

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
INVESTMENT PERFORMANCE REPORT  
For the Period Ending May 31, 2008**

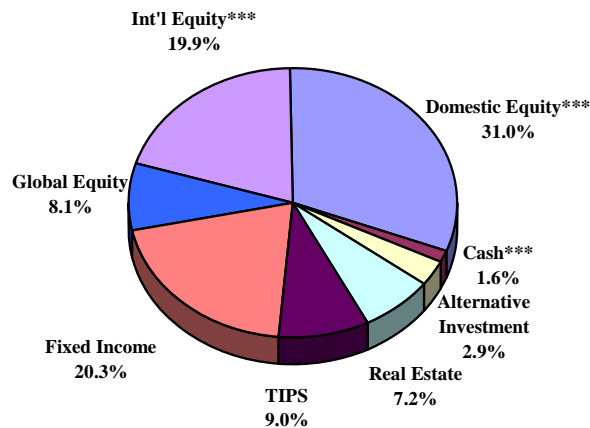
<b>Time-Weighted Return</b>	<b>Latest Quarter*</b>	<b>Fiscal Year to Date*</b>	<b>Calendar Year to Date*</b>	<b>Latest 1 Year</b>	<b>Latest 3 Years</b>	<b>Latest 5 Years</b>
<b>Total Portfolio</b>	<b>3.4%</b>	<b>0.7%</b>	<b>-1.1%</b>	<b>0.4%</b>	<b>10.5%</b>	<b>11.7%</b>
Domestic Equity Portfolio	6.5%	-6.5%	-3.2%	-8.3%	7.3%	10.3%
International Equity Portfolio	6.2%	1.9%	-1.3%	3.1%	20.4%	20.7%
Global Equity Portfolio	6.1%	1.3%	-2.5%	0.9%	13.9%	NA
Fixed Income Portfolio	-0.8%	6.0%	0.6%	5.4%	4.6%	5.1%
TIPS Portfolio	-3.9%	13.5%	0.8%	12.5%	3.5%	5.8%
Real Estate Portfolio	4.5%	1.0%	3.8%	5.1%	15.9%	16.8%
Alternative Investment Portfolio	-2.4%	10.8%	-0.5%	12.0%	18.8%	17.5%
Cash Equivalent Portfolio	0.7%	4.3%	1.6%	4.7%	4.6%	3.4%

\*Not Annualized

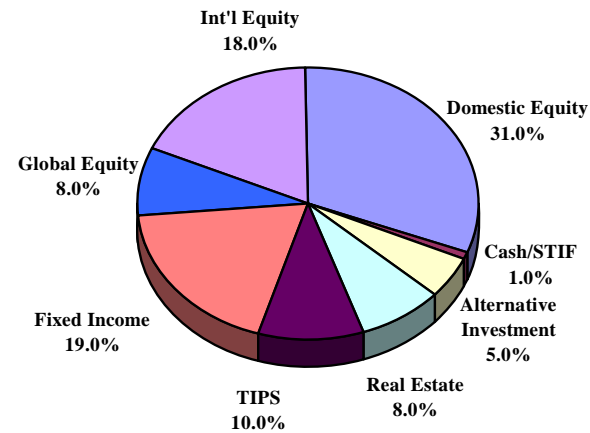
**ASSET ALLOCATION**

**Total Portfolio Net Asset Value \$13,842.7 Million as of May 31, 2008**

**Current Position**



**Target Allocation\*\***



\*\*\*The Domestic Equity and Cash Allocations reflect the impact of the Cash Securitization Portfolio.

