

Absolute Return Review

October 22, 2015

Prepared at the request of:

Kentucky Retirement System



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Past performance does not guarantee future results.

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Important Information (Continued)

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KKR Prisma considers numerous factors in evaluating and selecting portfolio managers, and KKR Prisma may use some or all of the processes described herein when conducting due diligence on a potential fund or portfolio manager. KKR Prisma recognizes that a fund and/or portfolio manager may not meet all of its selection criteria, and KKR Prisma may, in its sole discretion, balance these factors or waive any of its selection criteria or due diligence processes as it deems necessary or appropriate.

Potential loss of investment – No guarantee or representation is made that the investment program used by KKR Prisma will be successful. Customized solutions represent speculative investments and involve a high degree of risk. An investment in any customized solution should be discretionary capital set aside strictly for speculative purposes. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment in a customized solution. An investment in a customized solution

Important Information (Continued)

is not suitable for all investors. An investor could lose or a substantial portion of his/her/its investment. Only qualified eligible investors may invest in a customized solution. Because of the nature of the trading activities, the results of a customized solution's operations may be volatile from month to month and from period to period. Accordingly, investors should understand that past performance is not indicative of future results. Customized solutions typically represent that their returns have a low correlation to the major market indices. Investors should be aware that customized solutions may incur losses both when major indices are rising and falling.

Use of leverage – Customized solutions may utilize leverage and may also invest in forward contracts, options, swaps and over-the-counter derivative instruments, among others. Like other leveraged investments, trading in these securities may result in losses in excess of the amount invested.

Regulatory risk – No customized solution will be registered under the 1940 Act. As a result, investors will not receive the protections of the 1940 Act afforded to investors in registered investment companies (i.e., “mutual funds”). The offering documents for customized solutions are not reviewed or approved by federal or state regulators and its privately placed interests are not federally or state registered. In addition, a customized solution may engage in trading on non-U. S. exchanges and markets. These markets and exchanges may exercise less regulatory oversight and supervision over transactions and participants in transactions.

Valuations – The net asset value of a customized solution may be determined by its administrator in consultation with KKR Prisma, or based on information from the manager(s) of the underlying funds. Certain portfolio assets may be illiquid and without a readily ascertainable market value and accuracy of valuations of other managers may be difficult to verify. Since the value assigned to portfolio securities affects a manager's or advisor's compensation, the manager's or advisor's involvement in the valuation process creates a potential conflict of interest.

The value assigned to such securities may differ substantially from the value a customized solution is able to realize. Instances of mispriced portfolios, due to fraud or negligence, have occurred in the industry.

Fees and expenses – A customized solution may be subject to substantial charges for management, advisory and brokerage fees. It may be necessary for those pools that are subject to these charges to make substantial trading profits to avoid depletion or exhaustion of their assets. Please refer to the relevant Confidential Placement Memorandum for a more complete description of risks and a comprehensive description of each expense to be charged to the customized solution.

Reliance on key persons – A customized solution's manager or advisor has total trading authority over the customized solution and may be subject to various conflicts of interest. The death, disability or departure of the manager or advisor may have a material effect on a customized solution.

Concentration – A customized solution may use a single advisor or employ a single strategy, which could mean a lack of diversification and higher risk. A fund of funds relies on the expertise of its underlying managers.

Counterparty and bankruptcy risk – Although KKR Prisma will attempt to limit its transactions to counterparties which are established, well-capitalized and creditworthy, a customized solution will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject a customized solution to substantial losses.

Limited liquidity – Your ability to redeem Interests will be limited and subject to certain restrictions and conditions under the applicable Limited Partner Agreement. No secondary public market for the sale of the Interests exists, nor is one likely to develop. In addition, your Interests will not be freely transferable.

Tax risks – Investors in customized solutions may be subject to pass-through tax treatment of their investment. Since profits generally will be reinvested in the customized solution rather than distributed to investors, investors may incur tax liabilities during a year in which they have not received a distribution of any cash from the underlying investments. In addition, it is likely that the general partner will not be able to prepare its tax returns in time for investors to file their returns without requesting an extension of time to file.

Volatile markets – Market prices are difficult to predict and are influenced by many factors, including: changes in interest rates, weather conditions, government intervention and changes in national and international political and economic events. Please refer to the relevant Confidential Private Placement Memorandum for a more comprehensive description of volatility factors.

Apex Equities, Niche/Tactical and Co-Investment Strategies – These strategies are managed by, and may generate management and/or performance fees for, KKR Prisma. As a result, certain potential conflicts of interest may exist in connection with such allocations.

The above summary is not a complete list of the risks, tax considerations and other important disclosures involved in investing in customized solutions and is subject to the more complete disclosures in the relevant Confidential Private Placement Memorandum and related Subscription Agreement, which must be reviewed carefully prior to making an investment.

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Absolute Return Allocation Overview

Definition

- Absolute return strategies, by definition, are not necessarily a separate asset class, but broaden the opportunity set within existing asset classes such as stocks, bonds, currencies and commodities by going long and short, employing derivatives and leverage, and shortening and extending investment horizons, amongst others

Purpose of the Portfolio

- Identify strategies that seek to provide both favorable stand-alone risk-adjusted returns as well as provide the benefit of diversification for the overall plan

KRS Investment Guidelines

- Achieve a rate of return that exceeds the appropriate benchmark (HFRI Diversified Fund of Fund Composite) annually net of all investment management fees, with similar risk relative to the benchmark
- For periods greater than five years or a full market cycle, achieve a rate of return that exceeds the appropriate long-term objective (1-year Treasury Bill rate + 500 basis points)

Key Differentiator

- A focus on absolute returns, largely uncorrelated to systematic market factors, such as equities or credit

