

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2026 and 2025

WITH

INDEPENDENT AUDITOR'S REPORTS

HoganTaylor

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Teachers' Retirement System of Louisiana

Report on the Audit of the 2026 Financial Statements

Opinion

We have audited the accompanying financial statements of Teachers' Retirement System of Louisiana (TRSL), a component unit of the State of Louisiana, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Teachers' Retirement System of Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of Teachers' Retirement System of Louisiana as of June 30, 2026, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Teachers' Retirement System of Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Teachers' Retirement System of Louisiana's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the 2026 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Teachers' Retirement System of Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teachers' Retirement System of Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the total pension liability for TRSL was $37.3 billion and $36.6 billion at June 30, 2026 and 2025, respectively. The actuarial valuation was based on various assumptions made by TRSL's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2026 and 2025, could be understated or overstated.

As discussed in Note 4 to the financial statements, TRSL's investments include those that are not listed on national exchanges or for which quoted market prices are not available. Such investments include private assets and real estate. Where a publicly listed price is not available, the management of TRSL uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of investments. Our opinion is not modified with respect to this matter.

Other Matter – Prior Period Financial Statements

The financial statements as of and for the year ended June 30, 2025, were audited by Hawthorn, Waymouth & Carroll, L.L.P., who merged with HoganTaylor LLP as of January 1, 2026, and whose report dated September 29, 2025, expressed an unmodified opinion on those financial statements.

Required Supplementary Information

U.S. GAAP requires that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the year ended June 30, 2026, we have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Teachers' Retirement System of Louisiana's basic financial statements. The supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 28, 2026, on our consideration of TRSL's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TRSL's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TRSL's internal control over financial reporting and compliance.

Hogan Taylor LLP

Baton Rouge, Louisiana
September 28, 2026

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the years ended June 30, 2026 and 2025

The purpose of the Management's Discussion and Analysis (MD&A) is to provide members of Teachers' Retirement System of Louisiana (referred to herein as TRSL or the System) and additional readers with knowledge of the System's financial status and awareness of fluctuations from the prior year. This section includes information sourced from various parts of the report, along with explanations derived from Management's expertise with TRSL's financial portfolio.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to TRSL's basic fiduciary financial statements. These statements fulfill the requirements of fiduciary fund accounting and consist of the following three components:

Statement of Fiduciary Net Position: This statement reports the system's economic resources (assets), obligations (liabilities), and the resulting deferred outflows/inflows (future expenses/future revenues). The residual balance represents the Net Position Restricted for Pensions, which is legally held in trust to pay future retiree benefits.

Statement of Changes in Fiduciary Net Position: This statement records all fiscal additions (such as member/employer contributions and net investment income) and deductions (such as retirement payouts and administrative expenses) occurring during the period. It details how the net position restricted for pensions changed from the beginning of the fiscal year to the end of the fiscal year.

Notes to Financial Statements: The notes offer essential data, legal disclosures, and detailed breakdown metrics that are vital to gaining a full and complete understanding of the primary financial statements.

Financial Summary

The following tables provide a comparative financial overview of the System across three fiscal years, focusing on percentage changes between the fiscal years.

Table 1.1 Condensed Comparative Statements of Fiduciary Net Position

				Percent Change	
	2026	2025	2024	2026-2025	2025-2024
Assets					
Cash and cash equivalents	$ 278,701,569	$ 275,658,441	$ 386,208,106	1.1%	-28.6%
Receivables	2,098,879,235	2,033,778,687	2,174,801,965	3.2%	-6.5%
Investments (fair value)	31,633,290,778	29,134,438,729	26,792,571,354	8.6%	8.7%
Securities lending collateral	1,676,470,408	2,175,159,946	2,116,076,319	-22.9%	2.8%
Property and equipment, at cost (net)	4,026,255	3,100,510	3,447,114	29.9%	-10.1%
Total assets	35,691,368,245	33,622,136,313	31,473,104,858	6.2%	6.8%
Deferred outflows of resources	4,598,935	5,892,843	5,682,205	-22.0%	3.7%

	2026	2025	2024	Percent Change 2026-2025	Percent Change 2025-2024
Liabilities					
Accounts payable and other liabilities	2,112,441,849	2,113,455,195	1,994,056,467	0.0%	6.0%
Securities lending collateral	1,676,470,408	2,175,159,946	2,116,076,319	-22.9%	2.8%
Total liabilities	3,788,912,257	4,288,615,141	4,110,132,786	-11.7%	4.3%
Deferred inflows of resources	4,402,006	5,186,385	7,212,467	-15.1%	-28.1%
Net position restricted for pensions	$ 31,902,652,917	$ 29,334,227,630	$ 27,361,441,810	8.8%	7.2%

Table 1.2 Condensed Comparative Statements of Changes in Fiduciary Net Position

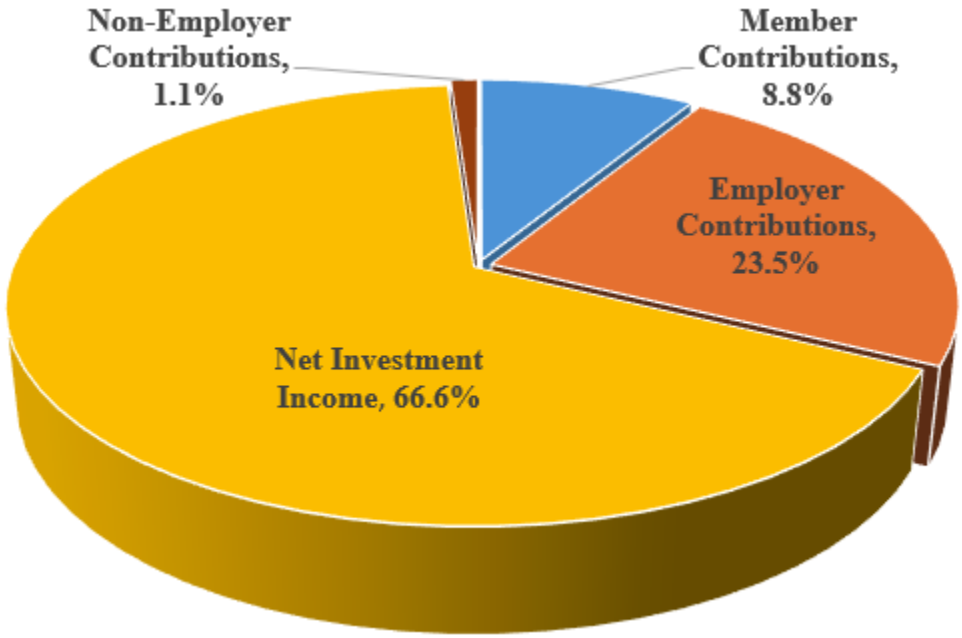
	2026	2025	2024	Percent Change 2026-2025	Percent Change 2025-2024
Additions					
Member contributions	$ 455,042,553	$ 443,642,603	$ 429,105,877	2.6%	3.4%
Employer contributions	1,214,244,707	1,224,369,212	1,357,916,563	-0.8%	-9.8%
Non-employer contributions	54,935,780	55,818,906	51,912,412	-1.6%	7.5%
LSU Co-Operative contributions	707,826	785,211	1,758,986	-9.9%	-55.4%
Other operating revenues	8,547,806	16,548,471	76,265,495	-48.4%	-78.3%
Net investment income	3,443,741,133	2,770,350,275	1,808,063,554	24.3%	53.2%
Net additions	5,177,219,805	4,511,514,678	3,725,022,887	14.8%	21.1%
Deductions					
Benefits, refunds, and other	2,588,584,715	2,519,421,415	2,470,839,278	2.8%	2.0%
LSU Co-Operative Extension	1,359,579	1,416,715	1,496,568	-4.0%	-5.3%
Administrative expenses	18,229,445	17,290,462	15,874,549	5.4%	8.9%
Depreciation expense	620,779	600,266	557,586	3.4%	7.7%
Total deductions	2,608,794,518	2,538,728,858	2,488,767,981	2.8%	2.0%
Net increase	2,568,425,287	1,972,785,820	1,236,254,906	30.2%	59.6%
Net position restricted for pensions, beginning of year	29,334,227,630	27,361,441,810	26,125,186,904	7.2%	4.7%
Net position restricted for pensions, end of year	$ 31,902,652,917	$ 29,334,227,630	$ 27,361,441,810	8.8%	7.2%

Detailed Analysis

Analysis of Financial Additions

Additions to fiduciary net position presented in Table 1.2 consist primarily of net investment income and employer/member contributions. Figure 1.2-A below breaks down additions for FY 2026. Total additions grew by 14.8%, rising from $4,511,514,678 for FY 2025 to $5,177,219,805 for FY 2026. The primary source was a 24.3% increase in net investment income. The increase was attributed to the appreciation in fair value of investments and concurrent upsurges in private assets and real estate income.

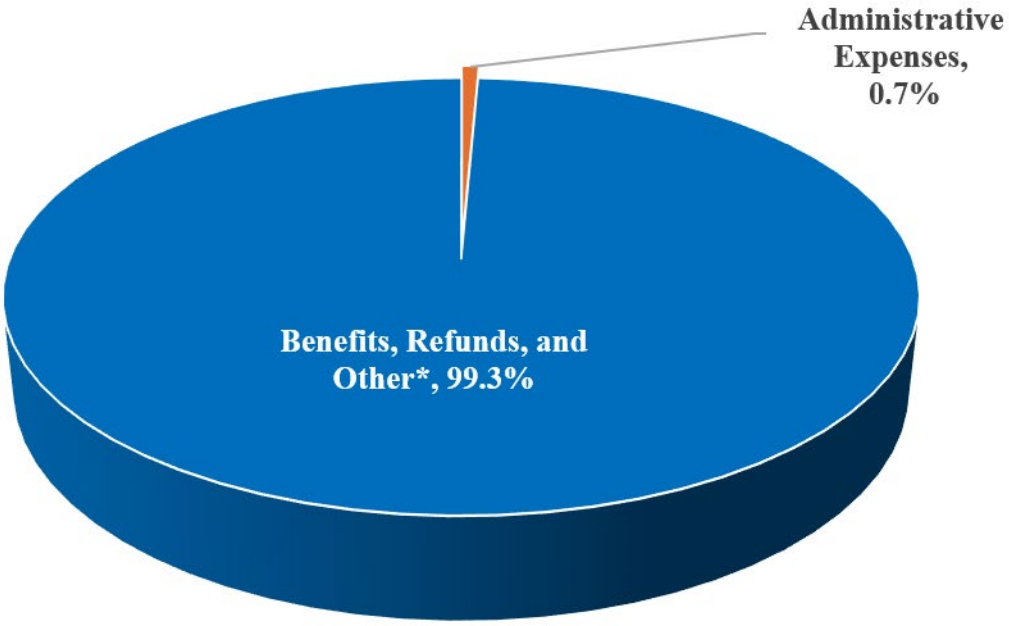
Figure 1.2-A: Additions to Fiduciary Net Position by Source (FY 2026)



Analysis of Financial Deductions

There was a moderate increase in total deductions of 2.8%, which shifted from $2,538,728,858 in FY 2025 to $2,608,794,518 in FY 2026. This shift was largely driven by the retirement benefits and refunds processed for FY 2026, as illustrated in Figure 1.2-B.

Figure 1.2-B: Deductions to Fiduciary Net Position by Type (FY 2026)



* Other comprises less than 0.012% of the "Benefits, Refunds, and Other" category and includes items such as bad debt, collections, and changes in accrued leave per GASB 101.

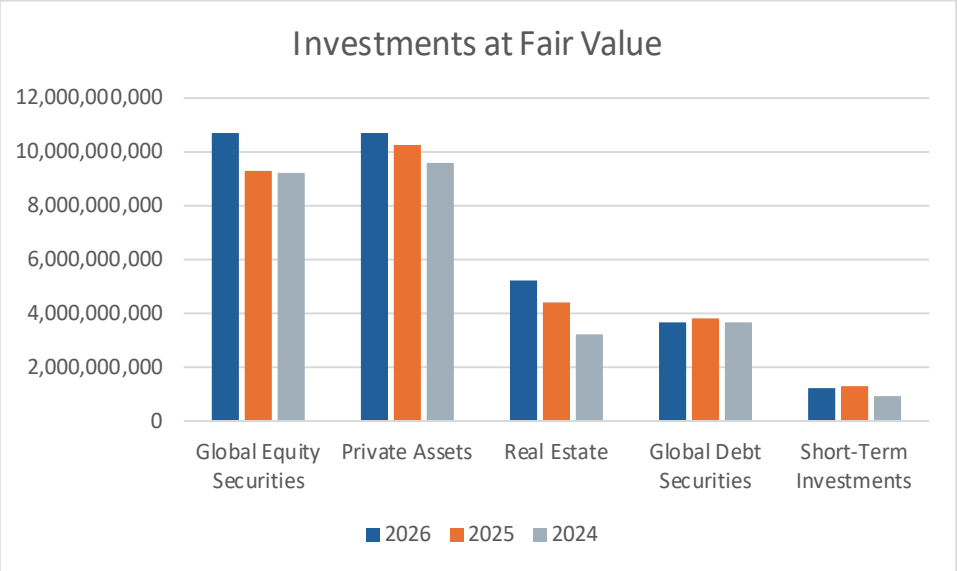
Investments

TRSL had a total investment portfolio worth $31,633,290,778 in FY 2026, up from $29,134,438,729 in FY 2025. The growth of investments can be attributed to the increase in fair value of global equity securities as a result of positive fiscal year performance. Additionally, private assets and real estate also saw increases due to market fluctuations. This led to an 8.6% rise in the total investment portfolio as shown in Table 1.1.

The table and chart below provide the fair value of investments across core sectors in a three-year period.

Table 1.3 Investments at Fair Value

	2026	2025	2024
Global Equity Securities	$ 10,717,090,655	$ 9,304,457,749	$ 9,225,649,325
Private Assets	10,695,054,895	10,255,084,447	9,602,909,057
Real Estate	5,255,289,038	4,411,026,277	3,263,101,506
Global Debt Securities	3,715,350,333	3,804,121,657	3,717,795,543
Short-Term Investments	1,250,505,857	1,359,748,599	983,115,923
Total investments	$ 31,633,290,778	$ 29,134,438,729	$ 26,792,571,354



Securities Lending Collateral

As shown in Table 1.1, there was a moderate reduction in securities lending collateral from $2,175,159,946 in FY 2025 to $1,676,470,408 in FY 2026 due to a decrease of domestic and international cash collateralized lending positions.

Significant Capital Asset and Long-Term Financing Activity

Capital Asset Summary

TRSL's investment in capital infrastructure reflects planned renovations and technological upgrades to ensure stability and enhance service to our members. The System's net property and equipment assets totaled $4,026,255 in FY 2026 compared to $3,100,510 in FY 2025, increasing by 29.9%. The increase was driven by building related items including an electrical infrastructure upgrade, elevator modernization, new generator installation, and data center equipment upgrades. The additional assets will be depreciated annually according to TRSL's capitalization policy. Annual depreciation charges remained steady, rising slightly to $620,779 in FY 2026 from $600,266 in FY 2025.

Long-Term Financing Activity

TRSL does not have any long-term financing arrangements.

Currently Known Facts, Decisions, or Conditions

TRSL's future financial condition is influenced by a variety of factors, including investment market performance, actuarial assumptions, employer contribution rates, and legislative actions. Changes in these factors may materially affect future contributions, benefit obligations, and funded status. Management continues to monitor economic conditions and legislative developments that could impact the System's long-term financial position.

