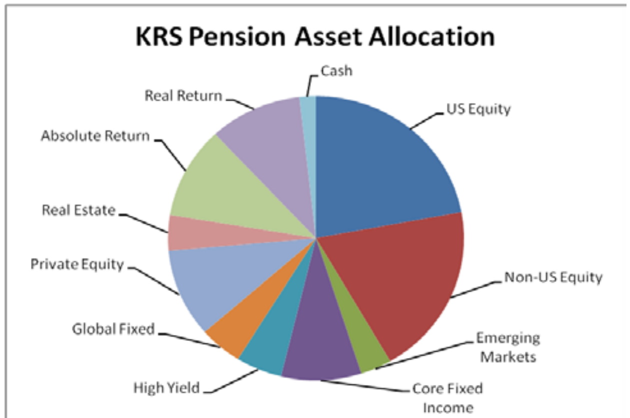
August 2014

KRS MONTHLY PERFORMANCE UPDATE

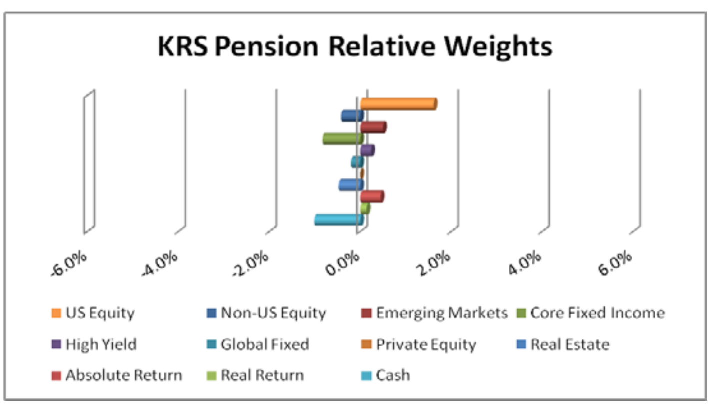
What's going on in the marketplace?

Global equities recovered from the selloff in July, returning 2.3% to investors. US equities, as measured by the Russell 3000, returned 4.1%, while developed markets outside of the US returned 0.1%. Emerging markets returned 2.3%, marking a seventh consecutive month of gains. Interest rates in the US returned to the downtrend experienced year-to-date, as many market participants point to even lower rates in Europe as an explanation of the surprising development.



	Aug	1-Yr	3-Yr	5-Yr	10-Yr
Total Fund	1.39	14.98	10.18	10.34	6.95
Benchmark	1.28	14.43	10.31	10.30	7.02

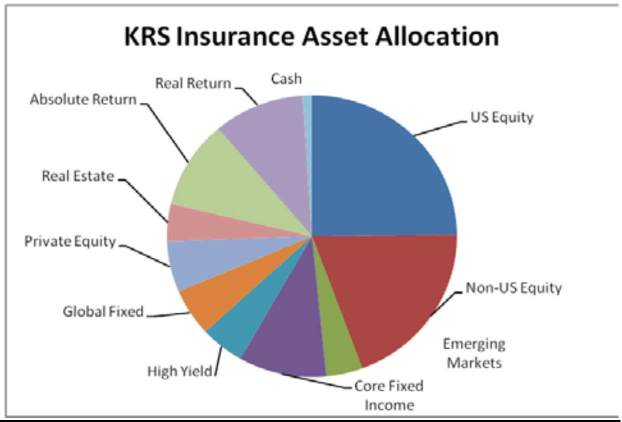
European shares bounced back from July's Portugal concerns, despite weak economic data and fears of deflation. Economic growth was flat across the Eurozone, disappointing the mild consensus estimates of 0.2% growth. In addition to nonexistent growth, consumer confidence and manufacturing activity declined. However, investors bid up equities, showing confidence in Mario Draghi and the European Central Bank. Also, there were bright spots, as Ireland showed robust retail sales and home price gains and the UK service sector showed sustained improvement. European markets returned 2%, with Ireland (+5%), Belgium (+4.1%), and the Netherlands (+3.8%) generating the highest returns. Only Austria (-0.7%), Italy (-0.7%), and Norway (-0.03%) continued to struggle from last month. Italy returned to recession and unemployment there registered at 12.6%, approaching 40-year highs. Germany also posted negative growth, as manufacturing activity dipped 3.2%, largely blamed on geopolitical tensions in Ukraine. The Pacific Basin struggled last month, losing -1.2% largely due to Japanese weakness. Japan's economy contracted 1.7%, causing equities to lose -1.2%. However, both Australia (+.8%) and New Zealand (+0.3%) squeezed out small gains. Emerging markets posted strong gains, continuing the recent strength. All regions generated positive returns, led by Latin America (+7.2%). Latin America rallied not necessarily due to economic strength, but more on the hopes of the incumbent Brazilian president being voted out of office. Within the US, small cap stocks, as marked by the Russell 2000, returned 5.0%, leading large caps (4.2%). Growth stocks (+4.7%) led value stocks (+3.7%) for the second consecutive month. Health care (+5.3%) and consumer staples (+4.9%) led the rally, while energy (+2.6%) and utilities (+2.5%) lagged.



Fixed income rallied yet again, with 10 year Treasury yield dropping 21 basis points during the month of August and the 2 year Treasury dropped 4 basis points. The Barclays US Aggregate Index returned 1.1%, led by corporate bonds (+1.4%), with asset-backed securities lagging (+0.3%). US high yield outperformed core fixed income, returning (+1.6%). Within global fixed income markets, Canadian fixed income performed well (+1.5%), while Asian fixed income struggled (-0.3%).