Fiscal Year 2014 Review: Plan Summaries

Table 1: Plan Summaries

Current Absolute Return Allocations			
	Absolute Return (\$000)	Plan Value (\$000)	Percent
KERS	\$251,829.4	\$2,256,131.5	11.2%
KERSH	\$56,284.9	\$548,753.8	10.3%
CERS	\$670,858.2	\$6,382,178.9	10.5%
CERSH	\$212,582.0	\$2,063,506.1	10.3%
SPRS	\$25,388.7	\$237,436.0	10.7%
Pension Total	\$1,216,943.2	\$11,488,006.3	10.6%
KERS	\$69,738.4	\$653,935.4	10.7%
KERSH	\$46,278.5	\$437,828.3	10.6%
CERS	\$197,940.6	\$1,906,851.6	10.4%
CERSH	\$110,869.7	\$1,051,037.4	10.6%
SPRS	\$17,352.2	\$163,856.3	10.6%
Insurance Total	\$442,179.4	\$4,213,508.9	10.5%
Sum Total	\$1,659,122.6	\$15,701,515.2	10.6%

➤ Pension and insurance plans are all within 1% of the target absolute return allocation (10%), with the exception of KRS Pension, which is slightly overweight at 11.2%

Note: Data as of May 31, 2015 and is based on best available information provided by KRS.

Source: RVK Monthly Investment Performance Analysis – June 30, 2015 retrieved from www.kyret.gov on September 28, 2015.

Fiscal Year 2014 Review: Manager Summaries

Table 2: Manager Summaries

- Direct allocations have grown from ~4% at the start of 2014 to ~9% as of June 30, 2015
- Expected to grow by a further \$100M, or ~6% of June 30 absolute return allocation, by year end 2015 through approved or funded allocations to the following hedge funds:
 - Coatue (\$20M)
 - Glenview (\$20M)
 - QMS (\$20M)
 - Tourbillon (\$40M)

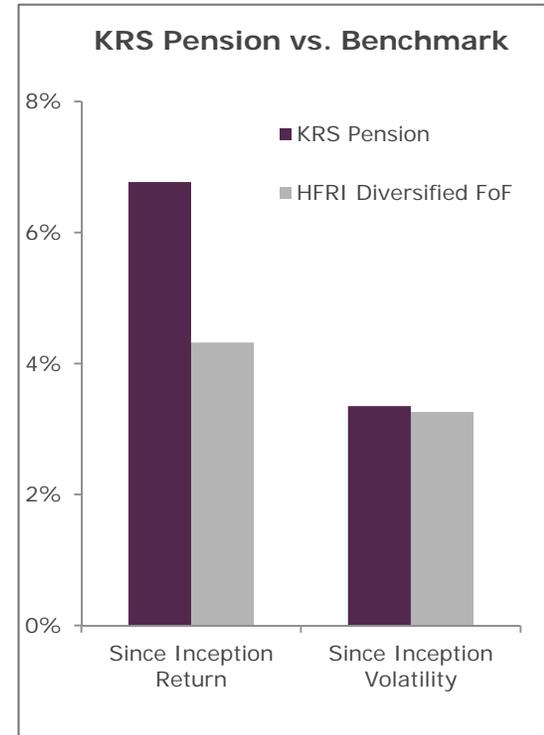
	Pension (\$000)	Insurance (\$000)	System (\$000)
Fund of Funds			
BAAM	\$375,661.0	\$139,376.9	\$515,037.9
KKR Prisma	\$368,994.3	\$139,009.3	\$508,003.6
PAAMCO	\$363,619.1	\$127,570.3	\$491,189.4
Fund of Funds Total	\$1,108,274.4	\$405,956.5	\$1,514,230.9
Direct Hedge Funds			
Pine River Fund L.P. *	\$16,176.7	\$5,392.2	\$21,568.9
HBK Fund II L.P.	\$16,071.1	\$5,357.0	\$21,428.2
Scopia PX LLC *	\$15,971.9	\$5,324.0	\$21,295.9
LibreMax Partners LP*	\$15,781.6	\$5,260.5	\$21,042.1
Knighthood Domestic Fund, L.P.	\$15,366.6	\$5,122.2	\$20,488.8
Jana Partners Qualified, L.P. *	\$15,366.3	\$5,122.1	\$20,488.5
Luxor Capital Partners, LP*	\$13,934.5	\$4,644.8	\$18,579.3
Direct Hedge Funds Total	\$108,668.8	\$36,222.9	\$144,891.7
Absolute Return Total	\$1,216,943.2	\$442,179.4	\$1,659,122.6

Note: Data as of May 31, 2015. Based on best available information provided by KRS. *Manager added in calendar year 2014
 Source: KRS Monthly Performance Update – June 2015 retrieved from www.kyret.gov on September 28, 2015.

Fiscal Year 2015 Review: Performance

Table 3: Performance Summaries (Net of Fees) *

	KRS Absolute Return Portfolio	HFRI Diversified FoF	Relative Performance
Fiscal YTD			
KRS Pension	3.68%	3.85%	-0.17%
KRS Insurance	3.73%	3.85%	-0.11%
3-Year Annualized Performance			
KRS Pension	8.37%	6.17%	2.19%
KRS Insurance	8.38%	6.17%	2.21%
Since Inception Annualized Performance			
KRS Pension	6.77%	4.32%	2.45%
KRS Insurance	6.74%	4.32%	2.41%



Note: Fiscal YTD performance has been calculated from July 2014 – June 2015. Since Inception performance has been calculated from September 2011 – June 2015. Volatility has been calculated based on the standard deviation of returns, annualized since the inception of the portfolio. Data is based on best available information provided by KRS. **Past performance does not guarantee future results.** *Source: KRS Monthly Performance Update retrieved from www.kyret.gov on September 28, 2015.

