



Arkansas State Police Retirement System

124 West Capitol Avenue • Suite 400 • Little Rock, AR 72201

Dear Trustees,

As stated in the State of Arkansas Code 24-4-752, State Police Trust Fund:

- (a) All assets of the State Police Retirement System are transferred to the Arkansas Public Employees Retirement System to hold in trust for the State Police Retirement System;
- (c)(1) The State Police Trust Fund shall not be treated as segregated funds, but shall be commingled with the assets of the Arkansas Public Employees' Retirement System strictly for investment purposes.

On July 01, 2009, the investment assets of the Arkansas State Police Retirement System (ASPRS) were merged with the investment assets of the Arkansas Public Employees Retirement System (APERS), along with an additional \$9 million contribution which was earmarked for ASPRS. Now in the second year of co-investing with APERS, ASPRS represented 3.7825% of the total fund which was \$6.028 billion as of June 30, 2011.

As a result, I present to you a summary of the State Police Retirement System for the fiscal year ending June 30, 2011.

During the fiscal year ending June 30, 2011, returns were positive across the domestic markets and the international markets. The Russell 3000 Index, which is a broad-based U.S. equity index, had a 32.37% return, while the MSCI EAFE, an international index, had a 30.36% return.

The APERS/ASPRS portfolio structure is based on the APERS Fund's Investment Policy. The target asset mix is established on an analysis of the financial needs of the Fund and the APERS Trustee's tolerance for investment risk. The target asset mix and the actual allocation as of June 30, 2011 are as follows:

	<u>Target</u>	<u>Actual</u>
Domestic Equity	46%	49.6%
International Equity	16%	17.4%
Domestic Fixed Income	21%	21.7%
Alternative Inv/Real Estate	15%	10.6%
Global Energy	2%	2.2%

For the fiscal year ending June 30, 2011, the total rate of return, which includes gains, losses and income, was 26.00%. The performance calculations were prepared by Callan Associates using a time-weighted rate of return based upon the market value of assets and are Global Investment Performance Standards (GIPS)