

Kentucky Teachers' Retirement System
Quarterly Investment Information Update
September 30, 2015

KTRS invests the members' funds in several diverse classes of assets, including equities, bonds, real estate, and alternative investments. This diversification helps us earn the highest possible long-term rate of return within appropriate risk levels. In turn, this enables us to pay guaranteed benefits to members and their beneficiaries at the lowest possible cost to participating employers and the taxpayers that fund them.

Generally, our liabilities will not be paid for as many as 30-40 years. Therefore, as a long-term investor, our holdings can withstand some short-term volatility. The System's long-term investment objective is to achieve an annualized rate of return of 7.5%. For the twenty year period ended September 30, 2015, the System's annualized return was 7.1%.

The KTRS Board of Trustees regularly reviews asset allocations and adjusts them as necessary. The System's current asset allocation as of September 30, 2015 is reflected in the following schedule:

Asset Class	Percent of Assets in Category
Domestic and International Equities	61.0
Fixed Income	18.3
Additional Categories	7.9
Alternative Investments	5.3
Real Estate	5.0
Cash Equivalents	2.5

KTRS updates this information regularly after the end of each quarter.