

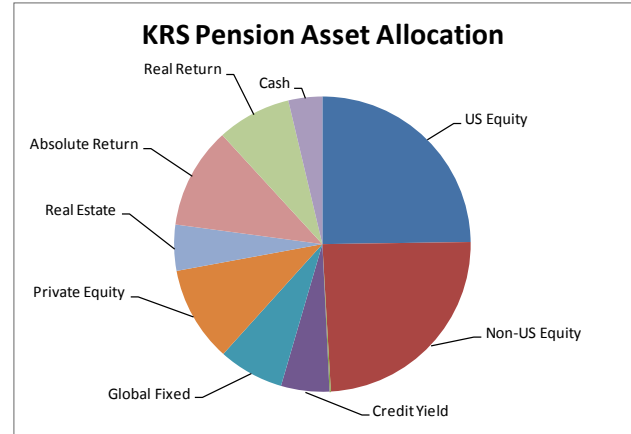
What’s going on in the marketplace?

January was an all around poor month for global markets. U.S. stocks showed negative performance in all major indices for the month. Domestic large caps were down -4.96% as indicated by the S&P 500 index. Mid caps were roughly in line with large caps, declining -4.46% (S&P 400 Midcap Index). Small caps performed the worst, falling -8.79% (Russell 2000 Index).

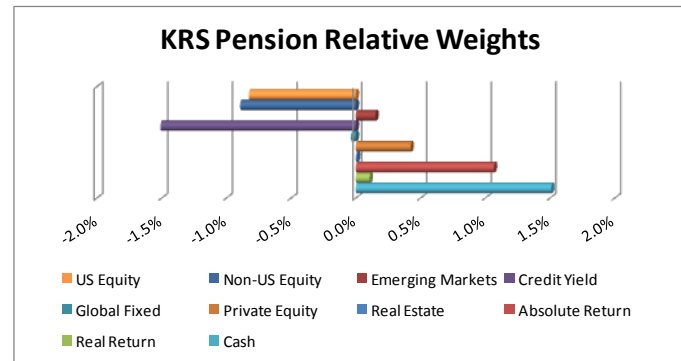
Stocks outside of the U.S. struggled along with those domestically. International developed markets saw stocks fall - 7.22% as indicated by the MSCI EAFE index. Emerging market equities fared slightly better, falling -6.48% (MSCI Emerging Market Index). In total, the MCSI ACWI Ex US index was down - 6.79% in January.

Fixed Income typically benefits from market turbulence, and was able to offer some downside protection in the midst of poor equity performance.

The Barclays U.S. Aggregate Bond Index returned 1.38% for the month. Bond prices rose due to a decline in U.S. rates, with the 10-year Treasury down from 2.24% at the start of January to 1.94% at month end. High yield bonds fared worse, with the Barclays U.S. Corporate High Yield Index returning -1.61% for January.



	Jan	1-Yr	3-Yr	5-Yr	10-Yr
Total Fund	-2.69	-2.54	4.08	5.07	4.55
Benchmark	-3.42	-3.00	4.65	5.32	4.86



benchmark return of -25 basis points.

What added value this month?

PENSION – From a manager selection standpoint the pension portfolio was able to add relative value in all asset classes other than Real Return. The Non-U.S. Equity portfolio had the biggest impact from a manager selection standpoint, outperforming the MSCI ACWI Ex-US IMI index by 103 basis points. Within the Non-U.S. Equity portfolio, Lazard Asset Management provided the most downside protection, outperforming by 116 basis points. Fixed Income was another strong performer in January, with the total portfolio returning 79 basis points versus the

From an allocation standpoint, the pension portfolio benefited from an overweight to Absolute Return and Real Return due to the relatively strong performance of these asset classes versus the equity markets. The pension portfolio also benefited from an underweight to U.S. Equity and Non U.S. Equity due to the relatively weak performance of these asset classes. In total, the pension portfolio returned -2.69% in January versus the benchmark return of -3.42%.