Commodities struggled, with only the industrial metals index generating positive returns (+0.5%), led by strong returns in aluminum (+4.7%). The precious metals index struggled again, losing 1%, largely due to silver (-4.8%). The energy index also lost ground (-0.2%) for a second consecutive month despite natural gas gaining 5.2% thanks to the Ukrainian conflict. Agriculture posted a fourth consecutive month of negative returns (-2.2%), with sugar (-5.9%) being the commodity that struggled the most. Livestock led the way down for the commodity index in August, returning -4.2% due to a glut of supply in cattle and hogs.

US economic data was solid, giving investors hope that the recovery is starting to gain some momentum. Nonfarm payrolls increased 209,000 versus expectations of 230,000 and jobless claims averaged 299,000 for the month. The unemployment rate ticked up to 6.2% and retail sales were flat, but that didn't keep consumer confidence from rising. Personal income rose 0.2%, slightly below expectations of 0.3% growth. GDP for the second quarter was revised up to 4.2% and business capital expenditures rose 8.4%. The ISM manufacturing index rose above expectations to 57.1 (a reading over 50 indicates expansion) and durable goods orders rose 22.6%. Housing data was generally positive as well, with housing starts hitting just over one million and homebuilder confidence hitting the highest level since January. New home sales dipped slightly but existing home sales picked up and pending home sales rose 3.3%.



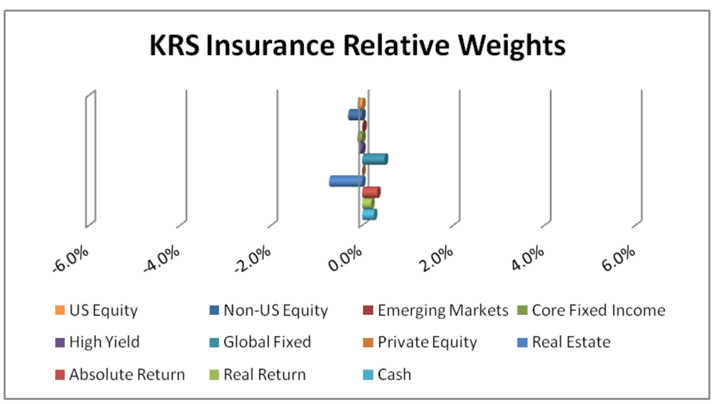
	Aug	1-Yr	3-Yr	5-Yr	10-Yr
Total Fund	1.51	14.31	9.65	10.04	6.60
Benchmark	1.29	14.62	10.27	10.92	6.83

Investors will continue to monitor geopolitical tensions, European economic and central bank news, and Abenomics in Japan.

What added value this month?

PENSION – From a manager selection standpoint, the portfolio performed extremely well, led by very strong performance in real return and emerging market equity. US equity outperformed the benchmark by 10 basis points, with most managers outperforming. Non-US equity squeezed out two basis points of outperformance, largely due to American Century and Lazard. Emerging market equity easily beat the benchmark (+30 basis points) due to strong performance from both Aberdeen and Wellington. Real return performed well as strong relative performance from PIMCO All Asset and strong absolute performance from Tortoise boosted the allocation above its benchmark.

The pension portfolio also showed strength from an allocation perspective. An overweight to US equity (4.2% index return) and emerging market equity (2.29% index return) added value. An underweight to fixed income, non-US equity, and cash, all of which still managed positive returns, boosted the performance of the portfolio.



INSURANCE – The Insurance Fund also had a great month from a manager selection perspective as only fixed income underperformed the benchmark.

The fund benefited from an overweight to US and emerging market equity, as well as an underweight to fixed income.

What detracted this month?

PENSION – From a manager selection standpoint, fixed income was the lone source of underperformance, as a low absolute performance (but strong relative performance) to the heavily weighted PIMCO dragged on performance. From an allocation perspective, an overweight to absolute and real return detracted from performance even though both had strong relative performance.

INSURANCE – In a similar fashion to the Pension fund, the Insurance fund was slightly hampered by overweights to absolute and real return.

NOTES:

1) Returns displayed are “net”. For the purposes of this report, total fund return information is net of fees and expenses, with audited data beginning in July 2011. At the manager level (detailed return sheets pgs.4-5), returns are net of fees beginning with July 2011, and gross of fees for prior data.

2) Individual plan allocation and performance (pg.6).

3) Prior to January 1, 2014, the inception date for the Private Equity asset class was stated as 10/1/1990 for Pension Fund and 6/1/2001 for Insurance Fund. Prior to 07/01/02, the characteristics of the allocation, and the benchmark itself, were more closely aligned with Real Estate. As such, it is not appropriate to report this portion of the return stream within the Private Equity allocation, whose true inception date has been determined to be 07/01/02 based on funding the Systems’ first private equity mandate. The portion of the original return streams that are no longer reported within the Private Equity allocation (Pension from 10/1/90 to 06/30/02; Insurance 06/01/01 to 06/30/02) are reported within the Fund Level performance figures.

4) Private Equity Composite (Pension)
Inception (07/01/02) to 06/30/11
60.00% S&P 1500 Composite Index
40.00% Barclays US Corporate High Yield Index
07/01/11 to Present
100.00% Russell 3000 Index + 4% (Qtr Lag)

Private Equity Composite (Insurance)
Inception (07/01/02) to 06/30/11
80.00% S&P 1500 Composite Index
20.00% Barclays US Corporate High Yield Index
07/01/11 to Present
100.00% Russell 3000 Index + 4% (Qtr Lag)

5) The Private Equity Benchmark, from one month returns up until five year returns, is equal to the performance of the KRS Private Equity allocation. Given there is not appropriate benchmark to use for short term performance evaluation, this will allow greater focus on longer term returns, which is more appropriate given the long term nature of private equity investments.

