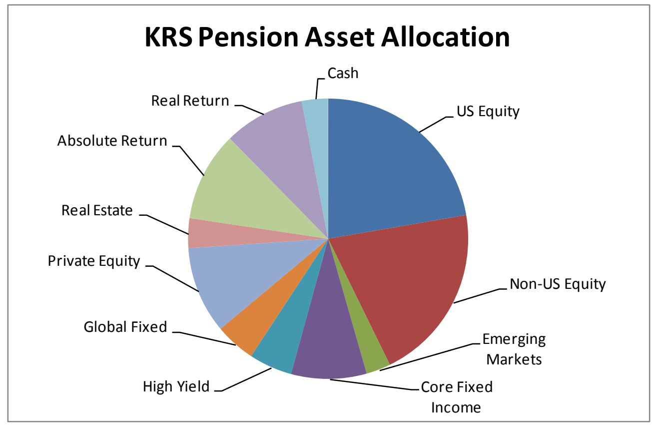
December 2013

# KRS MONTHLY PERFORMANCE UPDATE

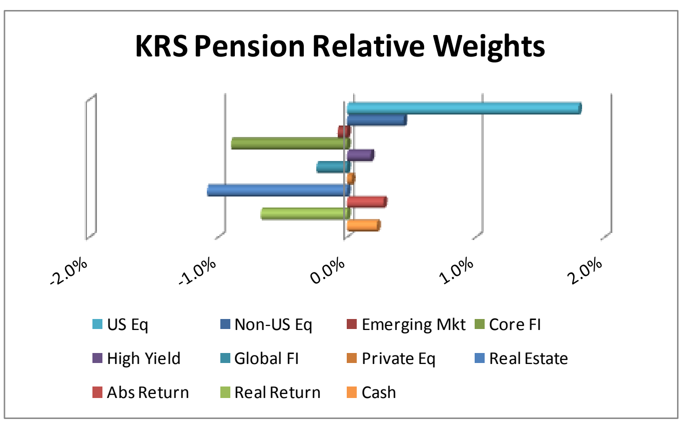
**What's going on in the marketplace?**




| | Dec | 1-Yr | 3-Yr | 5-Yr | 10-Yr |
|---|---|---|---|---|---|
| Total Fund | 1.26 | 12.7 | 8.12 | 11.25 | 6.4 |
| Benchmark | 1.28 | 13.33 | 8.34 | 11.96 | 6.49 |

In December, global equity markets finished off the year on a positive note with a few indices hitting all-time highs. Returns were driven by investors cheering continued economic growth and positive corporate earnings releases, as well as investor comfort surrounding the direction the Federal Reserve Bank gave investors regarding "tapering," or reduction in monetary stimulus. U.S. equity markets and non-U.S. equity markets provided positive returns while emerging market equities produced negative returns for the second consecutive month. In terms of the U.S. market drivers, the main theme was that the overall picture has continued to improve. The latest area of improvement that investors cheered was the two year budget deal signed by U.S. lawmakers, which eliminated the possibility of another confidence-damaging government shutdown. In terms of non-U.S. equity markets, the European economy continued to improve slowly, capped by the Republic of Ireland's exit from the Troika's bailout program in December. Emerging market equity returns were negative for the month, driven mainly by analysts voicing concern over the pace of increased debt loads in China.

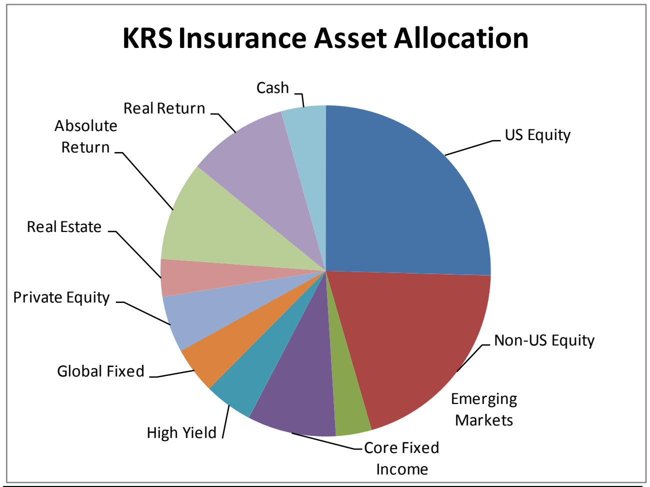
From an economics standpoint, the tone was positive overall for December. Fourth quarter GDP in the U.S. came in at an annualized 3.2%, marked by significant consumer spending. Inflation, as measured by CPI, was up 0.03% for the month missing the consensus analyst expectations of an increase of 0.12%. The change in the CPI was primarily driven by increases in energy prices (Gasoline, fuel oil, and electricity) and increases in shelter costs. Housing data decreased slightly after increasing last month as the NAHB housing market index fell just below the highs reached in previous months. Housing prices increased again for the month while existing home sales declined for the fourth consecutive month. Employment figures, as measured by non-farm payrolls, increased by 74,000 versus the consensus expectation of 196,000. This is the slowest pace since January 2011. Employment gains in the private sector were driven primarily by retail trade, and wholesale trade, professional and business services, and manufacturing. Overall, the unemployment rate declined a bit to 6.70%. The labor-force participation rate ever so slightly declined 62.60%, continuing to stay below a historically healthy rate. One final key economic area which had an increase last month after and up and down couple of months was Consumer Confidence, which increased by 7.4 to reach 82.5. Consensus analyst expectations were for the figure to be unchanged at 79.




Global equity markets were positive for the month. The U.S. equity market was up 2.4% (S&P 500 Index) for the month of December while non- U.S. equities also provided a positive return for the month. From a sector standpoint, nine out of ten sectors within the S&P 500 Index were positive for the month with Materials (4.6%), Information Technology (4.1%), Industrials (4.0%), and Energy (3.0%) leading the way higher while Telecom Services (-0.3%) was the lone detractor. Mid-Cap stocks increased by 2.49% (Russell Mid-Cap Index) and Small-Cap stocks were also up 1.97% (Russell 2000 Index). The U.S. equity market saw growth investing slightly outperform value investing. The MSCI ACWI ex- U.S. ND Index was up 0.88% for the month and the MSCI Emerging Markets Index was down -1.44% for the month.

