APERS
ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

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July 15, 2026

The Honorable Justin Boyd
State Senator
Arkansas Legislative Council Co-Chair
State Capitol, Room 315
Little Rock, AR 72201

The Honorable Les Eaves
State Representative
Arkansas Legislative Council Co-Chair
State Capitol, Room 315
Little Rock, AR 72201

Re: Arkansas Public Employees Retirement System (APERS) Investments for Review under Act 1211 of 2009 (A.C.A. §19-69-101 et.seq.)

Senator Boyd and Representative Eaves:

In accordance with Act 1211 of 2009 (A.C.A. §19-69-101 et.seq.) APERS is providing investment summaries for the Arkansas Legislative Council to review. Attached to this letter are executive summaries detailing APERS' partial equity ownership in the investments.

The APERS Board of Trustees is retaining and investing in the following two strategies: Apollo Global Management's IG Short Duration Fund and KKR's Diversified Core Infrastructure Fund. The investments were vetted and recommended by APERS' private markets investment consultant, in consultation with the APERS investment staff. APERS is targeting a commitment of $100 million for each investment strategy.

APERS will also increase its commitment to the HarbourVest APERS PC Fund to $576.5 million as favorable investment opportunities continue to be available.

Please do not hesitate to contact me directly if you require additional information or have further questions.

Sincerely,

Amy Fecher

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Open End Core Infrastructure Investment Executive Summary

Investment	KKR Diversified Core Infrastructure USD Feeder Fund, L.P. ("DCIF" or the "Fund")
Managing Party	KKR – Kohlberg Kravis Roberts, LLC (the "General Partner" or "GP")
APERS Legal Interest	APERS will be a Limited Partner ("LP")
Report Date	August 21, 2026
Expected Funding Date	Beginning second half of 2026
APERS Commitment & Reason for Entry	A commitment of $100 million will be necessary to help achieve the allocation target to APERS' Real Assets investments. The fund was vetted and recommended by the APERS Private Markets consultant.
Placement Agent	No placement agent was utilized.
Key Terms	Management Fee: The fund charges a management fee of 0.82% pa on the NAV. Carried Interest: After a 7% preferred return hurdle is achieved the General Partner receives a 15% performance fee. No catch up. 1-year measurement period, vesting in year 2 and 3 subject to continued performance. Cap of 13.5% net return.
Justification of Investment Term & Anticipated Termination Date	The investment is an "open end infrastructure" investment strategy and the life of the investment is indefinite. The fund does have a 3-year soft lock-up. After 3 years, quarterly redemption is available based on available liquidity.
Investment Strategy	KKR has been investing in infrastructure for over 17 years. The strategy takes a risk-based approach to invest in essential Core infrastructure assets that can perform in all market conditions. KKR seeks to build a portfolio that supports the evolving needs of society and benefits from long-term sectoral tailwinds to ensure portfolio longevity. The target time-weighted return is 8-10%. The strategy invests in assets such as fiber, water utilities, transport, electricity utilities, energy, and transportation.
Management Team	The primary investment strategy team members include Raj Agrawal (Global Head of KKR Real Assets); Brandon Freiman (head of North American Infrastructure); and James Cunningham (North American Core Infrastructure)
Historical Performance	Since inception the DCIF strategy has performed in-line or above the target return of 8-10% gross. Gross returns: 1-year 8.3%; 3-year 8.6%; since inception 10.4%. * Historical returns are not indicative of future performance

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Private IG Short Duration Investment Executive Summary

Investment	Apollo IG Short Duration Fund, L.P. (the "Fund")
Managing Party	Apollo Global Management, LLC (the "General Partner" or "GP")
APERS Legal Interest	APERS will be a Limited Partner ("LP")
Report Date	August 21, 2026
Expected Funding Date	Beginning September 2026
APERS Commitment & Reason for Entry	A commitment of $100 million will be necessary to achieve the target allocation within the APERS' Public Credit/Private Credit investments. The fund was vetted and recommended by the APERS Private Markets consultant.
Placement Agent	No placement agent was utilized.
Key Terms	Management Fee: Blended fees will be 0.50% (0.45% for the monthly investment; 0.55% for the annual investment) Carried Interest: There is no carried interest.
Justification of Investment Term & Anticipated Termination Date	Half of the investment will be in a monthly investment structure. Monthly liquidity with 30-day notice. The other half will be invested in an annual investment structure which provides liquidity with 60-day notice.
Investment Strategy	The strategy enhances yield by expanding beyond traditional public bonds and into private investment grade credit, asset-backed finance, and multi-asset credit. The target return is 100-150 bps over the corresponding benchmark. It provides diversification across corporate and asset-backed markets. It offers downside protection. There have been zero credit losses since fund inception.
Management Team	The primary investment strategy team members are: Brian Weinstein (Head of Fixed Income Replacement); John Cortese (Co-Head of Corporate Credit & Head of Portfolio Management); Shobhit Gupta (Managing Director, Portfolio Manager); David Kuritsky (Managing Director, Portfolio Manager)
Historical Performance	The IG Short Duration investment strategy has outperformed Public IG Corporates since inception. Using May 31 data, over a 3-month period it outperformed by 49bp, and 1-year by 192 bps.

* Historical returns are not indicative of future performance

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Private Credit Fund Investment Executive Summary

Investment	HarbourVest APERS PC Fund, L.P. (the "Fund")
Managing Party	HarbourVest Partners, LLC (the "General Partner" or "GP")
APERS Legal Interest	APERS will be a Limited Partner ("LP")
Report Date	August 21, 2026
Expected Funding Date	Began in July 2025
APERS Commitment & Reason for Entry	The $550 million commitment will be increased to $576.5 million. The commitments are necessary to achieve a $230 million (Year 1) to a $576.5 million (Year 5) Net Asset Value target allocation within the APERS' Public Credit/Private Credit investments. The fund was vetted and recommended by the APERS Private Credit consultant.
Placement Agent	No placement agent was utilized.
Key Terms	Management Fee: Assuming an 8-year term for both the credit secondaries fund and the direct lending funds, the blended management fee is ~20.3 bps on committed capital for 8 yrs. (The HarbourVest fund is 35bps on invested capital. The external funds are 10bps per year on committed capital.). There is no management fee on the additional $26.5 million Carried Interest: Blended carried interest is ~5.55% with a 6% hurdle. (HarbourVest is 10% with a 6.00% hurdle; the external funds have none). There is no carried interest on the additional $26.5 million
Justification of Investment Term & Anticipated Termination Date	The investment is an "evergreen" investment structure. There is an initial 3-year lock up. After 36 months, APERS has the option to redeem any or all of the investment.
Investment Strategy	The strategy seeks to provide generate positive returns in private credit markets through primary credit and secondary commitments. The Fund will initially have 2 Tranches; Tranche 1 will make commitments to the HV Credit Secondaries Fund and Tranche 2 will make all other investments.
Management Team	The primary investment strategy team members are: Greg Ciesielski (Managing Directo), Lee Incandela (Managing Director), Jeff Keay (Managing Director), Peter Lipson (Managing Director), Greg Stento (Head of Investments) and Charlie Teeple (Managing Director).
Historical Performance	HarbourVest does have a successful track record. The gross model IRR for 1-year is 13.5% and for 3-year is 14.3% * Historical returns are not indicative of future performance