Requests for Information

Questions concerning any of the information provided herein or requests for additional financial information should be addressed to:

Oran Cain, Chief Financial Officer
Teachers' Retirement System of Louisiana
P. O. Box 94123
Baton Rouge, LA 70804-9123
cfo@trsl.org

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

STATEMENTS OF FIDUCIARY NET POSITION

June 30, 2026 and 2025

	2026	2025
Assets		
Cash and cash equivalents	$ 278,701,569	$ 275,658,441
Receivables:		
Member contributions	48,863,933	44,393,046
Employer contributions	194,345,201	200,001,270
Investments receivable	1,770,920,658	1,698,152,119
Accrued interest and dividends	69,326,351	65,823,697
Other receivables	15,423,092	25,408,555
Total receivables	2,098,879,235	2,033,778,687
Investments, at fair value:		
Short-term investments	1,250,505,857	1,359,748,599
Global debt securities	3,715,350,333	3,804,121,657
Global equity securities	10,717,090,655	9,304,457,749
Private assets	10,695,054,895	10,255,084,447
Real estate	5,255,289,038	4,411,026,277
Total investments	31,633,290,778	29,134,438,729
Securities lending collateral	1,676,470,408	2,175,159,946
Property and equipment (at cost) - net	4,026,255	3,100,510
Total assets	35,691,368,245	33,622,136,313
Deferred Outflows of Resources		
Related to pensions	1,845,714	2,272,862
Related to other post-employment benefits	2,753,221	3,619,981
Total deferred outflows of resources	4,598,935	5,892,843
Liabilities		
Accounts payable and other liabilities:		
Accounts payable	21,149,588	21,552,940
Benefits payable	2,758,914	3,178,424
Refunds payable	5,079,852	5,387,836
Net pension liability - LASERS	9,748,354	12,116,136
Investments payable	2,046,869,797	2,042,946,025
OPEB liability	24,130,946	25,138,236
Other liabilities	2,704,398	3,135,598
Total accounts payable and other liabilities	2,112,441,849	2,113,455,195
Securities lending collateral	1,676,470,408	2,175,159,946
Total liabilities	3,788,912,257	4,288,615,141
Deferred Inflows of Resources		
Related to pensions	1,442,483	1,545,585
Related to other post-employment benefits	2,959,523	3,640,800
Total deferred inflows of resources	4,402,006	5,186,385
Net position restricted for pensions	$ 31,902,652,917	$ 29,334,227,630

See notes to financial statements.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years ended June 30, 2026 and 2025

	2026	2025
Additions		
Contributions:		
Member contributions	$ 455,042,553	$ 443,642,603
Employer contributions	1,214,244,707	1,224,369,212
Non-employer contributions	54,935,780	55,818,906
LSU Co-Operative contributions	707,826	785,211
Total contributions	1,724,930,866	1,724,615,932
Investment Income:		
From investment activities:		
Net appreciation in fair value of investments	2,850,223,618	2,240,531,136
Interest	261,441,815	291,626,083
Dividends	142,960,207	155,691,819
Private assets income	281,128,024	210,058,603
Real estate income	103,309,285	67,570,020
Investment income	3,639,062,949	2,965,477,661
Investment activity expenses:		
International investment expenses	(11,982,879)	(6,771,432)
Private assets expenses	(121,420,887)	(135,822,967)
Real estate expenses	(25,079,217)	(19,817,458)
Investment administrative expenses	(2,639,023)	(2,665,816)
Custodian fees	(520,316)	(380,829)
Performance consultant fees	(1,338,774)	(1,313,354)
Advisor fees	(42,883,603)	(38,543,442)
Total investment expenses	(205,864,699)	(205,315,298)
Net income from investing activities	3,433,198,250	2,760,162,363
From securities lending activities:		
Securities lending income	82,359,280	106,693,085
Securities lending expenses	(71,816,397)	(96,505,173)
Net income from securities lending activities	10,542,883	10,187,912
Net investment income	3,443,741,133	2,770,350,275
Other operating revenues	8,547,806	16,548,471
Net additions	5,177,219,805	4,511,514,678

See notes to financial statements.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION (continued)

Years ended June 30, 2026 and 2025

	2026	2025
Deductions		
Retirement benefits	2,524,143,174	2,460,026,650
LSU Co-Operative Extension	1,359,579	1,416,715
Refunds of contributions and other	65,598,027	59,429,377
TRSL employee and retiree health and life expense (benefit)	(821,807)	(76,824)
Pension expense (benefit)	(334,679)	42,212
Administrative expenses	18,229,445	17,290,462
Depreciation expense	620,779	600,266
Total deductions	2,608,794,518	2,538,728,858
Net increase in net position	2,568,425,287	1,972,785,820
Net position restricted for pensions, beginning of year	29,334,227,630	27,361,441,810
Net position restricted for pensions, end of year	$ 31,902,652,917	$ 29,334,227,630

See notes to financial statements.

Note 1 – Plan Description

General

Teachers' Retirement System of Louisiana (referred to herein as TRSL or the System) is the administrator of a cost-sharing, multiple-employer defined benefit pension plan qualified under sections 401 (a) and 414 (d) of the Internal Revenue Code (the Code). It was established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes (La. R.S.) to provide benefits to members and their dependents at retirement or in the event of death, disability, or termination of employment. The System is a component unit of the State of Louisiana and is included in the State's Annual Comprehensive Financial Report as a pension trust fund.

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight:

- The operating budget of the System is subject to budgetary review and approval by the Legislature.
- Annual sworn statements on all financial transactions and the actuarial valuation of the System must be furnished to the Legislature at least 30 days before the beginning of each regular session.
- The legislative auditor is responsible for the procurement of the audit for the System and is authorized to contract with a licensed CPA.
- Actuarial calculations and results are reviewed by the Public Retirement Systems' Actuarial Committee (PRSAC) annually.
- The Louisiana Legislature enacts legislation pertaining to the System, including administration, benefits, investments, and funding. All proposed retirement legislation is considered by the House and/or Senate Committees on Retirement. The legislative actuary prepares actuarial notes identifying the costs or savings related to such legislation.

Membership

At June 30, 2026 and 2025, the number of participating employers was:

	2026	2025
School boards	76	76
Colleges and universities	32	32
Laboratory schools	5	5
State agencies	44	43
Charter schools	34	34
Other	17	17
Total	208	207

Membership consisted of the following at June 30, 2026 and 2025, the dates of the latest actuarial valuations:

	2026	2025
Retirees and beneficiaries receiving benefits	86,180	84,923
Deferred Retirement Option Plan participants	2,248	2,139
Terminated vested employees entitled to but not yet receiving benefits	10,752	10,603
Terminated nonvested employees who have not withdrawn contributions	34,650	32,932
Current active employees:		
Vested	55,413	55,701
Nonvested	33,433	33,630
Post Deferred Retirement Option Plan participants	1,637	1,756
Total	224,313	221,684

Net pension liability of employers

The Schedules of Employers' Net Pension Liability present information about whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The net pension liability, which was calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) as of June 30, 2026 and 2025, is shown below.

	2026	2025
Total pension liability	$ 37,307,775,180	$ 36,579,888,117
Plan fiduciary net position[1]	31,896,871,542	29,328,146,264
Employers' net pension liability[2]	5,410,903,638	7,251,741,853
Plan fiduciary net position as a percentage of total pension liability	85.5%	80.2%

[1] Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service

[2] Based on fair value of assets

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about the probability of events occurring far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial methods and assumptions

The actuarial methods and assumptions used in determining the total pension liability as of June 30, 2026 and 2025, are as follows:

Valuation date	June 30, 2026 and 2025
Actuarial cost method	Entry Age Normal, per Louisiana Statutes, R.S. 11:22
Amortization approach	Closed
Expected remaining service lives	5 years
Investment rate of return	7.25%, net of investment expenses
Inflation rate	2.40%
Projected salary increases	2.41% - 4.85% (varies depending on duration of service)

Mortality	*Active members* – Pub2010T-Below Median Employee (amount weighted) tables for males and females, adjusted by 0.965 for males and by 0.942 for females. *Non-Disabled retiree/inactive employees* – Pub2010T-Below Median Retiree (amount weighted) tables for males and females, adjusted by 1.173 for males and by 1.258 for females. *Disabled retirees* – Pub2010T-Disability (amount weighted) tables for males and females, adjusted by factors of 1.043 for males and by 1.092 for females. *Contingent survivors* – Pub2010T-Below Median – Contingent Survivor (amount weighted) tables for males and females, adjusted by factors of 1.079 for males and by 0.919 for females. The tables above represent a base year of 2019 (i.e., 2010 rates used as 2019), representing the mid-point of the experience study) with continued future mortality improvement using the MP-2021 improvement table on a fully generational basis.
Termination, disability, and retirement	Termination, disability, and retirement assumptions were projected based on a 5-year (2018 - 2022) experience study of the System's members.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting long-term geometric nominal expected rates of return are 8.37% for 2026 and 8.80% for 2025. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2026 and 2025, are summarized in the following table:

	Expected Long-Term Real Rates of Return	
Asset Class	2026	2025
Cash	1.76%	-
Domestic equity	4.89%	4.64%
International equity	4.93%	4.35%
Domestic fixed income	2.91%	2.79%
International fixed income	2.25%	1.56%
Private equity	8.59%	8.39%
Other private assets	4.49%	4.38%
Total portfolio	5.91%	-

The discount rate used to measure the total pension liability at June 30, 2026 and 2025, was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

In accordance with GASB 67, the following presents the net pension liability calculated using the discount rate of 7.25% for the years ended June 30, 2026 and 2025, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employers' net pension liability, June 30, 2026	$ 9,451,077,718	$ 5,410,903,638	$ 2,016,904,162

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employers' net pension liability, June 30, 2025	$ 11,200,855,116	$ 7,251,741,853	$ 3,932,580,654

Eligibility

TRSL was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:700-999, as amended, for eligible teachers, employees, and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The System consists of three membership plans that require mandatory enrollment for all employees who meet the following eligibility requirements:

- TRSL Regular Plan - employees that meet the legal definition of a "teacher" in accordance with La. R.S. 11:701(33)(a).
- TRSL Plan A - employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.
- TRSL Plan B - employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage.

These three membership plans are considered one pension plan for financial reporting purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any of the plan members or beneficiaries. TRSL provides retirement, disability, and survivor benefits.

Benefits

The following is a description of the plan and its benefits, and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Service Retirement

Service retirement benefits are established and amended by state statutes and are payable to members who have terminated covered employment and meet both age and service eligibility requirements. All members retire under one of three plans – Regular Plan, Plan A, or Plan B. Eligibility for each plan is determined by the date the member joined TRSL as follows:

Regular Plan

Eligibility for retirement is determined by the date the member joined TRSL.

Members hired prior to July 1, 1999:

2.0% benefit factor	At least age 60 with at least five years of service credit, or Any age with at least 20 years of service credit
2.5% benefit factor	At least age 65 with at least 20 years of service credit, or At least age 55 with at least 25 years of service credit, or Any age with at least 30 years of service credit

Members joining System between July 1, 1999 and December 31, 2010:

2.5% benefit factor	At least age 60 with at least five years of service credit, or At least age 55 with at least 25 years of service credit, or Any age with at least 20 years of service credit (actuarially reduced), or Any age with at least 30 years of service credit

Members first eligible to join and hired between January 1, 2011, and June 30, 2015:

2.5% benefit factor	At least age 60 with at least five years of service credit, or Any age with at least 20 years of service credit (actuarially reduced)

Members first eligible to join and hired on or after July 1, 2015:

2.5% benefit factor	At least age 62 with at least five years of service credit, or Any age with at least 20 years of service credit (actuarially reduced)

<u>Plan A</u>

Plan A is closed to new entrants.

Plan A members:

3.0% benefit factor	At least age 60 with at least five years of service credit, or At least age 55 with at least 25 years of service credit, or Any age with at least 30 years of service credit

<u>Plan B</u>

Members hired before July 1, 2015:

2.0% benefit factor	At least age 60 with at least five years of service credit, or At least age 55 with at least 30 years of service credit

Members first eligible to join and hired on or after July 1, 2015:

2.0% benefit factor	At least age 62 with at least five years of service credit, or Any age with at least 20 years of service credit (actuarially reduced)

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate and by the years of creditable service. For Regular Plan and Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

Payment Options

A retiring member is entitled to receive the maximum monthly benefit payable until the member's death. In lieu of the maximum monthly benefit, the member can elect to receive a reduced monthly benefit payable in the form of a Joint and Survivor Option, or a reduced monthly benefit (maximum or reduced Joint and Survivor Option) with a lump sum that cannot exceed 36 months of the member's maximum monthly benefit amount.

Effective July 1, 2009, members can make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

Disability Retirement Benefits

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least ten years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

Survivor Benefits

A surviving spouse with minor children of an active member with at least five years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, and the deceased member had at least ten years of creditable service, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) $300 (up to two eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with at least ten years of creditable service (two years immediately prior to death) is entitled to a benefit equal to the greater of (a) $600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the La. R.S., the System allows for the payment of ad hoc permanent benefit increases (PBIs), also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature. Fifty percent of any excess return above $200,000,000 (indexed to positive changes in the actuarial value of assets, beginning June 30, 2015) will be credited to the Experience Account, subject to the restrictions provided in Act 399 of 2014. The Experience Account is used to fund permanent benefit increases for retirees. The Experience Account balance as of June 30, 2026 and 2025, was $127,246,263 and $120,328,833, respectively.

Effective July 1, 2023, Act 184 of the 2023 Louisiana Regular Legislative Session provides for the phasing out and termination of the Experience Account and of the diversion of the investment earnings into that account once the original amortization base is paid off, and creates a new account for accumulation of funds to pay PBIs (the PBI account). The Act establishes an additional component of the required employer contribution rate called the PBI account funding contribution or "AFC rate" and sets the AFC rate for fiscal year 2023-2024 at zero. Beginning in fiscal year 2024-2025, when the employer rate is scheduled to drop, half of the decrease will be added to the maximum possible AFC rate until that maximum equals 2.5%. However, for fiscal years 2024-2025 through 2027-2028, the AFC rate to be applied will be limited by a rate schedule provided in Act 184. The rate schedule provides for a limited AFC rate of 1.5% in fiscal year 2024-2025 increasing by a quarter percentage point annually up to 2.25% in fiscal year 2027-2028. The balance in the PBI account is capped at the amount needed to fund two increases. The PBI Account balance as of June 30, 2026 and 2025, was $186,099,455 and $82,718,014, respectively.

Optional Retirement Plan

The Optional Retirement Plan (ORP) was established in 1989 for academic employees of public institutions of higher education who are eligible for membership in TRSL. This Plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. Employees in eligible positions of higher education could make an irrevocable election to participate in the ORP rather than TRSL. Participant and employer contributions are pooled and invested by the participant's designated ORP carrier in the investment options of their choosing.

Act 109 of the 2024 Louisiana Regular Legislative Session allowed changes to the ORP law which created windows of opportunity for eligible participants to make a one-time, irrevocable decision to join TRSL's defined benefit plan as new members. Additional changes made by Act 47 of the 2024 Louisiana Regular Legislative Session in the 2025 legislative session opened up eligibility for ORP participation to more postsecondary employees and allowed certain ORP participants more time to switch to the TRSL defined benefit plan.

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the participating employees to the approved providers. These providers are selected by TRSL's Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime.

	2026	2025
Employees joining ORP consisted of:		
Members of TRSL joining ORP	67	59
New employees joining ORP	514	514
Total members joining ORP	581	573
Total actively contributing participants	4,892	5,876

	2026	2025
Amounts transferred to ORP:		
Amounts previously held in TRSL reserves	$ 538,249	$ 406,085
Contributions	70,832,527	84,466,303
Total	$ 71,370,776	$ 84,872,388
Number of ORP employers	101	103
Participants' contribution rates:		
Participant contribution rate (applicable for ORP transfers)	7.95%	7.95%
Participant contribution rate (administrative fee - TRSL)	0.05%	0.05%
Total employee contribution rate	8.00%	8.00%

Act 607 of the 2014 Regular Legislative Session required each higher education board created by Article VIII of the Louisiana Constitution to establish, by resolution, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount). From fiscal year 2014-2015 to fiscal year 2017-2018, the transfer amount was required to be an amount equal to or greater than the employer's portion of the normal cost contribution of the regular retirement plan. Effective for fiscal year 2018-2019 and thereafter, the transfer amount must be at least 6.2% of pay. The rate adopted by each higher education board must be the same for all employer institutions and agencies under that board's supervision and control and shall be effective for an entire fiscal year.

For all employers that are not a higher education board created by Article VIII of the Louisiana Constitution or an employer institution not under the supervision and control of such a board, effective for fiscal year 2014-2015 and thereafter, the transfer amount is the greater of the normal cost for a member of TRSL's regular retirement plan or 6.2% of pay.

The following tables display the total employer contribution amount (transfer amount and shared unfunded accrued liability (UAL) for employers that report ORP participants for the years ended June 30, 2026 and 2025, for both higher education and non-higher education institutions. The transfer amount along with the participant's contributions, less the administrative fee, are transferred to their selected ORP provider and invested. The shared UAL portion is retained by TRSL.

Higher Education Employers:

Contribution rates for the fiscal year ended June 30, 2026:

	Employer Rate		
Management Board	Transfer Amount	Shared UAL	Total ER
Board of Regents	6.20%	15.17%	21.37%
Board of Supervisors of Louisiana State University	6.20%	15.17%	21.37%
Board of Supervisors of Southern University	6.20%	15.17%	21.37%
Board of Supervisors of the University of Louisiana System	6.20%	15.17%	21.37%
Board of Supervisors of Community & Technical Colleges	6.20%	15.17%	21.37%

Contribution rates for the fiscal year ended June 30, 2025:

Management Board	Employer Rate		
	Transfer Amount	Shared UAL	Total ER
Board of Regents	6.20%	15.90%	22.10%
Board of Supervisors of Louisiana State University	6.20%	15.90%	22.10%
Board of Supervisors of Southern University	6.20%	15.90%	22.10%
Board of Supervisors of the University of Louisiana System	6.20%	15.90%	22.10%
Board of Supervisors of Community & Technical Colleges	6.20%	15.90%	22.10%

Non-Higher Education Employers:

Contribution rates for the fiscal years ended June 30:

Fiscal Year	Employer Rate		
	Transfer Amount	Shared UAL	Total ER
2026	6.20%	15.17%	21.37%
2025	6.20%	15.90%	22.10%

Legally required reserves

Deferred Retirement Option Plan

Deferred Retirement Option Plan (DROP) was implemented on July 1, 1992, with the passage of La. R.S. 11:786 by the Legislature. When a member enters DROP, his status changes from an active member to a retiree, even though he continues to work at his regular job and draw his regular salary. In the original DROP, participation in the program could not exceed two years; however, DROP was modified on January l, 1994, to allow for a three-year period of participation. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. After participation ends, members eligible to enter DROP prior to January 1, 2004, will earn interest on the DROP accounts at a rate equal to the actuarial realized rate of return on the System's portfolio for that plan year as certified by the System's actuary in their actuarial report, less one-half of one percent.

For members eligible to enter DROP on or after January 1, 2004, interest will be earned at the liquid asset money market rate, less one quarter of one percent administrative fee. Interest is posted monthly to the accounts and will be based on the balance in the account for that month. At the time of retirement, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Upon termination of DROP participation, the member can continue employment and earn additional benefit accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or as an additional annuity based upon the account balance.

Initial Lump-Sum Benefit

Effective January 1, 1996, the Legislature authorized TRSL to establish an Initial Lump-Sum Benefit (ILSB) program. The ILSB is available to members who have not participated in DROP and who elect the maximum benefit, option 2 benefit, option 2A benefit, option 3 benefit, option 3A benefit, option 4 benefit, or option 4A benefit. The ILSB program provides both a one-time, single sum payment of up to 36 months of the maximum regular monthly retirement benefit and a reduced monthly retirement benefit for life. Interest credited and payments from the ILSB account are made in accordance with La. R.S. l 1:789(A)(l).