Fixed Income markets were mixed for the month of December. The Barclays U.S. Aggregate Bond Index returned -0.57% while high-yield bonds, as represented by the Barclays US Corporate High Yield Index, returned 0.54%. For the month of December the shape of the U.S. Treasury Yield curve slightly flattened. The 10-Year Treasury Note ended December at 3.04% and the 30-Year Treasury Bond Yield ended the month at 3.96%.

Investors will continue to monitor the health of the overall economy while keeping an eye on the Federal Reserve Bank's signal to allow long term interest rates to rise.

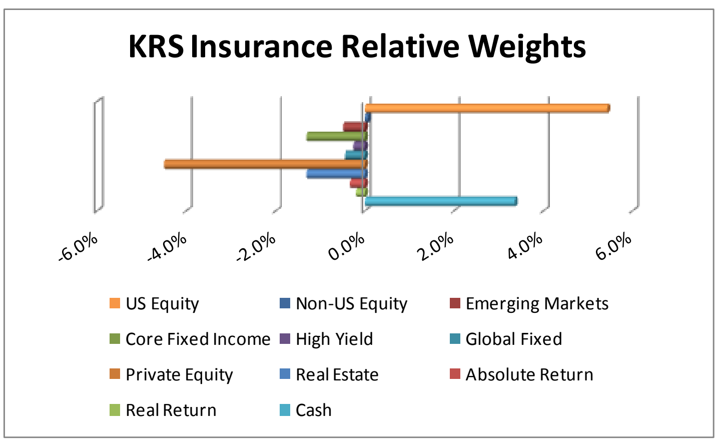



| | Dec | 1-Yr | 3-Yr | 5-Yr | 10-Yr |
|---|---|---|---|---|---|
| Total Fund | 1.19 | 12.33 | 7.23 | 11.9 | 6.09 |
| Benchmark | 1.19 | 13.23 | 8.46 | 13.18 | 6.24 |

**What added value this month?**

**PENSION** – The biggest contributor to the portfolio in terms of relative outperformance from security selection was found within the Non-U.S. Public Equity and Private Equity portfolios. Blackrock and Pyramis were the sources of the greatest security selection within public non-US equities. The Private Equity portfolio performed very well, adding 138 bas is points over its index return of 3.97%; all funds within the space outperformed the index. Although both emerging market equities and fixed income produced negative returns (-1.44% and -0.44% respectively), managers within those spaces provided downside protection by outperforming their benchmarks.

From an allocation perspective, the most additive element came from the 1.8% overweight to the U.S. Equity space, as this was the best performing asset class of the month; the Russell 3000 returned 2.64%. The slight overweights to the Non-US Equitiy, Absolute Return, and Private Equity portfolios provided additional income, while slight underweights to emerging market equities, fixed income, and real return assets limited negative returns.




**INSURANCE** – Like the pension fund, the insurance portfolio enjoyed relative outperformance across a number of asset classes. The biggest contribution came from the Real Estate portfolio, adding 132 basis points of relative outperformance. The second biggest push to the portfolio came from the private equity space, returning 4.56%, 59 basis points ahead of its benchmark. Again, Pyramis and Blackrock provided superior security selection within non-US equities. Columbia and Loomis provided superior security selection within the fixed income category. Emerging market equities and absolute return managers also outperformed.

The fund really benefited from its significant overweighting of the U.S. Equity class (+5.4% relative), which as mentioned above, performed very well during the month. Further, the underweight to the Fixed Income, Emerging Market Equity, and Real Return portfolios were additive; these asset classes struggled during the month, especially the emerging markets, as the MSCI EM Index fell -1.44%.

**What detracted this month?**

**PENSION –** From a selection strandpoint the portfolio struggled in real estate, and slightly underperformed in U.S. equities (-11 basis points versus the benchmark) and real return assets (-22 basis points versus the benchmark). The biggest detractor within the real estate portfolio came from the Prima Mortgage manager, losing 3.49%. Relative weakness came from all of the U.S. equity manager except Systematic, Westfield, and Westwood. Only the Amerra Agri fund and Totoise Capital provided positive returns in the Real Return portfolio.

From an allocation perspective, the underweight in real estate provided slight underperformance.

**INSURANCE –** Like the pension fund, there was not much in the way of disappointing relative performance to report- only U.S. equity managers and Real Return managers provided subpar security selection. The biggest detractor for the month from a stock selection standpoint came from the Real Return portfolio, echoing the same story from above.

From an allocation perspective, being underweight to private equity was a significant detractor. The slight underweight to Absolute Return and Real Estate portfolios created a very small drag on the portfolio.

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**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).

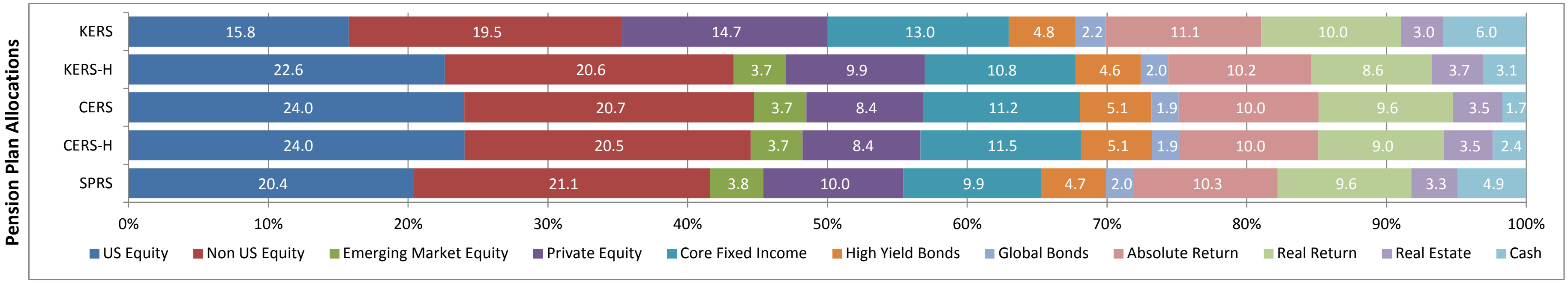
KENTUCKY RETIREMENT SYSTEMS - PENSION FUND - NET RETURNS - 12/31/13

