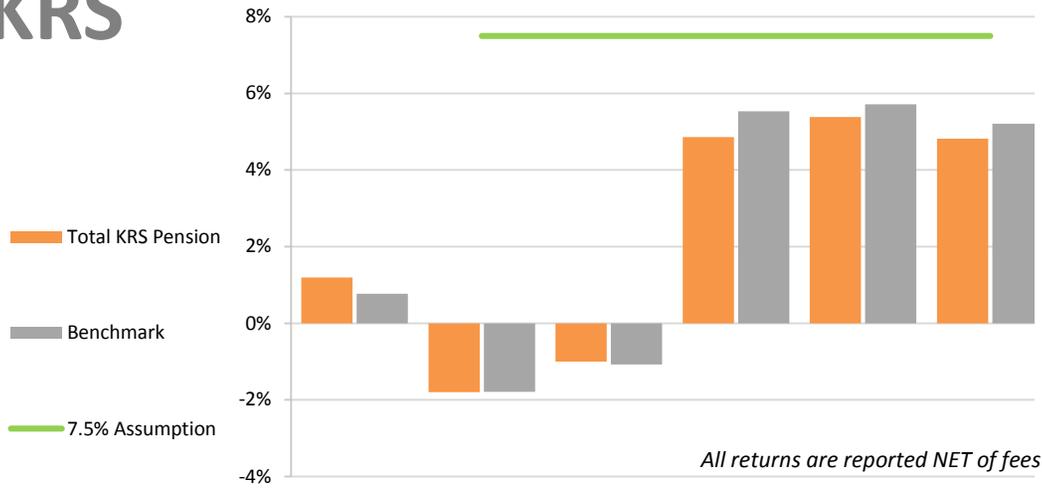


# QUARTERLY PERFORMANCE

STATE ADMINISTERED PENSION FUNDS

# MARCH 2016

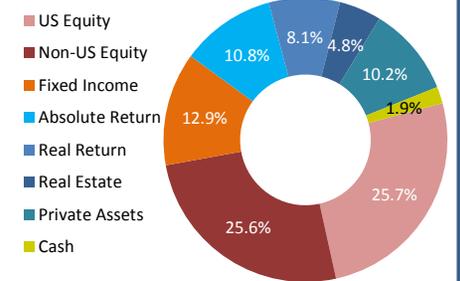
## KRS



	QTR	FYTD	1 YR	3YR	5YR	10YR
<b>Total KRS Pension</b>	<b>1.2%</b>	<b>-1.8%</b>	<b>-1.0%</b>	<b>4.9%</b>	<b>5.4%</b>	<b>4.8%</b>
<b>Benchmark</b>	<b>0.8%</b>	<b>-1.8%</b>	<b>-1.1%</b>	<b>5.5%</b>	<b>5.7%</b>	<b>5.2%</b>
<b>7.5% Assumption</b>	-	7.5%	7.5%	7.5%	7.5%	7.5%

Kentucky Retirement Systems (KRS) administers 5 state and county pension plans. The combined **KRS Pension Fund gained 1.19% (net of fees) during the third quarter** of FY 2016, exceeding its policy benchmark return of 0.77%. Absolute performance was broadly based across several asset classes, with fixed income (**↑2.6%**), real estate (**↑2.9%**) and real return (**↑2.6%**) leading the way. Positive returns were partially offset by absolute return (**↓4.0%**), the only asset class to fall during the quarter.

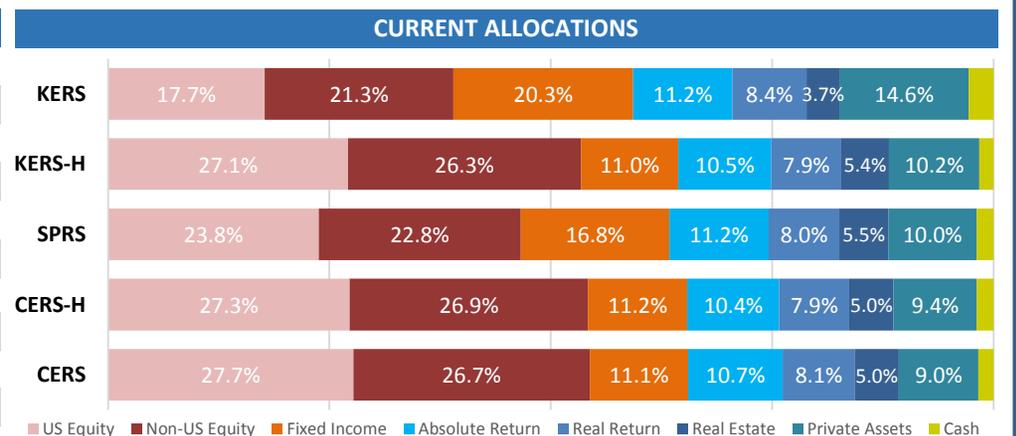
Performance relative to the benchmark was primarily driven by outperformance from public equity and real return managers. This performance was slightly offset by underperformance within the private Equity, fixed income and absolute return portfolios.



