KENTUCKY RETIREMENT SYSTEMS
INVESTMENTS

To: KRS Board of Trustees

From: Richard Robben, Executive Director of Investments

Date: May 16th, 2019

Subject: Report on Recent Investment Committee Activities

Investment Activity

New Investments

None

Asset Allocation

KRS - PENSION FUND ALLOCATIONS										5/3/2019
Category	KERS - PEN					KERSH - PEN				
	Market Value	Actual	Target	Diff	Market Diff	Market Value	Actual	Target	Diff	Market Diff
Growth	**$ 1,200,139,033**	**56.2%**	**53.50%**	**2.7%**	**$ 56,952,086**	**$ 433,622,625**	**64.3%**	**62.50%**	**1.8%**	**$ 11,982,100**
US Equity	$ 336,926,966	15.8%	15.75%	0.0%	$ 381,276	$ 126,761,475	18.8%	18.75%	0.0%	$ 269,318
Non-US Equity	$ 365,849,154	17.1%	15.75%	1.4%	$ 29,303,464	$ 137,559,005	20.4%	18.75%	1.6%	$ 11,066,848
Private Equity	$ 201,635,895	9.4%	7.00%	2.4%	$ 52,060,033	$ 60,553,052	9.0%	10.00%	-1.0%	$ (6,909,432)
High Yield/Specialty Credit	$ 295,727,017	13.8%	15.00%	-1.2%	$ (24,792,688)	$ 108,749,093	16.1%	15.00%	1.1%	$ 7,555,367
Liquidity	**$ 638,032,975**	**29.9%**	**23.50%**	**6.4%**	**$ 135,885,437**	**$ 143,136,109**	**21.2%**	**14.50%**	**6.7%**	**$ 45,315,507**
Core Fixed Income	$ 472,614,971	22.1%	20.50%	1.6%	$ 34,571,375	$ 111,028,640	16.5%	13.50%	3.0%	$ 19,954,287
Cash	$ 165,418,003	7.7%	3.00%	4.7%	$ 101,314,062	$ 32,107,468	4.8%	1.00%	3.8%	$ 25,361,220
Diversifying Strategies	**$ 296,795,819**	**13.9%**	**23.00%**	**-9.1%**	**$ (194,667,728)**	**$ 96,341,161**	**14.3%**	**23.00%**	**-8.7%**	**$ (58,822,553)**
Real Return	$ 164,212,250	7.7%	15.00%	-7.3%	$ (156,307,455)	$ 56,566,554	8.4%	15.00%	-6.6%	$ (44,627,172)
Real Estate	$ 75,577,649	3.5%	5.00%	-1.5%	$ (31,262,252)	$ 24,083,313	3.6%	5.00%	-1.4%	$ (9,647,929)
Abs Ret / Opportunistic	$ 57,005,920	2.7%	3.00%	-0.3%	$ (7,098,021)	$ 15,691,294	2.3%	3.00%	-0.7%	$ (4,547,451)
Miscellaneous	$ 1,830,205	0.1%	0.00%	0.1%	$ 1,830,205	$ 1,524,946	0.2%	0.00%	0.2%	$ 1,524,946
TOTAL PORTFOLIO	$2,136,798,031					$674,624,840				