| Structure | Benchmark | Inception | Market Value | % of Total | Month | | QTD | | Fiscal YTD | | 1 Year | | 3 Years | | 5 Years | | 10 Years | | ITD | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TOTAL FUND | KY Ret. Blended Index | 4/1/1984 | 11,582,388,856.76 | 100.00 | 1.26 | 1.28 | 4.34 | 4.01 | 8.82 | 8.24 | 12.70 | 13.33 | 8.12 | 8.34 | 11.25 | 11.96 | 6.40 | 6.49 | 9.55 | 9.66 |
| US PUBLIC | KY Domestic Equity Blend | 4/1/1984 | 2,580,860,765.37 | 22.28 | 2.53 | 2.64 | 9.82 | 10.10 | 17.48 | 17.09 | 33.73 | 33.55 | 16.07 | 16.20 | 18.05 | 18.58 | 7.89 | 8.01 | 11.55 | 11.46 |
| GENEVA CAPITAL | Russell Midcap Growth Index | 7/1/2012 | 232,375,636.76 | 2.01 | 2.97 | 3.19 | 6.86 | 8.23 | 18.54 | 18.34 | 31.58 | 35.74 | | | | | | | 22.50 | 28.35 |
| INVESCO | S&P 500 - Total Return Index | 8/1/2005 | 231,272,423.13 | 2.00 | 2.27 | 2.53 | 11.08 | 10.51 | 17.03 | 16.31 | 35.28 | 32.39 | 17.56 | 16.18 | 17.01 | 17.94 | | | 8.63 | 7.17 |
| NTGI STRUCTURED | Russell 2000 Index | 10/1/1999 | 224,516,604.70 | 1.94 | 1.59 | 1.97 | 8.86 | 8.72 | 20.46 | 19.82 | 39.27 | 38.82 | 17.67 | 15.67 | 22.46 | 20.08 | 10.29 | 9.07 | 10.68 | 8.70 |
| RIVER ROAD | Russell 3000 Value Index | 7/1/2011 | 33,807,560.99 | 0.29 | 1.82 | 2.48 | 8.41 | 9.95 | 13.03 | 14.60 | 32.55 | 32.69 | | | | | | | 16.25 | 16.77 |
| S&P 500 INDEX | KY Ret. S&P Blend | 7/1/2001 | 1,372,210,602.91 | 11.85 | 2.52 | 2.53 | 10.50 | 10.51 | 16.28 | 16.31 | 32.34 | 32.39 | 16.52 | 16.28 | 18.14 | 18.42 | 7.80 | 7.81 | 5.98 | 5.92 |
| SASCO CAPITAL | Russell Midcap Value Index | 7/1/2012 | 48,927,355.57 | 0.42 | 2.34 | 2.74 | 8.29 | 8.56 | 20.47 | 14.95 | 32.41 | 33.46 | | | | | | | 26.01 | 29.13 |
| SYSTEMATIC | Russell Midcap Value Index | 7/1/2012 | 204,061,362.41 | 1.76 | 3.09 | 2.74 | 8.26 | 8.56 | 18.80 | 14.95 | 34.69 | 33.46 | | | | | | | 29.13 | 29.13 |
| TRANSITION ACCOUNT | | 7/1/2011 | 202.32 | 0.00 | 7.74 | | 77.49 | | 90.86 | | 87.99 | | | | | | | | 27.70 | |
| WESTFIELD CAPITAL | Russell 3000 Growth Index | 7/1/2011 | 125,829,886.70 | 1.09 | 3.13 | 2.79 | 11.63 | 10.25 | 23.18 | 19.60 | 38.88 | 34.23 | | | | | | | 18.07 | 16.88 |
| WESTWOOD MGMT | Russell 3000 Value Index | 7/1/2011 | 107,859,129.88 | 0.93 | 2.83 | 2.48 | 9.52 | 9.95 | 14.90 | 14.60 | 34.02 | 32.69 | | | | | | | 14.48 | 16.77 |
| EQUITY NON US | KY Ret.Int'l Eq. Blended Index | 7/1/2000 | 2,365,756,304.40 | 20.43 | 1.14 | 0.90 | 5.25 | 4.81 | 15.74 | 15.47 | 18.34 | 15.78 | 4.44 | 5.64 | 12.44 | 13.18 | 6.98 | 7.23 | 2.82 | 3.43 |
| BLACKROCK ACWI EX | MSCI All Country World Ex United States Net Index | 7/1/2009 | 765,353,632.95 | 6.61 | 1.12 | 0.88 | 4.92 | 4.77 | 15.37 | 15.34 | 15.55 | 15.29 | 5.41 | 5.14 | | | | | 11.28 | 11.07 |
| BOSTON CO NON-US VALUE | KY MSCI Blended Index | 5/1/2005 | 717,807,990.68 | 6.20 | 0.62 | 0.90 | 5.35 | 4.81 | 15.38 | 15.47 | 19.87 | 15.78 | 4.82 | 6.24 | 10.15 | 11.73 | | | 5.26 | 5.87 |
| NTGI INTL SM CAP | MSCI AC World ex USA Small Cap Net Index | 12/1/2008 | 159,519,643.00 | 1.38 | 1.78 | 1.75 | 4.68 | 4.63 | 17.62 | 17.58 | 20.73 | 19.73 | 4.97 | 4.97 | 18.03 | 18.73 | | | 19.28 | 20.16 |
| PYRAMIS NON-US GROWTH | KY MSCI Blended Index | 8/1/2001 | 723,075,037.77 | 6.24 | 1.55 | 0.90 | 5.88 | 4.81 | 16.25 | 15.47 | 19.29 | 15.78 | 7.33 | 6.24 | 12.81 | 11.73 | 7.53 | 6.81 | 7.27 | 6.26 |