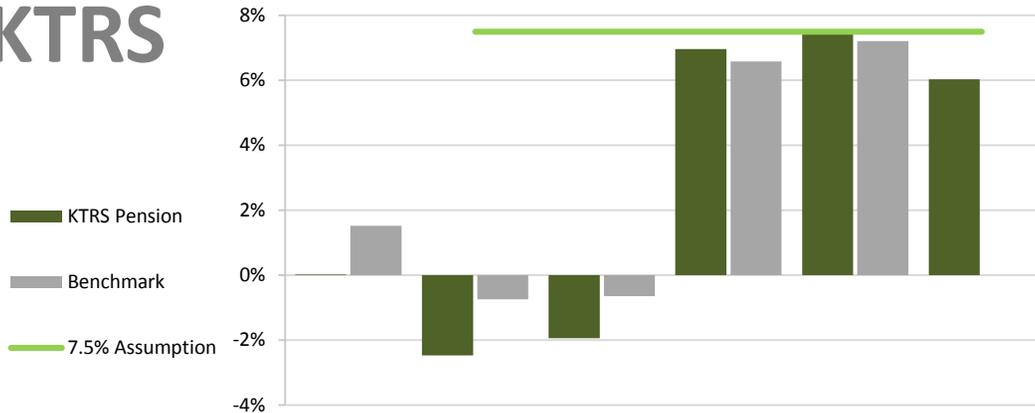
The portfolio was rebalanced during the quarter to transition to the recently approved new target allocations. Most notably, both U.S. and Non-U.S. equity assets grew approximately 3%, while fixed income declined just under 6%. Other asset classes were relatively unchanged from the prior quarter. Current allocation of all assets combined is shown above.

Returns and current portfolio allocations for each of the five underlying pension plans administered by KRS are provided below. For the quarter, returns ranged from **↑0.21%** (KERS) to **↑1.47%** (KERS-H). Return differences are due to allocation differences and cash flow activity during the quarter. For example, the KERS-H and CERS-H portfolios benefited from a higher allocation to public equities during the quarter.

PLAN	QTR	FYTD	1 YR	3YR	5YR	10YR
<b>KERS</b>	<b>0.21</b>	<b>(2.48)</b>	<b>(1.44)</b>	<b>4.40</b>	<b>5.10</b>	<b>4.68</b>
Benchmark	1.00	(1.02)	(0.14)	5.69	5.81	5.26
<b>KERS - H</b>	<b>1.47</b>	<b>(1.65)</b>	<b>(0.84)</b>	<b>4.78</b>	<b>5.33</b>	<b>4.80</b>
Benchmark	0.73	(2.12)	(1.35)	5.30	5.57	5.14
<b>SPRS</b>	<b>0.46</b>	<b>(2.90)</b>	<b>(2.10)</b>	<b>4.37</b>	<b>5.08</b>	<b>4.67</b>
Benchmark	0.89	(1.99)	(1.21)	5.32	5.58	5.15
<b>CERS</b>	<b>1.25</b>	<b>(2.14)</b>	<b>(1.39)</b>	<b>4.50</b>	<b>5.15</b>	<b>4.71</b>
Benchmark	0.73	(2.22)	(1.51)	5.25	5.54	5.12
<b>CERS - H</b>	<b>1.41</b>	<b>(1.73)</b>	<b>(0.97)</b>	<b>4.80</b>	<b>5.34</b>	<b>4.80</b>
Benchmark	0.72	(2.20)	(1.47)	5.26	5.55	5.13



# KTRS

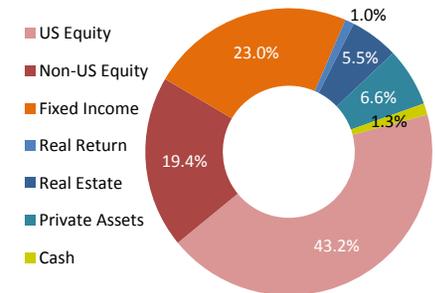


	QTR <sup>1</sup>	FYTD <sup>1</sup>	1 YR <sup>1</sup>	3YR	5YR	10YR
<b>KTRS Pension</b>	0.0%	-2.5%	-1.9%	7.0%	7.5%	6.0%
<b>Benchmark</b>	1.5%	-0.7%	-0.7%	6.6%	7.2%	-
<b>7.5% Assumption</b>		7.5%	7.5%	7.5%	7.5%	7.5%