INSURANCE –The insurance portfolio had positive contribution from manager selection in all asset classes other than Real Estate and Real Return. The Non U.S. Equity portfolio outperformed the benchmark by 110 basis points, which had the greatest contribution to the total portfolio return due to its relatively large size. The Fixed Income portfolio also added quite a bit of value for the month, outperforming its benchmark by 107 basis points.

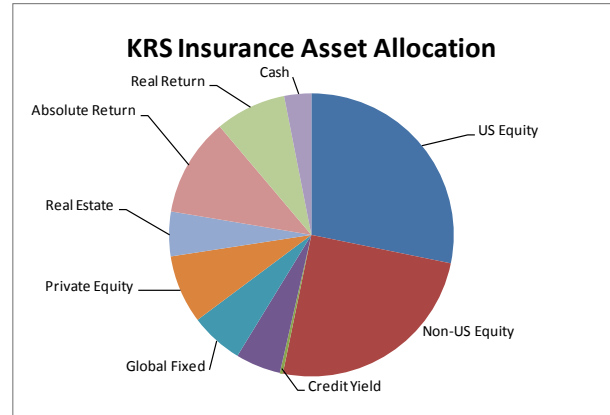
From an allocation standpoint, the insurance portfolio benefited from an underweight to Non U.S. equity due to its weak performance. The Insurance portfolio also benefited from an overweight to Real Estate, Real Return, and Absolute Return

due to the relatively strong performance of these asset classes. In total, the insurance portfolio returned -2.76% for the month compared to the benchmark's -3.52%.

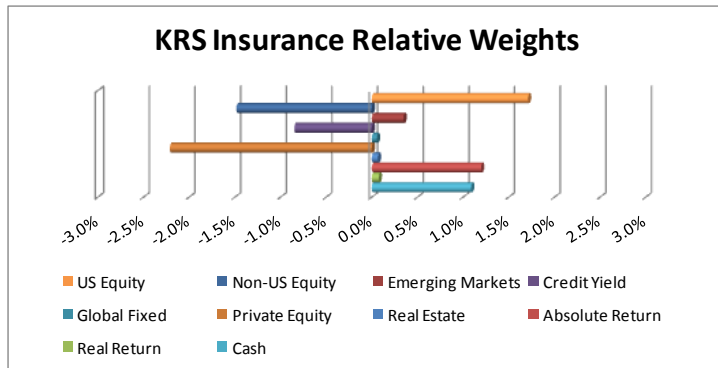
What detracted this month?

PENSION – The only detractor from a manager selection standpoint came from the Real Return portfolio, which underperformed its benchmark by 42 basis points. All other asset classes had positive performance relative to their benchmarks during the month.

From an allocation perspective the pension portfolio suffered from an underweight to the Fixed Income portfolio as indicated by the relatively strong performance of the broader Fixed Income Market. All other asset classes contributed positively from an allocation perspective.



	Jan	1-Yr	3-Yr	5-Yr	10-Yr
Total Fund	-2.76	-2.56	3.64	4.26	3.74
Benchmark	-3.52	-2.53	4.86	5.41	4.34



INSURANCE – From a manager selection standpoint the biggest detractor from performance came from the Real Return portfolio, which underperformed its benchmark by 42 basis points. There were no other significant detractors of value from a manager selection standpoint in January.

From an allocation standpoint, the insurance portfolio suffered from an underweight to Fixed Income as indicated by its strong performance compared to the overall insurance portfolio. The insurance portfolio also suffered from an overweight to U.S. Equity due to the relatively weak performance of the domestic equity market in January.