Category	CERS - PEN					CERSH - PEN				
	Market Value	Actual	Target	Diff	Market Diff	Market Value	Actual	Target	Diff	Market Diff
Growth	**$4,653,214,345**	**65.3%**	**62.50%**	**2.8%**	**$ 201,109,625**	**$1,555,617,164**	**65.1%**	**62.50%**	**2.6%**	**$ 61,024,650**
US Equity	$1,344,147,880	18.9%	18.75%	0.1%	$ 8,516,463	$ 448,625,828	18.8%	18.75%	0.0%	$ 248,074
Non-US Equity	$1,499,029,291	21.0%	18.75%	2.3%	$ 163,397,875	$ 501,030,087	21.0%	18.75%	2.2%	$ 52,652,333
Private Equity	$657,172,669	9.2%	10.00%	-0.8%	$ (55,164,086)	$ 224,379,890	9.4%	10.00%	-0.6%	$ (14,754,912)
High Yield/Specialty Credit	$1,152,864,506	16.2%	15.00%	1.2%	$ 84,359,373	$ 381,581,359	16.0%	15.00%	1.0%	$ 22,879,155
Liquidity	**$1,391,592,959**	**19.5%**	**14.50%**	**5.0%**	**$ 358,704,664**	**$477,194,008**	**20.0%**	**14.50%**	**5.5%**	**$ 130,448,545**
Core Fixed Income	$1,194,447,424	16.8%	13.50%	3.3%	$ 232,792,804	$ 392,884,769	16.4%	13.50%	2.9%	$ 70,052,787
Cash	$197,145,536	2.8%	1.00%	1.8%	$ 125,911,860	$ 84,309,238	3.5%	1.00%	2.5%	$ 60,395,758
Diversifying Strategies	**$1,077,044,915**	**15.1%**	**23.00%**	**-7.9%**	**$ (561,329,622)**	**$ 356,761,192**	**14.9%**	**23.00%**	**-8.1%**	**$ (193,248,854)**
Real Return	$625,477,768	8.8%	15.00%	-6.2%	$ (443,027,365)	$ 213,171,633	8.9%	15.00%	-6.1%	$ (145,530,570)
Real Estate	$269,044,026	3.8%	5.00%	-1.2%	$ (87,124,352)	$ 84,985,657	3.6%	5.00%	-1.4%	$ (34,581,744)
Abs Ret / Opportunistic	$182,523,121	2.6%	3.00%	-0.4%	$ (31,177,906)	$ 58,603,901	2.5%	3.00%	-0.5%	$ (13,136,539)
Miscellaneous	$1,515,333	0.0%	0.00%	0.0%	$ 1,515,333	$ 1,775,659	0.1%	0.00%	0.1%	$ 1,775,659
TOTAL PORTFOLIO	$7,123,367,552					$2,391,348,022				

Category	SPRS - PEN Market Value	Actual	Target	Diff	Market Diff	PENSION TOTAL FUND Market Value	Actual	Target	Diff	Market Diff
Growth	**$153,756,965**	**55.9%**	**53.50%**	**2.4%**	**$ 6,673,545**	**$ 7,996,350,131**	**63.5%**	**60.8%**	**2.7%**	**$ 337,742,006**
US Equity	$ 43,392,740	15.8%	15.75%	0.0%	$ 92,481	$ 2,299,854,889	18.3%	18.2%	0.1%	$ 9,507,613
Non-US Equity	$ 48,325,329	17.6%	15.75%	1.8%	$ 5,025,070	$ 2,551,792,866	20.3%	18.2%	2.1%	$ 261,445,589
Private Equity	$ 19,143,811	7.0%	7.00%	0.0%	$ (100,749)	$ 1,162,885,317	9.2%	9.4%	-0.2%	$ (24,869,147)
High Yield/Specialty Credit	$ 42,895,085	15.6%	15.00%	0.6%	$ 1,656,743	$ 1,981,817,059	15.7%	15.0%	0.7%	$ 91,657,950
Liquidity	**$81,716,372**	**29.7%**	**23.50%**	**6.2%**	**$ 17,109,636**	**$ 2,731,672,422**	**21.7%**	**16.2%**	**5.5%**	**$ 687,463,788**
Core Fixed Income	$ 64,395,264	23.4%	20.50%	2.9%	$ 8,036,197	$ 2,235,371,069	17.7%	14.8%	2.9%	$ 365,407,449
Cash	$ 17,321,108	6.3%	3.00%	3.3%	$ 9,073,439	$ 496,301,353	3.9%	1.4%	2.6%	$ 322,056,339
Diversifying Strategies	**$ 39,090,169**	**14.2%**	**23.00%**	**-8.8%**	**$ (24,141,956)**	**$ 1,866,033,255**	**14.8%**	**23.0%**	**-8.2%**	**$ (1,032,210,712)**
Real Return	$ 22,566,193	8.2%	15.00%	-6.8%	$ (18,672,149)	$ 1,081,994,398	8.6%	15.0%	-6.4%	$ (808,164,711)
Real Estate	$ 10,221,329	3.7%	5.00%	-1.3%	$ (3,524,785)	$ 463,911,974	3.7%	5.0%	-1.3%	$ (166,141,062)
Abs Ret / Opportunistic	$ 6,302,647	2.3%	3.00%	-0.7%	$ (1,945,022)	$ 320,126,884	2.5%	3.0%	-0.5%	$ (57,904,938)
Miscellaneous	$ 358,775	0.1%	0.00%	0.1%	$ 358,775	$ 7,004,918	0.1%	0.0%	0.1%	$ 7,004,918
TOTAL PORTFOLIO	**$274,922,280**					**$12,601,060,726**				