Membership, disbursements, and reserve balances for the DROP and ILSB programs for the fiscal years ended June 30, 2026 and 2025, are as follows:

	2026	2025
Members who became eligible to participate before January 1, 2004:		
DROP:		
Members entering DROP	-	-
Disbursements	$ 53,368,693	$ 50,054,248
DROP reserves at June 30	$ 538,326,868	$ 545,143,990
ILSB:		
Members entering ILSB	-	-
Disbursements	$ 618,418	$ 619,193
ILSB reserves at June 30	$ 5,753,088	$ 5,862,879
Members who became eligible to participate on or after January 1, 2004:		
DROP:		
Members entering DROP	892	808
Disbursements	$ 94,612,879	$ 90,075,932
DROP reserves at June 30	$ 541,144,679	$ 521,195,907
ILSB:		
Members entering ILSB	454	314
Disbursements	$ 25,647,374	$ 19,578,089
ILSB reserves at June 30	$ 4,570,357	$ 3,669,866

Interest rates for the DROP and ILSB programs over the past ten years are as follows:

	Interest Rates	
Fiscal Year Ended June 30	Members who became eligible to participate before January 1, 2004	Members who became eligible to participate on or after January 1, 2004
2017	8.65%	0.2214%
2018	8.98%	0.9538%
2019	6.98%	1.8940%
2020	6.30%	1.0797%
2021	12.15%	0.0000%
2022	8.46%	0.1000%
2023	6.29%	3.4197%
2024	6.51%	4.9703%
2025	8.17%	4.3243%
2026	5.25%*	3.5544%

*Subject to PRSAC approval of fiscal year valuation.

Excess benefit plan

La. R.S. 11:945 established the Excess Benefit Plan as a separate, unfunded, nonqualified plan under the provisions set forth in La. R.S. 11:946, and also as a qualified governmental excess benefit arrangement as defined in Section 415(m)(3) of the Code.

Effective July 1, 1999, an excess benefit participant who is receiving a benefit from this System is entitled to a monthly benefit under this plan in an amount equal to the lesser of either the participant's unrestricted benefit as defined in La. R.S. 11:701, less the maximum benefit, or the amount by which the participant's monthly benefit from this System has been reduced by the limitations of Louisiana Revised Statute 11:784.1. A benefit payable under this plan is paid in the form and at the time it would have been paid as a monthly pension except for the limitations under La. R.S. 11:784.1 and Section 415 of the Code.

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, monthly contributions made by the employer are reduced by the amount necessary to pay that month's excess retirement benefits. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, the Excess Benefit Plan may never receive a transfer of assets from the pension plan. The number of benefit recipients and the total benefits for the years ended June 30, 2026 and 2025, are as follows:

	2026	2025
Number of excess benefit recipients	22	27
Total benefits	$ 1,237,955	$ 1,632,388

Note 2 – Summary of Significant Accounting Policies and Plan Asset Matters

Reporting entity

TRSL is a component unit of the State of Louisiana. An 18-member Board of Trustees (composed of ten active members, two retired members, and six ex officio members) governs TRSL. The Board of Trustees appoints the director, who is the System's managing officer.

Basis of accounting

TRSL's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. State appropriations are recognized in the period appropriated. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis.

Administrative costs are funded through the employer contribution rate and are subject to budgetary control by the Board of Trustees and approval of the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reporting period. Actual results could differ from those estimates. The System utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

Method used to value investments

As required by GASB 72, investments are reported at fair value, which is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a

hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). These disclosures are located in Note 4.

Short-term investments are reported at fair value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate.

All derivative financial instruments are reported at fair value in the Statements of Fiduciary Net Position. Gains and losses are reported in the Statements of Changes in Fiduciary Net Position as net appreciation (depreciation) in fair value of investments during the period the instruments are held and when the instruments are sold or expire. The nature and use of derivative instruments are discussed in Note 8.

The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been recorded based on the investment's capital account balance, which is reported at fair value, at the closest available reporting period, and adjusted for subsequent contributions, distributions, and management fees.

Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included as investment earnings in the Statements of Changes in Fiduciary Net Position.

Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term.

Property and equipment

Land, buildings, equipment, furniture, and intangible assets are carried at historical cost. The cost of a capital asset includes all charges necessary to place the asset into its intended location and condition for use.

Depreciation is computed as follows:

Prior to April 30, 2025 (Policy in effect for the first ten months of fiscal year 2025):

- *Capitalization thresholds* – items under $250 expensed as incurred; items between $250 and $1,000 capitalized and depreciated over three years; items $1,000 or more capitalized.
- *Useful lives* – building (40 years); office equipment and furniture $1,000 or more (three- ten years); items $250-$1,000 (three years).
- *Depreciation method* – straight-line.

Effective April 30, 2025, the System adopted a revised capitalization and depreciation policy:

- *Capitalization thresholds* – generally $5,000 for individual movable property items ($200,000 aggregate when items are purchased together); $100,000 for buildings, building improvements, leasehold improvements, and depreciable land improvements; $1,000,000 for purchased or internally developed software; all land and non-depreciable land improvements capitalized regardless of cost.

- *Useful lives* – movable property (five–15 years depending on class), buildings (40 years), leasehold improvements (lesser of 20 years, 40 years, or lease term), depreciable land improvements (20 years), purchased or internally developed software (seven years).
- *Depreciation method* – straight-line, with no salvage value assumed.

TRSL and the Louisiana State Employees' Retirement System (LASERS) share a 50/50 joint ownership of the Louisiana Retirement Systems Building, equipment, and related land.

The following is a summary of the changes in property and equipment for the year ended June 30, 2026:

	June 30, 2025	Additions	Deletions	June 30, 2026
Asset class (at cost):				
Land	$ 858,390	$ -	$ -	$ 858,390
Building	8,098,681	773,482	-	8,872,163
Equipment, furniture, fixtures	2,827,266	787,572	(139,452)	3,475,386
Total property and equipment	11,784,337	1,561,054	(139,452)	13,205,939
Accumulated depreciation:				
Building	(6,625,535)	(352,417)	-	(6,977,952)
Equipment, furniture, fixtures	(2,058,292)	(268,362)	124,922	(2,201,732)
Total accumulated depreciation	(8,683,827)	(620,779)	124,922	(9,179,684)
Property and equipment, net	$ 3,100,510	$ 940,275	$ (14,530)	$ 4,026,255

The following is a summary of the changes in property and equipment for the year ended June 30, 2025:

	June 30, 2024	Additions	Deletions	June 30, 2025
Asset class (at cost):				
Land	$ 858,390	$ -	$ -	$ 858,390
Building	7,894,285	204,396	-	8,098,681
Equipment, furniture, fixtures	3,101,337	53,482	(327,553)	2,827,266
Total property and equipment	11,854,012	257,878	(327,553)	11,784,337
Accumulated depreciation:				
Building	(6,275,016)	(350,519)	-	(6,625,535)
Equipment, furniture, fixtures	(2,131,882)	(249,748)	323,338	(2,058,292)
Total accumulated depreciation	(8,406,898)	(600,267)	323,338	(8,683,827)
Property and equipment, net	$ 3,447,114	$ (342,389)	$ (4,215)	$ 3,100,510

Accumulated leave

The employees of the System accumulate annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. The liability for accrued annual leave of up to 300 hours is included in other liabilities on the Statement of Fiduciary Net Position. Upon retirement, unused annual leave in excess of 300 hours and sick leave may be converted to service credit subject to restrictions of the retirement system to which the employee belongs.

Note 3 – Member Contributions and Employer Contributions

Member contribution rates for the System are established by La. R.S. 11:62. The employer contribution rate is established annually under La. R.S. 11:101-11:104 by PRSAC, taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan.

The normal cost portion of each plan's employer contribution rate varies based upon that plan's benefits, member demographics, and the rate contributed by employees. The shared unfunded accrued liability (UAL) contribution rate is determined in aggregate for all plans. The UAL established due to a specific plan or group of plans because of legislation will be allocated entirely to that plan or those plans.

Employee and employer contribution rates for each plan for the years ended June 30, 2026 and 2025, are as follows:

	Employee	Employer Contribution Rate				
	Contribution	Normal	Admin	AFC	Shared	Total
June 30, 2026	Rate	Cost Rate	Expense Rate	Rate*	UAL Rate	Rate
Regular Plan (K12)	8.0%	3.67%	0.36%	1.75%	15.17%	20.95%
Regular Plan (Higher Ed)	8.0%	3.05%	0.36%	1.75%	15.17%	20.33%
Lunch Plan A	9.1%	3.67%	0.36%	1.75%	15.17%	20.95%
Lunch Plan B	5.0%	3.67%	0.36%	1.75%	15.17%	20.95%

	Employee	Employer Contribution Rate				
	Contribution	Normal	Admin	AFC	Shared	Total
June 30, 2025	Rate	Cost Rate	Expense Rate	Rate*	UAL Rate	Rate
Regular Plan (K12)	8.0%	3.73%	0.38%	1.50%	15.90%	21.51%
Regular Plan (Higher Ed)	8.0%	3.10%	0.38%	1.50%	15.90%	20.88%
Lunch Plan A	9.1%	3.73%	0.38%	1.50%	15.90%	21.51%
Lunch Plan B	5.0%	3.73%	0.38%	1.50%	15.90%	21.51%

*Pursuant to Act 184 of 2023, the AFC (Account Funding Contribution) rate is a component of the total employer contribution rate, effective FY 2024-25, used to directly pay for future permanent benefit increases (PBIs). The AFC rate will gradually increase to reflect certain employer contribution rate reductions, but will be capped at 2.5% of payroll.

In accordance with state statute, TRSL receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Note 4 – Fair Value Measurements

The System categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The System has the following recurring fair value measurements as of June 30, 2026 and 2025, respectively:

June 30, 2026	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Markets (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. Treasury and government obligations	$ 994,834,320	$ 439,455,524	$ 555,378,796	$ -
Corporate bonds	632,478,317	-	365,608,089	266,870,228
Miscellaneous	760,001,907	-	758,947,792	1,054,115
International bonds	1,077,139,719	-	1,045,161,648	31,978,071
Short-term investments	1,250,490,750	419,553,372	64,993,763	765,943,615
Total debt securities	4,714,945,013	859,008,896	2,790,090,088	1,065,846,029
Equity securities:				
Large cap	3,971,991,680	3,971,991,680	-	-
Mid cap	485,010,972	485,010,972	-	-
Small cap	2,197,187,377	2,197,187,377	-	-
International equities	2,745,884,447	2,745,884,447	-	-
Global REIT	356,136,949	356,136,949	-	-
Other	8,372,201	7,567,423	804,777	1
Total equity securities	9,764,583,626	9,763,778,848	804,777	1
Alternative assets and real estate:				
Private assets	10,450,127,245	-	-	10,450,127,245
Real estate	2,931,581,312	-	-	2,931,581,312
Total alternative assets and real estate	13,381,708,557	-	-	13,381,708,557
Derivative instruments:				
Foreign exchange contracts	(7,952,704)	-	(7,952,704)	-
Swaps	20,941,428	-	20,941,428	-
Options	229,969,749	-	229,969,749	-
Total derivative instruments	242,958,473	-	242,958,473	-
Investments at fair value level	28,104,195,669	$ 10,622,787,744	$ 3,033,853,338	$ 14,447,554,587
Investments measured at Net Asset Value (NAV)	3,529,095,109			
Total investments at fair value	$ 31,633,290,778			
Securities lending cash collateral	$ 1,676,470,408	$ -	$ 1,676,470,408	$ -
Investment derivatives:				
Futures	$ 479,485	$ 479,485	$ -	$ -
Swaps	(24,178,191)	-	(24,178,191)	-
Options	(16,645,770)	-	(16,645,770)	-

June 30, 2025	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Markets (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. Treasury and government obligations	$ 713,103,381	$ 22,618,452	$ 635,939,998	$ 54,544,931
Corporate bonds	735,122,287	159,266,838	452,598,720	123,256,729
Miscellaneous	1,154,921,512	331,877,525	621,979,300	201,064,687
International bonds	1,005,670,798	-	953,932,883	51,737,915
Short-term investments	1,359,675,472	424,929,752	29,786,857	904,958,863
Total debt securities	4,968,493,450	938,692,567	2,694,237,758	1,335,563,125
Equity securities:				
Large cap	3,509,377,083	3,509,377,083	-	-
Mid cap	513,676,845	513,676,845	-	-
Small cap	1,682,480,464	1,682,480,464	-	-
International equities	2,343,090,158	2,343,090,158	-	-
Global REIT	362,598,781	362,594,752	-	4,029
Other	7,564,946	5,662,113	1,902,832	1
Total equity securities	8,418,788,277	8,416,881,415	1,902,832	4,030
Alternative assets and real estate:				
Private assets	10,109,974,561	1,219	-	10,109,973,342
Real estate	2,383,401,857	-	-	2,383,401,857
Total alternative assets and real estate	12,493,376,418	1,219	-	12,493,375,199
Derivative instruments:				
Foreign exchange contracts	2,718,044	-	2,718,044	-
Swaps	59,785,532	-	59,785,532	-
Options	135,591,274	-	135,591,274	-
Total derivative instruments	198,094,850	-	198,094,850	-
Investments at fair value level	26,078,752,995	$ 9,355,575,201	$ 2,894,235,440	$ 13,828,942,354
Investments measured at Net Asset Value (NAV)	3,055,685,734			
Total investments at fair value	$ 29,134,438,729			
Securities lending cash collateral	$ 2,175,159,946	$ -	$ 2,175,159,946	$ -
Investment derivatives:				
Futures	$ 4,292,867	$ 4,292,867	$ -	$ -
Swaps	(64,124,952)	-	(64,124,952)	-
Options	(12,382,707)	(4,500)	(12,378,207)	-

Certain prior-year debt securities have been reclassified by investment type to conform to the current-year classification. Additionally, certain alternative assets and real estate have been reclassified from Level 3 to investments measured at NAV. Accordingly, prior-year amounts presented in this note differ from those reported in the previously issued financial statements. The reclassification had no effect on previously reported total investments or net position restricted for benefits.

Certain securities and derivatives disclosed in these tables may be classified as short-term investments, global equity, debt securities, or investments payable on the Statements of Fiduciary Net Position. Accordingly, the totals presented in this table will not agree to the combined totals of investments presented in those statements.

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Levels 2 and 3 of the fair value hierarchy are valued using a proprietary matrix based on asset class (e.g., 'sector code,' 'firm code,' or 'asset type code'). Matrix pricing relies on the securities' relationship to other benchmark quoted securities.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2026, are presented in the following table:

		2026	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Overland Advantage	(1)	$ 35,248,643	$ 64,574,027	N/A	N/A
Franklin Templeton-Emerging Markets	(2)	459,501,448	-	Daily	N/A
William Blair-Emerging Markets	(3)	500,958,285	-	Daily	N/A
Crescent Private Credit	(4)	66,011,448	33,000,000	Quarterly	30 days prior to quarter end
JP Morgan Strategic Property Fund	(5)	165,305,252	-	Quarterly	45 days prior to quarter end
Smart Markets Fund	(6)	426,536,840	-	Quarterly	45 days prior to quarter end
TA Realty Core Property Fund	(7)	431,372,463	-	Quarterly	45 days prior to quarter end
MetLife Core Property Fund	(8)	444,733,850	-	Quarterly	60 days prior to quarter end
Lion Industrial Trust	(9)	53,225,376	-	Quarterly	1 quarter prior to the quarter the redemption is required
PGIM U.S. Agriculture Fund	(10)	143,667,559	-	Quarterly	1 quarter prior to the quarter the redemption is required
Prime Property Fund	(11)	489,079,356	-	Quarterly	1 quarter prior to the quarter the redemption is required
Prudential Real Estate (PRISA)	(12)	313,454,589	-	Quarterly	1 quarter prior to the quarter the redemption is required
		$ 3,529,095,109			

The unfunded commitments and redemption terms for investments measured at the NAV per share (or its equivalent) as of June 30, 2025, are presented in the following table.

	2025	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Franklin Templeton-Emerging Markets	$ 439,863,410	-	Daily	N/A
William Blair-Emerging Markets	443,088,018	-	Daily	N/A
JP Morgan Strategic Property Fund	218,318,952	-	Quarterly	45 days prior to quarter end
Smart Markets Fund	139,775,790	-	Quarterly	45 days prior to quarter end
TA Realty Core Property Fund	414,848,269	-	Quarterly	45 days prior to quarter end
MetLife Core Property Fund	429,558,203	-	Quarterly	60 days prior to quarter end
Lion Industrial Trust	50,522,089	-	Quarterly	1 quarter prior to the quarter the redemption is required
PGIM U.S. Agriculture Fund	145,109,885	-	Quarterly	1 quarter prior to the quarter the redemption is required
Prime Property Fund	476,057,093	-	Quarterly	1 quarter prior to the quarter the redemption is required
Prudential Real Estate (PRISA)	298,544,025	-	Quarterly	1 quarter prior to the quarter the redemption is required
	$ 3,055,685,734			

(1) Overland Advantage – Overland Advantage provides innovative lending solutions to founder, family and sponsor-owned middle market companies in North America. Overland benefits from a dedicated strategic relationship between Wells Fargo and Centerbridge, allowing borrowers to benefit from access to Wells Fargo's traditional banking services which include treasury management, investment banking services, and senior bank capital, and Centerbridge's demonstrated credit acumen. This relationship delivers a unique direct lending solution to middle market borrowers.

(2) Franklin Templeton-Emerging Markets – The emerging market public equity strategy seeks to provide long-term capital growth by investing mainly in equity securities of companies located in or significantly exposed to emerging or frontier markets. Certain strategies are focused primarily on companies within specific regions, such as Asia, Latin America or Eastern Europe, within specific countries, such as India, or within specific market capitalizations, such as small caps, while others invest across the entire emerging market spectrum. The Adviser's focus is on identifying companies with sustainable earnings power at a discount to their intrinsic value, which is consistent with the three tenets of Sir John Templeton: patient, long-term outlook; bottom-up stock selection; and value orientation. The emerging market public equity strategy employs an investment process rooted in original fundamental research and long-term focus, and characterized by a search for sustainable earnings power at a discount. The Adviser believes that its competitive advantage lies in extensive locally based emerging markets resources, access and expertise; global perspective within the investment team; broader resources across Franklin Templeton; and an investment approach that is robust, scalable, and continuously refined.