***Please note that during the month both portfolios were amidst an asset re-allocation, as staff worked to align the portfolio with the newly approved asset allocation (effective January 1, 2016). This caused both the pension and insurance portfolios to be deviate from their target allocations for January.**

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

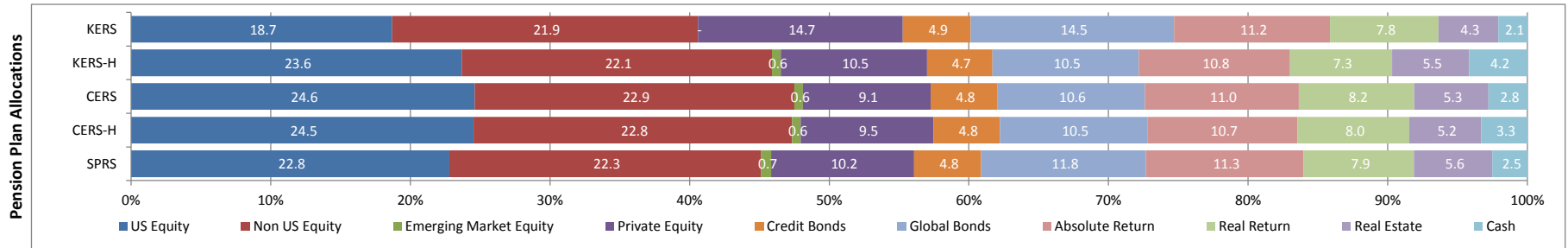
equity mandate. The portion of the original return streams that are no longer reported within the Private Equity allocation (Pension from 10/1/90 to 06/30/02; Insurance 06/01/01 to 06/30/02) are reported within the Fund Level performance figures.

- | | |
|---|--|
| <p>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 12/31/15
 100.00% Russell 3000 Index + 4% (Qtr Lag)
 01/01/16 to Present
 100.00% Russell 3000 Index + 3% (Qtr Lag)</p> | <p>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 12/31/15
 100.00% Russell 3000 Index + 4% (Qtr Lag)
 01/01/16 to Present
 100.00% Russell 3000 Index + 3% (Qtr Lag)</p> |
| <p>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.</p> | |
| <p>6) <u>Pension Benchmark Composite 01/01/14 to 12/31/15</u>
 US Equity: Russell 3000 (20.5%)
 Non US Equity: MSCI AXCI Ex-US (20.0%)
 Emerging Market: MSCI Emerging Markets (2.9%)
 Fixed Income: Barclays Universal Index (19.3%)
 Real Estate: NCREIF ODCE (4.5%)
 Absolute Return: HFRI Diversified FOF (10.0%)
 Real Return: Allocation Specific (10.0%)
 Private Equity<5Yrs: Actual Performance
 Private Equity>5Yrs: Russell 3000 Index+4% (10.0%)
 Cash: Cit Grp 3-mos Treasury Bill (2.8%)</p> <p><u>Pension Benchmark Composite 01/01/16 to Present</u>
 US Equity: Russell 3000 (25.6%)
 Non US Equity: MSCI AXCI Ex-US IMI (25.2%)
 Global Fixed Income: Barclays Universal Index (6.8%)
 Credit Fixed Income: Barclays US High Yield (7.2%)
 Real Estate: NCREIF ODCE (5.0%)
 Absolute Return: HFRI Diversified FOF (10.0%)
 Real Return: Allocation Specific (8.0%)
 Private Equity<5Yrs: Actual Performance
 Private Equity>5Yrs: Russell 3000 Index+3% (10.0%)
 Cash: Cit Grp 3-mos Treasury Bill (2.2%)</p> | <p><u>Insurance Benchmark Composite 01/01/14 to 12/31/15</u>
 US Equity: Russell 3000 (20.0%)
 Non US Equity: MSCI AXCI Ex-US (20.0%)
 Emerging Market: MSCI Emerging Markets (4.0%)
 Fixed Income: Barclays Universal Index (20.0%)
 Real Estate: NCREIF ODCE (5.0%)
 Absolute Return: HFRI Diversified FOF (10.0%)
 Real Return: Allocation Specific (10.0%)
 Private Equity<5Yrs: Actual Performance
 Private Equity>5Yrs: Russell 3000 Index+4% (10.0%)
 Cash: Cit Grp 3-mos Treasury Bill (1.0%)</p> <p><u>Insurance Benchmark Composite 01/01/16 to Present</u>
 US Equity: Russell 3000 (26.5%)
 Non US Equity: MSCI AXCI Ex-US IMI (26.5%)
 Global Fixed Income: Barclays Universal Index (6.0%)
 Credit Fixed Income: Barclays US High Yield (6.0%)
 Real Estate: NCREIF ODCE (5.0%)
 Absolute Return: HFRI Diversified FOF (10.0%)
 Real Return: Allocation Specific (8.0%)
 Private Equity<5Yrs: Actual Performance
 Private Equity>5Yrs: Russell 3000 Index+3% (10.0%)
 Cash: Cit Grp 3-mos Treasury Bill (2.0%)</p> |

