

KPERs Investment Update

Note: Newest items at end of list

Board Meeting Date	Item	Detail
1/21/11	Authorized 6-month transition period to sell the WAMCO Investment Grade and Loomis Sayles High Yield portfolios.	The High Yield portfolio is being sold to transition assets back into current Domestic Equity managers. The WAMCO Investment Grade portfolio is being sold to reallocate to new Real Return opportunities.
3/25/11	Approved terminating investment in the BlackRock Domestic Alpha Tilts strategy and moving the assets to the Mellon Capital Domestic Equity Large Cap Index Fund. Approximately \$400 million.	Strategy terminated due to investment performance. Assets are being transitioned to the Mellon Capital Management Russell 1000 Index portfolio until the large cap equity allocation can be reviewed upon completion of the asset/liability study in mid 2011.
3/25/11	Committed up to \$30 million to Centerbridge Capital Partners II, L.P. Actual commitment \$25 million.	Centerbridge seeks to make investments in traditional buyout and opportunistic distressed-for-control situations. The firm seeks to invest in high-quality companies, characterized by strong business models and viable products that are capital constrained or over-leveraged. Centerbridge will invest across seven industries in companies based in North America and Europe.
3/25/11	Committed up to €20 million (equivalent to approximately \$28 million based on exchange rates as of 3/8/11) to Montagu IV, L.P.	Montagu provides equity financing for management led buyouts (“MBOs”) for middle market companies with enterprise values ranging from €100 million to €1 billion in the U.K., France, Germany, the Nordic region and Poland. The firm focuses on companies that exhibit a reasonable level of price controls such as those found in mission critical industrial products.

Rev 3/30/12



Board Meeting Date	Item	Detail
3/25/11	Committed \$30 million to the UBS Trumbull Property Growth and Income Fund.	UBS Trumbull Property Growth and Income Fund is an open-end real estate fund that is an extension of the Trumbull (core) platform that KPERS committed \$75 million to during September, 2010. The Growth and Income Fund is an actively managed value-add fund utilizing both value add strategies (including acquiring poorly managed or distressed/ poorly capitalized buildings) as well as tactical market selection decisions when assessing acquisition and disposition opportunities. In most cases, joint ventures are pursued with local operating partners, thus insuring alignment of economic interests. In terms of property type, the strategy under consideration targets acquisition of Class A/B properties with an anticipated focus on multi-family, industrial, office, retail and hotels.
5/20/11	Committed up to \$30 million to Exeter Industrial Value Fund II.	Exeter Industrial Value Fund II seeks distressed ownership situations (both capital structure and asset management) to identify targeted industrial properties for this strategy. The focus is on primary markets with a 75/25 split in terms of yield generating assets and those requiring some sort of value added initiative. The strategy will use leverage when accompanying asset cash flow can cover debt service (target 1.35x DSCR).
7/15/11	Committed up to \$25 million to TPG Growth II, L.P.	TPG Growth seeks to invest globally in growth equity opportunities and small to lower middle market buyouts. The Fund takes a flexible approach by pursuing control and minority investing in growth industries across multiple regions, particularly in high-growth emerging market countries. The Fund is expected to invest 50 percent in North America and the remainder outside of North America.

