

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

April 24, 2026

The Board of Trustees of the Kentucky Judicial Form Retirement System (JFRS), the Investment Committee for the Kentucky Judicial Retirement Fund, and the Investment Committee for the Kentucky Legislators Retirement Fund, convened at the Paul Sawyer Public Library, 319 Wapping Street, Frankfort, Kentucky 40601 on Friday, April 24, 2026, at 10:30 a.m. All Board members were present. JFRS staff present included Bo Cracraft, Executive Director. Guests attending the meeting included Derek Bonifer, John Watkins and Riley McCarty of Baird Trust Company.

Chairman Venters called the meeting to order at 10:31 a.m.

The trustees considered adoption of previously distributed *Minutes* from the January 23, 2026 meeting. Upon motion by Representative Scott Brinkman, seconded by Mr. Steven LeLaurin, the Board unanimously approved the *Minutes* of the January 23, 2026 meeting.

Chairman Venters recognized Mr. Cracraft, who referenced a Quarterly Compliance Report included in the meeting materials. He reminded the trustees that with the start of the new year, the agency had begun to utilize some compliance tools offered by State Street. He quickly reviewed the Compliance summary and noted that neither JRP nor LRP had any compliance issues as of March 2026.

The next order of business was a quarterly investment review. Chairman Venters welcomed Baird Trust Company, who arrived and joined the meeting at 10:37 a.m. Mr. Cracraft had previously distributed copies of Baird's *Investment Review for Kentucky Judicial Retirement Fund and Kentucky Legislators Retirement Fund* dated April 24, 2026. In accordance with Board policy, the System maintains a copy of the Quarterly Investment Review.

Mr. Derek Bonifer began by introducing Riley McCarty, Fixed Income portfolio Manager, who had joined him and Mr. Watkins for the meeting. Mr. McCarty had been with Baird Trust for a couple of years and worked closely with John Craddock on the fixed income side. In addition, Mr. Watkins informed the Board that Baird had also recently added a new Equity Analyst to the Large Cap Equity team. Alex McClure had joined in March and brought with him over a decade of investment experience, most recently with Morgan Stanley.

Mr. John Watkins provided a review of Baird's most recent market commentary, titled "Preparing for Risk," which highlighted the unpredictable nature of risk, where to best gather data, and ultimately preparing a portfolio to withstand periods of volatility. Mr. Watkins stated the team deals with the discussion of risk often, yet in their minds, it is also often one of the most misunderstood. He pointed out that many investors define risk as volatility, or simply how much

a stock's price fluctuates over time. However, this is a backward-looking point of view and just because a stock's price has moved in the past doesn't necessarily mean it is risky to own. Instead, Baird tries to utilize a forward-looking model and instead of asking how much a stock price has moved in the past, the question they are concerned with is whether the underlying business is likely to be worth less in the future. Baird defines risk as the chance or probability a business is impaired or loses value.

Mr. Watkins acknowledged that risk can never be entirely eliminated from a portfolio and noted that some risk must be accepted to generate attractive long-term results. Baird seeks to avoid the large mistakes, such as permanent loss of capital, which do not tend to come from single, isolated weaknesses, but rather multiple risks or concerns. That is why the team utilizes a process that considers multiple factors, not just the price of a stock, and always seeks to invest with a "margin of safety" to provide for patience during a period of market volatility.

In response to a question from Justice VanMeter regarding the S&P500, which had continued to produce huge results in the face of risks that still feel very much real, Mr. Watkins pointed to recent earnings results, which had been very strong of late. Mr. Bonifer also highlighted the tricky spot the Fed had found itself in rate-wise, given the recent increase in oil prices. That was driving inflation up a bit and making future rate cuts a little less likely and that too was being priced into current stock prices.

Mr. Bonifer continued with a review of the broad market and discussed several economic statistics. He began by referencing a chart that compared annual returns with intra-year max. declines, noting that there will always be surprises in the market and many will lead to significant declines. The key is to not react, because markets and traders tend to overreact in those volatile moments. He quickly referenced a few possible tailwinds in the markets, which included expectations for corporate profits to move higher and a significant increase in tax refunds expected as a result of the Big Beautiful bill.

