

October 10, 2025

Senator Ben Gilmore
Representative Les D. Eaves
Arkansas Legislative Council
State Capitol, Room 315
Little Rock, AR 72201

Re: Submission of Investments for Review Under Act 1211 of 2009 (A.C.A. §19-11-1302)

Investments: Xtremis, Inc.
State Street MSCI ACWI IMI ex China ex Hong Kong Index Securities
Lending Fund
Arrowstreet Developed Market Alpha Extension Trust Fund
Voya Absolute Alpha Trust Fund
ISQ Global Infrastructure Fund IV (UST), L.P.
Raith Real Estate Fund IV, L.P.
Realty Income U.S. Core Plus Fund, L.P.
BVIP Fund XII, L.P.
Constellation Wealth Capital Fund II, L.P.

Dear Senator Gilmore and Representative Eaves:

By means of the enclosed Investment Summaries, Arkansas Teacher Retirement System (ATRTRS) is submitting nine investments for review by the Arkansas Legislative Council (ALC) as required under ACA §19-11-1302 et seq., otherwise referred to as Act 1211 of 2009.

The ATRTRS Board (Board) recently approved an investment of up to \$10 million to be made in Xtremis, Inc., a company focused on electromagnetic spectrum technologies. This investment was recommended by Arkansas Capital Corporation, specialty consultant for ATRTRS, and ATRTRS staff concurs with the recommendation.

The Board also approved the termination of an investment in the State Street MSCI ACWI IMI Index Securities Lending Fund and redeployment of assets to the State Street MSCI ACWI IMI ex China ex Hong Kong Index Securities Lending Fund to comply with Act 937 of 2025. The new fund was recommended by AON Hewitt Investment Consulting, general investment consultants for ATRTRS, and ATRTRS staff concurs.

Again, in order to comply with Act 937 of 2025, the Board authorized the termination of an investment in Arrowstreet Global Equity Alpha Extension Fund and redeployment of assets to Arrowstreet Developed Market Alpha Extension Trust Fund. Aon Hewitt Investment Consulting also recommended the new fund, and ATRTRS staff concurs.

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The Board also approved the change in mandate and name of the investment in Voya Absolute Alpha MSCI ACWI Trust Fund to the Voya Absolute Alpha Trust Fund to ensure compliance with Act 937 of 2025. Aon Hewitt Investment Consulting recommended this new fund as well, and ATRS staff concurs with the recommendation.

In addition, an investment of up to \$75 million in ISQ Global Infrastructure Fund IV (UST), L.P. was authorized by the Board. This fund will invest in utilities, transportation, communication, renewable power, midstream energy and social infrastructure businesses. Aon Hewitt Investment Consulting, real assets consultants for ATRS recommended the investment, and ATRS staff concurs.

Also approved was a commitment of up to \$50 million in Raith Real Estate Fund IV, L.P., an opportunistic real estate fund that will primarily invest in industrial and residential properties. Aon Hewitt Investment Consulting recommended this investment as well, and ATRS staff concurs.

An investment of up to \$100 million in Realty Income U.S. Core Plus Fund, L.P. was also authorized by the Board. This fund will invest in industrial and retail assets whose tenants are committed to long term net leases. Again, Aon Hewitt Investment Consulting recommended the investment, and ATRS staff concurs.

Additionally, a commitment of up to \$45 million in BVIP Fund XII, L.P. was approved. This is a private equity buyout and growth equity fund that will focus on middle-market companies in the tech-enabled business services and information technology sectors. Franklin Park Associates, private equity consultants for ATRS recommended the investment, and ATRS staff concurs.

Another recommendation by Franklin Park was approved for a commitment of up to \$45 million to be made in Constellation Wealth Capital Fund II, L.P., a fund that will focus on investments in North American registered wealth advisory businesses. ATRS staff concurs with this recommendation as well.

The Board approved each of the investments described above at its regular quarterly meeting on September 29, 2025 and anticipates closing dates from late October through December. A summary of each investment including key terms and investment strategy is enclosed for review by ALC. If any additional information is needed, please feel free to contact me on my direct line at 501-621-8853 or by email at markw@artts.gov

Respectfully,



Mark White
Executive Director

MW:lw
enclosures

Arkansas Teacher Retirement System Private Equity Investment Executive Summary

Investment	Xtremis, Inc. (the "Investment")
Managing Party	Xtremis
ATRS Legal Interest	ATRS will be a partial equity owner in Xtremis, Inc.
Report Date	October 2025
Expected Closing Date	ATRS is expected to close in the fourth quarter of 2025.
ATRS Commitment & Reason for Entry	The investment of up to \$10 million in equity is to provide opportunity for ATRS to achieve return through the equity investment. The fund was recommended by the ATRS specialty consultant.
Placement Agent	No placement agent was used.
Key Terms	<u>Management Fee</u>: There is no management fee associated with this investment. <u>Carried Interest</u>: There is no carried interest associated with this investment.
Justification of Investment Term & Anticipated Termination Date	Because this is a direct partial equity ownership investment, there is no defined term or anticipated termination date.
Investment Strategy	Xtremis is a company specializing in electromagnetic spectrum technologies with research facilities in Northwest Arkansas.
Management Team	Xtremis is led by Adam J. Harrison, CEO.
Historical Performance	The company has six Army contracts with total contract values around \$22.5 million. The company also recently won a Department of Defense contract.