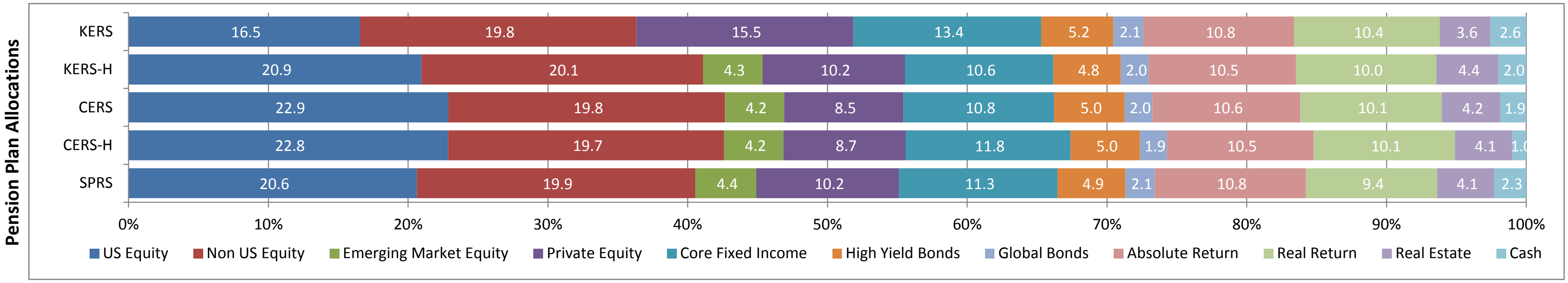
KENTUCKY RETIREMENT SYSTEMS - PENSION FUND - NET RETURNS - 8/31/14

