with some recommendations, but given the private and personal nature of this topic, I would suggest any discussion occur within an executive, or closed, session of the meeting.

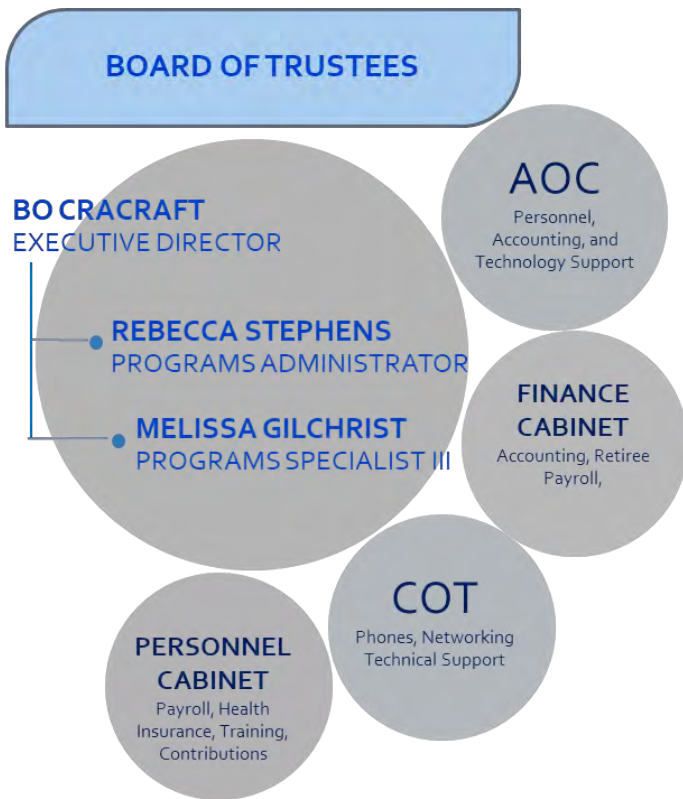
Appendix –

- Organization Chart & Service Providers



JUDICIAL FORM RETIREMENT SYSTEM

Organizational Structure



Service Providers