Fiscal Year 2015 Review: Performance

Table 4: Manager Returns (Net of Fees) *

	2015 FYTD KRS Performance	2015 FYTD Comparable Index Performance	Excess Return
BAAM	5.76%	3.85% ⁽¹⁾	1.92%
PAAMCO	0.92%	3.85% ⁽¹⁾	-2.92%
KKR Prisma	5.12%	3.85% ⁽¹⁾	1.27%
MKP Credit*	0.45%	1.82% ⁽²⁾	-1.37%
HBK Multi-Strategy Fund L.P.	1.02%	2.96% ⁽³⁾	-1.94%
JANA Partners Qualified, L.P.*	1.44%	-0.13% ⁽⁴⁾	1.57%
Knighthood Domestic Fund, L.P.	-8.76%	-5.97% ⁽⁵⁾	-2.79%
LibreMax Partners, L.P.*	5.33%	5.21% ⁽²⁾	0.12%
Luxor Capital Partners, L.P.	-5.31%	-0.77% ⁽⁴⁾	-4.53%
Pine River Fund L.P.	7.87%	2.96% ⁽³⁾	4.91%
Scopia PX LLC*	6.37%	3.32% ⁽⁶⁾	3.05%

- (1) HFRI Fund of Funds Diversified Index
- (2) HFRI RV: Fixed Income-Asset Backed Index
- (3) HFRI RV: Multi-Strategy Index
- (4) HFRI Event-Driven (Total) Index
- (5) HFRI ED: Distressed/Restructuring Index
- (6) HFRI EH: Equity Market Neutral Index

Note: Fiscal YTD performance has been calculated from July 2014 – June 2015. Based on best available information provided by KRS.

*Denotes performance for partial year based on KRS' investment in the fund. **Past performance does not guarantee future results.**

*Source: Kentucky Monthly Performance Update retrieved from www.kyret.gov on September 28, 2015.

Absolute Return Activity

KRS staff has continued to build out the System's direct hedge fund investment program, increasingly leveraging the manager due diligence capabilities of KKR Prisma through a trial partnership

Recent Investment Activity

- In addition to KRS' existing fund of hedge fund allocations, several direct hedge fund managers have been added to the portfolio:
 - **HBK Fund II, L.P.**
 - **Jana Partners Qualified, L.P.**
 - **Knighthood Domestic Fund, L.P.**
 - **LibreMax Partners LP**
 - **Luxor Capital Partners, LP**
 - **Pine River Fund L.P.**
 - **Scopia PX LLC**
- In September 2014, KRS fully redeemed from MKP, a fixed income arbitrage manager in the plan's direct hedge fund portfolio
- KRS staff and KKR Prisma established a trial partnership in which KKR Prisma provides due diligence analysis on direct hedge fund investments

Forward-Looking Plans

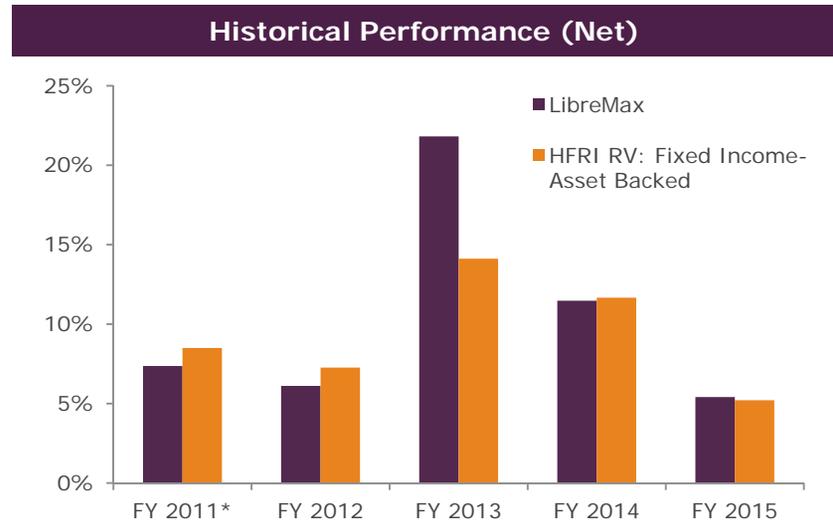
- Approved managers that have funded or are expected to fund in 2015:
 - **Coatue Qualified Partners, L.P.**
 - **Glenview Institutional Partners, LP**
 - **QMS Diversified Global Macro U.S. Fund LP**
 - **Tourbillon Global Equities, LLC**
- Maintain partnership with KKR Prisma as a fund of funds provider as well as an advisor to KRS as the plan continues to add to its direct hedge fund portfolio, with KKR Prisma providing:
 - Investment/Risk/Operational diligence
 - Manager and portfolio-level risk analytics
 - RiskMetrics onboarding of managers for improved analytics

Note: The above investment activity is for illustrative purposes only and subject to change.

LibreMax Partners LP

LibreMax Partners LP is a fixed income arbitrage fund with a focus on structured credit securities that include RMBS, Consumer ABS, CMBS, CLOs, and CDOs. The fund employs an active hedging approach that includes credit indices, sector specific/single stock equity puts and S&P put options

Fund/Manager Overview	
Strategy	Fixed Income Arbitrage
Geography	US
Firm AUM	~ \$3 billion
Firm Inception	2010
KRS Investment Date	July 2014
Manager Location	New York, NY
Portfolio Manager(s)	Greg Lippmann



FY 2015 Fund Highlights

- Mildly positive performance on RMBS and private student loan ABS portfolio

Key Performance Statistics (Net)	
3-Year Annualized Return	12.7%
5-Year Annualized Return	N/A
ITD Annualized Return	10.8%
ITD Annualized Volatility	3.9%
Beta to S&P	-0.03
Sharpe Ratio (ITD)	2.7

Note: Performance statistics as of June 30, 2015. FY 2015 Fund Highlights refers to July 2014 – June 2015. *Partial year. Fund/Manager overview information based on best available data. Inception-to-date statistics are based on the actual inception of the Fund. **Past**