Structure	Benchmark	Inception	Market Value	% of Total	Month		QTD		Fiscal YTD		1 Year		3 Years		5 Years		10 Years		20 Years		ITD	
TOTAL FUND	**KY Ret. Blended Index**	**4/1/1984**	**11,849,476,183.03**	**100.00**	**1.39**	**1.28**	**0.55**	**0.74**	**0.55**	**0.74**	**14.98**	**14.43**	**10.18**	**10.31**	**10.34**	**10.30**	**6.95**	**7.02**	**8.42**	**8.49**	**9.56**	**9.68**
US PUBLIC	**KY Domestic Equity Blend**	**4/1/1984**	**2,611,924,930.76**	**22.04**	**4.30**	**4.20**	**1.84**	**2.14**	**1.84**	**2.14**	**23.66**	**24.74**	**19.94**	**20.65**	**16.75**	**17.28**	**8.93**	**8.99**	**10.03**	**9.92**	**11.57**	**11.52**
INTERNAL MID CAP GROWTH	Russell Midcap Growth Index	8/1/2014	220,399,884.21	1.86	5.06	4.83																
INVESCO	S&P 500 - Total Return Index	8/1/2005	236,063,182.56	1.99	4.97	4.00	3.79	2.57	3.79	2.57	28.33	25.25	22.46	20.61	17.21	16.88					9.37	7.74
NTGI STRUCTURED	Russell 2000 Index	10/1/1999	229,107,925.37	1.93	4.74	4.96	-0.90	-1.39	-0.90	-1.39	19.05	17.68	20.55	19.00	19.05	17.03	10.61	9.36			10.40	8.43
RIVER ROAD	Russell 3000 Value Index	7/1/2011	34,032,464.30	0.29	4.25	3.73	1.89	1.60	1.89	1.60	20.66	23.92	18.05	21.35							15.06	16.37
S&P 500 INDEX	KY Ret. S&P Blend	7/1/2001	1,390,090,802.28	11.73	3.98	4.00	2.56	2.57	2.56	2.57	25.05	25.25	20.48	20.61	17.23	17.25	8.79	8.77			6.42	6.37
SASCO CAPITAL	Russell Midcap Value Index	7/1/2012	52,552,283.15	0.44	4.41	4.24	-0.47	1.20	-0.47	1.20	29.08	27.20									24.19	26.02
SYSTEMATIC	Russell Midcap Value Index	7/1/2012	208,802,731.46	1.76	4.51	4.24	0.53	1.20	0.53	1.20	23.77	27.20									23.59	26.02
TRANSITION ACCOUNT			14,905.86	0.00																		
WESTFIELD CAPITAL	Russell 3000 Growth Index	7/1/2011	129,389,786.97	1.09	4.26	4.66	1.83	2.68	1.83	2.68	26.01	25.56	22.32	19.89							16.76	16.17
WESTWOOD MGMT	Russell 3000 Value Index	7/1/2011	111,470,961.27	0.94	4.10	3.73	1.31	1.60	1.31	1.60	23.09	23.92	19.38	21.35							14.27	16.37
EQUITY NON US	**KY Ret.Int'l Eq. Blended Index**	**7/1/2000**	**2,318,461,426.55**	**19.57**	**0.59**	**0.57**	**-0.95**	**-0.40**	**-0.95**	**-0.40**	**16.93**	**18.25**	**8.89**	**9.77**	**7.68**	**8.70**	**7.30**	**7.66**			**2.94**	**3.65**
AMERICAN CENTURY	KY MSCI ACWI ex-US Index	7/1/2014	146,589,060.56	1.24	1.46	0.57	-0.74	-0.40	-0.74	-0.40											-0.74	-0.40
BLACKROCK ACWI EX	MSCI All Country World Ex United States Net Index	7/1/2009	974,348,273.61	8.22	0.51	0.55	-0.48	-0.44	-0.48	-0.44	17.89	17.75	9.47	9.27	8.36	8.17					10.82	10.64
BOSTON CO NON-US VALUE	KY MSCI Blended Index	5/1/2005	144,499,219.20	1.22	0.09	0.57	-1.19	-0.40	-1.19	-0.40	17.00	18.25	9.18	10.14	6.00	8.11					5.29	6.04
FRANKLIN TEMPLETON	KY MSCI ACWI ex-US Index	7/1/2014	146,672,341.65	1.24	0.71	0.57	-1.74	-0.40	-1.74	-0.40											-1.74	-0.40
LAZARD ASSET MANAGEMENT	KY MSCI ACWI ex-US Index	7/1/2014	293,028,691.06	2.47	1.00	0.57	-1.60	-0.40	-1.60	-0.40											-1.60	-0.40
LSV ASSET MANAGEMENT	KY MSCI ACWI ex-US Index	7/1/2014	147,750,860.29	1.25	0.00	0.57	-1.35	-0.40	-1.35	-0.40											-1.35	-0.40
NON-US TRANSITION ACCOUNT			81,517.62	0.00																		
NTGI INTL SM CAP	MSCI AC World ex USA Small Cap Net Index	12/1/2008	169,159,573.99	1.43	0.74	0.71	-1.18	-1.19	-1.18	-1.19	19.86	19.72	10.12	9.73	10.62	10.92					18.07	18.82
PYRAMIS NON-US GROWTH	KY MSCI Blended Index	8/1/2001	296,331,888.57	2.50	0.45	0.57	-1.14	-0.40	-1.14	-0.40	16.12	18.25	9.75	10.14	8.68	8.11	7.55	7.17			7.05	6.37
EQ EMERGING MKTS	**MSCI Emerging Markets Index**	**7/1/2011**	**402,699,825.98**	**3.40**	**2.59**	**2.29**	**3.89**	**4.36**	**3.89**	**4.36**	**19.72**	**20.40**	**6.52**	**4.70**							**3.93**	**1.30**
ABERDEEN	MSCI Emerging Markets Index	4/1/2008	128,327,816.94	1.08	2.98	2.29	4.00	4.36	4.00	4.36	20.23	20.40	6.99	4.70	12.63	8.24					8.83	2.62
BLACKROCK EMERG MKTS	MSCI Emerging Markets Net Dividend Index	7/1/2013	139,914,441.38	1.18	2.25	2.25	4.19	4.23	4.19	4.23	19.80	19.98									16.02	16.20
WELLINGTON	MSCI Emerging Markets Index	4/1/2008	134,457,567.66	1.13	2.57	2.29	3.49	4.36	3.49	4.36	18.30	20.40	4.56	4.70	6.43	8.24					2.15	2.62
PUBLIC EQUITY	**Global Equity Blended Index**	**4/1/1984**	**5,333,086,183.29**	**45.01**	**2.52**	**2.38**	**0.75**	**1.19**	**0.75**	**1.19**	**20.42**	**21.43**	**14.02**	**14.40**	**12.17**	**12.71**	**7.71**	**7.59**	**9.33**	**9.10**	**11.10**	**10.96**
FIXED INCOME	**KY Ret.Fixed Blended Index**	**4/1/1984**	**2,191,795,524.17**	**18.50**	**1.03**	**1.09**	**0.59**	**0.77**	**0.59**	**0.77**	**8.05**	**6.28**	**5.29**	**3.61**	**6.67**	**5.13**	**5.25**	**4.95**	**6.37**	**6.28**	**8.01**	**7.72**
COLUMBIA	Barclays U.S. Corporate High Yield	11/1/2011	167,018,608.26	1.41	1.94	1.59	0.32	0.23	0.32	0.23	10.46	10.58									10.28	10.33
LOOMIS	Barclays U.S. Corporate High Yield	11/1/2011	175,273,861.27	1.48	1.78	1.59	0.47	0.23	0.47	0.23	14.61	10.58									12.68	10.33