\*\*Target Allocation As Of March 1, 2005

## KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM ASSET CLASS, RELATIVE RETURN COMPARISON

	<u>05/31/08 Asset Value</u> Millions <sup>2</sup>	<u>Latest Quarter</u>	<u>Fiscal YTD</u>	<u>Time Weighted Total Return<sup>1</sup></u>			
				<u>Calendar YTD</u>	<u>Latest 1 Year</u>	<u>Latest 3 Years</u>	<u>Latest 5 Years</u>
<b>TOTAL PORTFOLIO<sup>3</sup></b>	\$13,842.7	3.4%	0.7%	-1.1%	0.4%	10.5%	11.7%
Policy Index <sup>4</sup>		3.8%	2.0%	-0.7%	1.3%	10.0%	11.1%
Consumer Price Index		1.2%	3.8%	1.6%	4.1%	3.6%	3.3%
<b>Domestic Equity Portfolio</b>	4,213.0	6.5%	-6.5%	-3.2%	-8.3%	7.3%	10.3%
Russell 3000 Index		6.5%	-4.8%	-3.0%	-6.6%	8.0%	10.6%
<b>Total International Equity</b>	2,749.1	6.2%	1.9%	-1.3%	3.1%	20.4%	20.7%
KPERS International Equity Benchmark <sup>5</sup>		5.7%	2.2%	-1.8%	3.0%	19.8%	21.4%
<b>Global Equity Portfolio</b>	1,123.1	6.1%	1.3%	-2.5%	0.9%	13.9%	NA
MSCI All Country World Index		5.9%	-0.7%	-2.4%	-0.9%	14.4%	16.1%
<b>Fixed Income Portfolio</b>	2,807.9	-0.8%	6.0%	0.6%	5.4%	4.6%	5.1%
KPERS Fixed Income Benchmark <sup>6</sup>		-0.3%	6.5%	1.1%	6.1%	4.5%	4.7%
<b>TIPS Portfolio</b>	1,251.8	-3.9%	13.5%	0.8%	12.5%	3.5%	5.8%
KPERS TIPS Benchmark <sup>7</sup>		-3.9%	13.5%	0.8%	12.5%	3.4%	5.7%
<b>Real Estate Portfolio</b>	1,001.5	4.5%	1.0%	3.8%	5.1%	15.9%	16.8%
KPERS Real Estate Benchmark <sup>8</sup>		5.3%	7.2%	4.5%	6.9%	14.0%	14.2%
<b>Alternative Investment Portfolio</b>	407.9	-2.4%	10.8%	-0.5%	12.0%	18.8%	17.5%
KPERS Alternative Investment Benchmark <sup>9</sup>		7.5%	1.7%	0.7%	0.7%	9.3%	9.1%
<b>Cash Equivalents Portfolio</b>	294.0	0.7%	4.3%	1.6%	4.7%	4.6%	3.4%
Merrill Lynch 0-1 Yr. Treasury Index		0.3%	4.4%	1.5%	4.8%	4.5%	3.3%

<sup>1</sup> Time weighted total return includes income and changes in market value. The latest quarter, fiscal year to date, and calendar year to date results are not annualized.

<sup>2</sup> Net Asset Value is the market value of investments plus accrued receivables less accrued payables. The cash portion of the portfolio is managed by Payden & Rygel.

<sup>3</sup> The Net Asset Value for the Total Portfolio includes the unrealized gain/loss amounts for the Pareto Partners Currency Overlay and Barclays Active Currency accounts. These amounts are shown on page 7.

<sup>4</sup> The current Policy Index was implemented March 1, 2005. This asset allocation mix is 31% Domestic Equity; 18% International Equity; 8% Global Equity; 19% Fixed Income; 10% TIPS; 8% Real Estate; 5% Alternative Investments; and 1% Cash. Prior indexes varied by composition and are reflected in the longer term returns. Prior allocations are available upon request.

<sup>5</sup> The KPERS International Equity Benchmark is the MSCI ACWI Ex U.S. / EAFE Custom Benchmark. The prior benchmarks varied by composition and are reflected in the longer-term returns. These benchmarks are available upon request.

<sup>6</sup> The current Fixed Income Benchmark is the Lehman Brothers Universal Index. Prior benchmarks varied by composition and are reflected in the longer term returns. These benchmarks are available upon request.