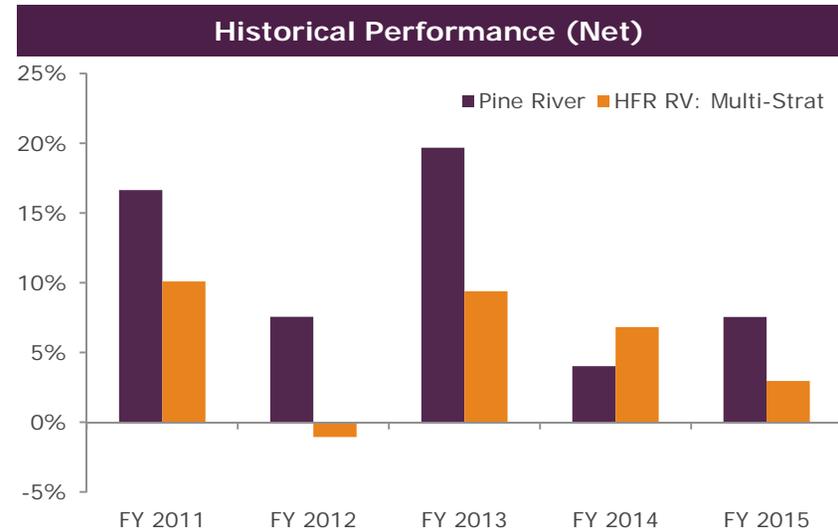
12 performance does not guarantee future results.



Pine River Fund L.P.

Pine River Fund L.P. employs a variety of relative value driven strategies in credit, equity market neutral, convertibles and mortgages, in an effort to find security-level mispricings across various global markets

Fund/Manager Overview	
Strategy	Relative Value
Geography	Global
Firm AUM	~ \$15 billion
Firm Inception	2002
KRS Investment Date	April 2014
Manager Location	Minnetonka, MN
Portfolio Manager(s)	Aaron Yeary, James Clark



FY 2015 Fund Highlights

- Strongest performing fund in the direct portfolio in the fiscal year
- Key positive performance drivers in the period were Chinese equities, US managed care equities and a short position in oil

Key Performance Statistics (Net)	
3-Year Annualized Return	10.2%
5-Year Annualized Return	10.9%
ITD Annualized Return	10.9%
ITD Annualized Volatility	10.1%
Beta to S&P	0.20
Sharpe Ratio (ITD)	0.90

Note: Performance statistics as of June 30, 2015. FY 2015 Fund Highlights refers to July 2014 – June 2015. Fund/Manager overview information based on best available data. Inception-to-date statistics are based on the actual inception of the Fund. **Past performance**

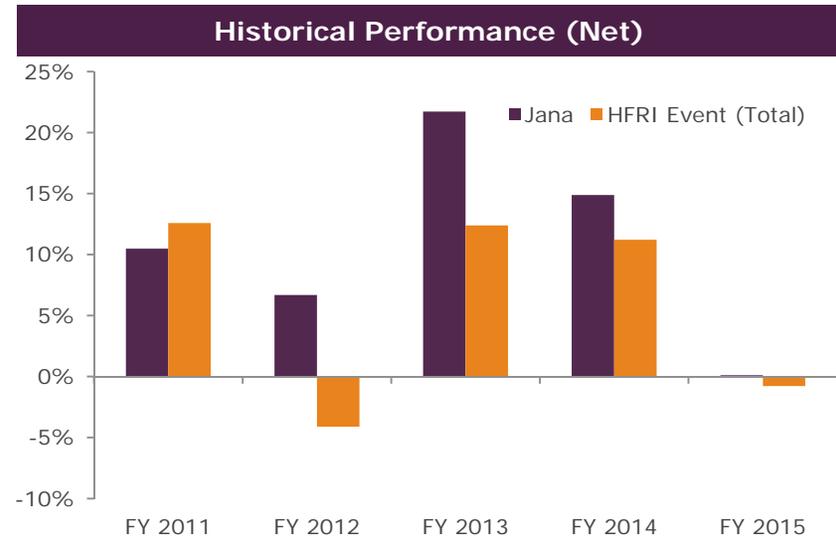
does not guarantee future results.



Jana Partners Qualified, L.P.

Jana Partners Qualified, L.P. is a value-oriented event driven fund that typically applies a fundamental value discipline in an effort to identify undervalued companies that have one or more specific catalysts to unlock value. The fund invests both long and short and across the capital structure

Fund/Manager Overview	
Strategy	Event Driven
Geography	Global / Predominantly US
Firm AUM	~ \$11 billion
Firm Inception	2001
KRS Investment Date	August 2014
Manager Location	New York, NY
Portfolio Manager(s)	Barry Rosenstein, David DiDomenico, Scott Ostfeld



FY 2015 Fund Highlights

- Overall environment is favorable for the fund/strategy: M&A activity is robust, companies have lots of cash on their balance sheets, positive sentiment towards activism (companies are listening and responding to activists), and there is a significant amount of money committed to private equity funds that has not been invested
- Largest long positions at fiscal year-end were activist positions in Con Agra and Qualcomm

Key Performance Statistics (Net)

3-Year Annualized Return	11.9%
5-Year Annualized Return	10.5%
ITD Annualized Return	11.1%
ITD Annualized Volatility	10.4%
Beta to S&P	0.4
Sharpe Ratio (ITD)	0.89

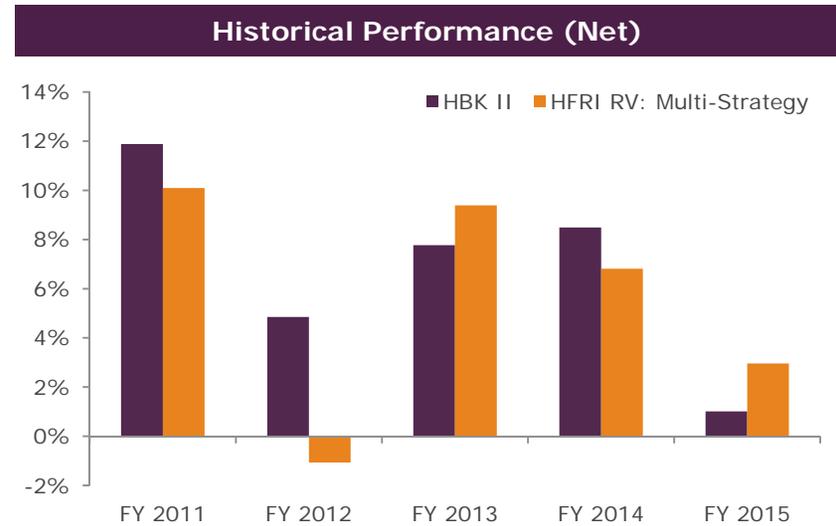
Note: Performance statistics as of June 30, 2015. FY 2015 Fund Highlights refers to July 2014 – June 2015. Fund/Manager overview information based on best available data. Inception-to-date statistics are based on the actual inception of the Fund. **Past**

performance does not guarantee future results.

