

Defined Benefit Investments *(Continued)*

upside results, better than average downside results) will generate a higher overall return at which DB Fund capital compounds. More simply put, and as ratified by the Utah State Retirement Board, our approach prioritizes long-term fund solvency over short-term performance.

The Trump administration's furious pace of new domestic initiatives and its dramatic departure from the foreign policy status quo has produced the highest level of market volatility since the sharp-but-short COVID bear market of 2020. Fortunately, the URS DB Fund was carefully built to withstand such market tumult, and we are not making any significant changes to either asset allocation or portfolio construction. Moreover, my staff and I work under perhaps the best legislatively endowed governance

model in America, an advantage that continues to accrue handsomely in the form of both a high peer group ranking and consistent success securing URS members' retirement benefits.

Sincerely,



John D. Skjervem
Chief Investment Officer
Utah Retirement Systems

2024 Investment Summary

(dollars in thousands)

	2024 Beginning Fair Value	Purchases	Sales and Redemptions	Increase (Decrease) in Fair Value	2024 Ending Fair Value Balance	Percent of Total Fair Value
Short-term securities	\$ 1,314,526	33,081,784	(31,798,403)	(15,972)	2,581,935	5.36
Equities	15,404,468	3,566,293	(3,955,397)	1,187,887	16,203,251	33.65
Debt securities	6,971,061	38,057,285	(37,503,688)	(212,325)	7,312,333	15.19
Real assets	8,743,926	1,623,516	(1,117,184)	(122,353)	9,127,905	18.96
Private equity	5,615,050	609,520	(340,025)	(166,779)	5,717,766	11.88
Absolute return	7,416,109	2,796,396	(2,946,594)	(63,176)	7,202,735	14.96
Totals	\$ 45,465,140	79,734,794	(77,661,291)	607,282	48,145,925	100.00

Outline of Investment Policies

The governing body of the Utah Retirement Systems (Systems) is the seven member Utah State Retirement Board (Board). The Board is composed of the Utah State Treasurer, who serves as an ex-officio member, and six trustees who are appointed by the Governor. Four board members are appointed for their investment expertise, and two members are appointed to represent employee and employer interests.

The Board has statutory authority to pool pension assets in the Utah State Retirement Investment Fund (Fund). Statutes also establish that this Fund will be invested in accordance with the "prudent investor rule." The prudent investor rule requires all members of the Board and investment staff to discharge their duties solely

in the interest of Systems' participants and beneficiaries and with the care, skill, prudence, and diligence that they would exercise in the conduct of their own affairs. To this end, a Statement of Investment Policy and Performance Objectives has been created for the Fund and adopted by the Board. The purpose of this Statement is to:

- » Outline the expected return and risk profile for the Fund;
- » Establish the target asset allocation mix and acceptable rebalancing ranges;
- » Describe plan and manager policies and objectives for performance evaluation.

Defined Benefit Investments *(Continued)*

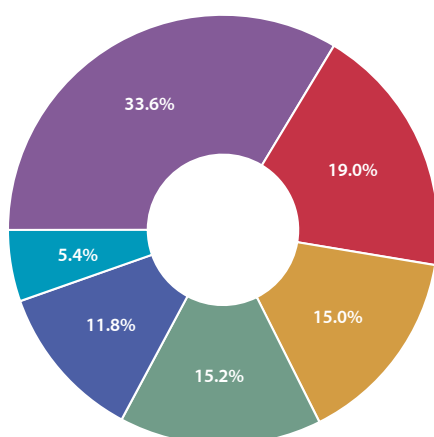
The primary investment objectives are to preserve Fund assets and generate an appropriate level of risk-adjusted return to meet future pension obligations.

The Systems periodically complete an asset allocation and liability study to determine the optimal portfolio diversification to meet those obligations.

The Systems' investment portfolio includes strategic, long-term commitments in the following asset classes: Equities, Debt Securities, Real Assets, Private Equity, and Absolute Return. Asset allocation is reviewed in conjunction with the plan liabilities at least every five years.

Defined Benefit Systems Investments at Fair Value

December 31, 2024



The Board's policy is to establish a long-term strategic asset allocation that manages overall expected portfolio risk (volatility) and maximizes expected return without unduly constraining the discretionary, tactical decision-making process of the investment managers.