**Arkansas Teacher Retirement System
Public Market Investment
Executive Summary**

Investment	State Street MSCI ACWI IMI ex China ex Hong Kong Index Securities Lending Fund (the "Fund")
Managing Party	State Street Global Advisors Trust Company
ATRS Legal Interest	ATRS will own units of a commingled fund.
Report Date	October 2025
Expected Closing Date	ATRS is expected to close in the fourth quarter of 2025.
ATRS Commitment & Reason for Entry	The transfer of an existing investment of approximately \$900 million is to ensure ATRS is complying with Act 937 of 2025. The fund was recommended by the ATRS general investment consultant.
Placement Agent	No placement agent was used.
Key Terms	<u>Management Fee</u>: The management fee is a tiered structure: 0.0375% (3.75 basis points) on the first \$1 billion under management in the fund and 0.0275% (2.75 basis points) thereafter. <u>Carried Interest</u>: There is no carried interest associated with this investment.
Justification of Investment Term & Anticipated Termination Date	The Fund is of the "open end" variety and investors may exit subject to notification requirements. The investment will remain until liquidated, if ever, but actual fund amounts will vary over time with funds in excess of the initial allocation added at times and at other times funds would be withdrawn taking the funding level lower based on market returns, liquidity needs, and investment consultant recommended rebalancing from time to time.
Investment Strategy	The fund is a global equity investment designed to mirror the MSCI ACWI IMI Index (excluding China and Hong Kong).
Management Team	The management team is led by Tom Coleman, Teddy Wong, and Carl Schnieder. This team has around 70 years of combined industry experience.
Historical Performance	The fund is new and will be an ex China ex Hong Kong version of the current ATRS investment with this firm. The current ATRS investment has returned 7.9% since inception.

Arkansas Teacher Retirement System Public Market Investment Executive Summary

Investment	Arrowstreet Developed Market Alpha Extension Trust Fund (the "Fund")
Managing Party	Arrowstreet Capital
ATRS Legal Interest	ATRS will own units of a commingled fund.
Report Date	October 2025
Expected Closing Date	ATRS is expected to close in the fourth quarter of 2025.
ATRS Commitment & Reason for Entry	The transfer of an existing investment of approximately \$1.3 billion is to ensure ATRS is complying with Act 937 of 2025. The fund was recommended by the ATRS general investment consultant.
Placement Agent	No placement agent was used.
Key Terms	<u>Management Fee</u> : 0.3% (30 basis points)
	<u>Carried Interest</u> : 20%
Justification of Investment Term & Anticipated Termination Date	The Fund is of the "open end" variety and investors may exit subject to notification requirements. The investment will remain until liquidated, if ever, but actual fund amounts will vary over time with funds in excess of the initial allocation added at times and at other times funds would be withdrawn taking the funding level lower based on market returns, liquidity needs, and investment consultant recommended rebalancing from time to time.
Investment Strategy	The fund is a global equity strategy (excluding China and Hong Kong) with an approach similar to a traditional long/short strategy. The strategy seeks to outperform the MSCI World ex Hong Kong IMI Index.
Management Team	Arrowstreet Capital, based in Boston, MA, was founded in 1999. The management team is led by Peter Rathjens, Derek Vance, and Christopher Malloy.
Historical Performance	The fund is new and will be an ex China ex Hong Kong version of the current ATRS investment. The current ATRS investment has returned 25.8% since inception.