KENTUCKY RETIREMENT SYSTEMS - INSURANCE FUND - NET RETURNS -1/31/16

Structure	Benchmark	Inception	Market Value	% of Total	Month		QTD	Fiscal YTD		1 Year		3 Years		5 Years		10 Years		20 Years		ITD		
					KRS	Benchmark		KRS	Benchmark	KRS	Benchmark	KRS	Benchmark	KRS	Benchmark	KRS	Benchmark	KRS	Benchmark	KRS	Benchmark	KRS
TOTAL FUND	KY Ins. Blended Index	4/1/1987	3,975,831,040.82	100.00	-2.76	-3.52	-2.76	-3.52	-5.58	-2.56	-2.53	3.64	4.86	4.26	5.41	3.74	4.34	5.89	6.47	7.10	7.52	
US PUBLIC	KY Domestic Equity Blend	7/1/1992	1,121,686,312.59	28.21	-4.90	-5.64	-4.90	-5.64	-7.08	-7.00	-2.48	9.78	10.55	9.69	10.38	6.09	6.37	7.65	7.49	8.94	8.78	
INTERNAL MID CAP GROWTH	Russell Midcap Index	8/1/2014	103,227,652.19	2.60	-5.63	-5.69	-5.63	-5.69	-11.52	-11.46	-6.86	-6.70								-1.17	-1.06	
NTGI STRUCTURED	Russell 2000 Index	7/1/2011	76,183,758.78	1.92	-7.41	-8.79	-7.41	-8.79	-14.58	-16.78	-7.68	9.72	6.11							8.09	6.47	
RIVER ROAD	Russell 3000 Value Index	7/1/2011	10,270,250.11	0.27	-2.24	-5.29	-2.24	-5.29	-4.16	-8.73	-2.93	-5.41	8.80	8.45						9.34	9.37	
S&P 500 INDEX	KY Ins. S&P Blend	7/1/2001	768,947,967.06	19.34	-5.03	-4.96	-5.03	-4.96	-4.81	-4.82	-0.67	-0.67	11.26	11.30	11.01	10.99	6.72	6.66		5.81	5.71	
SASCO CAPITAL	Russell Midcap Value Index	7/1/2012	15,287,970.15	0.38	-7.69	-5.53	-7.69	-5.53	-18.35	-10.41	-17.70	-8.74	1.95	8.65						5.10	12.29	
SYSTEMATIC	Russell Midcap Value Index	7/1/2012	70,943,100.75	1.78	-7.71	-5.53	-7.71	-5.53	-13.51	-10.41	-10.30	-8.74	5.00	8.65						8.74	12.29	
TRANSITION ACCOUNT		9/1/2004	5,725.67	0.00																		
WESTFIELD CAPITAL	Russell 3000 Growth Index	7/1/2011	41,394,360.68	1.04	-8.01	-5.97	-8.01	-5.97	-11.55	-5.28	-7.28	0.41	10.06	12.60						10.08	11.41	
WESTWOOD MGMT	Russell 3000 Value Index	7/1/2011	34,922,527.20	0.88	-5.88	-5.29	-5.88	-5.29	-11.29	-8.73	-5.53	-5.41	8.59	8.45						7.94	9.37	
EQUITY NON US	KRS Int'l Eq Blend	4/1/2000	994,678,918.67	25.02	-5.81	-6.91	-5.81	-6.91	-13.09	-15.47	-8.81	-11.68	-0.61	-1.79	-0.46	-0.15	1.68	1.31		1.57	0.97	
AMERICAN CENTURY	KY MSCI Blended Index	7/1/2014	121,854,447.53	3.06	-6.64	-6.79	-6.64	-6.79	-10.11	-15.36	-7.20	-11.57								-8.49	-12.78	
BLACKROCK ACWI EX-US	MSCI All Country World Ex United States Net Index	6/1/2012	445,110,291.58	11.20	-5.94	-6.80	-5.94	-6.80	-14.67	-15.49	-11.09	-11.95	-11.09	-11.95						4.57	4.45	
BLACKROCK ACWI EX-US SM CA	MSCI AC World ex USA Small Cap Net Index	7/1/2013	53,404,920.68	1.34	-7.91	-7.67	-7.91	-7.67	-12.63	-12.54	-4.91	-4.92								3.53	2.62	