Insurance Plans

KRS - INSURANCE FUND ALLOCATIONS 5/3/2019

Category	KERS - INS Market Value	Actual	Target	Diff	Market Diff	KERSH - INS Market Value	Actual	Target	Diff	Market Diff
Growth	**$ 583,495,591**	**64.4%**	**62.50%**	**1.9%**	**$ 17,011,939**	**$ 343,807,834**	**65.9%**	**62.50%**	**3.4%**	**$ 17,731,985**
US Equity	$ 184,998,343	20.4%	18.75%	1.7%	$ 15,053,248	$ 99,333,820	19.0%	18.75%	0.3%	$ 1,511,066
Non-US Equity	$ 198,929,774	21.9%	18.75%	3.2%	$ 28,984,679	$ 110,327,502	21.1%	18.75%	2.4%	$ 12,504,748
Private Equity	$ 46,299,938	5.1%	10.00%	-4.9%	$ (44,337,446)	$ 51,478,049	9.9%	10.00%	-0.1%	$ (694,087)
High Yield/Specialty Credit	$ 153,267,535	16.9%	15.00%	1.9%	$ 17,311,458	$ 82,668,463	15.8%	15.00%	0.8%	$ 4,410,259
Liquidity	**$ 198,138,976**	**21.9%**	**14.50%**	**7.4%**	**$ 66,714,769**	**$ 98,559,547**	**18.9%**	**14.50%**	**4.4%**	**$ 22,909,950**
Core Fixed Income	$ 134,499,130	14.8%	13.50%	1.3%	$ 12,138,661	$ 83,722,338	16.0%	13.50%	2.5%	$ 13,289,955
Cash	$ 63,639,845	7.0%	1.00%	6.0%	$ 54,576,107	$ 14,837,209	2.8%	1.00%	1.8%	$ 9,619,995
Diversifying Strategies	**$ 124,772,662**	**13.8%**	**23.00%**	**-9.2%**	**$ (83,693,322)**	**$ 79,373,512**	**15.2%**	**23.00%**	**-7.8%**	**$ (40,622,400)**
Real Return	$ 73,977,340	8.2%	15.00%	-6.8%	$ (61,978,736)	$ 44,031,167	8.4%	15.00%	-6.6%	$ (34,227,037)
Real Estate	$ 28,334,183	3.1%	5.00%	-1.9%	$ (16,984,509)	$ 20,776,058	4.0%	5.00%	-1.0%	$ (5,310,010)
Abs Ret / Opportunistic	$ 22,461,139	2.5%	3.00%	-0.5%	$ (4,730,077)	$ 14,566,287	2.8%	3.00%	-0.2%	$ (1,085,353)
Miscellaneous	$ (33,386)	0.0%	0.00%	0.0%	$ (33,386)	$ (19,536)	0.0%	0.00%	0.0%	$ (19,536)
TOTAL PORTFOLIO	**$ 906,373,843**					**$ 521,721,358**				
										$ 17,731,985

Category	CERS - INS Market Value	Actual	Target	Diff	Market Diff	CERSH - INS Market Value	Actual	Target	Diff	Market Diff
Growth	**$1,597,428,359**	**65.6%**	**62.50%**	**3.1%**	**$ 74,328,101**	**$864,060,578**	**66.2%**	**62.50%**	**3.7%**	**$ 48,597,566**
US Equity	$ 458,145,402	18.8%	18.75%	0.0%	$ 1,215,324	$ 244,840,364	18.8%	18.75%	0.0%	$ 201,460
Non-US Equity	$ 501,752,802	20.6%	18.75%	1.8%	$ 44,822,725	$ 271,921,913	20.8%	18.75%	2.1%	$ 27,283,009
Private Equity	$ 277,461,908	11.4%	10.00%	1.4%	$ 33,765,867	$ 156,161,906	12.0%	10.00%	2.0%	$ 25,687,824
High Yield/Specialty Credit	$ 360,068,248	14.8%	15.00%	-0.2%	$ (5,475,814)	$ 191,136,395	14.6%	15.00%	-0.4%	$ (4,574,727)
Liquidity	**$474,119,447**	**19.5%**	**14.50%**	**5.0%**	**$ 120,760,187**	**$245,916,676**	**18.8%**	**14.50%**	**4.3%**	**$ 56,729,258**
Core Fixed Income	$ 375,626,815	15.4%	13.50%	1.9%	$ 46,637,160	$ 201,255,319	15.4%	13.50%	1.9%	$ 25,115,308
Cash	$ 98,492,632	4.0%	1.00%	3.0%	$ 74,123,027	$ 44,661,357	3.4%	1.00%	2.4%	$ 31,613,949
Diversifying Strategies	**$ 365,503,341**	**15.0%**	**23.00%**	**-8.0%**	**$ (194,997,554)**	**$ 194,812,288**	**14.9%**	**23.00%**	**-8.1%**	**$ (105,278,100)**
Real Return	$ 211,910,893	8.7%	15.00%	-6.3%	$ (153,633,169)	$ 110,254,212	8.5%	15.00%	-6.5%	$ (85,456,910)
Real Estate	$ 90,174,340	3.7%	5.00%	-1.3%	$ (31,673,680)	$ 49,382,967	3.8%	5.00%	-1.2%	$ (15,854,074)
Abs Ret / Opportunistic	$ 63,418,108	2.6%	3.00%	-0.4%	$ (9,690,705)	$ 35,175,109	2.7%	3.00%	-0.3%	$ (3,967,116)
Miscellaneous	$ (90,734)	0.0%	0.00%	0.0%	$ (90,734)	$ (48,724)	0.0%	0.00%	0.0%	$ (48,724)
TOTAL PORTFOLIO	**$ 2,436,960,413**					**$ 1,304,740,818**				