HBK Fund II L.P.

HBK Fund II L.P. is a multi-strategy fund that is primarily focused on relative value and arbitrage strategies. The fund seeks to preserve capital through attractive risk-adjusted returns, relatively low volatility, and relatively low correlation to most major market indices

Fund/Manager Overview	
Strategy	Multi-Strategy
Geography	Global
Firm AUM	~ \$10 billion
Firm Inception	1991
KRS Investment Date	November 2013
Manager Location	Dallas, TX
Portfolio Manager(s)	Rich Booth, Jamiel Akhtar



FY 2015 Fund Highlights

- Positive performance contributions from event-driven equities, specifically the M&A portfolio
- Statistical arbitrage portfolio has been a laggard in 2015 after being a solid contributor to performance in previous years

Key Performance Statistics (Net)	
3-Year Annualized Return	5.7%
5-Year Annualized Return	6.7%
ITD Annualized Return	10.9%
ITD Annualized Volatility	4.0%
Beta to S&P	0.09
Sharpe Ratio (ITD)	1.89

Note: Performance statistics as of June 30, 2015. FY 2015 Fund Highlights refers to July 2014 – June 2015. Fund/Manager overview information based on best available data. Inception-to-date statistics are based on the actual inception of the Fund. **Past**

performance does not guarantee future results.

Knighthead Domestic Fund, L.P.

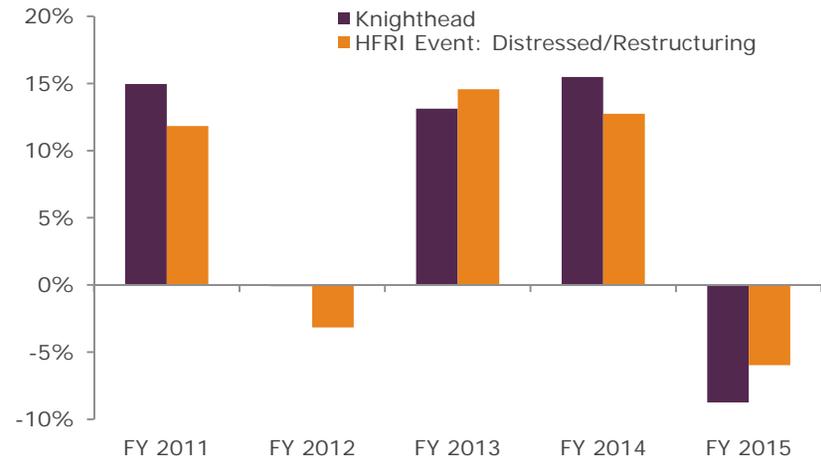
Knighthead Domestic Fund, L.P. is a credit/distressed fund with a focus on complex situations requiring restructuring

Fund/Manager Overview	
Strategy	Credit / Distressed
Geography	Global
Firm AUM	~ \$3 billion
Firm Inception	2008
KRS Investment Date	December 2013
Manager Location	New York, NY
Portfolio Manager(s)	Thomas Wagner

FY 2015 Fund Highlights

- Poor performance primarily driven by long positions in commodity-related investments, including coal. The coal investments were hedged by natural gas, which performed poorly as a hedge in the second quarter
- Long equity positions in airlines also detracted in the second quarter of 2015

Historical Performance (Net)



Key Performance Statistics (Net)

3-Year Annualized Return	6.0%
5-Year Annualized Return	6.5%
ITD Annualized Return	11.1%
ITD Annualized Volatility	8.5%
Beta to S&P	0.30
Sharpe Ratio (ITD)	1.23

Note: Performance statistics as of June 30, 2015. FY 2015 Fund Highlights refers to July 2014 – June 2015. Fund/Manager overview information based on best available data. Inception-to-date statistics are based on the actual inception of the Fund. **Past**

performance does not guarantee future results.

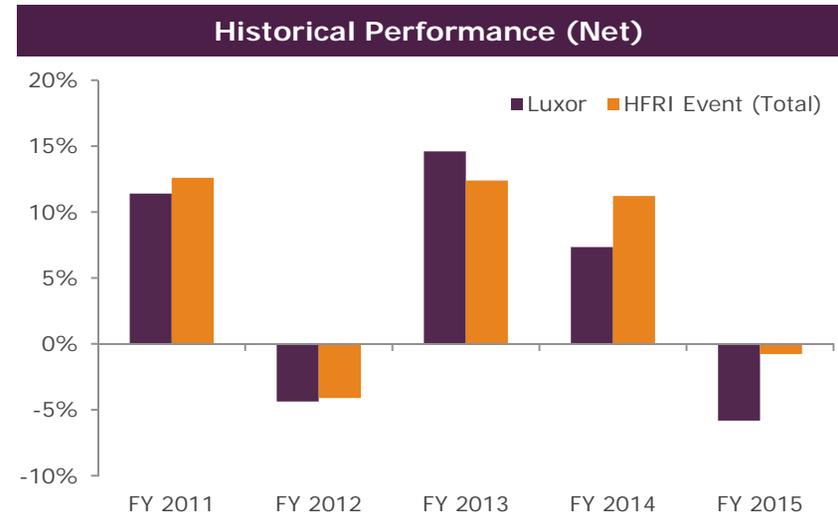
Luxor Capital Partners, LP

Luxor Capital Partners, LP is an event driven fund focused on investments, long and short, across capital structures, geographies and industries