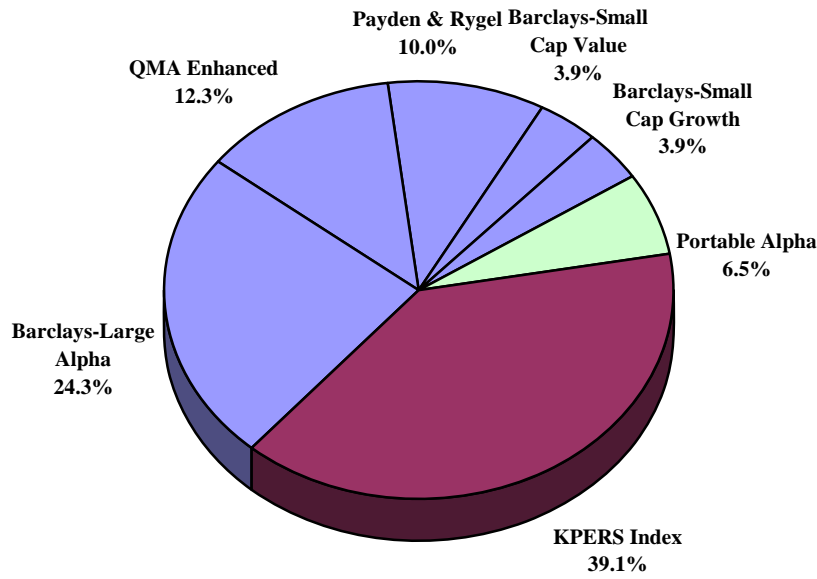
<sup>7</sup> The KPERS TIPS Benchmark is a float-weighted total return index independently calculated. The prior benchmark varied by composition and is reflected in the longer-term returns. This benchmark is available upon request.

<sup>8</sup> The current KPERS Real Estate Benchmark is a weighted average of the following indexes: Custom NCREIF-50%; Custom NCREIF +3%/ML 0-1-25%; and Morgan Stanley REIT-25%. Prior benchmarks varied by composition and are reflected in the longer term returns. These benchmarks are available upon request. In April 2005, the methodology was changed, and returns restated, to better reflect the aging of the capital calls.

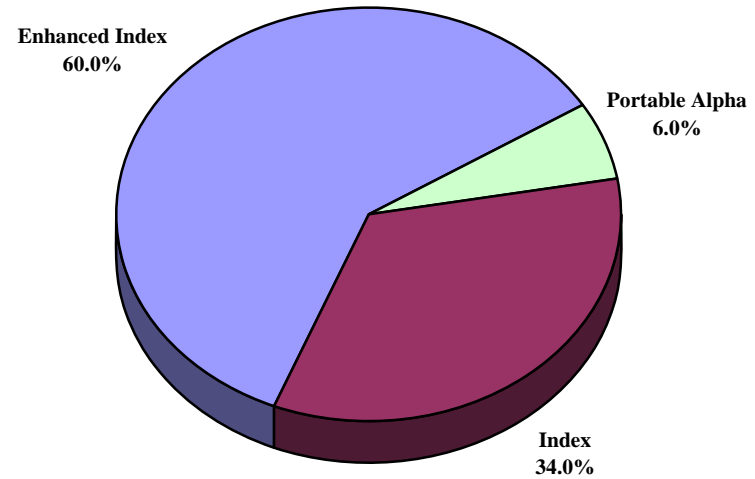
<sup>9</sup> The current KPERS Alt. Inv. Benchmark is the Russell 3000+3%. The prior benchmarks varied by composition and are reflected in the longer term returns. These benchmarks are available upon request.

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Domestic Equity Diversification By Manager/Style**  
**Total Net Asset Value \$4,213.0 Million as of May 31, 2008**

**Current Position**



**Target Allocation**



<b>Manager</b>	<b>Style</b>
KPERS Index	Passive
Barclays-Alpha Tilt	Enhanced Index
QMA Enhanced	Enhanced Index
Payden & Rygel	Enhanced Index
Barclays-Small Value Alpha	Enhanced Index
Barclays-Small Growth Alpha	Enhanced Index
Nomura / Payden	Portable Alpha

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
DOMESTIC EQUITY PERFORMANCE REPORT**