BOSTON CO NON-US VALUE	KY MSCI ACWI EX USA GD	6/1/2008	209,666.52	0.01	-1.22	-6.79	-1.22	-6.79	-15.60	-15.36	-9.08	-11.57	-1.94	-1.74	-1.86	0.02				-1.49	-1.82	
FRANKLIN TEMPLETON	KY MSCI Blended Index	7/1/2014	79,017,756.35	1.99	-8.33	-6.79	-8.33	-6.79	-12.67	-15.36	-8.23	-11.57								-9.38	-12.78	
LAZARD ASSET MANAGEMENT	KY MSCI Blended Index	7/1/2014	161,688,177.56	4.07	-5.72	-6.79	-5.72	-6.79	-12.33	-15.36	-5.93	-11.57								-8.12	-12.78	
LSV ASSET MANAGEMENT	KY MSCI Blended Index	7/1/2014	131,962,247.25	3.32	-8.01	-6.79	-8.01	-6.79	-17.44	-15.36	-13.46	-11.57								-13.58	-12.78	
NON-US TRANSITION ACCOUNT			599,038.57	0.01																		
PYRAMIS NON-US GROWTH	KY MSCI ACWI EX USA GD	8/1/2001	872,372.63	0.02																		
EQ EMERGING MKT	MSCI Emerging Markets Index	7/1/2011	13,831,644.38	0.35	-9.98	-6.48	-9.98	-6.48	-23.64	-22.55	-22.82	-20.62	-10.01	-8.91						-5.39	-6.46	
BLACKROCK EMERG MKTS	MSCI Emerging Markets Net Dividend Index	7/1/2013	0.00	0.00	-9.52	-6.49	-9.52	-6.49	-25.25	-22.72	-23.81	-20.91								-8.02	-6.61	
WELLINGTON	MSCI Emerging Markets Index	4/1/2008	13,831,644.38	0.35	-6.38	-6.48	-6.38	-6.48	-20.74	-22.55	-18.81	-20.62	-8.86	-8.91	-5.48	-5.23				-2.47	-2.29	
PUBLIC EQUITY	Global Equity Blended Index	7/1/1992	2,130,196,875.64	53.58	-5.40	-6.29	-5.40	-6.29	-10.70	-12.25	-6.64	-8.25	3.87	3.14	4.25	4.22	3.56	3.28	6.57	6.30	8.02	7.76
FIXED INCOME	KRS Ins. Fixed Blended Index	7/1/1992	445,643,307.34	11.21	0.82	-0.25	0.82	-0.25	0.57	-0.12	-0.02	-1.69	1.61	1.60	4.34	3.86	4.95	4.61	6.11	5.85	6.47	6.29
CERBERUS	S&P LSTA Leveraged Loan Index	10/1/2014	35,102,013.72	0.91	0.74	-0.65	0.74	-0.65	4.71	-4.05	10.11	-1.66								7.92	-1.72	
COLUMBIA	Barclays U.S. Corporate High Yield	11/1/2011	43,174,486.55	1.09	-0.59	-1.61	-0.59	-1.61	-3.54	-8.32	-2.14	-6.62	2.83	0.70						6.10	4.46	
LOOMIS	Barclays U.S. Corporate High Yield	11/1/2011	2,622,081.74	0.07	-0.64	-1.61	-0.64	-1.61	-8.86	-8.32	-7.05	-6.62	0.36	0.70						5.53	4.46	
MANULIFE ASSET MGMT	Barclays Multiverse Index	12/1/2011	162,956,466.04	4.10	0.30	1.10	0.30	1.10	0.39	0.70	-0.60	-2.03	1.94	-1.05						4.34	0.35	
MARATHON	Barclays U.S. Corporate High Yield	1/1/2016	40,000,000.00	1.01	0.00	0.00	0.00	0.00												0.00	0.00	
NISA	Barclays U.S. Aggregate Bond Index	7/1/2011	77,776,912.40	1.96	1.69	1.38	1.69	1.38	2.53	2.04	0.36	-0.16	2.35	2.15						3.44	3.25	
PIMCO	PIMCO Blended Index	4/1/2011	66,504.15	0.00																		