Category	SPRS - INS Market Value	Actual	Target	Diff	Market Diff	INSURANCE TOTAL FUND Market Value	Actual	Target	Diff	Market Diff
Growth	**$131,304,527**	**66.9%**	**62.50%**	**4.4%**	**$ 8,722,855**	**$ 3,520,096,888**	**65.6%**	**62.5%**	**3.1%**	**$ 166,392,447**
US Equity	$ 37,372,266	19.1%	18.75%	0.3%	$ 597,765	$ 1,024,690,195	19.1%	18.75%	0.3%	$ 18,578,863
Non-US Equity	$ 41,038,829	20.9%	18.75%	2.2%	$ 4,264,327	$ 1,123,970,820	20.9%	18.75%	2.2%	$ 117,859,488
Private Equity	$ 23,596,833	12.0%	10.00%	2.0%	$ 3,983,766	$ 554,998,634	10.3%	10.0%	0.3%	$ 18,405,923
High Yield/Specialty Credit	$ 29,296,599	14.9%	15.00%	-0.1%	$ (123,002)	$ 816,437,239	15.2%	15.0%	0.2%	$ 11,548,173
Liquidity	**$36,167,223**	**18.4%**	**14.50%**	**3.9%**	**$ 7,728,275**	**$ 1,052,901,868**	**19.6%**	**14.5%**	**5.1%**	**$ 274,842,438**
Core Fixed Income	$ 29,969,274	15.3%	13.50%	1.8%	$ 3,491,633	$ 825,072,877	15.4%	13.5%	1.9%	$ 100,672,718
Cash	$ 6,197,948	3.2%	1.00%	2.2%	$ 4,236,642	$ 227,828,991	4.2%	1.0%	3.2%	$ 174,169,720
Diversifying Strategies	**$ 28,666,248**	**14.6%**	**23.00%**	**-8.4%**	**$ (16,443,807)**	**$ 793,128,051**	**14.8%**	**23.0%**	**-8.2%**	**$ (441,035,184)**
Real Return	$ 15,301,953	7.8%	15.00%	-7.2%	$ (14,117,648)	$ 455,475,565	8.5%	15.0%	-6.5%	$ (349,413,500)
Real Estate	$ 7,931,183	4.0%	5.00%	-1.0%	$ (1,875,351)	$ 196,598,732	3.7%	5.0%	-1.3%	$ (71,697,624)
Abs Ret / Opportunistic	$ 5,433,111	2.8%	3.00%	-0.2%	$ (450,809)	$ 141,053,754	2.6%	3.0%	-0.4%	$ (19,924,060)
Miscellaneous	$ (7,323)	0.0%	0.00%	0.0%	$ (7,323)	$ (199,702)	0.0%	0.0%	0.0%	$ (199,702)
TOTAL PORTFOLIO	**$ 196,130,674**					**$ 5,365,927,105**				

Performance

Recently, performance has been below our benchmarks. In order to determine the source, I found that BNY had been using incorrect plan allocations for several of our plans. BNY has been instructed to correct these errors. Once complete, relative performance can be restated if desired. (It's important to note that these errors did ***NOT*** affect the actual plan performance marks. They were simply errors in the various weights of assets classes for several plans.)