(3) William Blair-Emerging Markets – The investment strategy relies on fundamental company analysis and stock selection as primary investment criteria. The desired criteria is as follows: (1) the company exhibits historical superior growth, profitability and quality relative to local markets or to companies within the same industry worldwide; and the company has a reasonable expectation of continued growth performance; (2) the company generally exhibits superior business fundamentals, including leadership in its field, quality products or services, distinctive marketing and distribution, pricing flexibility and revenue from products or services consumed on a steady, recurring basis; (3) the company's demonstrated superior business characteristics are accompanied by management that is shareholder return-oriented and that uses conservative accounting policies; and (4) the company has above-average returns on equity, a strong balance sheet and consistent, above-average earnings growth. Stock selection takes into account both local and global comparisons. The weight given to a particular criterion depends upon the circumstances, and investments might not meet all of these criteria.

(4) Crescent Private Credit – Crescent Private Credit Income Corp. is a close-ended direct lending limited partnership that provides access to privately negotiated loans. Crescent's primary focus is partnering with private equity firms on new opportunities and targeting sponsor backed first lien senior loans. The Fund intends to distribute 90% of annual net investment income. Quarterly repurchases at NAV are limited to 5.0% of aggregate shares outstanding (either by number of shares or aggregate NAV).

(5) JP Morgan Strategic Property Fund – Strategic Property Fund is an actively managed diversified, pure core, open-end commingled pension trust fund. It invests in high-quality stabilized office, retail, residential, and industrial assets with dominant competitive characteristics in primary markets throughout the United States. Properties are well-leased, generating significant operating cash flow, and a high-income return. Broad diversification, both geographically and by sector, have contributed to strong risk-adjusted returns since the Fund's inception in January 1998. The Fund's size, quality, consistent pure core strategy, high occupancy, low lease rollover, solid income, conservative leverage, and staggered debt maturities position it well to execute on its strategy. Investments in the Fund are valued at the current day closing net asset value per share. As part of the Trustee's valuation process, properties are externally appraised generally on an annual basis, by reputable, independent appraisal firms, and signed by appraisers that are members of the Appraisal Institute, with the professional MAI designation. In addition, the Trustee may cause additional appraisals to be performed as warranted by specific asset or market conditions. All external appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices (USPAP). To the extent that redemption requests exceed available cash, distributions are pro-rated based on the participant's interest in the Fund. The Fund's manager may suspend redemptions at their discretion. All withdrawals will be treated equally forever whether for fees, benefit payments, plan termination, or asset allocation. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves. The Fund's redemption notice period is 45 days; therefore, any sales price could differ from the net asset value because of the 45-day notice period.

(6) Smart Markets Fund – The Smart Markets Fund is an open-end core real estate fund, which invests in industrial, multifamily, office, and retail/mixed-use properties. The Fund strategically invests in 18 "smart" markets, characterized by knowledge-based economies with educated, stable and fast-growing employment bases. These "smart" markets contain some of the largest and most prolific universities and research institutions that are centers of innovation in several of the fastest growing industries of technology, biotechnology, healthcare and energy. These markets have above-average historical and forecasted job growth and population growth. These are the key real estate demand drivers that support outsized job growth and lead to collective outperformance. Redemptions are subject to a 180-day holding period, and the general partner may restrict redemptions if they would have a material adverse effect on the Fund.

(7) TA Realty Core Property Fund – TA Realty Core Property Fund is an open-end, commingled fund formed principally to invest in and operate a diversified portfolio of commercial real estate assets mainly across industrial, multifamily, office and retail property types. The objectives for TA Realty are

threefold: build and operate a first-class portfolio of institutional quality core real estate assets, generate consistent outperformance versus industry benchmarks and provide outstanding client service to investors. In this pursuit, TA Realty believes that five factors are critical: focus on markets and property types that can deliver outsized long-term cash flow growth, invest in desirable assets at attractive prices, proactively manage assets to drive cash flow, actively evaluate portfolio risks and dispose of assets before they become uncompetitive. The Fund may make investments in direct or indirect equity interests in real estate assets (including interests in real estate companies and joint ventures). The Fund may also make investments in indebtedness secured by real estate if the General Partner determines such investment to be in the best interest of the Fund. TA Realty principally seeks to invest in core real estate assets but may also make limited core-plus and value-added investments. TA Realty targets low leverage as part of the Fund strategy. The Fund is not permitted to incur indebtedness for borrowed money to the extent, on a pro forma basis at the date of commitment to borrow, such incurrence would cause the aggregate amount of the Funds indebtedness to be in excess of 35% of the Fund's Gross Asset Value (GAV) (plus the unfunded capital commitments of the Limited Partners to the extent that such unfunded capital commitments exceed the outstanding principal balance of all credit facilities that are secured by pledges of subscriptions to acquire Shares). Redemptions are subject to a 180-day holding period and are paid pro rata from available liquid assets at the general partner's discretion.

(8) MetLife Core Property Fund – The strategy of the MetLife Core Property Fund (MCPF) is to create and actively manage a diversified portfolio of core institutional real estate assets that offer the potential to deliver attractive returns through a combination of current income and capital appreciation. As a core open-ended fund, the strategy is to invest in property types that have both deep institutional quality stock and deep institutional investor bases. The Fund limits its investments in non-core properties to 10% of the Fund's GAV (plus unfunded capital commitments). Geographically, the Fund invests in U.S. real estate assets and focuses on primary markets; the Fund's strategy does not include a major focus on secondary and tertiary markets.

Specific investment characteristics of targeted investments for the Fund include:

- Stabilized investments with high-quality physical improvements.
- Attractive locations within supply-constrained metropolitan areas and with superior competitive market positions.
- Favorable long-term economic, demographic, and fundamental real estate trends.
- Well-leased properties with diversified rent roll and manageable lease rollover.
- Minimal need for near term capital expenditures.
- Stable, predictable income stream, which constitutes a significant portion of the expected total return over the hold period.
- Readily marketable assets that enable an efficient exit.

Investors may request that the General Partner redeem all or any portion of their shares on a quarterly basis with 60 days written notice prior to the end of the quarter for which the request is to be effective; however, the Fund will not be obligated to sell assets, borrow funds, or alter investment or capital improvement plans to meet redemption requests. Units will be redeemed in cash at a price that reflects the Fund's NAV as of the last day of the calendar quarter immediately preceding the effective date of the redemption, as adjusted for additional contributions and distributions.

If liquid assets are insufficient to redeem all Fund redemption requests, a pro rata portion of the outstanding Fund redemption interests pursuant to such requests based upon the relative Fund percentage interests as of such redemption date of the Fund investors who are being redeemed (regardless of the redemption effective date of the redemption notices), will be redeemed to the extent that liquid assets are available, and in each case within ten days after the Fund's NAV for the end of a calendar quarter has been determined.

(9) Lion Industrial Trust – Lion Industrial Trust (LIT) is a core-plus, open-end perpetual fund focusing solely on the industrial property sector within North America. LIT invests in warehouse/distribution facilities and targets the large, core industrial markets throughout the United States. Its primary objective is to provide stable income and capital appreciation. If a redemption request remains unpaid for 180 days, the Fund is required to sell or refinance properties to redeem the lesser of the full request or 25% of the investor's shares in the following quarter, with the remaining balance paid over the next three quarters.

(10) PGIM U.S. Agriculture Fund – PGIM U.S. Agriculture Fund is an open-end fund that provides flexible growth and quarterly liquidity. The Fund investment limitations are based upon total commitments, providing flexibility in new acquisition options and quarterly independent appraisals on all Fund assets. The Fund invests primarily in the direct operation of permanent planting properties and row crops on a cash rent and crop share lease basis, diversified across the United States. Redemptions are subject to a two-year lock-up from initial funding, and the general partner may suspend redemptions for legal, tax, regulatory, or similar reasons.

(11) Prime Property Fund – The Prime Property Fund (PPF) is a core, fully-specified, open-ended commingled real estate investment fund diversified by property type and location designed to provide a stable, income-driven rate of return over the long term with potential for growth of income and appreciation of value. The investment strategy of the PPF is to maintain a diversified investment in core U.S. real estate that offers stable, highly predictable cash flow returns. The focus is on high-quality office buildings, Class A multifamily communities, warehouse distribution and storage facilities, top tier super regional malls and shopping centers in targeted primary markets, and consumer-oriented healthcare-related real estate with high-quality providers. The PPF generally will invest in existing, high-quality, well-leased properties. However, a portion of the PPF's assets (generally less than 15% of gross assets) may be invested in properties with reasonable asset enhancement opportunities, including, for example, funded forward purchase commitments involving new construction and development properties. The PPF seeks stabilized investments that generally yield current income of 4.0% to 6.0%. The PPF may invest in high-grade properties that yield current income of less than 4.0% if, for example, they possess above-average growth opportunities or are of prime quality or if the capitalization rates in the relevant property sector dictate lower yield. The PPF favors investments that are likely to produce income growth equal to or greater than anticipated inflation rates.

Investment values are determined quarterly from limited restricted appraisals, in accordance with the USPAP, which include less documentation but nevertheless meet the minimum requirements of the Appraisal Standards Board and the Appraisal Foundation and are considered appraisals. In these appraisals, a full discounted cash flow analysis, which is the basis of an income approach, is the primary focus. Interim monthly valuations are determined by giving consideration to material investment transactions. Full appraisal reports are prepared on a rotating basis for all properties, so each property receives a full appraisal report at least once every three years.

The System has the right to request a redemption of shares on a quarterly basis. A redemption request received before the end of a calendar quarter will be processed so as to be scheduled for payment generally at (or shortly after) the end of the next calendar quarter in accordance with the PPF's quarterly redemption process. Shares will be redeemed at the then Current Share Price on the day of redemption. If sufficient cash is not available to redeem all requested redemptions, the PPF will redeem the shares of all investors that have requested a redemption out of available cash on a pro rata basis. The ability to redeem funds from the PPF is subject to the availability of cash arising from net investment income, allocations, and the sale of investments in the normal course of business. To the extent that redemption requests exceed such available cash, there are uniform procedures to provide for cash payments, which may be deferred for such a period as considered necessary to protect the interests of other investors in the PPF or to obtain the funds to be redeemed.

(12) Prudential Real Estate (PRISA) – The Fund's investment objective is to produce a total return each year that outperforms the NCREIF Fund Index Open-End Diversified Core Equity (NFI-ODCE) on a total-return basis, while maintaining the benefits of a broadly diversified, core portfolio. Investors may request a withdrawal from PRISA at any time. Redemptions are paid only on valuation dates, on the last business day of a calendar quarter. All written requests received by PRISA at least a quarter prior to the valuation date will be eligible for payment. For example, a written request received during the first calendar quarter will be eligible to be paid on the last business day of June. PRISA may, in its discretion, waive the notice requirement.

Redemption payments are subject to available cash as determined by PRISA after all contractual obligations are met and appropriate reserves are maintained to meet anticipated future portfolio operating requirements. If eligible redemption requests exceed available cash in a given quarter, an exit queue will be established.

Investment in the Fund is valued at the current day closing net asset value per share. A unit value is the value of a single unit or "share" in an investment account on the specified day. The unit value changes depending on the investment results of the investment account and reflects realized and unrealized capital gains/losses, investment income, and may include fees/expenses. The estimate of fair value for real estate is based on the conventional approaches to value, all of which require the exercise of subjective judgment. The three approaches are: (1) current cost of reproducing the real estate less deterioration and functional and economic obsolescence; (2) discounting a series of income streams and reversion at a specific yield or by directly capitalizing a single year income estimate by an appropriate factor; and (3) value indicated by recent sales of comparable real estate in the market. In the reconciliation of these three approaches, the independent appraiser uses one or a combination of them, to come up with the approximated value for the type of real estate in the market.

The Fund's redemption notice period must be at least 90 days; therefore, any sales price could differ from the net asset value because of the 90-day notice period.

Note 5 – Deposits and Investment Risk

Cash and cash equivalents

Cash and cash equivalents include cash deposited in banks and short-term repurchase agreements. Cash is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, and cash equivalents are collateralized by the pledge of government securities held by the agents in TRSL's name.

Custodial credit risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to them. At June 30, 2026 and 2025, all deposits were insured by FDIC insurance and pledged collateral held in joint custody.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System's trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either a counterparty or by the counterparty's trust department or agent but not in the System's name. It is the System's policy to contract with the custodian to provide safeguarding of deposits and securities. Assets held by financial institutions in their capacity as trustee or custodian are not considered to be assets of that institution as a corporate entity for insolvency purposes. These assets are segregated from the corporate assets of the financial institution and are accounted for separately on the institution's general ledger. As a result of this segregation, assets held in a custodial capacity should not be affected if the custodial institution were placed into receivership by its regulators. Investments in external investment pools and in open-end mutual funds are

not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form.

Credit risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy requires investments in core fixed income portfolios to be rated Baa3 or BBB- or higher by Moody's or Standard & Poor's, respectively. High-yield investment portfolios shall be invested in securities rated from Ba-l to Caa or BB+ to CCC as rated by Moody's and Standard & Poor's, respectively. Non-rated securities and securities rated below Caa or CCC shall not exceed 20% of the fair value of the portfolio.

The System's exposure to credit risk at June 30, 2026, is as follows:

	Debt Securities		
Moody's Rating	Total	Domestic	International
A1	$ 77,416,874	$ 49,137,816	$ 28,279,058
A2	46,180,707	26,096,889	20,083,818
A3	60,050,397	38,709,913	21,340,484
AA1	836,752,557	809,928,475	26,824,082
AA2	49,087,591	5,340,845	43,746,746
AA3	115,374,182	13,806,356	101,567,826
AAA	175,811,803	61,311,902	114,499,901
B1	212,411,986	183,482,894	28,929,092
B2	229,125,757	196,847,399	32,278,358
B3	162,709,610	131,424,098	31,285,512
BA1	72,713,686	56,631,441	16,082,245
BA2	139,510,783	112,881,748	26,629,035
BA3	153,914,850	133,925,069	19,989,781
BAA1	90,315,263	46,657,910	43,657,353
BAA2	94,310,517	71,864,784	22,445,733
BAA3	159,621,388	50,664,113	108,957,275
C	37,783	37,783	-
CA	5,674,897	4,245,961	1,428,936
CAA1	64,870,117	47,219,526	17,650,591
CAA2	40,902,758	34,610,536	6,292,222
CAA3	14,499,550	13,521,669	977,881
NR	2,111,494,404	1,780,220,837	331,273,567
WR	53,068,730	7,823,402	45,245,328
Total credit risk debt securities	$ 4,965,856,190	$ 3,876,391,366	$ 1,089,464,824

The System's exposure to credit risk at June 30, 2025, is as follows:

Moody's Rating	Debt Securities Total	Domestic	International
A1	$ 95,218,379	$ 53,575,600	$ 41,642,779
A2	42,691,204	24,557,063	18,134,141
A3	71,153,777	37,318,155	33,835,622
AA1	1,018,370,265	1,014,242,307	4,127,958
AA2	22,821,297	6,971,802	15,849,495
AA3	125,403,564	13,690,816	111,712,748
AAA	139,877,356	66,130,649	73,746,707
B1	219,380,209	189,458,836	29,921,373
B2	264,372,495	218,444,504	45,927,991
B3	205,341,140	154,106,527	51,234,613
BA1	81,639,597	65,186,324	16,453,273
BA2	117,334,299	90,228,643	27,105,656
BA3	195,079,855	158,064,675	37,015,180
BAA1	97,578,982	47,455,202	50,123,780
BAA2	141,763,864	64,142,957	77,620,907
BAA3	82,799,867	49,121,585	33,678,282
C	905,973	38	905,935
CA	3,845,989	2,975,910	870,079
CAA1	74,740,287	62,207,892	12,532,395
CAA2	49,202,929	37,489,900	11,713,029
CAA3	12,286,924	10,125,329	2,161,595
NR	2,064,478,882	1,766,267,341	298,211,541
WR	37,583,123	27,352,513	10,230,610
Total credit risk debt securities	$ 5,163,870,257	$ 4,159,114,568	$ 1,004,755,689

Interest rate risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

At June 30, 2026, the System's maturities for debt securities are as follows:

Investment	Fair Value	Less than 1 Year	1 - 5 Years	5 - 10 Years	More than 10 Years
U. S. Treasury and government agency	$ 957,034,330	$ 9,511,125	$ 151,359,864	$ 141,798,688	$ 654,364,653
Collateralized mortgage obligations	37,799,991	-	8,129,462	4,268,861	25,401,668
Corporate bonds	632,478,317	17,792,993	263,003,048	205,322,152	146,360,124
Other	1,019,273,758	22,404,994	401,090,384	307,316,128	288,462,252
Foreign corporate bonds	127,612,143	13,736,771	70,145,464	29,834,045	13,895,863
Foreign government bonds	325,785,051	3,548,931	63,631,488	105,579,891	153,024,741
Foreign treasuries	144,361,497	11,304,111	5,370,254	81,036,533	46,650,599
Foreign other	471,005,246	1,557,397	142,625,577	189,457,821	137,364,451
Short-term investments	1,250,505,857	1,250,505,857	-	-	-
Total	$ 4,965,856,190	$ 1,330,362,179	$ 1,105,355,541	$ 1,064,614,119	$ 1,465,524,351

At June 30, 2025, the System's maturities for debt securities are as follows:

Investment	Fair Value	Less than 1 Year	1 - 5 Years	5 - 10 Years	More than 10 Years
U. S. Treasury and government agency	$ 1,117,266,945	$ 716,146	$ 167,831,692	$ 198,980,543	$ 749,738,564
Collateralized mortgage obligations	45,539,568	-	11,128,002	4,549,997	29,861,569
Corporate bonds	718,178,209	32,802,747	358,140,433	221,491,141	105,743,888
Other	919,703,883	15,779,592	497,228,000	210,753,738	195,942,553
Foreign corporate bonds	186,590,266	14,794,088	116,530,750	37,455,880	17,809,548
Foreign government bonds	356,661,579	13,449,192	77,372,074	81,010,675	184,829,638
Foreign treasuries	51,510,406	9,454,058	2,585,954	39,470,394	-
Foreign other	408,670,803	7,657,455	168,922,364	124,735,876	107,355,108
Short-term investments	1,359,748,599	1,359,748,599	-	-	-
Total	$ 5,163,870,258	$ 1,454,401,877	$ 1,399,739,269	$ 918,448,244	$ 1,391,280,868

Certain prior-year investment securities have been reclassified from foreign government bonds to foreign treasuries to conform to the current-year classification. Accordingly, prior-year amounts presented in this note differ from those reported in the previously issued financial statements. The reclassification had no effect on total investments or net position restricted for benefits.