Arkansas Teacher Retirement System Public Market Investment Executive Summary

Investment	Voya Absolute Alpha Trust Fund (the "Fund")
Managing Party	Voya Investment Management
ATRS Legal Interest	ATRS will own units of a commingled fund.
Report Date	October 2025
Expected Closing Date	ATRS is expected to close in the fourth quarter of 2025.
ATRS Commitment & Reason for Entry	The transfer of an existing investment of approximately \$1.1 billion is to ensure ATRS is complying with Act 937 of 2025. The fund was recommended by the ATRS general investment consultant.
Placement Agent	No placement agent was used.
Key Terms	<u>Management Fee</u>: The fund has a tiered fee structure: 0.45% on the first \$250 million, 0.25% on \$250 million to \$500 million, 0.15% on \$500 million to \$750 million, and 0.1% thereafter. <u>Carried Interest</u>: 20%
Justification of Investment Term & Anticipated Termination Date	The Fund is of the "open end" variety and investors may exit subject to notification requirements. The investment will remain until liquidated, if ever, but actual fund amounts will vary over time with funds in excess of the initial allocation added at times and at other times funds would be withdrawn taking the funding level lower based on market returns, liquidity needs, and investment consultant recommended rebalancing from time to time.
Investment Strategy	The fund is a global equity strategy (excluding China and Hong Kong) and employs a fund of funds approach. The strategy seeks to outperform the MSCI World ex Hong Kong IMI Index.
Management Team	The management team is led by Susanna Jacob and Barbara Reinhard. This team has around 60 years of combined industry experience.
Historical Performance	The fund is new and will be an ex China ex Hong Kong version of the current ATRS investment with this firm. The current ATRS investment has returned 10.9% since inception.

Arkansas Teacher Retirement System Real Asset Investment Executive Summary

Investment	ISQ Global Infrastructure Fund IV (UST), L.P.
Managing Party	ISQ Global Fund IV Lux GP, SARL
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	October 2025
Expected Closing Date	October 2025
ATRS Commitment & Reason for Entry	The investment of up to \$75 million in core plus and value add infrastructure is to help achieve the 15% target allocation to real assets. The fund was recommended by the ATRS real assets consultant, Aon Hewitt Investment Consulting.
Placement Agent	No placement agent was utilized.
Key Terms	<u>Management Fee</u>: 160 basis points on committed capital during investment period; thereafter 160 basis points on invested capital after investment period <u>Carried Interest</u>: 20% of profits after LP's receive an 8% IRR preferred return.
Justification of Investment Duration Term & Anticipated Termination Date	The strategy requires a period of time to identify, execute and then monetize core-plus and value-add infrastructure investments. The fund has a ten-year term with an anticipated maturity in 2036.
Investment Strategy	The Fund will primarily make brownfield, core-plus and value-add investments in companies across utilities, transportation, communication, power and renewables, midstream energy and social infrastructure businesses located in North America, Europe and select growth economies, mainly in Asia and Latin America. ISQ focuses on developing investment platforms that acquire and aggregate (through add-on acquisitions) small and mid-market assets with an ability to develop new assets and capacities as well.
Management Team	Sadek Wahba (chairman and managing partner) and Gautam Bhandari (managing partner) in addition to two other partners have worked together for over 15 years. The strategy is executed by an on-the-ground team across the U.S., London, Singapore, Hong Kong and Delhi which enables ISQ to source exclusive investment opportunities through local relationships, appropriately evaluate risks with local knowledge, actively

implement strategic initiatives and manage investments utilizing local operational and policy expertise.

**Historical
Performance**

The performance of the preceding funds in the series average a net IRR of 14%. Historical returns are not indicative of future performance.

Arkansas Teacher Retirement System Real Estate Investment

Executive Summary

Investment	Raith Real Estate Fund IV, L.P.
Managing Party	Raith Capital Investors IV, LLC
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	October 2025
Expected Closing Date	October 2025
ATRS Commitment & Reason for Entry	The investment of up to \$50 million in opportunistic real estate is to help achieve the 15% target allocation to real assets. The fund was recommended by the ATRS real assets consultant, Aon Hewitt Investment Consulting.
Placement Agent	No placement agent was utilized.
Key Terms	<u>Management Fee</u>: 150 basis points on committed capital during the investment period and 150 basis points on invested capital after the investment period <u>Carried Interest</u>: The general partner will receive 20% of profits after limited partners receive a 9% preferred return.
Justification of Investment Duration Term & Anticipated Termination Date	The strategy requires a period of time to identify, execute and then monetize opportunistic real estate investments. The fund has an eight-year term with an anticipated maturity in 2034.
Investment Strategy	The primary strategy will focus on sectors exhibiting market tailwinds such as industrial and residential-related properties that are expected to comprise 80% of total property type diversification.
Management Team	Raith, headquartered in New York was founded in February 2012 by William W. Landis III, Nelson Hioe and Michael Suchy (principals) who collectively have decades of commercial real estate investment experience over multiple cycles. The principals have been active investors throughout the post-2008 downcycle and subsequent recovery. Since Raith's inception, they have executed on value-add opportunities, ground-up development, distressed debt investments,

acquisitions of commercial mortgage-backed securities and private loan originations totaling in excess of \$2.5 billion of equity capital.

**Historical
Performance**

The performance of the preceding three funds in the series average a net IRR of 13%. Historical returns are not indicative of future performance.