We will also be making a change to the Fixed Income benchmarks for each plan. Prior to our establishment of 2 separate pools of fixed income assets (Core and Specialty Finance / High Yield), all plans used a simple 50%/50% blend of the Barclays Bloomberg US Universal Index and the Barclay's Bloomberg US High Yield Index. Late last year we established our Core Fixed Income allocation, and hired Loomis Salyes and Lord Abbett to complete our Core allocation along with our existing NISA mandate. The benchmarks for these mandates are the Barclay's US Aggregate (NISA), the Barclay's Bloomberg US Intermediate Aggregate (Loomis), and the Barclay's Bloomberg 1-3yr US Credit Index (Lord Abbett). Since the Lord Abbett and Loomis benchmarks are a subset of the US Aggregate, we are planning to change the benchmark for the Core Allocation to the Barclay's Bloomberg US Aggregate.

For the Specialty Finance / High Yield allocation, we believe that the best benchmark would be a 50%/50% blend of the Barclay's Bloomberg US High Yield Index, and the S&P LSTA Leveraged Loan Index. As we continue to build out this allocation, I anticipate that roughly 50% of these assets will be in floating rate securities, so the Leveraged Loan Index is a much better representation of the risk and return potential of these mandates. Additionally, since we funded the last portion of the Core allocation at the beginning of the year, I would like to ask BNY to make these changes retroactive to January 1st, 2019.

March 2019 Performance

Performance: PENSION (Net of Fees)

	Mar-19	FYTD	1Yr	3Yr	5Yr
Total Pension Fund	**0.61%**	**2.92%**	**3.73%**	**8.70%**	**5.91%**
Allocation Index	0.82%	3.38%	4.09%	8.78%	6.06%
Value Add	**-0.21%**	**-0.46%**	**-0.36%**	**-0.08%**	**-0.15%**
IPS Benchmark	0.84%	3.52%	4.46%		
Value Add	**-0.23%**	**-0.60%**	**-0.73%**		
KERS	**0.36%**	**3.07%**	**3.75%**	**7.95%**	**5.49%**
Allocation Index	0.95%	3.64%	4.38%	8.25%	5.74%
Value Add	**-0.59%**	**-0.57%**	**-0.63%**	**-0.30%**	**-0.25%**
IPS Benchmark	0.97%	3.57%	4.43%		
Value Add	**-0.61%**	**-0.50%**	**-0.68%**		
Assumed Rate of Return	0.43%	3.91%	5.25%		
Value Add	**-0.07%**	**-0.84%**	**-1.50%**		

KERS-HAZ	**0.61%**	**2.81%**	**3.61%**	**8.67%**	**5.93%**
Allocation Index	0.79%	3.34%	4.06%	8.93%	5.94%
Value Add	**-0.18%**	**-0.53%**	**-0.45%**	**-0.26%**	**-0.01%**
IPS Benchmark	0.58%	3.71%	4.66%		
Value Add	**0.03%**	**-0.90%**	**-1.05%**		
Assumed Rate of Return	0.51%	4.65%	6.25%		
Value Add	**0.10%**	**-1.84%**	**-2.64%**		
CERS	**0.66%**	**2.83%**	**3.65%**	**8.84%**	**5.97%**
Allocation Index	0.79%	3.34%	4.06%	8.96%	5.93%
Value Add	**-0.13%**	**-0.51%**	**-0.41%**	**-0.12%**	**0.04%**
IPS Benchmark	0.58%	3.71%	4.66%		
Value Add	**0.08%**	**-0.88%**	**-1.01%**		
Assumed Rate of Return	0.51%	4.65%	6.25%		
Value Add	**0.15%**	**-1.82%**	**-2.60%**		
CERS-HAZ	**0.68%**	**2.85%**	**3.70%**	**8.82%**	**6.01%**
Allocation Index	0.79%	3.34%	4.06%	8.95%	5.93%
Value Add	**-0.11%**	**-0.49%**	**-0.36%**	**-0.13%**	**0.08%**
IPS Benchmark	0.58%	3.71%	4.66%		
Value Add	**0.10%**	**-0.86%**	**-0.96%**		
Assumed Rate of Return	0.51%	4.65%	6.25%		
Value Add	**0.17%**	**-1.80%**	**-2.55%**		
SPRS	**0.65%**	**2.97%**	**3.65%**	**8.12%**	**5.32%**
Allocation Index	0.95%	3.53%	4.20%	8.50%	5.70%
Value Add	**-0.30%**	**-0.56%**	**-0.55%**	**-0.38%**	**-0.38%**
IPS Benchmark	0.97%	3.53%	4.43%		
Value Add	**-0.32%**	**-0.56%**	**-0.78%**		
Assumed Rate of Return	0.43%	3.91%	5.25%		
Value Add	**0.22%**	**-0.94%**	**-1.60%**		