MANULIFE ASSET MGMT	Barclays Multiverse Index	12/1/2011	118,008,826.76	1.00	0.73	0.56	0.33	-0.37	0.33	-0.37	8.05	6.49									6.58	2.86
NISA	Barclays U.S. Aggregate Bond Index	2/1/2009	558,396,963.23	4.71	1.10	1.10	0.88	0.85	0.88	0.85	5.80	5.66	2.87	2.91	4.63	4.48					5.17	5.01
PIMCO	PIMCO Blended Index	11/1/2009	800,752,966.32	6.76	0.83	0.81	0.31	0.19	0.31	0.19	6.25	6.14	3.30	3.29							4.60	4.77
SHENKMAN CAP	Shenkman Blended Index	10/1/2010	116,458,441.93	0.98	0.45	0.13	0.36	0.10	0.36	0.10	7.41	7.51	8.01	8.91							6.48	7.60
STONE HARBOR	JP Morgan Emerging Markets Bond Index GD	12/1/2010	117,943,108.06	1.00	0.51	0.84	0.46	1.25	0.46	1.25	12.28	14.61	4.87	7.01							6.23	7.43
WATERFALL	Opportunistic FI Blended Index	2/1/2010	137,942,748.34	1.16	1.10	0.98	2.08	0.22	2.08	0.22	14.47	7.01	11.65	6.96							14.75	6.78
REAL RETURN	**PENSION REAL RETURN CUSTOM BM**	**7/1/2011**	**1,200,724,655.39**	**10.13**	**1.14**	**0.79**	**0.66**	**0.54**	**0.66**	**0.54**	**10.16**	**5.43**	**5.30**	**4.93**							**6.48**	**4.82**
AMERRA AGRI FUND II		12/1/2012	32,912,735.60	0.28	0.00		0.00		0.00		6.62										2.14	
INTERNAL TIPS	Barclays U.S. Treasury: US TIPS Index	5/1/2002	298,596,658.34	2.52	0.44	0.44	0.47	0.47	0.47	0.47	5.69	5.70	2.16	2.12	5.48	5.45	4.94	4.92			6.11	6.07
MAGNETAR MTP		7/1/2013	83,702,251.00	0.71	-1.33		0.23		0.23		8.10										8.67	
PIMCO ALL ASSET	Barclays U.S. Treasury Inflation Notes: 1-10 Year	12/1/2011	382,335,835.37	3.23	1.26	0.04	0.63	-0.21	0.63	-0.21	12.40	3.74									8.70	0.99
TORTOISE CAPITAL	Alerian MLP Index	8/1/2009	103,196,794.43	0.87	7.25	8.19	1.96	4.36	1.96	4.36	43.15	30.76	29.42	21.87	29.70	25.14					28.43	23.87
TPF II		10/1/2008	14,924,379.00	0.13	0.00		0.00		0.00		-13.27		-4.79		-2.08						-4.62	
WEAVER TIPS	Barclays U.S. Treasury: US TIPS Index	7/1/2001	285,056,001.65	2.41	0.56	0.44	0.67	0.47	0.67	0.47	6.12	5.70	2.43	2.12	5.68	5.45	5.11	4.92			6.24	6.12
ABSOLUTE RETURN	**HFRI Fund of Funds Diversified Index - 1 Month Arrears**	**4/1/2010**	**1,237,208,580.25**	**10.44**	**-0.40**	**-0.45**	**0.30**	**0.41**	**0.30**	**0.41**	**8.31**	**5.94**	**7.32**	**3.18**							**5.66**	**3.44**
BAAM		9/1/2011	377,749,696.00	3.19	0.13		0.61		0.61		9.57		8.53								8.53	
HBK II		12/1/2013	15,897,358.00	0.13	0.20		1.20														5.98	
JANA PARTNERS		9/1/2014	15,000,000.00	0.13																		
KNIGHTHEAD		1/1/2014	16,219,396.00	0.14	0.03		1.35														8.13	
LIBREMAX CAPITAL		8/1/2014	15,272,030.00	0.13	1.81																1.81	
LUXOR CAPITAL		4/1/2014	14,380,566.00	0.12	-3.46																-4.13	
MKP OPPORTUNITY		11/1/2013	14,594,075.92	0.12	-0.94		-1.85														-2.71	
PAAMCO		9/1/2011	390,627,644.00	3.30	-1.06		-0.08		-0.08		9.51		8.33								8.33	
PINE RIVER		5/1/2014	15,080,712.91	0.13	1.48																0.54	
PRISMA CAPITAL		9/1/2011	362,387,101.42	3.06	-0.32		0.49		0.49		6.44		5.67								5.67	
REAL ESTATE	**NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^**	**7/1/1984**	**476,529,208.62**	**4.02**	**0.04**	**0.00**	**0.08**	**0.00**	**0.08**	**0.00**	**7.97**	**12.74**	**8.51**	**11.99**	**9.12**	**6.31**	**6.32**	**6.19**	**5.16**	**7.78**	**5.63**	**5.98**
DIVCOWEST IV		3/1/2014	7,225,639.90	0.06	0.00																-2.64	
FHA MORTGAGES		10/1/1990	1,627,536.72	0.01	0.49		0.98		0.98		3.26		5.87		9.02		2.23		7.51		8.04	
GREENFIELD ACQ VI		12/1/2012	39,048,372.00	0.33	0.00		0.00		0.00		12.99										11.21	
GREENFIELD ACQ VII		7/1/2014	6,154,344.00	0.05	0.00																	
H/2 CORE RE DEBT FD		10/1/2013	5,048,335.55	0.04	0.00		0.00		0.00												1.46	
H/2 CREDIT PARTNER		7/1/2011	96,146,880.34	0.81	0.00		0.00		0.00		4.97		7.09								6.74	
HARRISON STREET		5/1/2012	98,298,556.00	0.83	0.00		0.00		0.00		11.75										6.49	
LUBERT-ADLER VII		7/1/2014	2,780,000.00	0.02	0.00																	
MESA WEST CORE LEND		5/1/2013	53,814,342.00	0.45	0.00		0.00		0.00		6.49										4.83	
MESA WEST RE INC II		1/1/2010	19,813,797.00	0.17	0.00		0.00		0.00		-0.11		16.10								7.82	
PRIMA MORTGAGE		5/1/2009	56,925,498.44	0.48	0.32		0.96		0.96		5.14		5.83		11.12						10.39	
RUBENSTEIN PF II		7/1/2013	4,348,100.39	0.04	0.00		0.00		0.00		33.92										28.45	
STOCKBRIDGE		5/1/2014	37,749,267.21	0.32	0.00																	
WALTON ST RE FD VI		5/1/2009	33,132,228.26	0.28	0.00		0.00		0.00		17.38		11.90		-34.16						-32.42	
WALTON ST RE FD VII		7/1/2013	14,416,310.81	0.12	0.00		0.00		0.00		11.88										10.10	
PRIVATE EQUITY	**Russell 3000 + 4%(Qtr Lag)**	**7/1/2002**	**1,191,164,572.17**	**10.05**	**-0.03**	**-0.03**	**-0.06**	**-0.06**	**-0.06**	**-0.06**	**22.21**	**22.21**	**13.96**	**13.96**	**16.07**	**18.59**	**10.08**	**10.38**	**0.00**	**0.00**	**11.22**	**10.54**
CASH ACCOUNT	**Citigroup Treasury Bill-3 Month**	**1/1/1988**	**212,054,025.70**	**1.79**	**0.02**	**0.00**	**0.03**	**0.01**	**0.03**	**0.01**	**0.23**	**0.04**	**0.38**	**0.05**	**0.55**	**0.08**	**2.09**	**1.52**	**3.27**	**2.81**	**3.99**	**3.53**