Arkansas Teacher Retirement System Real Estate Investment Executive Summary

Investment	Realty Income U.S. Core Plus Fund, LP
Managing Party	Realty Income U.S. Core Plus Fund GP, LLC
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	October 2025
Expected Closing Date	October 2025
ATRS Commitment & Reason for Entry	The investment of up to \$100 million in opportunistic real estate is to help achieve the 15% target allocation to real assets. The fund was recommended by the ATRS real assets consultant, Aon Hewitt Investment Consulting.
Placement Agent	CBRE was utilized as a placement agent. Realty Income Core Plus Fund pays the placement agent fee. ATRS bears no cost of placement agent fee.
Key Terms	<u>Management Fee</u>: 90 bps based on NAV <u>Carried Interest</u>: 10% of profits after LP's receive an 7% IRR preferred return.
Justification of Investment Duration Term & Anticipated Termination Date	The fund is an open-end strategy with quarterly liquidity after a three-year lockup period.
Investment Strategy	The fund's strategy is to source, acquire, and actively manage a portfolio of net lease properties across the United States with a focus on investment grade or equivalent quality tenant occupiers and industry leaders who favor long-term lease duration, diversified by operating industry.
Management Team	Realty Income Corporation is an S&P 500 company founded in 1969, and has been publicly traded on the New York Stock Exchange since 1994. Sumit Roy is President/Chief Executive Officer and is supported by nine senior executives and over four hundred other employees.
Historical Performance	This is a new fund without historical performance, but it is targeting a net IRR of 9-11%. Realty Income currently has \$60 billion under management.

Arkansas Teacher Retirement System

Private Equity Investment

Executive Summary

Investment	BVIP Fund XII, L.P. (the "Fund")
Managing Party	BV Investment Partners (the "General Partner")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	October 2025
Expected Closing Date	ATRS is expected to close in December 2025.
ATRS Commitment & Reason for Entry	The investment of up to \$45 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	No placement agent was used for fundraising.
Key Terms	<u>Management Fee</u>: The Fund will charge an annual management fee of 2.0% of capital commitments during the five-year investment period. Thereafter, management fees will equal 2.0% of net invested capital. <u>Carried Interest</u>: The general Partner will be entitled to receive 20% of the fund's profits after the limited partners have received their capital contributions with respect to realized portfolio investments, write-downs, and an allocable portion of fund expenses plus an 8% preferred return.
Justification of Investment Term & Anticipated Termination Date	The term is ten years (anticipated termination in 2035) plus two one-year extensions which is common for private equity funds due to the time required for buying, improving and selling underlying companies.
Investment Strategy	The Fund is being formed primarily to make acquisitions of U.S. middle market companies in the tech-enabled business services and information technology services sectors. The General Partner will target leveraged buyouts and recapitalizations, frequently from founder owned businesses.
Management Team	BV Investment Partners was originally founded in 1983 as Boston Ventures. The firm was rebranded in 2010 following a leadership succession plan that started in 2004. Today, the General Partner is led by Principals, Vikrant Raina, Justin Harrison, Matthew Kinsey, Justin Garrison, Sean Wilder, Jason Kustka, Stephen Marquardt and Sam Axelrod.
Historical Performance	In its previous five funds, the General Partner generated an aggregate gross IRR of 40.2% as of December 31, 2024. Historical returns are not indicative of future performance.

**Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary**

Investment	Constellation Wealth Capital Fund II, L.P. (the "Fund")
Managing Party	Constellation Wealth Capital (the "General Partner")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	October 2025
Expected Closing Date	ATRS is expected to close in November 2025.
ATRS Commitment & Reason for Entry	The investment of up to \$45 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	William Blair was used as a placement agent; however, ATRS's offering was sourced directly from the general partner.
Key Terms	<u>Management Fee</u>: The Fund will charge an annual management fee of 1.0% of capital commitments plus 1% of actively invested capital during the four-year investment period. Thereafter, management fees will equal 2.0% of actively invested capital. <u>Carried Interest</u>: The general Partner will be entitled to receive 20% of the fund's profits after the limited partners have received their capital contributions plus an 8% preferred return.
Justification of Investment Term & Anticipated Termination Date	The term is eight years (anticipated termination in 2033) plus four one-year extensions which is common for private equity funds due to the time required for buying, improving and selling underlying companies.
Investment Strategy	The Fund is being formed primarily to make investments in North American wealth managers and registered investment advisors. The General Partner will target wealth management platforms with \$2 to \$80 billion of assets under management that have strong cash flows and low levels of senior debt.
Management Team	The General Partner was founded in 2023 by Karl Heckenberg and Pat McHugh (principals) who previously invested together at Emigrant Partners. The investment team consists of six professionals supported by a strategic advisors group that helps portfolio companies with recruiting, add-on acquisitions, marketing and organic growth strategy, technology development and back office operations.
Historical Performance	In its previous fund, the General Partner generated a 19.4% IRR as of March 31, 2025. Historical returns are not indicative of future performance.