TRSL, as expressed in its Investment Policy Statement, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from changing interest rates) to its benchmark.

Foreign currency risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Investment risk and foreign currency risk, as measured by tracking errors, have been reduced by the use of the overlay program. The System's asset allocation plan adopted in its Investment Policy Statement includes a maximum of 40% for international equities and fixed income.

At June 30, 2026, the System's foreign currency risk is as follows:

Currency	Percentage	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Argentinian Peso	0.00%	$ 14,269	$ -	$ -	$ -	$ 14,269	$ -
Australian Dollar	4.42%	184,591,239	78,545,649	-	103,786,542	2,259,048	-
Brazilian Real	1.62%	67,622,685	59,511,530	-	7,571,198	539,957	-
Canadian Dollar	2.44%	101,853,408	19,633,655	-	82,170,270	49,483	-
Chilean Peso	0.08%	3,171,691	3,171,691	-	-	-	-
Chinese R Yuan HK	-0.84%	(35,132,256)	-	-	-	(35,132,256)	-
Chinese Yuan Renminbi	1.75%	73,182,100	11,632,424	-	26,150,856	35,398,820	-
Colombian Peso	1.17%	48,840,788	48,440,928	-	-	399,860	-
Czech Koruna	0.00%	200,482	(12,383)	-	-	212,865	-
Danish Krone	1.84%	76,809,128	504,465	-	75,942,432	362,231	-
Egyptian Pound	0.42%	17,599,542	-	-	-	17,599,542	-
Euro Currency Unit	44.13%	1,844,854,973	164,950,290	1,032,640	863,915,493	12,862,728	802,093,822
Hong Kong Dollar	2.51%	105,048,321	-	-	104,400,632	647,689	-
Hungarian Forint	0.00%	641	-	-	-	641	-
Indian Rupee	0.60%	24,951,394	24,951,394	-	-	-	-
Israeli Shekel	0.34%	14,387,004	-	-	13,984,327	402,677	-
Japanese Yen	12.22%	510,870,592	(4,696,619)	-	508,843,395	6,723,816	-
Malaysian Ringgit	0.13%	5,539,771	4,889,574	-	475,696	174,501	-
Mexican Peso	1.59%	66,456,906	63,060,672	-	3,643,776	(247,542)	-
New Zealand Dollar	0.03%	1,131,710	240,523	-	611,203	279,984	-

Currency	Percentage	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Norwegian Krone	0.61%	25,665,632	(96,782)	-	25,574,570	187,844	-
Peruvian Sol	0.25%	10,297,875	9,878,569	-	-	419,306	-
Polish Zloty	0.03%	1,163,427	(9,323)	-	1,142,275	30,475	-
Pound Sterling	15.87%	663,265,378	92,541,096	-	455,604,496	2,051,723	113,068,063
Romanian Leu	0.00%	52	-	-	-	52	-
Singaporean Dollar	0.71%	29,569,885	37,305	-	28,949,332	583,248	-
South African Rand	0.29%	12,188,733	10,786,374	-	1,373,125	29,234	-
South Korean Won	1.24%	51,965,452	1,710,366	-	49,760,674	494,412	-
Swedish Krona	1.62%	67,728,331	44,818	-	67,670,694	12,819	-
Swiss Franc	4.72%	197,276,813	(13,013)	-	195,057,783	2,232,043	-
Thai Baht	0.07%	3,087,538	3,073,482	-	-	14,056	-
Turkish Lira	0.07%	2,753,009	-	-	2,692,177	60,832	-
Uruguayan Peso	0.08%	3,241,617	3,241,617	-	-	-	-
Total	100.00%	$ 4,180,198,130	$ 596,018,302	$ 1,032,640	$ 2,619,320,946	$ 48,664,357	$ 915,161,885

At June 30, 2025, the System's exposure to foreign currency risk is as follows:

Currency	Percentage	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Argentinian Peso	0.00%	$ 17,759	$ -	$ -	$ -	$ 17,759	$ -
Australian Dollar	3.20%	118,512,977	10,789,869	-	107,068,444	654,664	-
Brazilian Real	1.35%	50,019,976	39,233,098	-	10,284,930	501,948	-
Canadian Dollar	2.02%	74,911,165	21,881,322	-	52,890,643	139,200	-
Chinese Yuan Renminbi	0.15%	5,736,266	1,067,697	-	1,897,238	2,771,331	-
Colombian Peso	0.00%	365	-	-	-	365	-
Czech Koruna	0.01%	215,078	(23,324)	-	-	238,402	-
Danish Krone	2.02%	74,929,619	10,947,695	-	63,458,868	523,056	-
Egyptian Pound	0.26%	9,781,169	-	-	-	9,781,169	-
Euro Currency Unit	51.97%	1,926,988,815	163,521,285	2,482,602	801,647,392	29,714,843	929,622,693
Hong Kong Dollar	2.23%	82,504,174	-	-	82,152,854	351,320	-
Hungarian Forint	0.00%	584	-	-	-	584	-
Indian Rupee	0.02%	831,242	853,885	-	-	(22,643)	-
Israeli Shekel	0.32%	12,039,942	-	-	10,849,686	1,190,256	-
Japanese Yen	9.38%	347,893,862	(28,626,110)	-	372,567,039	3,952,933	-
Malaysian Ringgit	0.14%	5,323,113	4,714,885	-	440,411	167,817	-
Mexican Peso	1.60%	59,235,350	54,122,918	-	5,998,129	(885,697)	-
New Zealandic Dollar	0.03%	1,257,726	249,523	-	959,332	48,871	-
Norwegian Krone	0.46%	17,102,658	-	-	16,103,204	999,454	-
Peruvian Sol	0.13%	4,828,428	4,719,952	-	-	108,476	-
Polish Zloty	0.75%	27,945,653	27,719,062	-	-	226,591	-
Pound Sterling	15.25%	565,487,640	87,264,053	-	376,697,798	1,851,148	99,674,641
Romanian Leu	0.00%	103,959	-	-	-	103,959	-
Singaporean Dollar	0.64%	23,626,393	3,704,119	-	18,095,454	1,826,820	-
South African Rand	0.45%	16,776,619	15,015,354	-	1,514,786	246,479	-
South Korean Won	1.75%	64,951,842	2,561,636	-	61,394,384	995,822	-
Swedish Krona	1.55%	57,574,370	19,449	-	57,492,109	62,812	-
Swiss Franc	4.06%	150,691,456	28,933	-	150,493,237	169,286	-
Thai Baht	0.09%	3,424,041	3,437,316	-	-	(13,275)	-
Turkish Lira	0.01%	334,749	-	-	325,275	9,474	-
Uruguayan Peso	0.13%	4,807,818	4,807,818	-	-	-	-
Total	100.00%	$ 3,707,854,808	$ 428,010,435	$ 2,482,602	$ 2,192,331,213	$ 55,733,224	$ 1,029,297,334

Concentration of credit risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investments. TRSL's investment policy states that for each manager no more than 10% of the total portfolio fair value may be invested in any one organization. Exposure to any economic sector shall not exceed 50% of each manager's portfolio or 40% in any one country for international equity managers. Fixed income managers' investments are limited to 20% of securities of foreign entities denominated in U.S. dollars.

For the years ended June 30, 2026 and 2025, the System has no investment in any single organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of the System's net plan assets, nor does the System hold more than 5% of any corporation's stock.

Note 6 – Investments

General

La. R.S. 11:263 authorized the Board of Trustees (the Board) to invest under the "Prudent-Man" Rule. The "Prudent-Man" Rule establishes a standard that a fiduciary shall exercise the judgment and care under the circumstances, then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

The investment objectives of the System have been established in conjunction with a comprehensive review of the current and projected financial requirements.

The Board's investment objectives are to:

- Protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries. Real terms shall be a measurement in current dollars that discounts inflationary increases in value as measured by the Consumer Price Index (CPI-U) seasonally adjusted.
- Achieve investment returns sufficient to meet the actuarial rate necessary to improve the future soundness of the System. This is defined as an investment return (current income plus realized and unrealized gains and losses) that is greater than the discount rate provided in the most recent actuarial valuation approved by PRSAC plus the percentage of investment returns expected to be used long-term for gain-sharing.

The Board realizes that market performance varies and that this return objective may not be meaningful during some periods. Accordingly, relative performance benchmarks for investment managers are set forth in Note 6.

While there can be no complete assurance that these objectives will be realized, the System's Investment Policy is believed to provide a sound basis to successfully achieve System objectives.

i. *Time Horizon*: The Board acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Accordingly, the Board views interim fluctuations with an appropriate perspective. The Board will typically evaluate investment managers over a market cycle (three to five years); however, may consider other relevant facts that could lead to appropriate action by the Board, including early dismissal.

ii. *Diversification*: The Board believes that the likelihood of realization of the investment objectives is enhanced through diversification. The Board, with the aid of the Staff and Consultant, will aim to diversify assets among various asset classes and investment managers to maintain acceptable risk levels to potentially enhance long-term investment returns.

iii. *Fees and Expenses*: The Staff and Consultant will closely monitor fees and expenses associated with its investment activities and will strive to maintain fees at acceptable levels. At least annually, the Staff and Consultant will perform an evaluation of expenses, which will include a determination of net fees paid and a comparison of expenses with appropriate benchmarks of other defined benefit plans. The findings of this evaluation will be reported to the Board.

iv. *Review of Objectives*: The achievement of investment objectives will be reviewed on an annual basis. This review will focus on the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives. It is not expected that the investment policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the investment policy.

The System expects the domestic and international securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

Domestic equity managers

In accordance with La. R.S. 11:263, the System may invest up to 65% of its total assets in equities provided that the System invests an amount equal to at least 10% of total stock in equity indexing. The index portfolio(s) shall be invested in indices that seek either to replicate or to enhance a particular index. The index portfolio(s) may be invested in a variety of equity capitalization ranges and could be invested in either domestic or international equity.

The following guidelines shall apply to the domestic equity investment managers:

- Common stock securities, including ADRs, shall be marketable securities listed or traded on a national securities exchange. ADR securities may be traded over the counter. U.S. stocks must be registered with the Securities and Exchange Commission (SEC).
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible. Convertible securities shall be considered as part of the equity portfolio.
- Equity holdings in a single company (including common stock and convertible securities) are limited to a greater of 10% or manager's benchmark weight of the manager's total portfolio measured at fair value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one Global Industry Classification sector (as defined by the Standard & Poor's Global Industry Classification Standard) should not exceed 50%.
- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the benchmark, while not investing in all stocks in the benchmark. Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio.
- Equity managers (growth or value) hired for the small cap investment category are expected to maintain the capitalization of the portfolio within the small-capitalization region with similar characteristics versus the benchmark.
- Equity managers (growth or value) hired for the mid cap investment category are expected to maintain the capitalization of the portfolio within the mid-capitalization region with similar characteristics versus the benchmark.

- Equity managers (growth or value) hired in the small/mid (SMID) cap investment category are expected to maintain the capitalization of the portfolio within the SMID capitalization region with similar characteristics versus the benchmark.

Developed international equity managers

The following guidelines shall apply to the developed international equity investment managers:

- Marketable common stocks, preferred stocks convertible into common stocks, and fixed income securities convertible into common stocks are permissible equity investments.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible.
- Equity holdings in a single company (including common stock and convertible securities) are limited to a greater of 10% or manager's benchmark weight of the manager's total portfolio measured at fair value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one country should not exceed 40% without prior Board approval.
- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the mandate's benchmark, while not investing in all stocks in the benchmark. Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio.
- For investment manager(s) benchmarked to the MSCI All Country World Index ex U.S. (Net), the portfolio should not exceed 40% in emerging market equities without prior Board approval.
- For investment manager(s) benchmarked to the MSCI EAFE Index (Net), the portfolio should not exceed 20% in emerging market equities without prior Board approval.
- Currency hedging decisions are at the discretion of the investment manager.

Investment grade core fixed income investment managers

The following guidelines shall apply to the investment grade core fixed income investment managers:

- The fixed income securities should be invested in investment grade rated, U.S. dollar-denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, pass-through mortgages, Collateralized Mortgage Obligations (CMOs), corporates, municipals, asset-backed, Commercial Mortgage-Backed Securities (CMBS), and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by one or more Nationally Recognized Statistical Rating Organization at the time of purchase. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Securities convertible into common stocks are prohibited. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Bloomberg U.S. Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Bloomberg U.S. Aggregate Index. The duration may range from ± 1.5 years of the duration of the Bloomberg U.S. Aggregate Index.

- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment grade fixed income securities are limited to 5% of the fixed income portfolio. Orderly liquidation should occur for securities that fall below investment grade ratings and are greater than 5% of the fixed income portfolio. Such liquidation should occur within one year.
- Fixed income securities of foreign (non-U.S.) entities denominated in U.S. dollars are limited to 20% of the manager's portfolio, measured at fair value. Securities denominated in currencies other than the U.S. dollar are not permissible.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments, except Rule 144(a) securities may be included in the portfolio up to 30% of the total portfolio value.
- Fixed income core portfolios may invest in treasury futures. Future contracts must be fully backed with cash or liquid holdings.

Core plus fixed income investment managers

The following guidelines shall apply to the core plus fixed income investment managers:

- The fixed income securities can be invested in investment grade rated, U.S. dollar-denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, pass-through mortgages, CMOs, corporates, municipals, asset-backed, CMBS, and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by one or more of a Nationally Recognized Statistical Rating Organization at the time of purchase. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Bloomberg U.S. Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Bloomberg U.S. Aggregate Index. The duration may range from ± two years of the duration of the Bloomberg U.S. Aggregate Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment grade fixed income securities are limited to 25% of the fixed income portfolio. Below investment grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or Baa3).
- Fixed income securities of foreign (non-U.S.) entities are limited to 25% of the manager's portfolio, measured at fair value. Within the maximum limitation of the non-U.S. fixed income exposure, the total portfolio's investment in emerging markets is limited to 10%.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments, except Rule 144(a) securities may be included in the portfolio up to 30% of the total portfolio value.
- Fixed income core plus portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
    - To adjust dollar-weighted duration and term structure of the portfolio
    - To protect against the downside on credit defaults

- To dampen volatility
- To create synthetic exposures not otherwise prohibited by these guidelines
- To take advantage of periodic pricing anomalies

- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

Global fixed income investment managers

The following guidelines shall apply to the global fixed income investment managers:

- The portfolio will be invested in marketable fixed income instruments, notes, and debentures issued by sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Securities permissible for investment include, but are not limited to: U.S. Treasuries and Agencies, sovereign (non-U.S.) governments, sovereign agencies, pass-through mortgages, non-agency mortgages, CMOs, U.S. and non-U.S. corporates, municipals, asset-backed, CMBS, and inflation-linked securities.
- It is anticipated that the portfolio will be invested in investment grade and below investment grade rated securities. Investment grade bonds are those in the four highest rating categories, as rated by one or more of a Nationally Recognized Statistical Rating Organization at the time of purchase. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used. Securities that are liquid and readily marketable are preferred.
- The benchmark for performance evaluation is the Bloomberg Global Aggregate Index (unhedged).
- The effective duration of the fixed income portfolio may range from zero to ten years.
- Fixed income holdings in a single company (defined as any one corporate bond issuer) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment grade fixed income securities are limited to 35% of the total fixed income portfolio. Below investment grade securities are defined as fixed income securities rated below the four highest rating categories (i.e., below BBB- or Baa3).
- The portfolio's investment in emerging markets debt is limited to 35%. Emerging market countries are defined as: (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or; (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or; (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments, except Rule 144(a) securities may be included in the portfolio up to 30% of the total fixed income portfolio.
- Currency decisions are at the discretion of the investment manager. Non-dollar securities may be held on a currency hedged or un-hedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Global fixed income portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
  - To adjust dollar-weighted duration and term structure of the portfolio
  - To protect against the downside on credit defaults
  - To dampen volatility

    - To create synthetic exposures not otherwise prohibited by these guidelines
    - To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

U.S. high yield fixed income investment manager(s)

The following guidelines shall apply to the U.S. high yield fixed income investment manager(s):

- The portfolio will be invested in below investment grade fixed income instruments, notes, and debentures issued by sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Below investment grade securities are defined as fixed income securities below Baa3 or BBB-, rated by one or more of a Nationally Recognized Statistical Rating Organization.
- The benchmark for performance evaluation is the ICE BofA US High Yield Index.
- The duration of the fixed income portfolio may range from ± three years of the duration of the ICE BofA US High Yield Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to the greater of 5% or benchmark weight of the manager's portfolio measured at fair value.
- Below investment grade fixed income securities which are rated CCC+ or below or Not Rated by one or more of a Nationally Recognized Statistical Rating Organization at the time of purchase are limited to 25%.
- Investments in bank loans are limited to 10% of the portfolio measured at fair value.
- Investments in securitized fixed income securities are limited to 5% of the portfolio measured at fair value.
- Investments in convertible bonds are limited to 10% of the portfolio measured at fair value.
- Investment manager should consider the liquidity and marketability of securities prior to investment. Private placements are not permissible investments, except Rule 144(a) securities may be included in the portfolio up to the greater of 80% or the benchmark weight plus 10% of the total portfolio value.
- Fixed income securities of foreign (non-U.S.) entities are limited to the benchmark weight plus 5% of the manager's portfolio, measured at fair value. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Preferred equities and common equity securities collectively are limited to 10% of the portfolio measured at fair value.
- U.S. high yield fixed income portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
    - To adjust dollar-weighted duration and term structure of the portfolio
    - To protect against the downside on credit defaults
    - To dampen volatility
    - To create synthetic exposures not otherwise prohibited by these guidelines
    - To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

Emerging markets debt investment manager(s)

The following guidelines shall apply to the emerging markets debt investment manager(s):

- The portfolio will be invested primarily in marketable fixed income instruments, notes, and debentures issued by emerging market sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Securities permissible for investment include, but are not limited to: obligations of foreign governments (or their subdivisions or agencies), international agencies and supranational entities, and obligations of foreign corporations such as corporate bonds. Securities that are liquid and readily marketable, at time of purchase, are preferred.
- Emerging Market Countries are defined as: (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or; (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or; (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member.
- The benchmark for performance evaluation is the JPMorgan GBI-EM Global Diversified Index.
- The duration of the fixed income portfolio may range from ± two years of the duration of the JPMorgan GBI- EM Global Diversified Index.
- Fixed income holdings in a single company should be limited to 3% of the manager's portfolio measured at fair value.
- Below investment grade fixed income securities are limited to 40% of the fixed income portfolio.
- Below investment grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or Baa3) by one or more of a Nationally Recognized Statistical Rating Organization at the time of purchase.
- Rule 144(a) securities may be included in the portfolio up to 40% of the total portfolio value.
- Currency decisions are at the discretion of the investment manager. Non-dollar securities may be held on a currency hedged or un-hedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Emerging markets debt portfolio(s) may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
    - To adjust dollar-weighted duration and term structure of the portfolio
    - To protect against the downside on credit defaults
    - To dampen volatility
    - To create synthetic exposures not otherwise prohibited by these guidelines
    - To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash, cash equivalents, offsetting derivative contracts, or other liquid holdings.