Performance: INSURANCE (Net of Fees)					
	Mar-19	**FYTD**	**1Yr**	**3Yr**	**5Yr**
Total Insurance Fund	**0.71%**	**2.77%**	**3.75%**	**8.93%**	**6.07%**
Allocation Index	0.78%	3.31%	4.23%	9.16%	6.15%
Value Add	**-0.07%**	**-0.54%**	**-0.48%**	**-0.23%**	**-0.08%**
IPS Benchmark	0.78%	3.60%	4.76%		
Value Add	**-0.07%**	**-0.83%**	**-1.01%**		
KERS-INS	**0.65%**	**2.20%**	**2.89%**	**8.37%**	**5.57%**
Allocation Index	0.78%	3.31%	4.23%	9.16%	6.15%
Value Add	**-0.13%**	**-1.11%**	**-1.34%**	**-0.79%**	**-0.58%**
IPS Benchmark	0.78%	3.60%	4.76%		
Value Add	**-0.13%**	**-1.40%**	**-1.87%**		
Assumed Rate of Return	0.51%	4.65%	6.25%		
Value Add	**0.14%**	**-2.45%**	**-3.36%**		
KERSH-INS	**0.70%**	**2.71%**	**3.64%**	**8.87%**	**5.99%**
Allocation Index	0.78%	3.31%	4.23%	9.16%	6.15%
Value Add	**-0.08%**	**-0.60%**	**-0.59%**	**-0.29%**	**-0.16%**
IPS Benchmark	0.78%	3.60%	4.76%		
Value Add	**-0.08%**	**-0.89%**	**-1.12%**		
Assumed Rate of Return	0.51%	4.65%	6.25%		
Value Add	**0.19%**	**-1.94%**	**-2.61%**		
CERS-INS	**0.73%**	**2.83%**	**3.86%**	**9.00%**	**6.14%**
Allocation Index	0.78%	3.31%	4.23%	9.16%	6.15%
Value Add	**-0.05%**	**-0.48%**	**-0.37%**	**-0.16%**	**-0.01%**
IPS Benchmark	**0.78%**	**3.60%**	**4.75%**		
Value Add	**-0.05%**	**-0.77%**	**-0.89%**		
Assumed Rate of Return	**0.51%**	**4.65%**	**6.25%**		
Value Add	**0.22%**	**-1.82%**	**-2.39%**		
CERSH-INS	**0.73%**	**2.87%**	**3.92%**	**9.05%**	**6.20%**
Allocation Index	0.78%	3.31%	4.23%	9.16%	6.15%
Value Add	**-0.05%**	**-0.44%**	**-0.31%**	**-0.11%**	**0.05%**
IPS Benchmark	**0.78%**	**3.60%**	**4.75%**		
Value Add	**-0.05%**	**-0.73%**	**-0.83%**		
Assumed Rate of Return	**0.51%**	**4.65%**	**6.25%**		
Value Add	**0.22%**	**-1.78%**	**-2.33%**		
SPRS-INS	**0.67%**	**2.83%**	**3.86%**	**9.04%**	**6.16%**
Allocation Index	0.78%	3.31%	4.23%	9.16%	6.15%
Value Add	**-0.11%**	**-0.48%**	**-0.37%**	**-0.12%**	**0.01%**
IPS Benchmark	**0.78%**	**3.60%**	**4.75%**		
Value Add	**-0.11%**	**-0.77%**	**-0.89%**		
Assumed Rate of Return	**0.51%**	**4.65%**	**6.25%**		
Value Add	**0.16%**	**-1.82%**	**-2.39%**		

Investment Guideline Waivers

The Investment Committee granted 3 guideline waivers at the February 6th meeting and agreed to review each of these waivers at all subsequent meetings. Two of these waivers are still in effect:

1. Staff was granted a waiver of the requirement that each of our external investment managers should be visited annually on-site by KRS staff.
2. Staff was granted a waiver of the requirement to rebalance assets within the Absolute Return, Real Estate, and Fixed Income asset classes as the transition to our new asset allocation policy is ongoing.