Fund/Manager Overview	
Strategy	Event Driven
Geography	Global
Firm AUM	~ \$6 billion
Firm Inception	2002
KRS Investment Date	March 2014
Inception	April 2002
Manager Location	New York, NY
Portfolio Manager(s)	Christian Leone

FY 2015 Fund Highlights

- Poor performance in 2014, which continued in January 2015, primarily driven by long equity positions in the mortgage servicing sector
- Performance rebounded somewhat in February on improving fundamentals on several of the fund's retail positions



Key Performance Statistics (Net)

3-Year Annualized Return	5.0%
5-Year Annualized Return	4.3%
ITD Annualized Return	14.6%
ITD Annualized Volatility	13.2%
Beta to S&P	0.2
Sharpe Ratio (ITD)	0.97

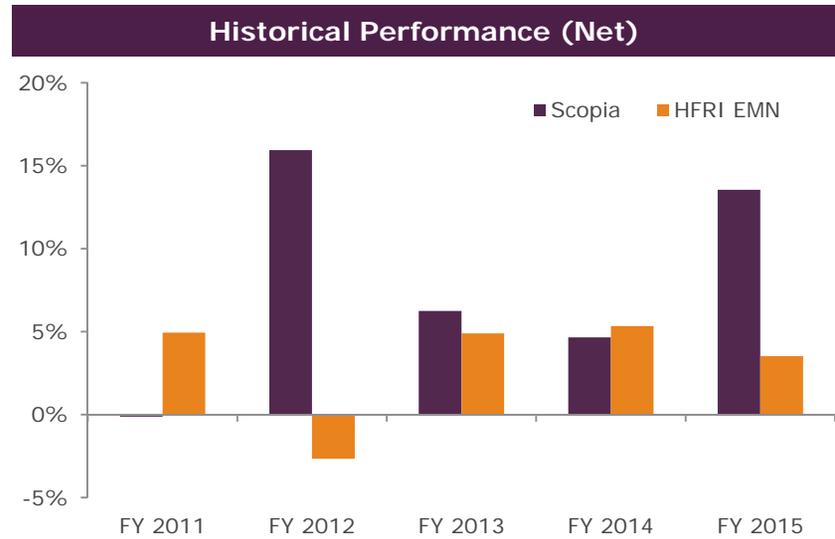
Note: Performance statistics as of June 30, 2015. FY 2015 Fund Highlights refers to July 2014 – June 2015. Fund/Manager overview information based on best available data. Inception-to-date statistics are based on the actual inception of the Fund. **Past**

performance does not guarantee future results.

Scopia PX LLC

Scopia PX LLC is a global equity-oriented hedge fund launched in 2001. Scopia runs a fundamentals-based, value-driven equity investment strategy. The flagship fund runs with low net exposure

Fund/Manager Overview	
Strategy	Equity Market Neutral ("EMN")
Geography	Global
Firm AUM	~ \$6 billion
Firm Inception	2001
KRS Investment Date	October 2014
Manager Location	New York, NY
Portfolio Manager(s)	Jeremy Mindich, Andrew Sirovich



FY 2015 Fund Highlights

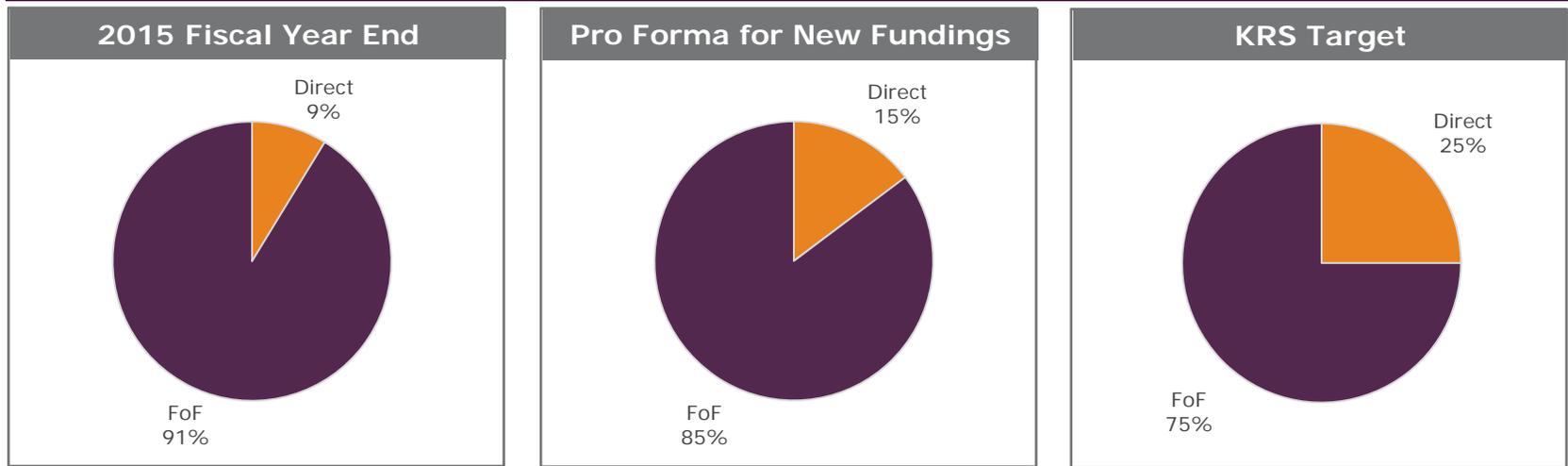
- Idiosyncratic return drivers included positive contributions from long positions in commercial aerospace
- Detractors included select health care/biotechnology short positions

Key Performance Statistics (Net)	
3-Year Annualized Return	8.1%
5-Year Annualized Return	7.8%
ITD Annualized Return	8.0%
ITD Annualized Volatility	6.6%
Beta to S&P	0.03
Sharpe Ratio (ITD)	0.92