Emerging markets equities managers

The following guidelines shall apply to the emerging markets equities manager(s) with separate accounts. For emerging market equities manager(s) utilizing mutual funds or commingled funds, it is expected that the portfolio will generally, not necessarily, conform to these guidelines, but will fully comply with the prospectus and/or private placement memorandum.

- The benchmark for performance evaluation is the MSCI Emerging Markets Index (Net Dividends).

- Securities permissible for investment include, but are not limited to: marketable common stocks, preferred stocks convertible into common stocks, fixed income securities convertible into common stocks, American Depositary Receipts (ADRs), and Global Depositary Receipts (GDRs) in emerging markets are permissible equity investments.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in emerging markets are permissible.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at fair value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one country should not exceed 40% without prior Board approval.
- Currency hedging decisions are at the discretion of the investment manager.

Alternative assets investment managers

The following guidelines provide a general framework for selecting, building, and managing the System's investments in Private Market Equity, Venture Capital, Private Market Debt, and Real Assets.

- The benchmarks for performance evaluation of the Alternative Asset classes net of all fees and expenses are as follows:
    - Corporate Finance/Buyout: Russell 3000 Index + 300 basis points
    - Venture Capital: Russell 2000 Growth Index + 200 basis points
    - Mezzanine and Distressed Debt: ICE BofA U.S. High Yield Index +200 basis points
    - Direct Lending: Morningstar LSTA Leveraged Loan 100 Index + 200 basis points
    - Commodities: Bloomberg Commodities Index
    - Infrastructure: Consumer Price Index + 500 basis points
    - Farmland: NCREIF Farmland Index
- The System will invest primarily in limited partnership interests of pooled vehicles including Funds, Co-Investments, Separate Accounts and Secondary Investments.
- The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
- The System's commitment to any given partnership, for funds targeting $750 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
- The System's commitment to any given partnership, for funds targeting more than $750 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
- The System's commitment to any open-ended strategy shall not exceed 20% of that strategy's total commitments plus assets under management. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
- The System should diversify the sources of risk in the portfolio, specifically:
    - No more than 15% of the Alternative Assets and Real Estate total exposure (costs plus unfunded commitments) may be attributable to partnerships by the same manager at the time the commitment is made.

- The System shall diversify the portfolio across vintage years.
- The System will be mindful of over-concentration to any one industry, investment strategy and/or geography. Should the Investment Manager deem the portfolio to be overly concentrated to any industry, investment strategy or geography, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.

- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest or to gain access to certain strategies which are difficult for the System to directly access (e.g., Venture Capital).
- The System, or a Private Markets Manager hired on behalf of the System, may seek Co-Investments only where the System is an existing limited partner, with prior Board approval. The System may access Co-Investments outside of existing limited partners through a dedicated Co-Investment Manager.
- The System should seek to obtain a limited partner advisory board seat for each partnership investment.

The table below shows the cumulative commitments and cumulative cash flow totals (in billions) since inception for the last two years:

	June 30, 2026	June 30, 2025
Commitments	$ 37.3	$ 32.9
Calls for funding	30.1	27.3
Unfunded commitments	8.4	7.8
Distributions	27.5	24.9

Real estate investment managers

The following sets forth guidelines that provide a general framework for selecting, building, and managing of the System's Real Estate portfolio. The System's underlying Real Estate investments shall be classified under two primary strategies: Core and Non-Core.

- The benchmark for performance evaluation of the Real Estate strategies is as follows:
  - Core: NCREIF Property Index
  - Non-Core: NCREIF Property Index + 200 basis points
- The System will invest primarily in limited partnership interests of pooled vehicles including Funds, Co-Investments, Separate Accounts, and Secondary Investments.
- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest.

Core Real Estate

- The Investment Manager shall choose Core Real Estate Investments which, in aggregate, consist of a well-diversified portfolio of properties and geographies.
- Core Real Estate shall include, but not be limited to the following property types: warehouses, industrial, apartments, offices, storage, land development, single family homes, parking garages, hotels, and retail.
- Core Real Estate investment funds shall target no more than 35% debt (leverage).

Non-Core Real Estate

- The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
- The Investment Manager shall choose Non-Core Real Estate investments which, in aggregate, consist of a well-diversified portfolio of property types, geographies and risk profiles. Should the Investment Manager deem the Portfolio to be overly concentrated to any geography or property type, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.
- The System's commitment to any given partnership, for funds targeting $750 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.
- The System's commitment to any given partnership, for funds targeting more than $750 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.
- Non-Core Real Estate investment funds shall target no more than 80% debt (leverage).
- The System shall diversify the portfolio across vintage years.

Global Real Estate Investment Trust (REIT) managers

The following guidelines shall apply to the global REIT managers:

- The manager shall invest in companies located globally, including U.S., non-U.S. developed and emerging markets, which are REITs, income-producing real estate or real-estate related assets. U.S. companies must be registered with the Securities and Exchange Commission. Equity securities shall be restricted to those issues listed on the major local-country stock exchanges.
- Private placements per SEC Rule 144(a) securities are permissible.
- Holdings in a single REIT should not exceed 10% of the manager's portfolio measured at fair value without prior Board approval.
- Holdings should represent at least 95% of the portfolio at all times. It is highly desirable for portfolios to remain as fully invested as practical.
- The account/portfolio should be diversified on an individual name, real estate sub-sector and country basis.
- The benchmark for performance evaluation is the FTSE EPRA/NAREIT Developed Index (Net).
- Currency hedging decisions are at the discretion of the investment manager.

Opportunistic investments

The following guidelines govern opportunistic investments:

- TRSL's Opportunistic investments encompass a range of strategies that are typically short to intermediate term (i.e., three to seven years). The opportunistic asset class was created in order to enhance the return and risk characteristics of the Total Fund as well as to provide diversification.
- Public and private assets are potential investment targets for the Opportunistic asset class. Some of these opportunistic investments may be available for investment only during certain market environments and may be available only for a limited time.

- This asset class does not have a target allocation, but instead will remain between 0 – 5% of the Total Fund based on the cost of the investment. This range will avoid the occurrence of a forced liquidation in the event that the other publicly traded assets decrease significantly in value, causing the Opportunistic asset class to increase significantly above the intended allocation.
- The recommendation to consider an investment for the Opportunistic asset class will be based on a variety of factors including future return prospects of the investment; stability of investment management team and/or changes in investment approach; appropriateness of the strategy; and other relevant factors.
- The Staff, Investment Consultant and, where appropriate (i.e., private market asset classes), Private Markets Manager will evaluate and monitor the strategies to include in this asset category and make recommendations for termination when appropriate.
- The benchmark(s) for this asset class will be customized to reflect the unique risk and reward characteristics of the investment.

Multi-asset credit

- Multi-Asset Credit is return-seeking fixed income that serves to diversify the primary return drivers of equity and risk-reducing fixed income assets in the overall portfolio. It is a strategy to provide diversifying return sources that can generate higher relative yield. Assets can include, but would not be limited to, high yield debt, emerging market debt, bank loans, agency and non-agency mortgages, as well as multi-asset/sector credit strategies.
- Benchmark: (33.34% Morningstar LSTA U.S. Leveraged Loan Index + 33.33% ICE BofA U.S. High Yield Index + 20.00% Bloomberg Global Aggregate-Securitized Index + 13.33% JPMorgan EMBI Global Diversified Index) + 80 basis points
- Portfolio Duration Range: Effective duration may range from zero to ten years.
- Purchases and sales may be transacted for regular or deferred/forward settlement, including repos and reverse repos. Hedging, spread, and income generating strategies may include the use of short sales. Currency spot and forward transactions can be used as a means of hedging or taking active currency exposure within risk limits specified. The manager has authority to take actions in connection with exchanges, reorganizations, conversions or other corporate events that could result in the receipt of securities (including, but not limited to, common stock) that may or may not be referenced elsewhere in the investment guidelines. The manager may, in the best interest of the portfolio, hold these for a reasonable amount of time, within the limits provided.
- The manager will have discretion to invest in the following sectors: Sovereign debt, corporate securities, supranational securities, non-US dollar-denominated securities (including local currency securities), bank loans, both participations and assignments, privately placed securities (including 144As), certificates of deposit, repos/reverse repos/sell/buybacks, structured notes (including credit-linked and event-linked notes limited to 3%), within the limits provided.
- Preferred equities and common equity securities collectively are limited to 10% of the portfolio measured at fair value.
- The manager will limit the concentrations within the portfolio to the following:
    - Single sovereign/quasi-sovereign/agency issuer/issue: 10% (except U.S. Treasury securities)
    - Single corporate issuer/issue: 5%
- The Manager will apply quality ratings by one or more of a Nationally Recognized Statistical Rating Organization at the time of purchase.

- Below investment grade fixed income securities, which are rated CCC+ or below by one or more of a Nationally Recognized Statistical Rating Organization or Not Rated, are limited to 25% of fair value.

- The manager will limit the concentration within the portfolio to Bank Loans to 70% of the account fair value.
- The manager will limit the concentration within the portfolio to High Yield loans to 70% of the account fair value.
- The manager will limit the concentration within the portfolio to Emerging Market Debt to 20% of the account fair value.
- The manager will limit the concentration within the portfolio to securitized assets to 60% of the account fair value.
  - The manager will limit the concentration within the portfolio to securitized equity positions and pre-equitized positions (i.e., warehoused positions) to 10% of account fair value.
  - The manager will limit the concentration within the portfolio to securitized debt positions which are rated CCC+ or below by one or more of a Nationally Recognized Statistical Rating Organization or Not Rated to 20% of account fair value.
- Non-U.S. dollar denominated fixed income securities may be held up to 20% of the portfolio. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Multi-Asset Credit portfolios may invest in derivatives, including but not limited to futures, options, swaps, and short positions. Derivatives, futures, options, swaps, and short positions may only be used for the following purposes:
  - To adjust dollar-weighted duration and term structure of the portfolio
  - To protect against the downside on credit defaults
  - To dampen volatility
  - To create synthetic exposures not otherwise prohibited by these guidelines
  - To take advantage of periodic pricing anomalies
  - To take advantage of risk-factor exposures
- Long futures contracts, swaps contracts, and short positions must be fully backed with cash or liquid holdings.

Asset allocation

The System's target asset allocation policy as of June 30, 2026 and 2025, is as follows:

Asset Class	Target Allocation 2026	Target Allocation 2025
Total equities (including REITs)	34.0%	34.0%
Total fixed income	14.0%	14.0%
Private assets*	37.0%	37.0%
Real estate	15.0%	15.0%

*Private assets include corporate finance/buyouts, venture capital, mezzanine, distressed debt, direct lending, infrastructure, commodities, farmland, and opportunistic.

Money-weighted rate of return

For the years ended June 30, 2026 and 2025, the annual money-weighted rate of return, net of investment expense, was 12.20% and 10.53%, respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the amounts actually invested.

Note 7 – Securities Lending Transactions

State statutes and Board of Trustees' policies permit the System to use the assets of the System to enter into securities lending transactions. The System loans its securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's domestic managers lend the System's securities for cash collateral of 100% or other securities collateral of 102%. The System's global managers lend the System's securities for cash collateral or other securities collateral of 105%. Securities lent for securities collateral are classified according to the category for the collateral. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

All securities' loans can be terminated on demand by either the System or the borrower. The System cannot pledge or sell securities' collateral unless the borrower defaults. The reinvestment of cash collateral is done on an overnight basis or to term. In instances where a loan is for term, the reinvestment of the cash is matched to the maturity of the loan. Such matching existed at year-end. When investing in repurchase agreements, the collateral received will be a minimum of 102% of the cash invested. Collateral reported in the Statements of Fiduciary Net Position is investments purchased with cash collateral.

The following table presents the fair values of securities on loan and the collateral held by the System at June 30, 2026 and 2025:

Security Type	Fair Value of Securities on Loan 2026	Fair Value of Collateral Held 2026	Fair Value of Securities on Loan 2025	Fair Value of Collateral Held 2025
U.S. government & agency	$ 157,802,853	$ 161,059,928	$ 220,081,926	$ 224,563,008
U.S. fixed income	254,087,357	260,809,576	418,350,919	429,412,504
U.S. equity	1,077,228,124	1,101,003,565	1,218,834,035	1,247,012,629
International fixed income	14,103,700	14,873,445	9,370,045	9,804,415
International equity	131,171,353	138,723,894	249,330,425	264,367,390
Total	$ 1,634,393,387	$ 1,676,470,408	$ 2,115,967,350	$ 2,175,159,946

Securities on loan at June 30, 2026 and 2025, are collateralized by cash collateral in the amount of $1,676,470,408 and $2,175,159,946, and noncash collateral in the amount of $2,086,532,656 and $448,296,096, for total amount of collateral held in the amount of $3,763,003,064 and $2,623,456,042, respectively.

Note 8 – Derivatives

TRSL invests in asset/liability derivatives such as interest-only strips, principal-only strips, collateralized mortgage obligations (forms of mortgage-backed securities), options on futures, forward foreign exchange contracts, futures, short sales, and written options. TRSL reviews fair values of all securities on a monthly basis, and prices are obtained from recognized pricing sources. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates. TRSL was invested in a futures-based overlay program, foreign exchange contracts, and short sales, and written options at June 30, 2026 and 2025, which allows TRSL to implement policy target allocation adjustments in an efficient, liquid, and

cost-effective manner. Interest rate risk, credit rate risk, and foreign currency risk associated with derivatives are included on their respective tables in Note 5, Deposits and Investment Risk Disclosures.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2026, classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the financial statements are as follows:

	Changes in Fair Value		Fair Value		Notional
	Classification	Amount	Classification	Amount	Amount
Investment derivatives:					
Futures based overlay program	Net app/(depr)	$ (3,813,381)	Investments payable	$ 479,485	$ 443,453,350
Foreign exchange contracts	Net app/(depr)	(10,670,748)	Global equities securities	(7,952,704)	1,387,060,994
Short positions	Net app/(depr)	35,683,697	Investments payable	(40,823,961)	n/a
Short positions	Net app/(depr)	55,592,391	Global debt securities	250,896,070	n/a
Short positions	Net app/(depr)	(58,020)	Short-term investments	15,107	n/a

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2025, classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the financial statements are as follows:

	Changes in Fair Value		Fair Value		Notional
	Classification	Amount	Classification	Amount	Amount
Investment derivatives:					
Futures based overlay program	Net app/(depr)	$ 4,476,968	Investments payable	$ 4,292,867	$ 343,479,997
Foreign exchange contracts	Net app/(depr)	5,391,719	Global equities securities	2,718,044	1,263,069,578
Short positions	Net app/(depr)	44,468,828	Investments payable	(76,507,659)	n/a
Short positions	Net app/(depr)	76,860,405	Global debt securities	195,303,679	n/a
Short positions	Net app/(depr)	(81,819)	Short-term investments	73,127	n/a

Derivatives, such as futures, options, and swaps, may be used for the following purposes: (1) to adjust dollar-weighted duration and term structure of the portfolio; (2) to protect against the downside on credit defaults; (3) to dampen volatility; (4) to create synthetic exposures not otherwise prohibited by investment policy guidelines; and (5) to take advantage of periodic pricing anomalies.