To implement the asset allocation plan, the Executive Director, supported by the Board, staff, and consultant, selects appropriate money management experts to invest the Fund assets. This selection process includes the creation of specific search criteria, completion and documentation of analysis, and due diligence on potential candidates. It is not the staff or Board's intention to be involved with the day-to-day decisions made by external investment managers. Internal investment staff also manages segments of the portfolio.

All managers are expected to communicate with the staff at least quarterly.

Managers' portfolios are evaluated both against appropriate market indices and similar manager style groups. The investment policy outlines appropriate benchmarks.

Investment return calculations are prepared using a time-weighted rate of return.

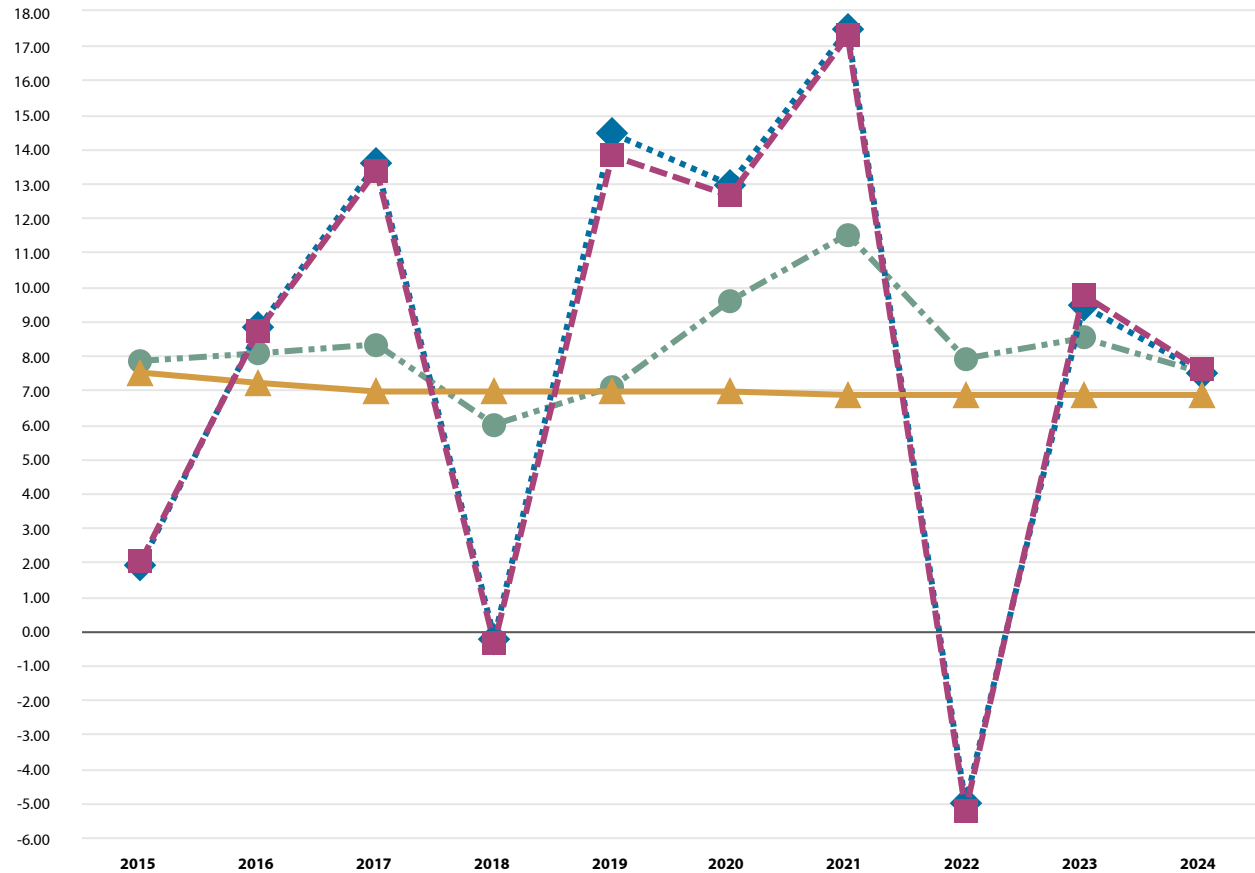
The allocation of assets as reported to the board are as follows: Equity securities 33.6%, Debt securities 15.2%, Absolute return 15.0%, Private equity 11.8% and Real assets 19.0%. These allocation percentages differ from investment asset percentages presented in the MD&A and Statement of Fiduciary Net Position as a result of different methodologies used to categorize investment assets and the impact of derivatives for investment purposes versus financial statement presentation purposes. For investment purposes the impact of derivatives used to rebalance the defined portfolio are expressed using the notional value of those derivatives.