| EQ EMERGING MKTS | MSCI Emerging Markets Index | 7/1/2011 | 327,067,165.87 | 2.82 | -1.07 | -1.44 | 2.11 | 1.86 | 7.06 | 7.87 | -2.31 | -2.27 | | | | | | | 0.96 | -2.49 |
| ABERDEEN | MSCI Emerging Markets Index | 4/1/2008 | 114,455,438.02 | 0.99 | -1.80 | -1.44 | -0.44 | 1.86 | 2.00 | 7.87 | -5.78 | -2.27 | 1.82 | -1.74 | 19.85 | 15.15 | | | 7.74 | 1.09 |
| BLACKROCK EMERG MKTS | MSCI Emerging Markets Net Dividend Index | 7/1/2013 | 86,389,372.02 | 0.75 | -1.33 | -1.45 | 1.92 | 1.83 | 7.74 | 7.70 | | | | | | | | | 7.74 | 7.70 |
| WELLINGTON | MSCI Emerging Markets Index | 4/1/2008 | 126,222,355.83 | 1.09 | -0.21 | -1.44 | 4.67 | 1.86 | 11.56 | 7.87 | 0.33 | -2.27 | -2.38 | -1.74 | 13.49 | 15.15 | | | 1.07 | 1.09 |
| PUBLIC EQUITY | Global Equity Blended Index | 4/1/1984 | 5,273,684,235.64 | 45.53 | 1.67 | 1.48 | 7.23 | 6.93 | 16.01 | 15.54 | 23.73 | 22.38 | 9.96 | 10.09 | 14.97 | 15.17 | 6.94 | 6.82 | 11.13 | 10.95 |
| FIXED INCOME | KY Ret.Fixed Blended Index | 4/1/1984 | 2,123,579,039.88 | 18.33 | -0.21 | -0.44 | 0.91 | 0.22 | 2.13 | 0.97 | -0.03 | -1.35 | 5.54 | 4.03 | 6.93 | 5.21 | 5.07 | 4.83 | 8.01 | 7.72 |
| COLUMBIA | Barclays U.S. Corporate High Yield | 11/1/2011 | 164,388,532.60 | 1.42 | 0.39 | 0.54 | 3.09 | 3.58 | 5.27 | 5.95 | 6.45 | 7.44 | | | | | | | 10.69 | 10.84 |
| LOOMIS | Barclays U.S. Corporate High Yield | 11/1/2011 | 168,927,527.41 | 1.46 | 0.75 | 0.54 | 3.40 | 3.58 | 5.31 | 5.95 | 5.80 | 7.44 | | | | | | | 12.70 | 10.84 |
| MANULIFE ASSET MGMT | Barclays Multiverse Index | 12/1/2011 | 115,880,890.55 | 1.00 | 0.08 | -0.53 | 1.61 | -0.25 | 2.12 | 2.56 | 1.58 | -2.19 | | | | | | | 6.43 | 1.56 |
| NISA | Barclays U.S. Aggregate Bond Index | 2/1/2009 | 539,115,925.08 | 4.65 | -0.60 | -0.57 | -0.17 | -0.14 | 0.34 | 0.43 | -2.19 | -2.02 | 3.27 | 3.26 | | | | | 4.84 | 4.71 |
| PIMCO | PIMCO Blended Index | 11/1/2009 | 779,729,341.51 | 6.73 | -0.72 | -0.40 | -0.09 | -0.11 | 1.24 | 1.19 | -3.38 | -2.23 | 3.35 | 3.71 | | | | | 3.85 | |
| SHENKMAN CAP | Shenkman Blended Index | 10/1/2010 | 116,096,503.49 | 1.00 | 0.65 | 0.51 | 2.82 | 2.65 | 4.27 | 4.43 | 5.67 | 6.42 | 6.33 | 7.41 | | | | | 6.64 | 7.89 |
| STONE HARBOR | JP Morgan Emerging Markets Bond Index GD | 12/1/2010 | 112,038,230.08 | 0.97 | 0.22 | 0.51 | -0.50 | 1.53 | -0.51 | 2.73 | -8.79 | -5.25 | 4.48 | 6.10 | | | | | 4.49 | 5.78 |
| WATERFALL | Opportunistic FI Blended Index | 2/1/2010 | 127,402,089.16 | 1.10 | 1.20 | 0.38 | 4.73 | 2.27 | 7.90 | 3.65 | 12.84 | 5.06 | 12.24 | 6.03 | | | | | 15.10 | 6.91 |
| REAL RETURN | PENSION REAL RETURN CUSTOM BM | 7/1/2011 | 1,079,737,100.08 | 9.32 | -1.44 | -1.22 | -0.89 | -1.44 | 0.52 | -0.31 | -4.37 | 2.33 | | | | | | | 4.56 | 3.48 |
| AMERRA AGRI FUND II | | 12/1/2012 | 31,355,135.51 | 0.27 | 1.41 | | 1.41 | | 2.81 | | 0.06 | | | | | | | | 0.06 | |
| INTERNAL TIPS | Barclays U.S. Treasury: US TIPS Index | 5/1/2002 | 285,728,806.06 | 2.47 | -1.42 | -1.47 | -1.94 | -2.00 | -1.09 | -1.31 | -8.45 | -8.61 | 3.52 | 3.55 | 5.39 | 5.63 | 4.87 | 4.85 | 5.91 | 5.87 |
| MAGNETAR MTP | | 7/1/2013 | 78,292,760.00 | 0.68 | -1.51 | | 0.87 | | 3.07 | | | | | | | | | | 3.07 | |
| PIMCO ALL ASSET | Barclays U.S. Treasury Inflation Notes: 1-10 Year | 12/1/2011 | 326,292,536.94 | 2.82 | -2.34 | -1.24 | -1.15 | -1.30 | 1.76 | -0.40 | -1.66 | -5.58 | | | | | | | 6.52 | -0.49 |