SHENKMAN CAP	Shenkman Blended Index	7/1/2011	38,314,462.57	0.96	-0.57	-0.65	-0.57	-0.65	-4.29	-4.05	-1.38	-1.66	0.70	2.22						2.97	4.31	
WATERFALL	Opportunistic FI Blended Index	7/1/2011	44,630,380.17	1.12	-1.00	-0.92	-1.00	-0.92	-0.71	-5.29	1.24	-4.04	6.98	0.81						9.92	2.81	
REAL RETURN	INSURANCE REAL RET CUSTOM BM	7/1/2011	321,114,815.49	8.08	-1.77	-1.35	-1.77	-1.35	-7.79	-4.96	-8.63	-6.68	-3.16	0.08						1.25	1.42	
AMERRA AGRI FUND II		12/1/2012	13,889,078.14	0.35	0.00	0.00	0.00	0.00	9.91	14.34		7.52								7.11		
AMERRA-AGRI HOLDING		8/1/2015	9,903,573.37	0.25	0.00															-0.34		
BTG PACTUAL		12/1/2014	2,177,732.41	0.05	-23.70				-29.41		-36.98									-32.69		
INTERNAL TIPS	Barclays U.S. Treasury: US TIPS Index	10/1/2003	76,692,257.73	1.93	1.35	1.30	1.35	1.30	0.09	-0.29	-0.80	-1.66	-0.92	-1.65	3.17	2.76	4.29	4.06		4.69	4.33	
MAGNETAR MTP		7/1/2013	19,347,485.00	0.49	-7.90				-23.91		-20.92									-7.19		
MAGNETAR MTP EOF II		8/1/2015	2,154,818.24	0.05	-12.02				0.00											-12.02		
NUVEEN	Nuveen Real Asset Custom Index	2/1/2015	79,859,237.35	2.01	-2.35	-1.07	-2.35		-4.90		-6.90									-6.90	-4.65	
OBERLAND CAPITAL		10/1/2014	1,118,045.23	0.03	0.00	0.00	0.00	0.00	1.62		-27.53									-23.34		
PIMCO ALL-ASSET	Barclays U.S. Treasury Inflation Notes: 1-10 Year	12/1/2011	94,653,533.45	2.38	0.56	1.29	0.56	1.29	-9.82	-0.29	-10.47	-1.69	-3.24	-1.30						1.45	0.16	
TAURUS MINE FINANCE		4/1/2015	3,460,388.00	0.09	0.00	0.00	0.00	0.00	1.70											0.50		
TORTOISE CAP	Alerian MLP Index	8/1/2009	17,630,289.57	0.44	-13.46	-11.10	-13.46	-11.10	-33.29	-32.67	-34.85	-38.19	-4.12	-10.73	4.75	-1.48				11.68	6.83	
TPF II		10/1/2008	228,377.00	0.01	0.00	0.00	0.00	0.00	7.12		16.85		-0.99	1.23						-1.63		
REAL ESTATE	NCREIF NFI-ODCE Net 1 Qtr in Arrears Index	5/1/2009	201,444,310.35	5.07	-0.02	0.00	-0.02	0.00	4.74	7.14	8.46	13.86	8.52	12.39	10.04	12.95				8.60	5.20	
DIVCOWEST IV		3/1/2014	7,967,468.07	0.20	0.00	0.00	0.00	0.00	19.25		28.79									16.08		
GREENFIELD ACQ VI		12/1/2012	12,393,574.00	0.31	0.00	0.00	0.00	0.00	10.77		18.77		16.75							14.65		
GREENFIELD ACQ VII		7/1/2014	7,536,327.00	0.19	0.00	0.00	0.00	0.00	9.95		15.29									7.88		
H/2 CORE RE DEBT FD		10/1/2013	8,697,862.21	0.22	0.00	0.00	0.00	0.00	1.44		4.06									2.93		
H/2 CREDIT PARTNER		7/1/2011	28,380,129.37	0.71	0.00	0.00	0.00	0.00	-2.36		2.11		4.23							5.42		
HARRISON STREET		5/1/2012	27,173,140.																			