KENTUCKY RETIREMENT SYSTEMS - INSURANCE FUND - NET RETURNS - 8/31/14

Structure	Benchmark	Inception	Market Value	% of Total	Month		QTD		Fiscal YTD		1 Year		3 Years		5 Years		10 Years		20 Years		ITD	
TOTAL FUND	**KY Ins. Blended Index**	**4/1/1987**	**4,148,570,355.52**	**100.00**	**1.51**	**1.29**	**0.58**	**0.77**	**0.58**	**0.77**	**14.31**	**14.62**	**9.65**	**10.27**	**10.04**	**10.92**	**6.60**	**6.83**	**7.25**	**7.74**	**7.66**	**8.05**
US PUBLIC	**KY Domestic Equity Blend**	**7/1/1992**	**1,030,817,920.52**	**24.85**	**4.23**	**4.20**	**1.69**	**2.14**	**1.69**	**2.14**	**23.14**	**24.74**	**19.72**	**20.65**	**16.46**	**17.08**	**8.49**	**8.69**	**9.63**	**9.39**	**9.69**	**9.48**
INTERNAL MID CAP GROWTH	Russell Midcap Growth Index	8/1/2014	87,769,778.05	2.12																		
NTGI STRUCTURED	Russell 2000 Index	7/1/2011	109,808,880.45	2.65	4.81	4.96	-0.81	-1.39	-0.81	-1.39	18.44	17.68	20.13	19.00							14.68	13.25
RIVER ROAD	Russell 3000 Value Index	7/1/2011	12,013,908.92	0.29	4.21	3.73	1.87	1.60	1.87	1.60	20.67	23.92	18.10	21.35							15.10	16.37
S&P 500 INDEX	KY Ins. S&P Blend	7/1/2001	631,837,944.05	15.23	3.98	4.00	2.56	2.57	2.56	2.57	25.11	25.25	20.53	20.61	17.25	17.25	8.86	8.77			6.48	6.37
SASCO CAPITAL	Russell Midcap Value Index	7/1/2012	19,916,546.19	0.48	4.34	4.24	-0.45	1.20	-0.45	1.20	28.79	27.20									24.07	26.02
SYSTEMATIC	Russell Midcap Value Index	7/1/2012	80,667,722.03	1.94	4.48	4.24	0.47	1.20	0.47	1.20	23.62	27.20									23.50	26.02
TRANSITION ACCOUNT		9/1/2004	5,708.40	0.00																		
WESTFIELD CAPITAL	Russell 3000 Growth Index	7/1/2011	48,477,384.80	1.17	4.26	4.66	1.81	2.68	1.81	2.68	26.77	25.56	22.59	19.89							17.00	16.17
WESTWOOD MGMT	Russell 3000 Value Index	7/1/2011	40,320,046.74	0.97	4.13	3.73	1.29	1.60	1.29	1.60	23.38	23.92	19.46	21.35							14.34	16.37
EQUITY NON US	**KRS Ins.Int'l Eq Blend**	**4/1/2000**	**809,571,964.48**	**19.51**	**0.60**	**0.57**	**-0.92**	**-0.40**	**-0.92**	**-0.40**	**16.95**	**18.25**	**8.74**	**9.77**	**7.17**	**8.34**	**7.46**	**7.29**			**2.96**	**2.57**
AMERICAN CENTURY	KY MSCI Blended Index	7/1/2014	49,369,298.29	1.19	1.45	0.57	-0.75	-0.40	-0.75	-0.40											-0.75	-0.40
BLACKROCK ACWI EX-US	MSCI All Country World Ex United States Net Index	6/1/2012	344,546,642.14	8.31	0.55	0.55	-0.44	-0.44	-0.44	-0.44	17.84	17.75									17.99	18.27
BLACKROCK ACWI EX-US SM CAP	MSCI AC World ex USA Small Cap Net Index	7/1/2013	58,745,140.52	1.42	0.71	0.71	-1.21	-1.19	-1.21	-1.19	19.66	19.72									22.97	20.73
BOSTON CO NON-US VALUE	KY MSCI ACWI EX USA GD	6/1/2008	54,191,311.74	1.31	0.09	0.57	-1.15	-0.40	-1.15	-0.40	16.54	18.25	8.92	10.14	5.89	8.11					1.75	1.15
FRANKLIN TEMPLETON	KY MSCI Blended Index	7/1/2014	49,465,486.98	1.19	0.72	0.57	-1.67	-0.40	-1.67	-0.40											-1.67	-0.40
LAZARD ASSET MANAGEMENT	KY MSCI Blended Index	7/1/2014	98,670,684.62	2.38	0.99	0.57	-1.62	-0.40	-1.62	-0.40											-1.62	-0.40
LSV ASSET MANAGEMENT	KY MSCI Blended Index	7/1/2014	49,901,450.54	1.20	-0.02	0.57	-1.38	-0.40	-1.38	-0.40											-1.38	-0.40
NON-US TRANSITION ACCOUNT			34,855.28	0.00																		
PYRAMIS NON-US GROWTH	KY MSCI ACWI EX USA GD	8/1/2001	104,647,094.37	2.52	0.47	0.57	-1.07	-0.40	-1.07	-0.40	16.26	18.25	9.45	10.14	8.46	8.11	7.45	7.17			6.98	6.37
EQ EMERGING MKT	**MSCI Emerging Markets Index**	**7/1/2011**	**168,530,129.09**	**4.06**	**2.58**	**2.29**	**3.91**	**4.36**	**3.91**	**4.36**	**19.73**	**20.40**	**6.58**	**4.70**							**3.99**	**1.30**
ABERDEEN	MSCI Emerging Markets Index	4/1/2008	53,793,726.06	1.30	2.98	2.29	3.99	4.36	3.99	4.36	20.25	20.40	6.97	4.70	12.62	8.24					8.82	2.62
BLACKROCK EMERG MKTS	MSCI Emerging Markets Net Dividend Index	7/1/2013	62,341,167.61	1.50	2.25	2.25	4.19	4.23	4.19	4.23	19.83	19.98									16.05	16.20
WELLINGTON	MSCI Emerging Markets Index	4/1/2008	52,395,235.42	1.26	2.57	2.29	3.49	4.36	3.49	4.36	17.95	20.40	4.61	4.70	6.46	8.24					2.18	2.62
PUBLIC EQUITY	**Global Equity Blended Index**	**7/1/1992**	**2,008,920,014.09**	**48.42**	**2.60**	**2.38**	**0.80**	**1.16**	**0.80**	**1.16**	**20.39**	**21.44**	**13.97**	**14.29**	**11.78**	**12.32**	**7.34**	**7.18**	**8.98**	**8.78**	**9.10**	**8.93**
FIXED INCOME	**KRS Ins. Fixed Blended Index**	**7/1/1992**	**835,823,680.02**	**20.15**	**1.02**	**1.09**	**0.52**	**0.77**	**0.52**	**0.77**	**7.40**	**6.28**	**5.14**	**3.61**	**6.46**	**5.84**	**5.50**	**5.11**	**7.03**	**6.72**	**6.89**	**6.67**
COLUMBIA	Barclays U.S. Corporate High Yield	11/1/2011	57,405,535.43	1.38	1.94	1.59	0.41	0.23	0.41	0.23	10.50	10.58									10.15	10.33
LOOMIS	Barclays U.S. Corporate High Yield	11/1/2011	55,651,063.41	1.34	1.80	1.59	0.49	0.23	0.49	0.23	14.35	10.58									12.18	10.33