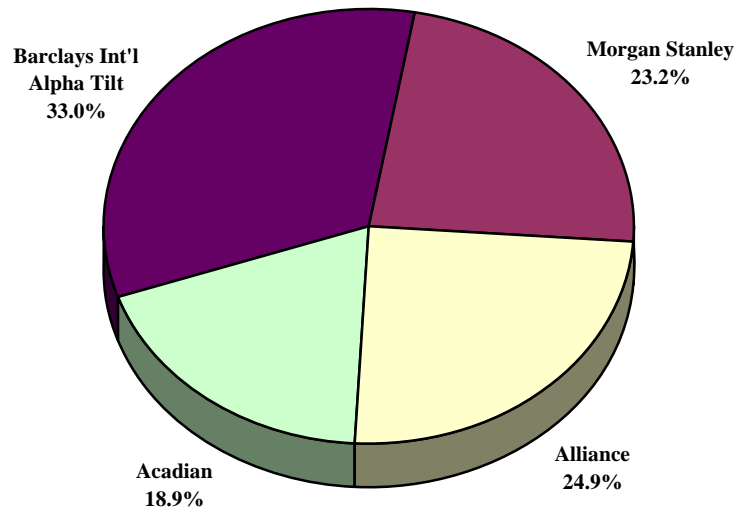
<u>Investment Advisor/Style</u>	<u>05/31/08</u>	<u>% of</u>	<u>% of</u>	<u>Latest</u>	<u>Fiscal</u>	<u>Time Weighted Total Return<sup>10</sup></u>			
	<u>Asset Value</u> Millions <sup>11</sup>	<u>Asset</u>	<u>Total</u>			<u>Quarter</u>	<u>YTD</u>	<u>Calendar</u>	<u>Latest</u>
		<u>Class</u>	<u>NAV</u>			<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
KPERS Index (Passive)	\$1,653.2	39.1%	11.9%	6.3%	-4.3%	-3.1%	-6.1%	8.2%	10.5%
Barclays Alpha Tilt (Enhanced Index)	1,025.1	24.3%	7.4%	6.8%	-7.2%	-2.4%	-9.6%	7.0%	10.0%
QMA (Enhanced Index)	517.1	12.3%	3.7%	6.0%	-6.2%	-3.6%	-8.1%	NA	NA
Russell 1000 Index				6.3%	-4.4%	-3.2%	-6.2%	8.0%	10.4%
Payden & Rygel (Enhanced Index)	419.2	10.0%	3.0%	5.2%	-9.2%	-6.0%	-10.8%	NA	NA
Nomura / Payden & Rygel (Portable Alpha)	272.2	6.5%	2.0%	5.8%	-4.6%	-5.0%	-4.7%	NA	NA
S&P 500 Index				5.8%	-5.1%	-3.8%	-6.7%	7.6%	9.8%
Barclays Small Value Alpha Tilt (Enhanced Index)	163.9	3.9%	1.2%	7.7%	-14.3%	0.4%	-16.0%	4.8%	12.4%
Russell 2000 Value Index				8.3%	-13.3%	-0.3%	-15.3%	6.4%	12.6%
Barclays Small Growth Alpha Tilt (Enhanced Index)	162.3	3.9%	1.2%	10.9%	-11.6%	-1.3%	-13.5%	NA	NA
Russell 2000 Growth Index				10.4%	-5.2%	-3.2%	-5.7%	9.4%	12.2%
<b>Domestic Equity Portfolio</b>	<b>\$4,213.0</b>	<b>100.0%</b>	<b>30.4%</b>	<b>6.5%</b>	<b>-6.5%</b>	<b>-3.2%</b>	<b>-8.3%</b>	<b>7.3%</b>	<b>10.3%</b>

<sup>10</sup> Time weighted total return includes income and changes in market value. The latest quarter, fiscal year to date, and calendar year to date results are not annualized.

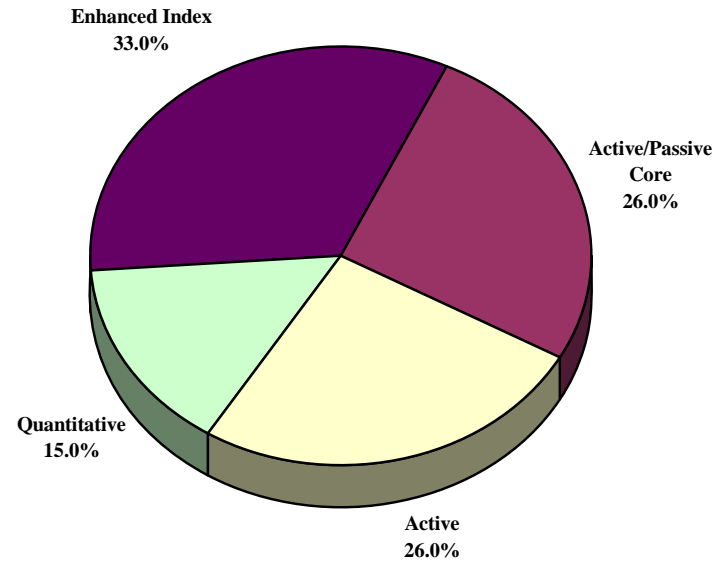
<sup>11</sup> Net Asset Value is the market value of investments plus accrued receivables less accrued payables. The cash portion of the portfolio is managed by Payden & Rygel