KENTUCKY RETIREMENT SYSTEMS - PENSION & INSURANCE - PLAN PERFORMANCE & ALLOCATION -1/31/16



KRS - PENSION

	Month	FYTD	1 YR	3 YR	5 YR	10 YR	ITD
KERS	-2.67	-5.29	-2.48	3.96	5.01	4.51	8.96
KY Ret. KERS Plan Index	-2.63	-4.58	-1.60	5.01	5.53	4.97	9.14
KERS- H	-2.54	-5.54	-2.50	3.95	5.00	4.51	8.96
KY Ret. KERS Haz Plan Index	-3.52	-6.25	-3.31	4.40	5.16	4.79	9.08
CERS	-2.76	-6.01	-3.00	3.67	4.83	4.43	8.93
KY Ret. CERS Plan Index	-3.59	-6.40	-3.51	4.32	5.12	4.76	9.07
CERS- H	-2.70	-5.71	-2.66	3.93	4.99	4.51	8.96
KY Ret. CERS Haz Plan Index	-3.56	-6.36	-3.46	4.34	5.13	4.77	9.07
SPRS	-3.05	-6.29	-3.36	3.71	4.85	4.44	8.94
KY Ret. SPRS Plan Index	-3.10	-5.87	-2.91	4.51	5.23	4.82	9.09

KRS - INSURANCE

	Month	FYTD	1 YR	3 YR	5 YR	10 YR	ITD
KERS INS	-2.99	-6.07	-3.37	3.16	3.97	3.59	7.05
KY Ins. KERS Plan Index	-3.84	-6.77	-3.90	4.16	4.99	4.13	7.45
KERS - H INS	-2.87	-5.76	-2.80	3.64	4.26	3.74	7.10
KY Ins. KERS Haz Plan Index	-3.70	-6.44	-3.44	4.35	5.10	4.18	7.47
CERS INS	-2.72	-5.52	-2.44	3.74	4.32	3.77	7.11
KY Ins. CERS Plan Index	-3.60	-6.21	-3.11	4.48	5.18	4.22	7.48
CERS - H INS	-2.65	-5.41	-2.31	3.78	4.34	3.78	7.12
KY Ins. CERS Haz Plan Index	-3.59	-6.20	-3.09	4.49	5.19	4.22	7.48
SPRS INS	-2.64	-5.39	-2.33	3.77	4.34	3.78	7.12
KY Ins. SPRS Plan Index	-3.58	-6.16	-3.02	4.52	5.20	4.23	7.49