MANULIFE ASSET MGMT	Barclays Multiverse Index	12/1/2011	48,156,596.75	1.16	1.15	0.56	0.29	-0.37	0.29	-0.37	7.68	6.49									6.61	2.86
NISA	Barclays U.S. Aggregate Bond Index	7/1/2011	212,498,786.64	5.12	1.09	1.10	0.85	0.85	0.85	0.85	5.71	5.66	2.94	2.91							3.82	3.75
PIMCO	PIMCO Blended Index	4/1/2011	324,417,472.86	7.82	0.89	0.81	0.29	0.19	0.29	0.19	6.35	6.14	3.61	3.32							4.17	4.51
SHENKMAN CAP	Shenkman Blended Index	7/1/2011	40,116,214.45	0.97	0.45	0.13	0.29	0.10	0.29	0.10	3.90	7.51	7.00	8.91							5.25	7.12
STONE HARBOR	JP Morgan Emerging Markets Bond Index GD	7/1/2011	47,170,900.40	1.14	0.36	0.84	0.27	1.25	0.27	1.25	11.71	14.61	4.55	7.01							5.03	7.42
WATERFALL	Opportunistic FI Blended Index	7/1/2011	50,407,110.08	1.22	0.68	0.98	1.48	0.22	1.48	0.22	11.26	7.01	13.25	6.96							13.14	5.91
REAL RETURN	**INSURANCE REAL RET CUSTOM BM**	**7/1/2011**	**421,065,768.46**	**10.15**	**1.00**	**0.74**	**0.57**	**0.53**	**0.57**	**0.53**	**9.54**	**5.40**	**4.77**	**4.92**							**5.96**	**4.81**
AMERRA AGRI FUND II		12/1/2012	13,273,749.54	0.32	0.00		0.00		0.00		6.62										2.14	
INTERNAL TIPS	Barclays U.S. Treasury: US TIPS Index	10/1/2003	232,008,186.33	5.59	0.44	0.44	0.46	0.47	0.46	0.47	5.65	5.70	2.46	2.12	5.60	5.45	5.07	4.92			5.46	5.18
MAGNETAR MTP		7/1/2013	25,849,231.00	0.62	-1.33		0.23		0.23		8.09										8.66	
PIMCO ALL-ASSET	Barclays U.S. Treasury Inflation Notes: 1-10 Year	12/1/2011	117,136,477.04	2.82	1.26	0.04	0.63	-0.21	0.63	-0.21	12.40	3.74									8.70	0.99
TORTOISE CAP	Alerian MLP Index	8/1/2009	31,139,861.55	0.75	7.10	8.19	1.79	4.36	1.79	4.36	42.40	30.76	30.00	21.87	30.04	25.14					28.76	23.87
TPF II		10/1/2008	1,658,263.00	0.04	0.00		0.00		0.00		-13.27		-4.79		-2.08						-4.62	
REAL ESTATE	**NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^**	**5/1/2009**	**176,800,454.43**	**4.26**	**0.06**	**0.00**	**0.15**	**0.00**	**0.15**	**0.00**	**7.17**	**12.74**	**7.73**	**11.99**	**9.14**	**6.31**					**8.55**	**2.98**
DIVCOWEST IV		3/1/2014	3,195,955.15	0.08	0.00																-2.66	
GREENFIELD ACQ VI		12/1/2012	17,163,052.00	0.41	0.00		0.00		0.00		12.99										11.21	
GREENFIELD ACQ VII		7/1/2014	2,700,828.00	0.07	0.00																	
H/2 CORE RE DEBT FD		10/1/2013	2,129,393.32	0.05	0.00		0.00														1.46	
H/2 CREDIT PARTNER		7/1/2011	27,361,565.45	0.66	0.00		0.00		0.00		4.95		7.04								6.70	
HARRISON STREET		5/1/2012	34,660,804.00	0.84	0.00		0.00		0.00		10.52										5.78	
LUBERT-ADLER VII		7/1/2014	1,220,000.00	0.03	0.00																	
MESA WEST CORE LEND		5/1/2013	25,109,661.00	0.61	0.00		0.00		0.00		6.41										4.77	
MESA WEST RE INC II		1/1/2010	2,201,530.00	0.05	0.00		0.00		0.00		-0.11		16.10								7.82	
PRIMA MORTGAGE		5/1/2009	34,771,835.98	0.84	0.33		0.97		0.97		3.59		4.76		10.49						9.80	
RUBENSTEIN PF II		7/1/2013	1,923,198.50	0.05	0.00		0.00		0.00		33.92										28.45	
STOCKBRIDGE		5/1/2014	14,344,827.00	0.35	0.00																	
WALTON ST RE FD VI		5/1/2009	3,681,358.58	0.09	0.00		0.00		0.00		17.38		11.90		-34.16						-32.42	
WALTON ST RE FD VII		7/1/2013	6,336,445.45	0.15	0.00		0.00		0.00		11.88										10.10	
ABSOLUTE RETURN	**HFRI Fund of Funds Diversified Index - 1 Month Arrears**	**4/1/2010**	**420,718,072.38**	**10.14**	**-0.39**	**-0.45**	**0.31**	**0.41**	**0.31**	**0.41**	**8.24**	**5.94**	**7.24**	**3.18**							**5.52**	**3.44**
BAAM		9/1/2011	131,277,654.00	3.16	0.13		0.61		0.61		9.51		8.55								8.55	
HBK II		12/1/2013	5,299,119.00	0.13	0.20		1.20														5.98	
JANA PARTNERS		9/1/2014	5,000,000.00	0.12																		
KNIGHTHEAD		1/1/2014	5,406,465.00	0.13	0.03		1.35														8.13	
LIBREMAX CAPITAL		8/1/2014	5,090,677.00	0.12	1.81																1.81	
LUXOR CAPITAL		4/1/2014	4,793,522.00	0.12	-3.46																-4.13	
MKP OPPORTUNITY		11/1/2013	4,864,691.90	0.12	-0.94		-1.85														-2.71	
PAAMCO		9/1/2011	126,836,516.00	3.06	-1.06		-0.08		-0.08		9.49		8.35								8.35	
PINE RIVER		5/1/2014	5,026,904.31	0.12	1.48																0.54	
PRISMA CAPITAL PAR		9/1/2011	127,122,523.17	3.06	-0.32		0.47		0.47		6.32		5.69								5.69	
PRIVATE EQUITY	**Russell 3000 + 4% (Qtr Lag)**	**7/1/2002**	**242,572,971.87**	**5.85**	**-0.03**	**-0.03**	**-0.10**	**-0.10**	**-0.10**	**-0.10**	**21.49**	**21.49**	**13.19**	**13.19**	**16.35**	**18.58**	**9.37**	**9.89**			**8.89**	**9.79**
CASH ACCOUNT	**Citigroup Treasury Bill-3 Month**	**7/1/1992**	**42,842,336.45**	**1.03**	**0.02**	**0.00**	**0.04**	**0.01**	**0.04**	**0.01**	**0.22**	**0.04**	**0.30**	**0.05**	**0.29**	**0.08**	**1.91**	**1.52**	**2.95**	**2.81**	**2.98**	**2.86**