December 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Equities securities	33.9%	35.2	37.8	35.1	37.7	39.9	37.1	30.8	33.9	33.6
Debt securities	15.8	15.0	14.2	16.9	17.3	13.5	12.0	15.2	15.3	15.2
Private equity	11.9	11.3	10.7	11.7	11.3	11.5	13.1	13.0	12.3	11.8
Real assets	14.9	14.7	14.8	16.6	13.9	13.3	15.3	20.3	19.2	19.0
Short-term securities	8.2	8.2	8.6	5.1	5.2	6.7	7.4	2.9	2.9	5.4
Absolute return	15.3	15.5	13.9	14.7	14.6	15.1	15.1	17.8	16.3	15.0
Total portfolio	100.0%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Defined Benefit Investments (Continued)

10-Year Total Pension Investment Rates of Return

(in percents)



(dollars in millions)

		(1) Smooth Expected Rate of Return	(2) Fair Value Rate of Return	(3) Actuarial Assumed Interest Rate	(4) Money Weighted Rate of Return
2015	\$ 27,086	7.84%	1.92%	7.50%	2.02%
2016	29,017	8.06	8.79	7.20	8.73
2017	32,125	8.32	13.57	6.95	13.38
2018	31,376	5.99	(0.22)	6.95	(0.38)
2019	35,612	7.08	14.45	6.95	13.80
2020	39,308	9.58	12.96	6.95	12.64
2021	45,538	11.52	17.46	6.85	17.28
2022	42,425	7.91	(5.04)	6.85	(5.23)
2023	45,465	8.50	9.44	6.85	9.76
2024	48,146	7.51	7.51	6.85	7.59

- (1) **Smoothed Expected Rate of Return** consists of investment income in excess or shortfall of the expected 6.85% on fair value smoothed over a 5-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.
- (2) **Fair Value Rate of Return** consists of cash income plus gains and losses due to changes in fair value, whether realized or unrealized (before deduction of investment fees). (For 2024, 7.34% net of fees.)
- (3) **Actuarial Assumed Interest Rate** is the assumed rate of return on the fair value of assets, and is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- (4) **Money Weighted Rate or Return** is calculated as the internal rate of return on pension plan investments, net of investment expenses.

Defined Benefit Investments (Continued)

Comparative Investment Results (1)(2)(3)

Year Ended December 31, 2024

Investment Option Comparative Index	1 Year	3 Year	5 Year	10 Year
Global Equity*	14.27%	5.26%	9.76%	9.02%
FTSE Global All Cap Index	16.33	4.95	9.66	8.99
Global Debt Securities*	1.60	(2.25)	0.51	2.03
Fund Benchmark	1.19	(2.70)	(0.10)	1.64
<i>Benchmark consisting of:</i>				
60% Bloomberg U.S. Aggregate Bond Index				
15% Bloomberg Global Aggregate Bond Index Hedged				
25% Bloomberg World Government Inflation-Linked Bond Index Hedged				
Real Assets**	2.75	5.68	7.62	8.17
U.S. Consumer Price Index + 5%	7.78	9.11	9.30	8.01
Private Equity	4.71	0.43	16.79	16.22
Private Equity Benchmark				
Russell 3000 + 2.5%	26.34	10.65	16.60	15.20
Absolute Return	7.14	6.30	6.99	5.35
3-month Treasury Bills + 5.0%	10.25	8.89	7.47	6.77
Short Term	3.48	4.13	2.76	2.27
3 Month Treasury Bills	5.25	3.89	2.46	1.77
Total Fund***	7.51	3.76	8.18	7.86
Fund Benchmark	11.94	5.41	8.49	7.94
<i>Benchmark consisting of:</i>				
35% FTSE Global All Cap Index				
15% 3-month Treasury Bill + 5%				
18% CPI-W + 5%				
12% Bloomberg U.S. Aggregate Bond Index				
12% Russell 3000 Index + 2.5%				
5% Bloomberg World Government Inflation-Linked Bond Index Hedged				
3% Bloomberg Global Aggregate Bond Index Hedged				
CAI Public Fund — Very Large Database Median	9.35	3.18	7.73	7.63
Inflation	2.77	4.11	4.30	3.00

(1) Investment measurement services provided by Callan Associates Inc.