| TORTOISE CAPITAL | Alerian MLP Index | 8/1/2009 | 70,719,834.93 | 0.61 | 3.80 | 1.64 | 8.52 | 5.28 | 9.27 | 4.52 | 36.72 | 27.58 | 20.23 | 15.04 | | | | | 25.96 | 22.45 |
| TPF II | | 10/1/2008 | 15,384,257.00 | 0.13 | -8.50 | | -8.50 | | -12.16 | | -16.55 | | -3.28 | | -2.72 | | | | -4.96 | |
| WEAVER TIPS | Barclays U.S. Treasury: US TIPS Index | 7/1/2001 | 271,963,769.64 | 2.35 | -1.50 | -1.47 | -1.99 | -2.00 | -0.94 | -1.31 | -8.20 | -8.61 | 3.70 | 3.55 | 5.42 | 5.63 | 4.99 | 4.85 | 6.02 | 5.93 |
| ABSOLUTE RETURN | HFRI Fund of Funds Diversified Index - 1 Month Arreai | 4/1/2010 | 1,190,308,068.72 | 10.28 | 1.24 | 1.18 | 4.03 | 3.55 | 4.22 | 2.41 | 12.08 | 8.54 | 7.60 | 2.97 | | | | | 5.49 | 3.24 |
| BAAM | | 9/1/2011 | 377,374,331.00 | 3.26 | 1.11 | | 3.37 | | 4.06 | | 11.54 | | | | | | | | 8.36 | |
| HBK II | | 12/1/2013 | 15,144,030.00 | 0.13 | 0.96 | | | | | | | | | | | | | | 0.96 | |
| KNIGHTHEAD | | | 15,000,000.00 | 0.13 | | | | | | | | | | | | | | | | |
| MKP OPPORTUNITY | | 11/1/2013 | 15,450,499.52 | 0.13 | 1.39 | | | | | | | | | | | | | | 3.00 | |
| PAAMCO | | 9/1/2011 | 393,765,912.93 | 3.40 | 1.61 | | 5.01 | | 5.83 | | 15.09 | | | | | | | | 8.57 | |
| PRISMA CAPITAL | | 9/1/2011 | 373,573,295.27 | 3.23 | 1.05 | | 3.84 | | 2.90 | | 9.78 | | | | | | | | 6.16 | |
| REAL ESTATE | NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^ | 7/1/1984 | 394,967,896.76 | 3.41 | 0.47 | 3.35 | 0.70 | 3.35 | 2.38 | 7.07 | 9.17 | 11.96 | 10.88 | 13.17 | 7.94 | -0.24 | 6.56 | 6.09 | 5.56 | 5.93 |
| FHA MORTGAGES | | 10/1/1990 | 1,803,719.66 | 0.02 | 0.49 | | -0.19 | | 0.90 | | 2.73 | | 7.03 | | 7.08 | | 3.21 | | 8.08 | |
| GREENFIELD ACQ VI | | 12/1/2012 | 36,308,199.00 | 0.31 | 0.78 | | 0.78 | | 4.46 | | 11.35 | | | | | | | | 10.43 | |
| H/2 CORE RE DEBT FD | | 10/1/2013 | 3,120,653.00 | 0.03 | 0.00 | | 0.00 | | | | | | | | | | | | 0.00 | |
| H/2 CREDIT PARTNER | | 7/1/2011 | 91,644,723.96 | 0.79 | 0.00 | | 0.59 | | 0.06 | | 4.52 | | | | | | | | 6.55 | |
| HARRISON STREET | | 5/1/2012 | 90,337,878.00 | 0.78 | 2.66 | | 2.66 | | 6.37 | | 9.69 | | | | | | | | 6.02 | |
| MESA WEST CORE LEND | | 5/1/2013 | 51,948,297.00 | 0.45 | 1.06 | | 1.06 | | 2.78 | | | | | | | | | | 2.78 | |
| MESA WEST RE INC II | | 1/1/2010 | 23,073,769.00 | 0.20 | 0.55 | | 0.55 | | 0.37 | | 26.54 | | 19.10 | | | | | | 9.31 | |
| PRIMA MORTGAGE | | 5/1/2009 | 54,610,108.39 | 0.47 | -3.49 | | -2.91 | | -1.53 | | 1.73 | | 5.86 | | | | | | 10.12 | |
| RUBENSTEIN PF II | | 7/1/2013 | 6,040,857.59 | 0.05 | -3.49 | | -3.49 | | -3.49 | | | | | | | | | | -3.49 | |
| WALTON ST RE FD VI | | 5/1/2009 | 33,068,032.00 | 0.29 | 1.80 | | 1.80 | | 6.07 | | 15.24 | | 24.24 | | | | | | -37.47 | |
| WALTON ST RE FD VII | | 6/1/2013 | 3,011,659.16 | 0.03 | 3.03 | | 3.03 | | 5.69 | | | | | | | | | | 5.69 | |
| PRIVATE EQUITY | Russell 3000 + 4%(Qtr Lag) | 10/1/1990 | 1,161,837,854.95 | 10.03 | 5.35 | 3.97 | 5.33 | 3.97 | 7.98 | 11.18 | 15.11 | 26.25 | 13.30 | 16.02 | 9.67 | 20.40 | 10.16 | 8.97 | 11.12 | |
| CASH ACCOUNT | Citigroup Treasury Bill-3 Month | 1/1/1988 | 350,974,660.73 | 3.03 | 0.02 | 0.00 | 0.07 | 0.00 | 0.51 | 0.02 | 0.64 | 0.05 | 0.41 | 0.07 | 0.66 | 0.10 | 2.16 | 1.59 | 4.09 | 3.62 |