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**International Equity Diversification By Manager/Style**  
**Total Net Asset Value \$2,749.1 Million as of May 31, 2008**

**Current Position**



**Target Allocation**



<b>Manager</b>	<b>Style</b>
Barclays-Int'l Alpha Tilt	Enhanced Index
Morgan Stanley	Active / Passive Core
Alliance	Active
Acadian	Quantitative

## KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM INTERNATIONAL EQUITY PERFORMANCE REPORT

<u>Investment Advisor/Style</u>	<u>05/31/08</u>	<u>% of</u>	<u>% of</u>	<u>Latest</u>	<u>Fiscal</u>	<u>Time Weighted Total Return<sup>12</sup></u>			
	<u>Asset Value</u> Millions <sup>13</sup>	<u>Asset</u>	<u>Total</u>			<u>Quarter</u>	<u>Calendar</u>	<u>Latest</u>	<u>Latest</u>
		<u>Class</u>	<u>NAV</u>		<u>YTD</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Acadian Asset Management (Quantitative)	\$518.7	18.9%	3.7%	9.7%	1.4%	-0.1%	2.8%	NA	NA
Morgan Stanley Asset Management (Active/Passive Core)	639.1	23.2%	4.6%	5.7%	4.8%	-0.9%	6.7%	21.8%	21.8%
Barclays Int'l Alpha Tilt (Enhanced Index)	907.9	33.0%	6.6%	5.0%	0.1%	-1.4%	1.0%	19.5%	NA
Alliance Capital Management (Active)	683.4	24.9%	4.9%	5.8%	1.7%	-2.2%	2.6%	NA	NA
MSCI ACWI Ex U.S. / EAFE Custom Benchmark <sup>14</sup>				5.7%	2.2%	-1.8%	3.0%	19.8%	21.4%
<b>Total International Equity</b>	<b>\$2,749.1</b>	<b>100.0%</b>	<b>19.9%</b>	<b>6.2%</b>	<b>1.9%</b>	<b>-1.3%</b>	<b>3.1%</b>	<b>20.4%</b>	<b>20.7%</b>

<sup>12</sup> Time weighted total return includes income and changes in market value. The latest quarter, fiscal year to date, and calendar year to date results are not annualized.

<sup>13</sup> Net Asset Value is the market value of investments plus accrued receivables less accrued payables. The cash portion of the portfolio is managed by Payden & Rygel.

<sup>14</sup> The MSCI ACWI Ex U.S. / EAFE Custom Benchmark is the MSCI ACWI Ex U.S. beginning September 1, 2005. The prior benchmark was the MSCI EAFE Custom Index and is reflected in the longer-term returns. This benchmark is available upon request.

## KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM CURRENCY PERFORMANCE REPORT

<u>Currency Overlay</u>	<u>05/31/08</u>	<u>% of</u>	<u>% of</u>	<u>Latest</u>	<u>Fiscal</u>	<u>Time Weighted Total Return</u> <sup>15</sup>			
	<u>Asset Value</u> Millions) <sup>16</sup>	<u>Asset</u>	<u>Total</u>			<u>Quarter</u>	<u>Calendar</u>	<u>Latest</u>	<u>Latest</u>
		<u>Class</u>	<u>NAV</u>		<u>YTD</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Currency Overlay Program Assets with Pareto	\$1,195.2	NA	8.6%	6.7%	-3.5%	-4.0%	-2.5%	17.6%	18.1%
Currency Overlay Program Assets	1,202.1	NA	8.7%	7.4%	1.6%	-1.4%	2.8%	20.1%	20.1%
Pareto's Currency Overlay Activity <sup>17</sup>	-\$6.9	NA	0.0%	-0.7%	-5.1%	-2.6%	-5.3%	-2.5%	-2.0%
50% Hedged/50% Unhedged Benchmark <sup>18</sup>				-0.3%	-4.5%	-2.0%	-4.6%	-1.3%	-1.7%
<b><u>Active Currency Management</u></b>									
Barclays Global Investors	\$1.3	NA	0.0%	0.0%	-0.2%	0.1%	-0.1%	NA	NA

