



KENTUCKY RETIREMENT SYSTEMS INVESTMENTS



To: Investment Committee
From: Richard Robben, Interim Executive Director of Investments
Date: April 20th, 2017
Subject: Summary of Investment Committee Activity

New Investments

The Investment Committee of the Board of Directors met twice during the period, and approved the following investments:

- \$100MM in Fundamental Partners Fund III (Real Estate)
- \$45MM in Lubert-Adler Fund VII-B (Real Estate)

Equity Reduction

The committee approved a 4% reduction in our public equity position across all plans at the March 7th meeting. Staff executed trades at the end of March. In market value terms, the pension fund public equity exposure was trimmed by approximately \$465 million (\$215 million internal / \$250 million external). The insurance fund's public equity exposure was reduced by approximately \$180 million (\$110 million internal / \$70 million external). A portion, \$100MM, of the proceeds were invested with an existing credit manager, Marathon Asset Management, and the remainder was invested in the Blackrock Intermediate Credit Bond Index Fund.

Asset Allocation Review

The Committee is continuing to work, with the assistance of RVK, on a revised asset allocation for all plans based on what we feel is more realistic set of assumptions for potential investment returns, state payroll growth, and wage inflation. We anticipate having a final proposal in early May.

Performance

Both Pension and Insurance plans continue to post strong performance for the current fiscal year. (Note: The performance for March, 2017 is estimated and unaudited)

Pension						
Plan	Market Value	Month	Fiscal YTD	1 Year	3 Years	5 Years
KERS						
TOTAL NET OF FEES	\$1,948,559,538	0.79%	8.35%	9.76%	4.46%	6.84%
KY Ret. KERS Plan Index		0.58%	8.21%	10.40%	4.79%	7.19%
KERS- H						
TOTAL NET OF FEES	\$578,225,430	0.96%	9.46%	10.84%	4.84%	7.08%
KY Ret. KERS Haz Plan Index		0.76%	9.67%	11.60%	4.83%	7.23%
CERS						
TOTAL NET OF FEES	\$6,517,610,056	0.94%	9.84%	11.28%	4.87%	7.08%
KY Ret. CERS Plan Index		0.76%	9.76%	11.72%	4.83%	7.24%
CERS- H						
TOTAL NET OF FEES	\$2,153,385,879	0.94%	9.75%	11.17%	4.91%	7.09%
KY Ret. CERS Haz Plan Index		0.76%	9.72%	11.67%	4.83%	7.23%
SPRS						
TOTAL NET OF FEES	\$234,035,073	0.86%	8.86%	10.34%	4.19%	6.68%
KY Ret. SPRS Plan Index		0.67%	8.99%	11.09%	4.70%	7.15%

Insurance						
Plan	Market Value	Month	Fiscal YTD	1 Year	3 Years	5 Years
KERS INS						
TOTAL NET OF FEES	\$727,541,732.72	0.72%	9.98%	11.48%	4.73%	6.59%
KY Ins. KERS Plan Index		0.90%	10.41%	12.53%	5.15%	7.31%
KERS - H INS						
TOTAL NET OF FEES	\$469,485,800.85	0.77%	9.68%	11.25%	4.87%	6.82%
KY Ins. KERS Haz Plan Index		1.00%	10.14%	12.26%	5.17%	7.33%
CERS INS						
TOTAL NET OF FEES	\$2,072,559,592.29	0.79%	9.49%	11.07%	4.93%	6.83%
KY Ins. CERS Plan Index		1.05%	9.98%	12.09%	5.19%	7.34%
CERS - H INS						
TOTAL NET OF FEES	\$1,137,505,028.17	0.80%	9.47%	11.04%	4.97%	6.85%
KY Ins. CERS Haz Plan Index		1.06%	9.97%	12.08%	5.19%	7.34%
SPRS INS						
TOTAL NET OF FEES	\$171,802,601.77	0.79%	9.46%	11.00%	4.90%	6.82%
KY Ins. SPRS Plan Index		1.06%	9.96%	12.07%	5.21%	7.35%