KENTUCKY RETIREMENT SYSTEMS - PENSION & INSURANCE - PLAN PERFORMANCE & ALLOCATION - 8/31/14



KRS - PENSION

	Month	FYTD	1 YR	3 YR	5 YR	10 YR	ITD
KERS	**1.07**	**0.42**	**14.72**	**10.23**	**10.40**	**6.98**	**9.57**
KERS Plan Index	1.06	0.46	14.01	10.23	10.25	7.00	9.67
KERS-H	**1.38**	**0.55**	**15.16**	**10.33**	**10.46**	**7.01**	**9.58**
KHAZ Plan Index	1.28	0.69	14.76	10.45	10.38	7.06	9.69
CERS	**1.48**	**0.58**	**15.08**	**10.31**	**10.45**	**7.01**	**9.58**
CERS Plan Index	1.35	0.73	14.81	10.47	10.39	7.07	9.70
CERS-H	**1.48**	**0.59**	**15.00**	**10.30**	**10.44**	**7.00**	**9.58**
CHAZ Plan Index	1.34	0.72	14.80	10.46	10.39	7.07	9.70
SPRS	**1.35**	**0.55**	**15.01**	**10.33**	**10.46**	**7.01**	**9.58**
SPRS Plan Index	1.27	0.68	14.69	10.43	10.37	7.06	9.69

KRS - INSURANCE

	Month	FYTD	1 YR	3 YR	5 YR	10 YR	ITD
KERS INS	**1.49**	**0.61**	**13.83**	**9.60**	**10.02**	**6.59**	**7.84**
INS KERS Plan Index	1.49	0.81	14.91	10.40	11.00	6.86	8.06
KERS-H INS	**1.52**	**0.60**	**14.54**	**9.85**	**10.17**	**6.67**	**7.87**
INS KHAZ Plan Index	1.48	0.80	14.92	10.41	11.01	6.86	8.06
CERS INS	**1.52**	**0.58**	**14.39**	**9.80**	**10.14**	**6.65**	**7.87**
INS CERS Plan Index	1.46	0.79	14.90	10.40	11.00	6.86	8.06
CERS-H INS	**1.51**	**0.58**	**14.37**	**9.79**	**10.14**	**6.65**	**7.87**
INS CHAZ Plan Index	1.46	0.79	14.90	10.40	11.00	6.86	8.06
SPRS INS	**1.45**	**0.56**	**14.38**	**9.80**	**10.14**	**6.65**	**7.87**
INS SPRS Plan Index	1.43	0.77	14.88	10.39	11.00	6.86	8.06