TRSL was invested in the following derivatives throughout the year:

Interest-only strips and principal-only strips

Interest-only (IO) and principal-only (PO) strips are transactions that involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments of mortgages, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced, and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater, and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in fair value.

Collateralized mortgage obligations

CMOs are bonds that are collateralized by mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others that can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments causes a decline in cash flows and, thus, a decline in fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

Option on futures

This is an option contract, the exercise of which results in the holder and writer of the option exchanging futures position. The buyer of a call or put option has unlimited profit potential with the risk limited to the premium paid for the option. The option seller accepts potentially unlimited risk in return for the option premium received. The option seller or buyer can terminate such exposure in a closing transaction. A position is offset by completing the opposite transaction with the same option. The option contracts may also be repurchased or closed by the System, at which time the asset or liability is removed, a realized gain or loss is recognized, and cash is paid on the amount repurchased or received on closing a contract.

Forward foreign exchange contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over the counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss.

Futures

A futures contract is an agreement for delayed delivery of securities, currency, commodities, or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. Upon entering into a futures contract, the System is required to pledge to the broker an amount of cash equal to a certain percentage of the contract amount. The amount is known as the "initial margin." Subsequent payments, known as "variation margin," are made by the System each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded as a realized gain or loss for financial statement purposes.

Short sales and written options

A short sale is the sale of a security or commodity futures contract that is not owned by the seller. It is a technique used to take advantage of an anticipated decline in the price or to protect a profit in a long position. In general, options are a right to buy or sell property that are granted in exchange for an agreed upon sum. If the right is not exercised after a specified period, the option expires and the option buyer forfeits the money.

Note 9 – Contingent Liabilities

The System is a litigant in several lawsuits. The ultimate outcome of these matters cannot presently be determined. Management has judged the assertions and plans to vigorously defend against all claims filed. No provision for any liability or asset that may result from the claims has been made in the financial statements.

Note 10 – Other Post-Employment Benefits

Substantially all employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through a self-insured/self-funded plan. At June 30, 2026 and 2025, 92 retirees were receiving post-employment benefits.

Plan description

Employees may participate in the State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan), a cost-sharing multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Benefits provided

The OPEB Plan provides benefits such as: death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

Contributions

The contribution requirements of plan members and the System are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and System contributions. Employees do not contribute to their post-employment benefits cost until

they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their post-employment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Contributions to the OPEB Plan from the System were $894,322 and $932,943 for the years ended June 30, 2026 and 2025, respectively.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is based on the following schedule:

OGB Participation	Retiree Share	Employer Share
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. The retiree pays 50% of the premium for personal coverage and 100% of the premium for spousal coverage. Premiums vary by age. The employer pays the remaining amount.

OPEB liabilities, OPEB expense (benefit), and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2026 and 2025, the System reported a liability of $24,130,946 and $25,138,236, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2025 and July 1, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The System's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. As of July 1, 2025, the System's proportion was 0.3194%. As of July 1, 2024, the System's proportion was 0.3218%. For the year ended June 30, 2026, the System recognized an OPEB benefit of ($821,807). For the year ended June 30, 2025, the System recognized an OPEB benefit of ($76,824).

As of June 30, 2026 and 2025, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2026:		
Difference between expected and actual experience	$ 557,740	$ -
Changes in assumptions	1,105,120	2,334,600
Changes in employer's proportionate share	196,039	350,566
Difference between actual and proportionate share of OPEB payments	-	274,357
Employer contributions subsequent to the measurement date	894,322	-
Total	$ 2,753,221	$ 2,959,523

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2025:		
Difference between expected and actual experience	$ 430,824	$ -
Changes in assumptions	1,869,869	2,886,570
Changes in employer's proportionate share	386,345	401,078
Difference between actual and proportionate share of OPEB payments*	-	353,152
Employer contributions subsequent to the measurement date	932,943	-
Total	$ 3,619,981	$ 3,640,800

*This item was misclassified as Employer contributions subsequent to the measurement date in the June 30, 2025 financial report. The classification has been corrected in this report.

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of $894,322 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2027. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) for the years ending June 30 as follows:

2027	$ 55,822
2028	113,280
2029	(133,162)
2030	(242,242)
Total	$ (206,302)

Actuarial assumptions

The total OPEB liability in the July 1, 2025 and 2024, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2025 and 2024
Salary increases	Consistent with the pension valuation assumptions
Investment rate of return	5.20% and 3.93%, based on the June 30, 2025 and June 30, 2024 S&P 20-year municipal bond index rates, respectively
Healthcare cost trend rate	For July 1, 2025: Pre-age 65 ranges from 8.25% - 4.50% Post-age 65 ranges from 7.00% - 4.50% For July 1, 2024: Pre-age 65 ranges from 8.50% - 4.50% Post-age 65 ranges from 7.50% - 4.50%
Mortality rates	For July 1, 2025 and 2024: For active lives, Pub2010T-Below Median Employee (amount weighted) tables for males and females, adjusted by 0.965 for males and by 0.942 for females, projected from 2010 on a fully generational basis by Mortality Improvement Scale MP-2021. For healthy retiree lives, Pub2010T-Below Median Retiree (amount weighted) tables for males and females, adjusted by 1.173 for males and by 1.258 for females, projected from 2010 on a fully generational basis

by Mortality Improvement Scale MP-2021. For disabled retiree lives, Pub2010T-Disability (amount weighted) tables for males and females, adjusted by factors of 1.043 for males and 1.092 for females, projected from 2010 on a fully generational basis by Mortality Improvement Scale MP-2021. For contingent survivor lives (applicable to the surviving spouse's lifetime after retiree's death), Pub2010T-Below Median – Contingent Survivor (amount weighted) tables for males and females, adjusted by factors of 1.079 for males and 0.919 for females, projected from 2010 on a fully generational basis by Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the July 1, 2025, valuation were based on the assumptions used in the June 30, 2025, various pension valuations for the mortality, retirement, termination, disability, and salary scale assumptions.

The actuarial assumptions used in the July 1, 2024, valuation were based on the assumptions used in the June 30, 2024, various pension valuations for the mortality, retirement, termination, disability, and salary scale assumptions.

Discount rate

The discount rate used to measure the total OPEB liability was 5.20% and 3.93% for the years ended June 30, 2026 and 2025, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

Sensitivity of the System's proportionate share of the collective total OPEB liability to changes in the discount rate

The following presents the System's proportionate share of the collective total OPEB liability, as well as what the System's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1.0% Decrease 4.20%	Current Discount Rate 5.20%	1.0% Increase 6.20%
Proportionate Share of the Collective Total OPEB Liability June 30, 2026	$ 27,817,628	$ 24,130,946	$ 21,145,652

	1.0% Decrease 2.93%	Current Discount Rate 3.93%	1.0% Increase 4.93%
Proportionate Share of the Collective Total OPEB Liability June 30, 2025	$ 29,248,386	$ 25,138,236	$ 21,841,662

Sensitivity of the System's proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rates

The following presents the System's proportionate share of the collective total OPEB liability, as well as what the System's proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1.0% Decrease	Current Trend Rate	1.0% Increase
Proportionate Share of the Collective Total OPEB Liability June 30, 2026	$ 21,024,367	$ 24,130,946	$ 28,014,763

	1.0% Decrease	Current Trend Rate	1.0% Increase
Proportionate Share of the Collective Total OPEB Liability June 30, 2025	$ 21,703,834	$ 25,138,236	$ 29,484,316

Payables to the OPEB plan

As of June 30, 2026 and 2025, the System reported a payable of $0 for the outstanding amount of contributions to the OPEB plan required for each of the years ended June 30, 2026 and 2025.

Note 11 – Defined Benefit Pension Plan

Plan description

All full-time TRSL employees who do not participate in TRSL participate in LASERS. LASERS is a cost-sharing, multiple-employer defined benefit plan administered by LASERS. La. R.S. 11:401 grants, to LASERS Board of Trustees and the Louisiana Legislature, the authority to review administration, benefit terms, investments, and funding of the plan.

LASERS provides retirement, DROP, disability, and survivor's benefits. The following is a brief description of the plan and its benefits. Participants should refer to the appropriate statutes for more complete information.

Retirement benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing ten years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006, or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement.

Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.3% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House Clerk, Sergeants-at-Arms, or Senate secretary employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service, and may also retire at any age, with a reduced benefit, after 20 years of credible service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit, provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred retirement benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of 0.5% less than LASERS's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member *must* choose among available alternatives for the distribution of benefits that have accumulated in the DROP account.

Members who enter DROP on or after January 1, 2004, are required to participate in LASERS's Self-Directed Plan (SDP), which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Initial benefit options

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January l, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of 0.5% less than LASERS's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability benefits

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retirement recipient may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor's benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Contributions

Contribution requirements of active employees are governed by La. R.S. 11:401 and may be amended by the Louisiana Legislature. Members are required by state statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006, and 8.0% of their annual covered salaries if hired on or after July 1, 2006. The System is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal years ended June 30, 2026 and 2025, was 33.15% and 34.74% of annual covered payroll, respectively. The System's contribution to LASERS for the fiscal years ended June 30, 2026 and 2025, was $1,709,057 and $1,805,169, respectively.

Significant accounting policies

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of LASERS and changes in LASERS's fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions

As of June 30, 2026 and 2025, the System reported a liability of $9,748,354 and $12,116,136, respectively, for its proportionate share of LASERS's net pension liability. The net pension liability was measured as of June 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2026, the System's proportion was 0.21624%, which is a decrease of 0.00656% from its proportion measured as of June 30, 2025, which was 0.22280%.

For the fiscal years ended June 30, 2026 and 2025, the System recognized pension expense (benefit) in the amount of ($334,679) and $42,212, respectively. At June 30, 2026 and 2025, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2026:		
Differences between expected and actual experience	$ 135,411	$ -
Net difference between projected and actual earnings on pension plan investments	-	1,669,452
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,246	(226,969)
Changes in assumptions	-	-
Employer contributions subsequent to the measurement date	1,709,057	-
	$ 1,845,714	$ 1,442,483

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2025:		
Differences between expected and actual experience	$ -	$ 53,586
Net difference between projected and actual earnings on pension plan investments	-	1,444,597
Changes in proportion and differences between employer contributions and proportionate share of contributions	382,997	47,402
Changes in assumptions	84,696	-
Employer contributions subsequent to the measurement date	1,805,169	-
	$ 2,272,862	$ 1,545,585

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of $1,709,057, will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) for the years ending June 30 as follows:

2027	$ 2,149,770
2028	(825,558)
2029	(635,805)
2030	(285,176)
	$ 403,231

Actuarial assumptions

The total pension liability in the June 30, 2025 and 2024, actuarial valuations was determined using the following actuarial assumptions and applied to all periods included in the measurement. The significant methods and assumptions used in calculating the actuarially determined contributions are as follows·

Valuation date	June 30, 2025 and 2024
Actuarial cost method	Entry age normal
Amortization approach	Closed
Expected remaining service lives	Two years
Investment rate of return	7.25% net of investment expenses
Inflation rate	2.40% per annum
Projected salary increases	2.4%-15.3% (varies depending on duration of service)
Cost-of-living adjustments	None, since they are not deemed to be automatic
Mortality	*Non-disabled members* – Mortality rates were based on the PubG-2010 Healthy Retiree Table with mortality improvement projected using the MP-2021 Mortality Scale, applied on a fully generational basis. *Disabled members* – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, disability, and retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2019-2023) experience study of the System's members.

The actuarial assumptions used in valuations as June 30, 2025 and 2024, were based on the results of an actuarial experience study for the period July 1, 2018, and ending June 30, 2023.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The expected rate of inflation was 2.40% and 2.40% for 2025 and 2024, respectively. The resulting expected long-term rates of return are 8.30% for 2025, and 8.15% for 2024.

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 and 2024, are summarized in the following tables:

Asset Allocation	2025 Target Allocations	2024 Target Allocations
Cash	0%	0%
Domestic equity	34%	34%
International equity	17%	17%
Domestic core fixed income	3%	3%
Global multi-sector/opportunistic	19%	19%
Alternative investments	27%	27%
Totals	100%	100%

Asset Class	2025 Long-Term Expected Real Rate of Return	2024 Long-Term Expected Real Rate of Return
Cash	0.85%	0.76%
Domestic equity	4.42%	4.29%
International equity	5.22%	5.22%
Domestic fixed income	2.53%	2.04%
International fixed income	5.37%	5.24%
Alternatives investments	7.43%	8.19%
Total fund	5.75%	5.61%

The discount rate used to measure the total pension liability at June 30, 2025 and 2024, was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate

The following presents the System's proportionate share of the net pension liability using the discount rate, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, or one percentage-point higher, than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability June 30, 2026	$ 14,839,192	$ 9,748,354	$ 6,358,661

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability June 30, 2025	$ 16,732,061	$ 12,116,136	$ 8,193,657

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2025 Annual Comprehensive Financial Report at www.lasersonline.org.

Payables to the pension plan

As of June 30, 2026 and 2025, TRSL reported a payable of $36,829 and $39,102, respectively, for the outstanding amount of contributions to LASERS.

Note 12 – New Accounting Pronouncements

Pronouncements effective for the 2026 financial statements:

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements,* effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by the GASB.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets,* effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

The adoption of these statements did not result in a change to the System's accounting policies and had no significant effect on the financial statements or related disclosures.

Pronouncements issued, but not yet effective:

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, effective for fiscal years beginning after June 15, 2026. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. TRSL is in the process of evaluating the impact of this pronouncement on its financial statements.

Note 13 – Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2026, to determine the need for any adjustments to disclosures within the financial statements for the year ended June 30, 2026. Management has performed this analysis through September 28, 2026, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

Ten years ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability:										
Service cost	$ 621,608,265	$ 595,527,229	$ 570,221,935	$ 518,573,249	$ 482,490,694	$ 468,547,375	$ 454,344,240	$ 439,691,899	$ 473,025,011	$ 466,591,480
Interest	2,603,230,368	2,561,043,458	2,500,838,928	2,457,319,881	2,394,974,360	2,358,286,993	2,333,436,352	2,310,654,625	2,244,768,414	2,222,960,660
Changes of benefit terms	-	-	-	-	353,117,800	6,937,251	-	-	-	-
Differences between expected and actual experience	92,789,631	(46,164,679)	228,781,543	394,043,001	159,411,123	34,084,245	(2,565,994)	(132,534,910)	(130,859,239)	(223,202,835)
Changes of assumptions	-	-	-	(368,442,080)	498,139,277	159,214,885	225,604,318	298,384,629	688,003,495	135,132,845
Retirement benefits	(2,524,143,174)	(2,460,026,650)	(2,411,933,119)	(2,380,522,287)	(2,303,868,400)	(2,256,015,333)	(2,193,873,471)	(2,163,684,514)	(2,116,953,537)	(2,061,454,295)
Refunds and transfers of member contributions	(65,598,027)	(59,429,377)	(58,091,628)	(55,213,046)	(49,729,953)	(53,095,624)	(50,225,236)	(50,301,709)	(48,671,220)	(49,805,920)
Net change in total pension liability	727,887,063	590,949,981	829,817,659	565,758,718	1,534,534,901	717,959,792	766,720,209	702,210,020	1,109,312,924	490,221,935
Total pension liability - beginning	36,579,888,117	35,988,938,136	35,159,120,477	34,593,361,759	33,058,826,858	32,340,867,066	31,574,146,857	30,871,936,837	29,762,623,913	29,272,401,978
Total pension liability - ending (a)	$ 37,307,775,180	$ 36,579,888,117	$ 35,988,938,136	$ 35,159,120,477	$ 34,593,361,759	$ 33,058,826,858	$ 32,340,867,066	$ 31,574,146,857	$ 30,871,936,837	$ 29,762,623,913
Plan fiduciary net position:										
Employer contributions[1]	$ 1,214,244,707	$ 1,224,369,212	$ 1,357,916,563	$ 1,333,120,568	$ 1,266,088,182	$ 1,239,712,158	$ 1,222,809,468	$ 1,217,167,321	$ 1,201,829,353	$ 1,122,277,562
Non-employer contributions	54,935,780	55,818,906	51,912,412	47,527,932	45,234,317	43,151,074	43,151,074	40,850,075	39,550,321	38,762,968
Employee contributions	455,042,553	443,642,603	429,105,877	406,654,301	378,065,213	361,684,671	351,287,976	341,398,896	337,928,752	328,541,240
Net investment income (loss) [1]	3,443,389,371	2,769,807,162	1,807,609,753	1,626,237,708	(2,043,179,975)	7,163,605,200	170,755,803	1,208,949,546	2,137,541,062	2,612,231,923
Other income	8,547,806	16,548,470	76,265,496	113,567,875	49,860,339	19,804,296	39,770,864	26,018,466	11,411,104	2,972,517
Retirement benefits[1]	(2,524,143,174)	(2,460,026,650)	(2,411,933,119)	(2,380,522,287)	(2,303,868,400)	(2,256,015,333)	(2,193,873,471)	(2,163,684,514)	(2,116,953,537)	(2,061,454,295)
Refunds and transfers of member contributions	(65,598,027)	(59,429,377)	(58,091,628)	(55,213,046)	(49,729,953)	(53,095,624)	(50,225,236)	(50,301,709)	(48,671,220)	(49,805,920)
Administrative expense	(17,894,766)	(17,290,462)	(17,302,776)	(18,187,100)	(15,312,628)	(16,002,619)	(15,994,167)	(13,445,962)	(15,431,788)	(17,175,965)
Other post-employment benefit expenses [2]	821,807	76,824	613,696	983,844	(632,234)	385,301	540,170	(95,273)	(13,633,156)	(586,167)
Depreciation and amortization expenses	(620,779)	(642,478)	(557,586)	(521,848)	(494,877)	(470,446)	(422,685)	(1,277,138)	(400,766)	(432,238)
Adjusting entry [3]	-	-	-	-	-	-	-	352	-	-
Net change in plan fiduciary net position	2,568,725,278	1,972,874,210	1,235,538,688	1,073,647,947	(2,673,970,016)	6,502,758,678	(432,200,204)	605,580,060	1,533,170,125	1,975,331,625
Plan fiduciary net position - beginning	29,328,146,264	27,355,272,054	26,119,733,366	25,046,085,419	27,720,055,435	21,217,296,757	21,649,496,961	21,043,916,901	19,510,746,776	17,535,415,151
Plan fiduciary net position - ending (b)	$ 31,896,871,542	$ 29,328,146,264	$ 27,355,272,054	$ 26,119,733,366	$ 25,046,085,419	$ 27,720,055,435	$ 21,217,296,757	$ 21,649,496,961	$ 21,043,916,901	$ 19,510,746,776
Net pension liability - ending (a) - (b)	$ 5,410,903,638	$ 7,251,741,853	$ 8,633,666,082	$ 9,039,387,111	$ 9,547,276,340	$ 5,338,771,423	$ 11,123,570,309	$ 9,924,649,896	$ 9,828,019,936	$ 10,251,877,137
Plan fiduciary net position as a percentage of the total pension liability	85.5%	80.2%	76.0%	74.3%	72.4%	83.9%	65.6%	68.6%	68.2%	65.6%
Covered payroll	$ 5,474,225,927	$ 5,370,950,767	$ 5,160,607,569	$ 4,914,692,995	$ 4,541,421,889	$ 4,335,090,648	$ 4,229,620,981	$ 4,071,754,355	$ 3,998,051,313	$ 3,901,627,792
Net pension liability as a percentage of covered payroll	98.8%	135.0%	167.3%	183.9%	210.2%	123.2%	263.0%	243.7%	245.8%	262.8%

[1] Amounts shown exclude side-fund assets, contributions, and benefits for the LSU Agriculture and Extension Service.
[2] The 2018 OPEB Expense includes a $13,190,993 adjusting entry related to GASB 75 implementation.
[3] Adjusting entry to correct variance from prior year beginning Fiduciary Net Position.