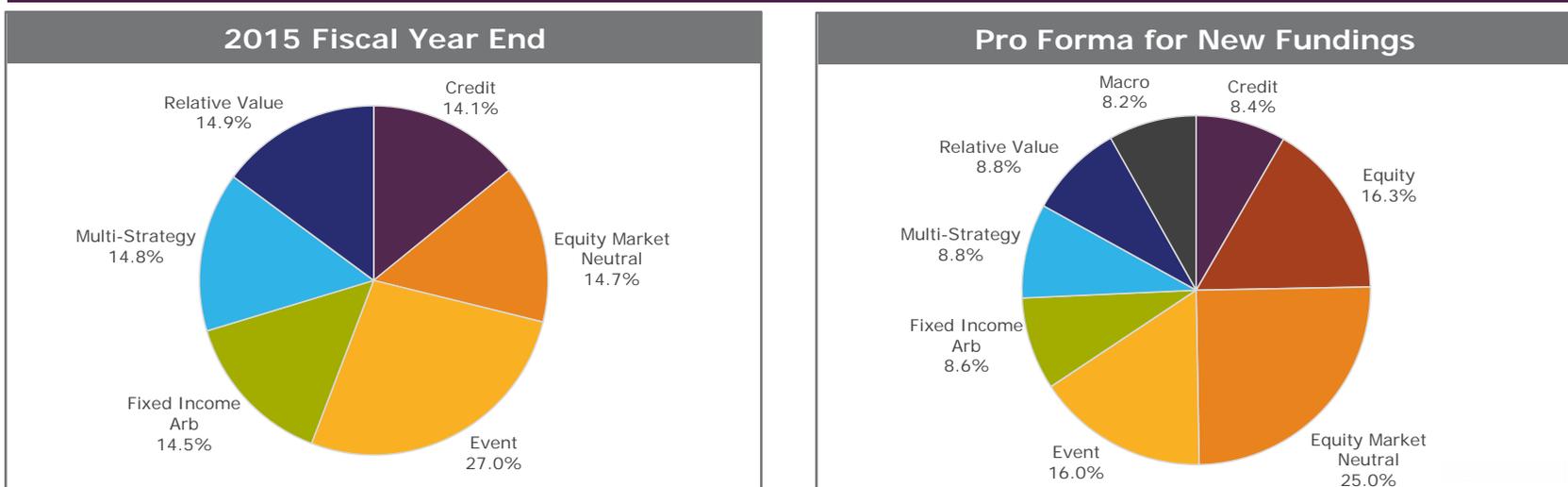
Note: Performance statistics as of June 30, 2015. FY 2015 Fund Highlights refers to July 2014 – June 2015. Fund/Manager overview information based on best available data. Inception-to-date statistics are based on the actual inception of the Fund. **Past performance does not guarantee future results.**

Looking Ahead: Target Portfolio Objectives

Fund of Fund vs. Direct Investments



Direct Portfolio Strategy Allocation



Note: For illustrative purposes only. Strategy allocation targets are subject to change. There is no assurance that the target allocations will be achieved, and actual allocations may be significantly different than those shown here.

Appendix

Endnotes

(1) **Limitations of Related Performance.** The performance of the KKR Prisma Low Volatility Composite is not the performance of a customized solution and is not an indication of how a customized solution would have performed in the past or will perform in the future. A customized solution's performance in the future will be different from the performance shown due to factors including, but not limited to, differences in cash flows, fees, expenses, performance calculation methods, and portfolio sizes and composition. The performance presented reflects the performance of accounts managed by KKR Prisma utilizing a strategy substantially similar to that which may be utilized for a customized solution. **Past performance is no guarantee of future results.**

(2) Please see Important Information page at the beginning of this presentation and Endnotes at the end of this presentation for important information regarding, among other things, the use of composites and indices, calculation of AUM, and further information on KKR's inside information barrier policies and procedures which may limit the involvement of KKR personnel in certain investment processes and circumstances.

(3) Certain terms of a customized solution are highlighted above. This summary is qualified in its entirety by the more detailed information contained in the Limited Partnership Agreement, Confidential Private Placement Memorandum and Subscription Agreement pertaining to a customized solution, all of which should be reviewed carefully and contain additional terms to those included in this summary.

(4) The KKR Prisma Low Volatility Strategies Composite (the "Composite") contains all fee paying accounts that KKR Prisma believes reflect its low volatility strategy, excluding accounts of clients for which KKR Prisma manages multiple strategies under a joint fee arrangement, for the period beginning in June 2004, regardless of size. The strategy generally seeks long-term capital appreciation over a several year period with lower volatility than, and low correlation to, broad equity and fixed income indices. The accounts that comprise the Composite typically invest in multi-manager, multi-strategy, diversified portfolios of hedge funds. Between 18.5% and 100% of the Composite, in the time period June 2004 through July 2011, was comprised of a nondiscretionary account that must approve Prisma's recommendations before they are implemented. Allocations vary among underlying managers and strategies at any time, and investment vehicles have been and will be added or eliminated from time to time. Net Composite performance reflects the actual performance realized by KKR Prisma advisory clients net of fees actually charged to each account and any underlying manager fees and expenses; but excluding custody and any other expenses paid directly to third parties by the client.

Composite performance was restated on October 1, 2014. Prior to this date, KKR Prisma had reported Composite performance reflecting the deduction of a pro-forma 1% management fee and 5% incentive fees over a hurdle of the 13-Week T-Bill. During this period, the Composite also included accounts of clients for which KKR Prisma manages multiple strategies under a joint fee arrangement. The restated methodology for calculating Composite performance resulted in an increase of approximately 0.50% from June 2004 to September 2014 net performance, and lower increases for shorter performance periods.

In calculating this performance, KKR Prisma relies on the actual unaudited performance returns provided by the underlying managers, which KKR Prisma believes to be reliable, but KKR Prisma makes no representations or warranties as to their accuracy or completeness. Allocations vary among underlying managers and strategies at any time, and investment vehicles have been and will be added or eliminated from time to time. Current month's performance is estimated.