<sup>15</sup> Time weighted total return includes income and changes in market value. The latest quarter, fiscal year to date, and calendar year to date results are not annualized.

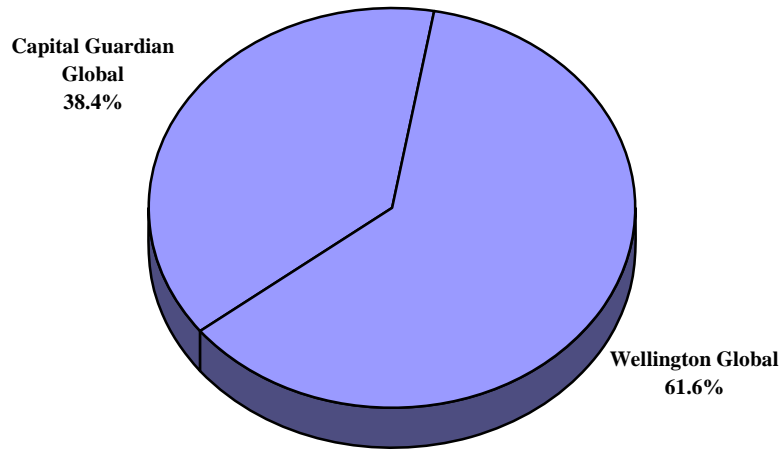
<sup>16</sup> Net Asset Value is the market value of investments plus accrued receivables less accrued payables. The cash portion of the portfolio is managed by Payden & Rygel.

<sup>17</sup> The currency overlay performance is the Currency Overlay Program Assets with Pareto return, less the return of the Currency Overlay Program Assets portfolio. The Net Asset Value represents the unrealized gain/loss as of the reporting date. Since inception, Pareto has realized losses of \$15 million.

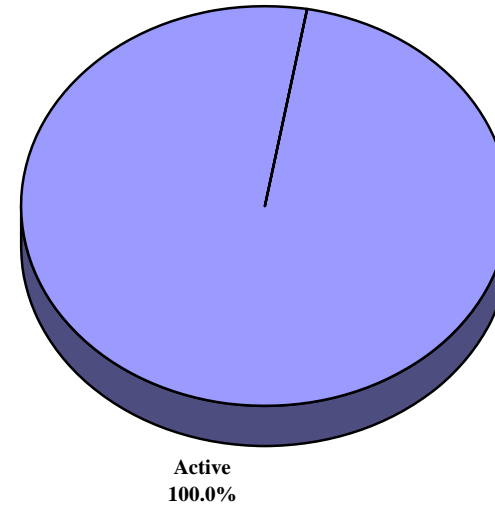
<sup>18</sup> The benchmark performance numbers are calculated by Pareto Partners.

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Global Equity Diversification By Manager/Style  
Total Net Asset Value \$1,123.1 Million as of May 31, 2008**

**Current Position**



**Target Allocation**



<b>Manager</b>	<b>Style</b>
Wellington GE	Active
Capital Guardian GE	Active

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
GLOBAL EQUITY PERFORMANCE REPORT**