(2) Total rates of return include cash income plus gains and losses due to changes in fair value, where realized or unrealized.

(3) Investment return calculations were prepared using a time-weighted return except private equity which is prepared using a dollar weighted return.

*Global equity and fixed income returns are reported at gross for comparability to the benchmarks which are reported as gross of fees. All other returns are reported a net of fees.

**The non real estate portion of Real Assets only reflects returns for years 1, 3 and 5. Year 10 is for real estate only using a NCREIF Total Index Benchmark.

***Total fund return is blended based upon gross returns for global equity and fixed income and net returns for Real Assets, Absolute Return, Short Term and Private Equity. Total fund net return is 7.34%, 3.60%, 8.02% and 7.69% for 1, 3, 5 and 10 year periods.

Defined Benefit Investments (Continued)**List of Largest Assets Held**

December 31, 2024

Largest Equity Holdings*

(By Fair Value)		
Description	Shares	Fair Value
Apple Inc.	1,603,076	\$ 401,442,292
Microsoft Corp.	935,845	394,458,668
Nvidia Corp.	2,767,515	371,649,589
Amazon Inc.	1,189,580	260,981,956
Alphabet Inc.	1,331,973	252,762,869
Meta Inc.	245,428	143,700,548
Tesla Inc.	311,271	125,703,681
BROADCOM Inc	509,260	118,066,838
Visa Inc.	302,158	95,494,014
United Healthcare Group	170,399	86,198,038

Largest Debt Securities Holdings

(By Fair Value)		
Description	Par Value	Fair Value
United States Treasury Note 4.625% 06/30/2026	\$ 99,355,000	\$ 99,882,823
US TREASURY N/B 4.125% 11/30/2029	99,949,000	98,801,148
United States Treasury Note 4.5% 03/31/2026	94,110,000	94,363,656
United States Treasury Note 4.375% 08/31/2028	80,000,000	80,053,125
United States Treasury Note 4.5% 05/15/2027	79,600,000	79,988,672
US TREASURY N/B 3.875% 08/15/2034	57,029,000	53,936,959
United States Treasury Note 2.375% 12/15/2042	72,735,000	51,837,893
General Investment (Cayman) LTD 21/10/2042	297,037,000,000	51,734,948
United States Treasury Note 4.875% 04/30/2026	43,325,000	43,660,092
FNMA Pool 2.0% 01/01/2051	54,248,593	42,314,694

*As required by SEC Rule 13F, a list of publicly traded equity securities held by Utah Retirement Systems is available online through the SEC Electronic Data Gathering, Analysis, and Retrieval (EDGAR) website. This list is also available upon request.

Schedule of Fees and Commissions

Year Ended December 31, 2024

Broker Commission Fees

Broker	Shares Traded (In thousands)	Commissions
Morgan Stanley	\$ 4,528,729	556,207
Instinet Europe Limited	12,928	178,918
Instinet	9,736	148,864
BOFA Securities	11,381	95,953
Goldman	127,500,137	87,508
Jefferies	46,711	87,188
Merrill Lynch	74,007	83,224
Jefferies Hong Kong	71,294	64,479
CitiGroup Global Market	3,233,867	58,344
UBS AG London	90,232	55,127
Others	753,684,306	1,587,999
Total	\$ 889,263,326	3,003,810

Schedule of Investment Fees and Commissions

Investment advisor fees:*	
Absolute return	\$ 6,044,220
Equity securities	38,379,940
Debt securities	9,628,121
Private equity	23,213,473
Real assets	56,205,733
Short term	882,880
Total investment advisor fees	134,354,367
Investment brokerage fees	3,003,810
Total fees and commissions	\$ 137,358,177

*Represents fees that are invoiced and paid directly by URS. These numbers do not represent all management, performance, carried interest, or other fees charged directly by investment advisors. These and other investment related fees are netted from returns.

Utah Retirement Systems uses a commission recapture program as part of its trading strategies. During the year ending December 31, 2024, Utah Retirement Systems recaptured approximately \$62,559 from the gross commission charges. This recaptured sum was used to cover or offset the \$99,992 in investment expenses that otherwise would have been paid for with investment funds.