KENTUCKY RETIREMENT SYSTEMS - INSURANCE FUND - NET RETURNS - 12/31/13

| Structure | Benchmark | Inception | Market Value | % of Total | Month | | QTD | | Fiscal YTD | | 1 Year | | 3 Years | | 5 Years | | 10 Years | | ITD | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL FUND** | **KY Ins. Blended Index** | **4/1/1987** | **3,869,160,141.80** | **100.00** | **1.19** | **1.19** | **4.40** | **3.92** | **8.94** | **8.32** | **12.33** | **13.23** | **7.23** | **8.46** | **11.90** | **13.18** | **6.09** | **6.24** | **7.62** | **7.98** |
| **US PUBLIC** | **KY Domestic Equity Blend** | **7/1/1992** | **987,279,871.63** | **25.52** | **2.54** | **2.64** | **9.81** | **10.10** | **17.43** | **17.09** | **33.56** | **33.55** | **15.78** | **16.22** | **17.89** | **18.39** | **7.76** | | **9.62** | |
| GENEVA CAPITAL | Russell Midcap Growth Index | 7/1/2012 | 85,122,496.75 | 2.20 | 2.96 | 3.19 | 6.96 | 8.23 | 18.65 | 18.34 | 31.70 | 35.74 | | | | | | | 22.57 | 28.35 |
| NTGI STRUCTURED | Russell 2000 Index | 7/1/2011 | 108,274,329.01 | 2.80 | 1.66 | 1.97 | 9.02 | 8.72 | 20.35 | 19.82 | 39.24 | 38.82 | | | | | | | 17.83 | 16.26 |
| RIVER ROAD | Russell 3000 Value Index | 7/1/2011 | 14,241,642.71 | 0.37 | 1.80 | 2.48 | 8.48 | 9.95 | 13.11 | 14.60 | 32.64 | 32.69 | | | | | | | 16.33 | 16.77 |
| S&P 500 INDEX | KY Ins. S&P Blend | 7/1/2001 | 588,557,022.05 | 15.21 | 2.52 | 2.53 | 10.49 | 10.51 | 16.26 | 16.31 | 32.27 | 32.39 | 16.35 | 16.28 | 18.24 | 18.42 | 7.92 | 7.81 | 6.04 | 5.92 |
| SASCO CAPITAL | Russell Midcap Value Index | 7/1/2012 | 17,867,800.35 | 0.46 | 2.25 | 2.74 | 8.19 | 8.56 | 20.32 | 14.95 | 32.23 | 33.46 | | | | | | | 25.89 | 29.13 |
| SYSTEMATIC | Russell Midcap Value Index | 7/1/2012 | 74,707,451.30 | 1.93 | 3.08 | 2.74 | 8.31 | 8.56 | 18.81 | 14.95 | 34.70 | 33.46 | | | | | | | 29.13 | 29.13 |
| TRANSITION ACCOUNT | | 9/1/2004 | 100.27 | 0.00 | 4.32 | | 6.38 | | -7.84 | | -10.78 | | | | | | | | | |
| WESTFIELD CAPITAL | Russell 3000 Growth Index | 7/1/2011 | 53,118,078.38 | 1.37 | 3.11 | 2.79 | 11.82 | 10.25 | 23.36 | 19.60 | 39.06 | 34.23 | | | | | | | 18.17 | 16.88 |
| WESTWOOD MGMT | Russell 3000 Value Index | 7/1/2011 | 45,390,950.81 | 1.17 | 2.82 | 2.48 | 9.71 | 9.95 | 15.12 | 14.60 | 34.21 | 32.69 | | | | | | | 14.54 | 16.77 |
| **EQUITY NON US** | **KRS Ins.Int'l Eq Blend** | **4/1/2000** | **779,185,362.67** | **20.14** | **1.17** | **0.90** | **5.36** | **4.81** | **15.80** | **15.47** | **17.94** | **15.78** | **-2.22** | **5.78** | **7.72** | **12.41** | **5.17** | **6.88** | **1.42** | **2.30** |
| BLACKROCK ACWI EX-US | MSCI All Country World Ex United States Net Index | 6/1/2012 | 238,676,341.80 | 6.17 | 1.10 | 0.88 | 4.90 | 4.77 | 15.31 | 15.34 | 14.68 | 15.29 | | | | | | | 22.60 | 23.00 |
| BLACKROCK ACWI EX-US SM ( | MSCI AC World ex USA Small Cap Net Index | 7/1/2013 | 55,467,736.95 | 1.43 | 1.76 | 1.75 | 4.66 | 4.63 | 20.18 | 17.58 | | | | | | | | | 20.18 | 17.58 |
| BOSTON CO NON-US VALUE | KY MSCI ACWI EX USA GD | 6/1/2008 | 243,316,050.46 | 6.29 | 0.64 | 0.90 | 5.35 | 4.81 | 15.15 | 15.47 | 19.32 | 15.78 | 4.68 | 6.24 | 10.15 | 11.73 | | | 1.35 | 0.33 |
| PYRAMIS NON-US GROWTH | KY MSCI ACWI EX USA GD | 8/1/2001 | 241,725,233.46 | 6.25 | 1.63 | 0.90 | 6.00 | 4.81 | 15.98 | 15.47 | 18.81 | 15.78 | 7.05 | 6.24 | 12.64 | 11.73 | 7.42 | 6.81 | 7.20 | 6.26 |
| **EQ EMERGING MKT** | **MSCI Emerging Markets Index** | **7/1/2011** | **136,128,583.34** | **3.52** | **-1.08** | **-1.44** | **2.05** | **1.86** | **6.93** | **7.87** | **-2.33** | **-2.27** | | | | | | | **0.98** | **-2.49** |
| ABERDEEN | MSCI Emerging Markets Index | 4/1/2008 | 47,983,189.98 | 1.24 | -1.77 | -1.44 | -0.42 | 1.86 | 1.94 | 7.87 | -5.82 | -2.27 | 1.80 | -1.74 | 19.83 | 15.15 | | | 7.73 | 1.09 |
| BLACKROCK EMERG MKTS | MSCI Emerging Markets Net Dividend Index | 7/1/2013 | 38,959,254.75 | 1.01 | -1.32 | -1.45 | 1.93 | 1.83 | 7.75 | 7.70 | | | | | | | | | 7.75 | 7.70 |
| WELLINGTON | MSCI Emerging Markets Index | 4/1/2008 | 49,186,138.61 | 1.27 | -0.21 | -1.44 | 4.68 | 1.86 | 11.56 | 7.87 | 0.47 | -2.27 | -2.33 | -1.74 | 13.52 | 15.15 | | | 1.10 | 1.09 |
| **PUBLIC EQUITY** | **Global Equity Blended Index** | **7/1/1992** | **1,902,593,817.64** | **49.17** | **1.71** | **1.51** | **7.37** | **6.99** | **15.95** | **15.63** | **23.59** | **21.90** | **9.62** | **10.05** | **14.55** | **14.85** | **6.78** | **6.45** | **9.09** | **8.85** |
| **FIXED INCOME** | **KRS Ins. Fixed Blended Index** | **7/1/1992** | **684,889,995.84** | **17.70** | **-0.26** | **-0.44** | **0.66** | **0.22** | **2.14** | **0.97** | **-0.18** | **-1.35** | **5.64** | **4.62** | **6.69** | **6.29** | **5.59** | **5.17** | **6.88** | **6.64** |
| COLUMBIA | Barclays U.S. Corporate High Yield | 11/1/2011 | 51,614,398.07 | 1.33 | 0.41 | 0.54 | 3.02 | 3.58 | 5.13 | 5.95 | 6.04 | 7.44 | | | | | | | 10.48 | 10.84 |
| LOOMIS | Barclays U.S. Corporate High Yield | 11/1/2011 | 52,995,775.13 | 1.37 | 0.09 | 0.54 | 2.85 | 3.58 | 4.93 | 5.95 | 4.89 | 7.44 | | | | | | | 11.91 | 10.84 |