<sup>1</sup>QTR, FYTD, and 1-Year returns reported on NET of fee basis. Trailing 3, 5 and 10-year returns are reported GROSS of fees  
 \*\* Prior to July 1, 2008, KTRS did not benchmark overall fund performance

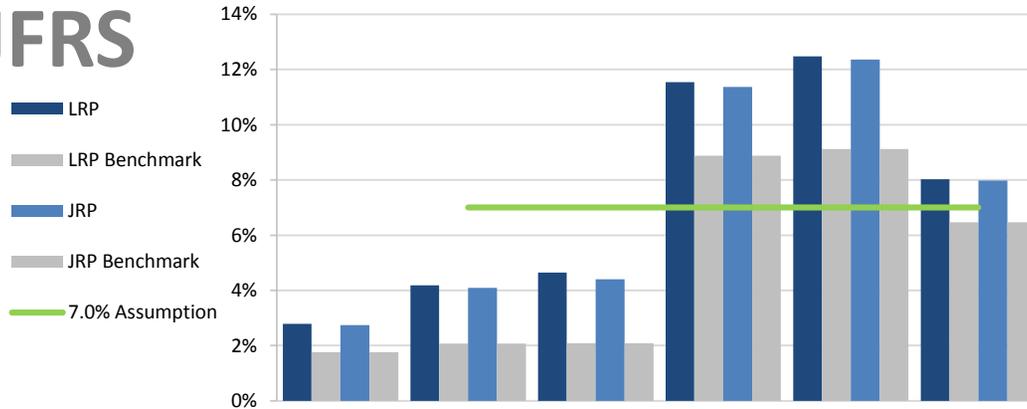
The **KTRS Pension Fund** posted a return of **0.0% (net of fees)** during the **third quarter** of FY2016, which fell short of its policy benchmark's preliminary return of 1.55%. Absolute performance was primarily driven by positive returns from real estate (**↑3.6%**) and Fixed Income (**↑3.3%**), which were largely offset by negative results out of U.S. (**↓0.6%**) and Non-U.S. Equities (**↓2.3%**).

Performance relative to the benchmark was primary driven by manager underperformance from global equity and additional category (credit, bank loan, and high yield fixed income) managers. Real estate served as a bright spot, with managers outperforming their index in both the core and non-core portfolios. Lastly, a slight overweight to traditional fixed income, the best performing asset class during the quarter served to add value.



No significant changes were made to the portfolios asset allocation from the prior quarter. Current allocations are show above.

# JFRS



	QTR <sup>1</sup>	FYTD <sup>1</sup>	1 YR <sup>1</sup>	3YR	5YR	10YR
<b>LRP</b>	2.8%	4.2%	4.7%	11.5%	12.5%	8.0%
<b>Benchmark</b>	1.8%	2.1%	2.1%	8.9%	9.1%	6.5%
<b>JRP</b>	2.7%	4.1%	4.4%	11.4%	12.4%	8.0%
<b>Benchmark</b>	1.8%	2.1%	2.1%	8.9%	9.1%	6.5%
<b>7.0% Assumption</b>	-	7.0%	7.0%	7.0%	7.0%	7.0%

<sup>1</sup>QTR, FYTD, and 1-Year returns reported on NET of fee basis. Trailing 3, 5 and 10-year returns are reported GROSS of fees

The **Judicial Form Retirement System** administers the Judicial and Legislators' Retirement Plans (JRP and LRP). Both plans are invested in a similar manner and recent performance has been very similar.

The **LRP and JRP portfolios** returned **2.79% and 2.74% (net of fees)** during the **third quarter** of FY2016, which exceeded their policy benchmark return of 1.76%. Absolute performance was driven by positive returns from both U.S. equity (**↑3.0%**) and fixed income assets (**↑2.4%**). The slight return difference from JRP was the result of a slightly lower return in the funds fixed income portfolio.

Performance relative to benchmark was primarily driven by above benchmark returns from the fund's U.S. Equity manager (3.0% vs 1.4%). Asset allocation had a very minimal negative effect, the result of a slight underweight to fixed income assets (the highest performing asset class by benchmark returns).

No significant changes were made to the portfolios asset allocation from the prior quarter. Current allocations are shown above.