See Notes to Required Supplementary Information.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY

Ten years ended June 30

Fiscal Year	Total Pension Liability	Plan Fiduciary Net Position*	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll
2026	$ 37,307,775,180	$ 31,896,871,542	$ 5,410,903,638	85.5%	$ 5,474,225,927	98.8%
2025	36,579,888,117	29,328,146,264	7,251,741,853	80.2%	5,370,950,767	135.0%
2024	35,988,938,136	27,355,272,054	8,633,666,082	76.0%	5,160,607,569	167.3%
2023	35,159,120,477	26,119,733,366	9,039,387,111	74.3%	4,914,692,995	183.9%
2022	34,593,361,759	25,046,085,419	9,547,276,340	72.4%	4,541,421,889	210.2%
2021	33,058,826,858	27,720,055,435	5,338,771,423	83.9%	4,335,090,648	123.2%
2020	32,340,867,066	21,217,296,757	11,123,570,309	65.6%	4,229,620,981	263.0%
2019	31,574,146,857	21,649,496,961	9,924,649,896	68.6%	4,071,754,355	243.7%
2018	30,871,936,837	21,043,916,901	9,828,019,936	68.2%	3,998,051,313	245.8%
2017	29,762,623,913	19,510,746,776	10,251,877,137	65.6%	3,901,627,792	262.8%

* Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF EMPLOYERS' CONTRIBUTIONS

Ten years ended June 30

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	ADC Contribution Deficiency (Excess)	Contributions to COLA Account	Total Contributions	Covered Payroll	Contributions as a % of Covered Payroll
2026	$ 1,068,483,881	$ 1,215,132,706	$ (146,648,825)	$ 98,626,171	$ 1,313,758,877	$ 5,474,225,927	24.0%
2025	1,151,584,276	1,241,840,867	(90,256,591)	82,718,014	1,324,558,881	5,370,950,767	24.7%
2024	1,323,313,606	1,461,207,897	(137,894,291)	-	1,461,207,897	5,160,607,569	28.3%
2023	1,291,584,892	1,429,292,002	(137,707,110)	-	1,429,292,002	4,914,692,995	29.1%
2022	1,213,461,726	1,357,609,195	(144,147,469)	-	1,357,609,195	4,541,421,889	29.9%
2021	1,243,818,612	1,328,176,588	(84,357,976)	-	1,328,176,588	4,335,090,648	30.6%
2020	1,221,266,156	1,313,932,563	(92,666,407)	-	1,313,932,563	4,229,620,981	31.1%
2019	1,246,577,897	1,306,003,522	(59,425,625)	-	1,306,003,522	4,071,754,355	32.1%
2018	1,227,397,115	1,288,863,851	(61,466,736)	-	1,288,863,851	3,998,051,313	32.2%
2017	1,188,962,275	1,204,634,319	(15,672,044)	-	1,204,634,319	3,901,627,792	30.9%

See Notes to Required Supplementary Information.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF MONEY-WEIGHTED RATE OF RETURN

Ten years ended June 30

Fiscal Year Ended	Annual Money-Weighted Rate of Return
2026	12.20%
2025	10.53%
2024	7.03%
2023	6.68%
2022	-7.67%
2021	35.54%
2020	0.81%
2019	6.01%
2018	11.61%
2017	15.87%

See Notes to Required Supplementary Information.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF TRSL'S PROPORTIONATE SHARE OF THE COLLECTIVE TOTAL OPEB LIABILITY

*** Nine years ended June 30**

Fiscal Year	Percentage of the Collective Total OPEB Liability	System's Proportionate Share of the Collective Total OPEB Liability	Employer's Covered Payroll	Proportionate Share of the Collective Total OPEB Liability as a % of Covered Payroll
2026	0.3194%	$ 24,130,946	$ 10,892,826	221.53%
2025	0.3218%	25,138,236	9,649,336	260.52%
2024	0.3174%	22,690,112	9,272,523	244.70%
2023	0.3225%	21,766,922	9,253,415	235.23%
2022	0.3282%	30,054,023	8,828,635	340.42%
2021	0.3166%	26,231,642	8,640,013	303.61%
2020	0.3052%	23,569,847	8,195,488	287.60%
2019	0.3060%	26,121,274	8,190,491	318.92%
2018	0.3003%	26,099,592	8,752,282	298.20%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end.

*Schedule is intended to report information for ten years. Additional years will be displayed as they become available.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF TRSL'S PROPORTIONATE SHARE OF NET PENSION LIABILITY IN LASERS

Ten years ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
TRSL's proportion of the net pension liability	0.21624%	0.22280%	0.21166%	0.23883%	0.21822%	0.21724%	0.21861%	0.21915%	0.23556%	0.23898%
TRSL's proportionate share of the net pension liability	$ 9,748,354	$ 12,116,136	$ 14,167,321	$ 18,055,234	$ 12,010,721	$ 17,966,785	$ 15,838,322	$ 14,946,007	$ 16,580,526	$ 18,765,871
TRSL's covered-employee payroll	$ 5,499,649	$ 5,365,111	$ 4,803,655	$ 5,080,379	$ 4,612,297	$ 4,556,300	$ 4,348,469	$ 4,469,727	$ 4,391,837	$ 4,493,154
TRSL's proportionate share of the net pension liability as a percentage of its covered payroll	177.25%	225.83%	294.93%	355.39%	260.41%	394.33%	364.23%	334.38%	377.53%	417.65%
Plan fiduciary net position as a percentage of the total pension liability	79.3%	74.6%	68.4%	63.7%	72.8%	58.0%	62.9%	64.3%	62.5%	57.7%

See Notes to Required Supplementary Information.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF TRSL'S CONTRIBUTIONS TO LASERS

Ten years ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 1,709,057	$ 1,805,169	$ 2,125,129	$ 1,998,926	$ 1,896,620	$ 1,791,706	$ 1,805,819	$ 1,666,454	$ 1,693,978	$ 1,547,889
Contributions in relation to the statutorily required contribution	1,709,057	1,805,169	2,125,129	1,998,926	1,896,620	1,791,706	1,805,819	1,666,454	1,693,978	1,547,889
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TRSL's covered-employee payroll	$ 5,155,526	$ 5,196,226	$ 5,145,591	$ 4,947,837	$ 4,801,570	$ 4,468,095	$ 4,436,902	$ 4,396,977	$ 4,469,599	$ 4,323,905
Contributions as a percentage of covered - employee payroll	33.15%	34.74%	41.30%	40.40%	39.50%	40.10%	40.70%	37.90%	37.90%	35.80%

See Notes to Required Supplementary Information.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2026

Note 1 – Schedules of Changes in Employers' Net Pension Liability

The total pension liability contained in this schedule was provided by the System's actuary, Foster & Foster Consulting Actuaries, Inc. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

Note 2 – Schedules of Employers' Net Pension Liability

The schedule of employers' net pension liability shows the percentage of TRSL employers' net pension liability as a percentage of covered payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through TRSL. Covered payroll is compensation to active employees on which the employer bases contributions to the plan.

Note 3 – Schedules of Employer Contributions

The difference between actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered payroll is presented in this schedule.

Note 4 – Schedules of Money-Weighted Rate of Return

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured on daily inputs with expenses measured on an accrual basis.

Note 5 – Actuarial Assumptions for TRSL's Net Pension Liability

Valuation date	June 30, 2026 and 2025
Actuarial cost method	Entry Age Normal
Amortization approach	Closed
Investment rate of return	7.25%, net of investment expenses
Inflation rate	2.40%
Projected salary increases	2.41% - 4.85% (varies depending on duration of service)
Cost-of-living adjustments	None

Mortality	*Active members* – Pub2010T-Below Median Employee (amount weighted) tables for males and females, adjusted by 0.965 for males and by 0.942 for females. *Non-Disabled retiree/inactive members* – Pub2010T-Below Median Retiree (amount weighted) tables for males and females, adjusted by 1.173 for males and by 1.258 for females. *Disability retiree mortality* – Pub2010T-Disability (amount weighted) tables for males and females, adjusted by factors of 1.043 for males and by 1.092 for females. *Contingent survivor mortality* – Pub2010T-Below Median – Contingent Survivor (amount weighted) tables for males and females, adjusted by factors of 1.079 for males and by 0.919 for females. These base tables are adjusted from 2010 to 2019 (base year, representing the mid-point of the experience study) with continued future mortality improvement using the MP-2021 improvement table on a fully generational basis.
Termination, disability, and retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2018 - 2022) experience study of the System's members.

Note 6 – Schedules of TRSL's Proportionate Share of the Collective Total OPEB Liability

This schedule shows the System's proportionate share of the collective total OPEB liability allocated to its current employees and retirees participating in the State of Louisiana Postemployment Benefit Plan as of June 30, 2026. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. There were no changes of benefit terms for the OPEB Plan during any of the years presented. The discount rate decreased to 5.20% in the July 1, 2025 valuation from 3.93% as of July 1, 2024.

Note 7 – Schedule of TRSL's Proportionate Share of the Net Pension Liability in LASERS

This schedule reflects the participation of TRSL employees in LASERS and its proportionate share of the net pension liability, the proportionate share of the net pension liability as a percentage of its covered payroll, and the plan fiduciary net position as a percentage of the total pension liability.

Note 8 – Schedule of TRSL's Contributions to LASERS

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

Note 9 – Changes in Benefit Terms

Pension Plan

There were no changes in benefit terms for the Pension Plan.

OPEB Plan

There were no changes in benefit terms for the State of Louisiana OPEB Plan.

Note 10 – Changes in Assumptions

Pension Plan

There were no changes in assumptions for the Pension Plan.

OPEB Plan

The discount rate changed from 3.93% as of July 1, 2024, to 5.20% as of July 1, 2025, for the State of Louisiana OPEB Plan.

SUPPORTING SCHEDULES

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF ADMINISTRATIVE EXPENSES

Years ended June 30, 2026 and 2025

	2026	2025
Administrative expenses:		
Salaries and related benefits *	$ 14,226,799	$ 13,028,207
Travel expenses	105,244	92,216
Operating expenses	2,673,638	2,864,553
Professional services	1,014,840	837,794
Other charges & interagency transfers	92,706	85,402
Acquisitions	116,218	382,290
Total administrative expenses	$ 18,229,445	$ 17,290,462

*Employer contributions to LASERS in the amount of $1,709,057 and $1,805,169 for the years ended June 30, 2026 and 2025, respectively, have been reclassified from Salaries and related benefits to Deferred outflows of resources related to pensions in accordance with GASB 68. This reclassification for financial reporting may result in a difference between the Salaries and related benefits expense reported on this schedule and the Salaries and related benefits expense budgeted for the years ended June 30, 2026 and 2025. See Note 11 in the Notes to Financial Statements for additional information regarding the employer contributions to LASERS.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF INVESTMENT EXPENSES

Years ended June 30, 2026 and 2025

	2026	2025
Investment expenses:		
International investment expenses	$ 11,982,879	$ 6,771,432
Alternative investment expenses*	146,500,104	155,640,427
Investment administrative expenses**	2,639,023	2,665,816
Custodian fees	520,316	380,829
Performance consultant fees	1,338,774	1,313,354
Advisor fees	42,883,603	38,543,440
Total investment expenses***	$ 205,864,699	$ 205,315,298

*Investment fees and expenses of alternative funds are rebated to TRSL by the general partner as gains are realized. These rebates are accounted for as return of capital.

**GASB 67 requires the separate display of investment administrative expenses and is no longer included in general administrative expenses.

***Total investment expenses do not include management fees paid through a reduction of the net asset value of the investment. For 2026 and 2025, the fees totaled $21,426,001 and $18,850,382, respectively.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF SECURITIES LENDING EXPENSES

Years ended June 30, 2026 and 2025

	2026	2025
Securities lending expenses*		
Fixed	$ 10,602,745	$ 17,081,987
Equity	56,935,901	71,266,748
International	4,277,751	8,156,438
Total securities lending expenses	$ 71,816,397	$ 96,505,173

*Amounts are netted with securities lending income on the statements of changes in fiduciary net position. Net securities lending income for 2026 and 2025, was $10,542,883 and $10,187,912, respectively.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF BOARD COMPENSATION

Years ended June 30, 2026 and 2025

	2026		2025	
Board of Trustees	Number of Meeting Days	Amount	Number of Meeting Days	Amount
Mark Curry-Theriot*	3	$ 225	11	$ 885
Marcella Fisher	12	900	10	750
Marco French, Ed.D.	10	750	6	450
Holly Bridges Gildig, M.Ed.	N/A	N/A	5	375
Clyde F. Hamner*	13	975	12	944
Tia T. Mills, Ed.D.	9	675	8	600
Hollis Milton	1	-	9	-
Mike Morgan, CPA	6	450	N/A	N/A
Neshelle S. Nogess, M.B.A.	14	1,050	12	900
Phillip Oliver*	7	657	9	852
Sommer Purvis	10	750	7	525
Tamara Ross*	13	1,199	6	642
Thomas F. Stafford, Ph.D.	2	150	11	825
James A. Taylor, Sr., J.D., Ph.D.	14	1,050	11	825
Stephanie Meyer Underwood	6	450	N/A	N/A
Louis Voiron, Jr., Ed.D.	6	450	N/A	N/A
Total compensation		$ 9,731		$ 8,573

*Includes taxable meals

N/A = Not on Board during year

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULES OF PAYMENTS TO NON-INVESTMENT RELATED CONSULTANTS AND VENDORS

Years ended June 30, 2026 and 2025

	2026	2025
Actuary:		
Foster & Foster Actuaries & Consultants	$ 239,025	$ 245,885
Auditor/accountant:	111,680	109,200
EisnerAmper		
Louisiana Legislative Auditor/HoganTaylor LLP		
Louisiana Legislative Auditor/ Hawthorn, Waymouth & Carroll, L.L.P.		
Information technology and other vendors:	583,589	342,567
ABL Technologies L.L.C.		
The Berwyn Group, Inc.		
CEM Benchmarking, Inc.		
Communications Consulting Group, L.L.C.		
DartPoints Operating Company, L.L.C.		
Deaf Resources Center of Greater Baton Rouge		
Delphia Consulting, L.L.C.		
Election America		
Hire Right		
Lexis Nexis		
Modiphy, Inc.		
National Association for Public Health Statistics & Information Systems		
Others		
Pension Benefit Information		
Perryman & Associates, Inc.		
Pluralsight		
Professional Travel		
ProSource Tech Services		
RN Expertise		
Schneider Electric IT Corporation		
Scope Solutions		
TPG Interactive, L.L.C.		
Website Access (Investments)		
Westward Strategies		
Legal:	31,296	81,992
Avant & Falcon		
Butler Snow		
Frilot		
Ice Miller, L.L.P.		
Klausner, Kaufman, Jensen & Levinson		
Other		
Ware Immigration		
Medical Examiners	49,250	58,150
	$ 1,014,840	$ 837,794

OTHER REPORT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Teachers' Retirement System of Louisiana (TRSL), a component unit of the State of Louisiana, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Teachers' Retirement System of Louisiana's basic financial statements, and have issued our report thereon dated September 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Teachers' Retirement System of Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Teachers' Retirement System of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Teachers' Retirement System of Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Teachers' Retirement System of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and

material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Teachers' Retirement System of Louisiana's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Teachers' Retirement System of Louisiana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Baton Rouge, Louisiana
September 28, 2026

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year ended June 30, 2026

Part I – Summary of Audit Results

1) An unmodified opinion has been expressed on the financial statements of Teachers' Retirement System of Louisiana as of and for the year ended June 30, 2026, and the related notes to the financial statements.
2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
5) A management letter was not issued.

Part II – Financial Statement Findings

No findings were noted.

TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2025

Part I – Financial Statement Findings

No findings were noted.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2025.

TRSL

Component Unit Financial Report

For Fiscal Years Ended June 30, 2026 and 2025

Katherine Whitney, Director

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