| MANULIFE ASSET MGMT | Barclays Multiverse Index | 12/1/2011 | 32,880,010.88 | 0.85 | -0.03 | -0.53 | 1.72 | -0.25 | 3.22 | 2.56 | 2.78 | -2.19 | | | | | | | 6.84 | 1.56 |
| NISA | Barclays U.S. Aggregate Bond Index | 7/1/2011 | 186,134,292.08 | 4.81 | -0.59 | -0.57 | -0.17 | -0.14 | 0.41 | 0.43 | -2.12 | -2.02 | | | | | | | 2.88 | 2.82 |
| PIMCO | PIMCO Blended Index | 4/1/2011 | 251,968,903.11 | 6.51 | -0.74 | -0.40 | -0.42 | -0.11 | 0.96 | 1.19 | -3.57 | -2.23 | | | | | | | 3.48 | 3.93 |
| SHENKMAN CAP | Shenkman Blended Index | 7/1/2011 | 36,638,047.28 | 0.95 | 0.67 | 0.51 | 2.58 | 2.65 | 7.53 | 4.43 | 9.02 | 6.42 | | | | | | | 7.84 | 7.36 |
| STONE HARBOR | JP Morgan Emerging Markets Bond Index GD | 7/1/2011 | 29,691,332.60 | 0.77 | 0.32 | 0.51 | -0.58 | 1.53 | -0.47 | 2.73 | -9.04 | -5.25 | | | | | | | 2.73 | 5.39 |
| WATERFALL | Opportunistic FI Blended Index | 7/1/2011 | 42,967,236.69 | 1.11 | 1.51 | 0.38 | 3.87 | 2.27 | 6.83 | 3.65 | 12.30 | 5.06 | | | | | | | 14.14 | 5.88 |
| **REAL RETURN** | **INSURANCE REAL RET CUSTOM BM** | **7/1/2011** | **380,601,451.36** | **9.84** | **-1.36** | **-1.18** | **-0.97** | **-1.47** | **0.52** | **-0.34** | **-4.92** | **2.30** | | | | | | | **4.11** | **3.47** |
| AMERRA AGRI FUND II | | 12/1/2012 | 12,645,566.64 | 0.33 | 1.41 | | 1.41 | | 2.81 | | 0.06 | | | | | | | | 0.06 | |
| INTERNAL TIPS | Barclays U.S. Treasury: US TIPS Index | 10/1/2003 | 219,883,783.77 | 5.68 | -1.41 | -1.47 | -1.93 | -2.00 | -0.38 | -1.31 | -7.78 | -8.61 | 3.79 | 3.55 | 5.57 | 5.63 | 5.02 | 4.85 | 5.20 | 4.89 |
| MAGNETAR MTP | | 7/1/2013 | 24,178,624.00 | 0.62 | -1.51 | | 0.86 | | 3.06 | | | | | | | | | | 3.06 | |
| PIMCO ALL-ASSET | Barclays U.S. Treasury Inflation Notes: 1-10 Year | 12/1/2011 | 102,186,014.95 | 2.64 | -2.34 | -1.24 | -1.15 | -1.30 | 1.76 | -0.40 | -1.66 | -5.58 | | | | | | | 6.52 | -0.49 |
| TORTOISE CAP | Alerian MLP Index | 8/1/2009 | 19,998,100.00 | 0.52 | 3.78 | 1.64 | 8.50 | 5.28 | 9.25 | 4.52 | 36.32 | 27.58 | 20.98 | 15.04 | | | | | 26.48 | 22.45 |
| TPF II | | 10/1/2008 | 1,709,362.00 | 0.04 | -8.50 | | -8.50 | | -12.16 | | -16.55 | | -3.28 | | -2.72 | | | | -4.96 | |
| **REAL ESTATE** | **NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^** | **5/1/2009** | **143,126,916.84** | **3.70** | **4.67** | **3.35** | **4.91** | **3.35** | **3.23** | **7.07** | **8.85** | **11.96** | **11.28** | **13.17** | | | | | **8.93** | **2.27** |
| GREENFIELD ACQ VI | | 12/1/2012 | 15,958,654.00 | 0.41 | 0.78 | | 0.78 | | 4.46 | | 11.34 | | | | | | | | 10.42 | |
| H/2 CORE RE DEBT FD | | 10/1/2013 | 1,316,294.00 | 0.03 | 0.00 | | 0.00 | | | | | | | | | | | | 0.00 | |
| H/2 CREDIT PARTNER | | 7/1/2011 | 26,080,675.98 | 0.67 | 0.00 | | 0.57 | | 0.04 | | 4.50 | | | | | | | | 6.50 | |
| HARRISON STREET | | 5/1/2012 | 29,880,061.00 | 0.77 | 17.75 | | 17.75 | | 4.03 | | 6.81 | | | | | | | | 4.33 | |
| MESA WEST CORE LEND | | 5/1/2013 | 23,244,215.00 | 0.60 | 1.05 | | 1.05 | | 2.77 | | | | | | | | | | 2.77 | |
| MESA WEST RE INC II | | 1/1/2010 | 2,563,751.00 | 0.07 | 0.55 | | 0.55 | | 0.37 | | 26.54 | | 19.10 | | | | | | 9.31 | |
| PRIMA MORTGAGE | | 5/1/2009 | 36,413,398.33 | 0.94 | 4.24 | | 4.71 | | 4.97 | | 8.45 | | 7.92 | | | | | | 11.54 | |
| RUBENSTEIN PF II | | 7/1/2013 | 2,671,917.59 | 0.07 | -3.49 | | -3.49 | | -3.49 | | | | | | | | | | -3.49 | |
| WALTON ST RE FD VI | | 5/1/2009 | 3,674,226.00 | 0.09 | 1.80 | | 1.80 | | 6.07 | | 15.24 | | 24.24 | | | | | | -37.47 | |
| WALTON ST RE FD VII | | 7/1/2013 | 1,323,723.94 | 0.03 | 3.03 | | 3.03 | | 5.69 | | | | | | | | | | 5.69 | |
| **ABSOLUTE RETURN** | **HFRI Fund of Funds Diversified Index - 1 Month Arrears** | **4/1/2010** | **375,444,928.07** | **9.70** | **1.24** | **1.18** | **4.03** | **3.55** | **4.22** | **2.41** | **11.99** | **8.54** | **7.60** | **2.97** | | | | | **5.34** | **3.24** |
| BAAM | | 9/1/2011 | 119,033,185.00 | 3.08 | 1.11 | | 3.38 | | 4.06 | | 11.51 | | | | | | | | 8.42 | |
| HBK II | | 12/1/2013 | 5,048,010.00 | 0.13 | 0.96 | | | | | | | | | | | | | | 0.96 | |
| KNIGHTHEAD | | | 5,000,000.00 | 0.13 | | | | | | | | | | | | | | | | |
| MKP OPPORTUNITY | | 11/1/2013 | 5,150,166.47 | 0.13 | 1.59 | | | | | | | | | | | | | | 3.00 | |
| PAAMCO | | 9/1/2011 | 123,202,475.05 | 3.18 | 1.82 | | 5.00 | | 5.83 | | 14.91 | | | | | | | | 8.59 | |
| PRISMA CAPITAL PAR | | 9/1/2011 | 118,011,091.55 | 3.05 | 1.54 | | 3.84 | | 2.90 | | 9.75 | | | | | | | | 6.24 | |
| **PRIVATE EQUITY** | **Russell 3000 + 4% (Qtr Lag)** | **6/1/2001** | **213,319,270.16** | **5.51** | **0.01** | **3.97** | **4.57** | **7.25** | **8.18** | **11.18** | **16.34** | **26.25** | **13.45** | **16.11** | **12.18** | **19.41** | **8.28** | **8.40** | **7.68** | **6.66** |
| **CASH ACCOUNT** | **Citigroup Treasury Bill-3 Month** | **7/1/1992** | **169,083,737.57** | **4.37** | **0.03** | **0.00** | **0.07** | **0.01** | **0.14** | **0.02** | **0.27** | **0.05** | **0.33** | **0.07** | **0.29** | **0.10** | **1.98** | **1.59** | **3.07** | **2.95** |