Next, Mr. Watkins reviewed a snapshot of the portfolio, which included sector weightings, top performers and largest holdings. He reminded the trustees that the portfolio would look significantly different than the index they were trying to outperform but emphasized sector weightings were completely driven by stock selection and not a top-down decision. He noted that allocations don't change dramatically quarter to quarter, but when you consider a longer time frame, there are changes within the portfolio. He pointed back 10 years, where the portfolio held much different allocations in the Industrials, IT and Consumer Discretionary sectors.

In response to a question from Judge Douglas George regarding GE Vernova and why it was performing so well, Mr. Watkins stated it had outpaced even Baird's expectations. He pointed to tailwinds with regard to data centers, backlog of natural gas turbines and the overall update that is occurring across the electrical grid worldwide.

Mr. Watkins discussed a few changes in the portfolio during the quarter. The team trimmed three existing holdings, added to a recent purchase, and introduced one new name to the portfolio. First, the team trimmed GE Vernova, GE Aerospace, and Parker Hannifin. All three were Top 10 performers and the trims were all due to risk control and not the result of any change in fundamentals or expectation. They used proceeds from the sales to add to Amazon,

which was first introduced a few quarters ago. The team is very positive on Amazon and wanted portfolio weight to reflect that conviction. Lastly, the team introduced Uber into the portfolio. They are dominating the ride share market in both the US and globally, have recently begun to add food and grocery delivery, and the network effect has really allowed them to take a dominant market share. The company has very little overhead or operating expenses and while to enter the market are relatively low, most competitors have struggled to grab critical market share and really compete with Uber.

In response to a question from Justice VanMeter questioning why Uber would be considered an industrial stock, Mr. Watkins agreed it was unusual but suggested those who make those decisions likely considered the company a transportation business. Mr. Watkins stated it was yet another example of companies really crossing over multiple sectors. Amazon, Alphabet, Facebook, and Uber are all examples of companies that could easily fall within one or more sectors. And this is why Baird wants allocations to be bottom up driven.

Lastly, Mr. Watkins discussed sector attribution and individual contributors to recent performance. Most notably, as it related to top contributors, he highlighted that there were no technology related stocks, at least as GICS would define. While IT made up almost one third of the index, this was a reminder that the index included several other great businesses and attractive gains could be outside of technology too.

In response to a question from Mr. Cracraft regarding Carmax and if the team had considered using it to introduce Uber, Mr. Watkins stated the team was still considering CarMax. And at its current weight, less than one percent of the portfolio, there isn't a lot of risk in being patient. The team really likes the new CEO and is trying to give him some time.

In response to a question from Mr. Allison regarding Apple and the recent announcement of Tim Cook's departure, Mr. Watkins stated it was a little too quick to determine. He noted that Tim Cook largely doesn't get the credit he deserves, but his leadership was arguably as successful as Steve Jobs but with a much different style. He will be a tough CEO to follow and there will be some disruption. Mr. Watkins noted the company was a little behind with regard to AI and that the new CEO comes from a hardware background, so it will be interesting to see over the next couple of years.

Mr. Riley McCarty continued 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 began with a broad overview of markets, noting that yields had come down a bit, more notably on shorter-term bonds. He reminded the trustees that the team tends to avoid taking on duration risk and wants to hold a safe, liquid portfolio to offset the equity allocation. He noted that the portfolio was a little front-loaded, with more emphasis on quality with recent purchases. He reviewed scheduled maturities over the next 18 months and stated the team had moved out into 2036 with recent purchases.

Lastly, Mr. Bonifer reviewed allocation, returns, and holdings for the LRP legacy portfolio and two smaller Cash Balance portfolios.

The meeting recessed for lunch at 11:45 a.m.