Board Meeting Date	Item	Detail																																													
7/15/11	Asset/Liability Study	<p>As a result of the regular triennial asset/liability study by the System's investment consultant, KPERS' Board of Trustees adopted a new target asset allocation mix, based on a "Funding Oriented" risk philosophy.</p> <p>This risk philosophy focuses on three aspects of the Plans' risks that were of concern to the Board: (i) the <i>levels</i> of costs and funding associated with managing the Plans, (ii) the <i>volatilities</i> of the Plans' cost and funding, and (iii) the prospective investment return outcomes of the Plan's investment portfolio.</p> <p>Existing statutory restrictions on new investments in non-publicly traded investments (including private equity, real estate, and real return strategies) limit the System's flexibility, and result in increased allocations to the public equity markets. The Board then elected to take a more global approach to public equity investing, which resulted in an increased allocation to non-US equities.</p> <table border="1" data-bbox="976 735 1808 1187"> <thead> <tr> <th data-bbox="982 740 1213 829">Asset Class</th> <th data-bbox="1220 740 1350 829">Previous Target</th> <th data-bbox="1356 740 1507 829">Current Position 5/31/11</th> <th data-bbox="1514 740 1644 829">Interim Target 1/1/12</th> <th data-bbox="1650 740 1801 829">Long-Term Target</th> </tr> </thead> <tbody> <tr> <td data-bbox="982 834 1213 870">Domestic Equity</td> <td data-bbox="1220 834 1350 870">28%</td> <td data-bbox="1356 834 1507 870">33.2%</td> <td data-bbox="1514 834 1644 870">32%</td> <td data-bbox="1650 834 1801 870">30%</td> </tr> <tr> <td data-bbox="982 875 1213 932">International Equity</td> <td data-bbox="1220 875 1350 932">22%</td> <td data-bbox="1356 875 1507 932">24%</td> <td data-bbox="1514 875 1644 932">29%</td> <td data-bbox="1650 875 1801 932">29%</td> </tr> <tr> <td data-bbox="982 937 1213 974">Global Equity</td> <td data-bbox="1220 937 1350 974">5%</td> <td data-bbox="1356 937 1507 974">5.5%</td> <td data-bbox="1514 937 1644 974"></td> <td data-bbox="1650 937 1801 974">0%</td> </tr> <tr> <td data-bbox="982 979 1213 1016">Fixed Income</td> <td data-bbox="1220 979 1350 1016">14%</td> <td data-bbox="1356 979 1507 1016">18%</td> <td data-bbox="1514 979 1644 1016">20%</td> <td data-bbox="1650 979 1801 1016">15%</td> </tr> <tr> <td data-bbox="982 1021 1213 1058">Real Return</td> <td data-bbox="1220 1021 1350 1058">14%</td> <td data-bbox="1356 1021 1507 1058">8.2%</td> <td data-bbox="1514 1021 1644 1058">8%</td> <td data-bbox="1650 1021 1801 1058">8%</td> </tr> <tr> <td data-bbox="982 1063 1213 1101">Real Estate</td> <td data-bbox="1220 1063 1350 1101">10%</td> <td data-bbox="1356 1063 1507 1101">6.7%</td> <td data-bbox="1514 1063 1644 1101">7%</td> <td data-bbox="1650 1063 1801 1101">12%</td> </tr> <tr> <td data-bbox="982 1105 1213 1143">Alternative</td> <td data-bbox="1220 1105 1350 1143">6%</td> <td data-bbox="1356 1105 1507 1143">2.6%</td> <td data-bbox="1514 1105 1644 1143">3%</td> <td data-bbox="1650 1105 1801 1143">5%</td> </tr> <tr> <td data-bbox="982 1148 1213 1185">Cash Equivalents</td> <td data-bbox="1220 1148 1350 1185">1%</td> <td data-bbox="1356 1148 1507 1185">1.8%</td> <td data-bbox="1514 1148 1644 1185">1%</td> <td data-bbox="1650 1148 1801 1185">1%</td> </tr> </tbody> </table>	Asset Class	Previous Target	Current Position 5/31/11	Interim Target 1/1/12	Long-Term Target	Domestic Equity	28%	33.2%	32%	30%	International Equity	22%	24%	29%	29%	Global Equity	5%	5.5%		0%	Fixed Income	14%	18%	20%	15%	Real Return	14%	8.2%	8%	8%	Real Estate	10%	6.7%	7%	12%	Alternative	6%	2.6%	3%	5%	Cash Equivalents	1%	1.8%	1%	1%
Asset Class	Previous Target	Current Position 5/31/11	Interim Target 1/1/12	Long-Term Target																																											
Domestic Equity	28%	33.2%	32%	30%																																											
International Equity	22%	24%	29%	29%																																											
Global Equity	5%	5.5%		0%																																											
Fixed Income	14%	18%	20%	15%																																											
Real Return	14%	8.2%	8%	8%																																											
Real Estate	10%	6.7%	7%	12%																																											
Alternative	6%	2.6%	3%	5%																																											
Cash Equivalents	1%	1.8%	1%	1%																																											

Board Meeting Date	Item	Detail
9/16/11	Authorized the termination of certain portfolios	<ul style="list-style-type: none"> • Wellington Global Equity Portfolio • Capital Guardian Global Equity Portfolio • BlackRock International Alpha Tilt Portfolio • Barings International Portable Alpha Portfolio • Baillie Gifford International Portable Alpha Portfolio • Capital Guardian Portable Alpha Portfolio • Nomura International Portable Alpha Portfolio • BlackRock Active Currency Overlay Portfolio
9/16/11	Authorized two investment manager searches	<ul style="list-style-type: none"> • MSCI ACWI ex US Index manager, \$900 million portfolio • Russell 1000 Index manager, \$1.7 billion portfolio <p>Finalization n progress</p>
9/16/11	Committed up to \$100 million to establish a separate MLP account with Fiduciary Asset Management Company	
9/16/11	Committed up to \$30 million to Vista Equity Partners Fund IV, L.P	<p>VISTA seeks to make control-oriented buyout investments in middle market enterprise software companies that typically provide an essential service to existing clients.</p> <p>The strategy targets U.S. based companies due to stronger intellectual property laws. However, many acquired companies are expected to derive sales from both European and Asian clients. Value enhancement is achieved post-investment by implementation of over 50 Vista Standard Operating Procedures ("VSOPs") which are specific value added initiatives designed to drive performance by improving internal processes which ultimately drive improved margins and cash flow.</p> <p>Vista Equity Partners as a leading private equity investor in the software sector that had generated top quartile performance across their three predecessor funds. While several managers within KPER's existing portfolio invest in software, primarily through the growth and development stage, none of the managers focus exclusively on control-oriented buyouts of mature middle market software companies.</p>

Board Meeting Date	Item	Detail
11/18/11	Committed up to \$20 million to the Platinum Equity Partners Fund III, L.P.	Platinum Equity Capital Partners III, L.P. ("Fund III" or the "Fund") will target 40 to 60 investments in companies across North America and Europe. The Fund targets investments of various sizes, including smaller investments requiring less than \$10 million of equity, but the Firm expects the equity commitment for most investments will be around \$100 million. Employing a value-oriented strategy, Platinum targets underperforming or undervalued companies requiring operational turnarounds or other complex situations, such as a corporate spin-off. The Firm evaluates companies for recurring revenue, established brands and customer base and valuable assets on the balance sheet that can mitigate downside risk.
11/18/11	Committed up to \$70 million to the Jamestown Premier Property Fund	The Jamestown Premier Property Fund is a perpetual life (open end) core real estate investment vehicle designed to provide long-term income growth and underlying capital appreciation through proactive management. By targeting premier assets leased to creditworthy tenants in 24-hour, major coastal metropolitan target markets, Jamestown seeks to leverage its vertically integrated platform to achieve superior risk-adjusted returns while minimizing downside risk.
3/16/12	No new commitments in March 2012 board meeting.	