## KENTUCKY RETIREMENT SYSTEMS - PENSION & INSURANCE - PLAN PERFORMANCE & ALLOCATION - 12/31/13




### KRS - PENSION

| | Month | FYTD | 1 YR | 3 YR | 5 YR | 10 YR | ITD |
|---|---|---|---|---|---|---|---|
| **KERS** | **1.38** | **8.31** | **12.16** | **7.94** | **11.15** | **6.35** | **9.53** |
| KERS Plan Index | 1.34 | 8.43 | 13.52 | 8.40 | 12.00 | 6.51 | 9.67 |
| **KERS-H** | **1.28** | **8.96** | **12.84** | **8.16** | **11.28** | **6.41** | **9.55** |
| KHAZ Plan Index | 1.30 | 8.56 | 13.66 | 8.44 | 12.02 | 6.52 | 9.67 |
| **CERS** | **1.22** | **8.97** | **12.85** | **8.16** | **11.28** | **6.41** | **9.55** |
| CERS Plan Index | 1.30 | 8.56 | 13.66 | 8.44 | 12.02 | 6.52 | 9.67 |
| **CERS-H** | **1.22** | **8.93** | **12.80** | **8.15** | **11.27** | **6.41** | **9.55** |
| CHAZ Plan Index | 1.30 | 8.56 | 13.66 | 8.44 | 12.02 | 6.52 | 9.67 |
| **SPRS** | **1.25** | **8.98** | **12.86** | **8.17** | **11.28** | **6.41** | **9.55** |
| SPRS Plan Index | 1.30 | 8.56 | 13.66 | 8.44 | 12.02 | 6.52 | 9.67 |

### KRS - INSURANCE

| | Month | FYTD | 1 YR | 3 YR | 5 YR | 10 YR | ITD |
|---|---|---|---|---|---|---|---|
| **KERS INS** | **1.20** | **8.49** | **11.87** | **7.08** | **11.81** | **6.05** | **7.60** |
| INS KERS Plan Index | 1.22 | 8.57 | 13.49 | 8.55 | 13.24 | 6.27 | 7.99 |
| **KERS-H INS** | **1.20** | **9.10** | **12.50** | **7.28** | **11.94** | **6.11** | **7.63** |
| INS KHAZ Plan Index | 1.22 | 8.59 | 13.51 | 8.56 | 13.24 | 6.27 | 7.99 |
| **CERS INS** | **1.18** | **9.01** | **12.40** | **7.25** | **11.92** | **6.10** | **7.62** |
| INS CERS Plan Index | 1.22 | 8.59 | 13.51 | 8.56 | 13.24 | 6.27 | 7.99 |
| **CERS-H INS** | **1.17** | **8.96** | **12.35** | **7.24** | **11.91** | **6.10** | **7.62** |
| INS CHAZ Plan Index | 1.22 | 8.59 | 13.51 | 8.56 | 13.24 | 6.27 | 7.99 |
| **SPRS INS** | **1.22** | **8.98** | **12.38** | **7.25** | **11.91** | **6.10** | **7.62** |
| INS SPRS Plan Index | 1.22 | 8.59 | 13.51 | 8.56 | 13.24 | 6.27 | 7.99 |