The meeting reconvened at 12:15 p.m. Mr. Bonifer, Mr. Watkins, and Mr. McCarty left the meeting. Chairman Venters recognized Mr. Cracraft, who reported on several administrative matters. The trustees discussed the items and took action when noted.

(A) Public Pension Oversight Board (PPOB). Mr. Cracraft gave a summary of PPOB meetings since the January JFRS Board meeting. The oversight board had met only once.

February 13, 2026 – JFRS was not on the agenda. A handful of proposed legislative changes were discussed.

(B) 2026 General Session. Mr. Cracraft referenced the *2026 Regular Session – Legislative Update* memo from staff included in the Board materials. He discussed the recently adjourned regular session, which, apart from the biennial budget bills, only included one piece of legislation that directly impacted JFRS.

Mr. Cracraft highlighted Senate Bill 85, which amended statutory language to provide that a Special Needs Trust could be designated to receive survivor benefits on behalf of eligible survivors. The bill did not impact or change benefits and was purely administrative in nature.

(C) Personal Service Contracts. Mr. Cracraft provided a quick update from the January meeting where Personal Service contracts were discussed. First, he informed the Board that both Baird and GRS had agreed to a two-year contract extension of their current contracts.

Regarding Audit Services, Mr. Cracraft shared that the Auditor of Public Accounts (APA) had formally notified staff that they would be conducting the fiscal year financial audit. Given JFRS does not produce financial statements, staff had suggested that JFRS could potentially produce statements internally, contract with their current third-party auditor, or potentially issue a RFP to source a new firm to produce current statements and conduct future audits in FY27 and FY28. He noted the Board made a motion at that time to conduct an RFP.

Since that meeting, He stated staff have spent time working on this project and based on a few factors, wanted to ask the Board to slightly adjust the plan. First, staff did attempt to produce financial statements for the upcoming APA audit. This would be the most cost-effective choice, but given staff's lack of GASB knowledge, producing the required additional notes weren't as straightforward as the underlying financial statements. Secondly, with regard to issuing a RFP, staff reached out to a few potential firms to gauge interest, but several expressed concern with producing financial statements as a new auditor in preparation for a full APA audit. Given the APA would be looking back at prior years, asking a new audit firm, who had not performed the work to represent and prepare statements could be problematic. In response, staff had a conversation with Blue & Co, who had conducted audits for the past four years. Based on the discussion, Blue was willing to prepare statements and assist JFRS staff with the APA audit for a minimum annual cost. This would be considered a small purchase and given the existing relationship and institutional knowledge, staff did not believe the contract would violate current procurement code.

After a short discussion, Justice Laurance VanMeter made a motion, seconded by Representative Scott Brinkman, to enter a one-year Personal Service Contract with Blue & Co., for accounting services at a rate of \$7,500, subject to successful negotiation and terms.

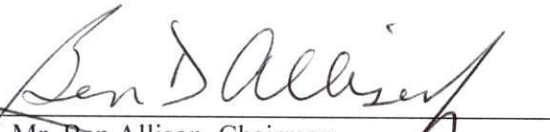
(D) Administrative, Budget, & Personnel. Lastly, Mr. Cracraft referenced the recent budget bills passed by the General Assembly. He informed the Board that all three branch budget bills included language that provided a two percent (2%) salary increase for each eligible employee effective July 1, 2026. He reviewed the impact on JFRS administrative costs if a similar raise was provided to the agency's two current employees.

Upon motion by Senator Jimmy Higdon, seconded by Judge Douglas George, the board unanimously authorized providing staff with a two percent (2%) increase in salary or hourly rate for both JFRS staff members effective July 1, 2026.

There being no further business, the meeting adjourned at 1:38 p.m.



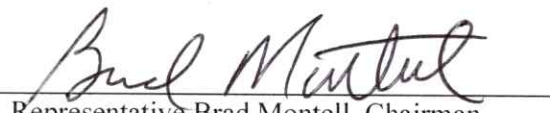
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Judicial Retirement Fund Investment
Committee



Bo Cracraft, Executive Director



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