Past performance is not an indication or guarantee of future performance. This information is strictly confidential and may not be reproduced or redistributed in whole or in part nor may its contents be disclosed to any other person under any circumstances. This information is not intended to constitute legal, tax, or accounting advice or investment recommendations. Please see "Important Information" for important risk disclosures and information regarding the ML T-Bill Index.

(5) The indices referenced herein are broad-based securities market indices and used for illustrative purposes only. They have been selected as they are well known and are easily recognizable. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with customized solutions. Investments cannot be made directly into an index. The performance of the indices represents unmanaged, passive buy-and-hold strategies, investment characteristics and risk/return profiles that differ materially from customized solutions, and an investment in a customized solution is not comparable to an investment in such indices or in the securities that comprise the indices. Past performance is no guarantee of future results. See following Endnotes page for additional information. Investments of a customized solution may be illiquid, making, at times, fair market valuation impossible or impracticable. As a result, valuation of a customized solution may be volatile, reducing the utility of comparison to any index whose underlying securities are priced according to market value, such as the indices. Investors should be aware that a customized solution may incur losses both when major indices are rising and when they are falling.

Endnotes

Indices

The risk/return profile of the indices is materially different from that of a KKR Prisma account, and an investment in a KKR Prisma account is not comparable to an investment in the securities that comprise the indices. Investments of the KKR Prisma account may be illiquid, making at times, fair market valuation impossible or impracticable. As a result, valuation of the KKR Prisma account may be volatile, reducing the utility of comparison to any index whose underlying securities are priced according to market value, such as the indices. Investors should be aware that KKR Prisma accounts may incur losses both when major indices are rising and when they are falling.

The **S&P 500 TR Index (“S&P 500”)** is comprised of a representative sample of 500 large-cap companies. The index is an unmanaged, float-weighted index with each stock's weight in the index in proportion to its float, as determined by Standard & Poors. The S&P 500 is one of the most widely used benchmarks of U.S. equity performance. For more information on the S&P 500, please visit www.us.spindices.com/indices/equity/sp-500. Unless otherwise indicated, all S&P 500 performance data is as of August 31, 2015 and was retrieved on September 9, 2015.

The **Barclays Capital U.S. Aggregate Index (“Barclays Aggregate Bond Index”)** provides a measure of the U.S. investment grade bond market, which includes investment grade U.S. government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1 year remaining to maturity. In addition, the securities must be denominated in US dollars and must be fixed rate, nonconvertible, and taxable. For more information on the Barclays Aggregate Bond Index, please visit www.ecommerce.barcap.com/indices/index.dxml. Unless otherwise indicated, all Barclays Aggregate Bond Index performance data is as of August 31, 2015 and was retrieved on September 9, 2015.

The **Merrill Lynch 3-Month Treasury Bill Index (“ML 3-Month T-Bills”)** is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date. While the index will often hold the Treasury Bill issued at the most recent 3-month auction, it is also possible for a seasoned 6-month Bill to be selected. For more information on the ML 3-Month T-Bills, please visit www.mlindex.ml.com/gispublic/default.asp. Unless otherwise indicated, all ML 3-Month T-Bills performance data is as of August 31, 2015 and was retrieved on September 9, 2015.

The **Dow Jones Credit Suisse AllHedge Indexes (“CS/Dow Jones Investable Index”)** are designed to provide transparent, representative and objective benchmarks of the ten style-based investment strategies of the hedge fund universe. They are constructed by aggregating the ten strategy indexes, and they include funds worldwide. The indexes are rebalanced annually, with a semiannual “partial rebalancing” occurring between each rebalancing. For more information on the CS/Dow Jones Investable Index, please visit <http://www.hedgeindex.com/hedgeindex/en/indexmethodology.aspx?cy=USD&indexname=SECT>. Unless otherwise indicated, all CS/Dow Jones Investable Index performance data is as of August 31, 2015 and was retrieved on September 9, 2015.

The **Dow Jones Credit Suisse Blue Chip Hedge Fund Index** is an asset-weighted hedge fund index derived from the Dow Jones Credit Suisse Hedge Fund Index. The index is comprised of the 60 largest funds across the ten style-based sectors in the broad index and is open for investment. It is rebalanced semi-annually and reflects performance net of all hedge fund component performance fees. The Dow Jones Credit Suisse Blue Chip Hedge Fund Index is a rules-based index fully reflects the performance of a diversified market barometer for the hedge fund industry. For more information on the CS/Dow Jones Investable Index, please visit www.hedgeindex.com/hedgeindex/en/faq.aspx?cy=USD&indexname=INVX. Unless otherwise indicated, all CS/Dow Jones Investable Index performance data is from June 2004 through June 2014, at which point publication of monthly performance values of the CS/Dow Jones Blue Chip Hedge Fund Indexes was discontinued.

The **HFRI FoF Composite Index** is an equal-weighted index includes over 800 constituent funds included in the HFR database. Funds within the index must have at least \$50 million under management or have been actively trading for at least twelve (12) months. For more information on the HFRI FoF Composite Index, please visit www.hedgefundresearch.com/mon_register/index.php?fuse=login_bd&1382601327. Unless otherwise indicated, all HFRI FoF Composite Index performance data is as of August 31, 2015 and was retrieved on September 9, 2015.

The **MSCI World USD Gross Index (“MSCI World”)** is a market capitalization weighted index composed of companies representative of the market structure of 23 developed market countries in North America, Europe, and the Asia/Pacific Region. The index covers approximately 85% of the free float-adjusted market capitalization in each country. For more information on the MSCI World, please visit www.msci.com/products/indices/tools/index.html#WORLD. Unless otherwise indicated, all MSCI World performance data is as of August 31, 2015 and was retrieved on September 9, 2015.

The **S&P GSCI Total Return Index (“S&P GSCI TR”)** is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is currently diversified across 24 commodities. For more information on the S&P GSCI TR, please visit www.us.spindices.com/performance-overview/commodities/sp-gsci. Unless otherwise indicated, all S&P GSCI TR performance data is as of August 31, 2015 and was retrieved on September 9, 2015.

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