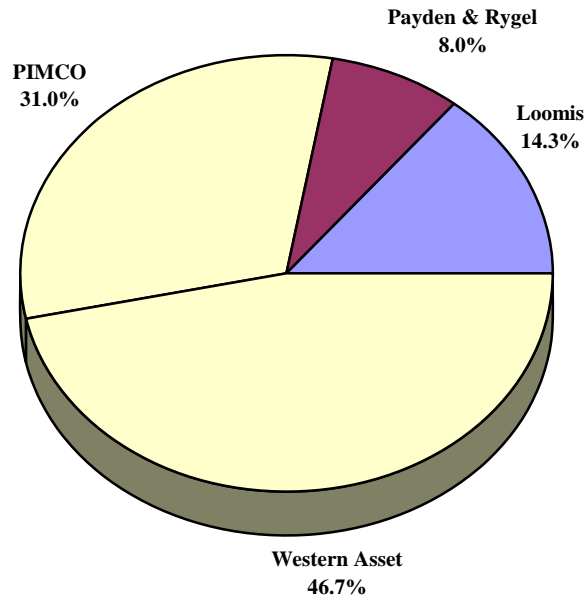
<u>Investment Advisor/Style</u>	<u>05/31/08</u>	<u>% of</u>	<u>% of</u>	<u>Latest</u>	<u>Fiscal</u>	<u>Time Weighted Total Return<sup>19</sup></u>			
	<u>Asset Value</u> Millions <sup>20</sup>	<u>Asset</u>	<u>Total</u>			<u>Quarter</u>	<u>Calendar</u>	<u>Latest</u>	<u>Latest</u>
		<u>Class</u>	<u>NAV</u>		<u>YTD</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Wellington Global Equity	\$691.4	61.6%	5.0%	6.3%	1.2%	-3.9%	0.1%	13.4%	NA
Capital Guardian Global Equity	431.7	38.4%	3.1%	5.8%	1.1%	-0.3%	1.5%	14.6%	NA
MSCI All Country World Index				5.9%	-0.7%	-2.4%	-0.9%	14.4%	16.1%
Global Equity Portfolio	\$1,123.1	100.0%	8.1%	6.1%	1.3%	-2.5%	0.9%	13.9%	NA

<sup>19</sup> Time weighted total return includes income and changes in market value. The latest quarter, fiscal year to date, and calendar year to date results are not annualized.

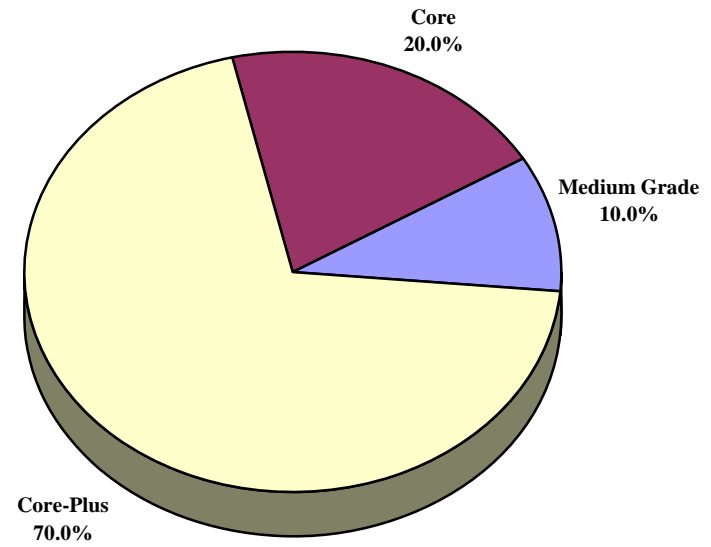
<sup>20</sup> Net Asset Value is the market value of investments plus accrued receivables less accrued payables. The cash portion of the portfolio is managed by Payden & Rygel.

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Fixed Income Diversification By Manager/Style**  
**Total Net Asset Value \$2,807.9 Million as of May 31, 2008**

**Current Position**



**Target Allocation**



<b>Manager</b>	<b>Style</b>
PIMCO	Core Plus
Western Asset	Core-Plus
Payden & Rygel	Core
Loomis	Medium Grade

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
FIXED INCOME PERFORMANCE REPORT**

<u>Investment Advisor/Style</u>	<u>05/31/08</u>	<u>% of</u>	<u>% of</u>	<u>Latest</u>	<u>Fiscal</u>	<u>Time Weighted Total Return<sup>21</sup></u>			
	<u>Asset Value</u> Millions <sup>22</sup>	<u>Asset</u>	<u>Total</u>			<u>Quarter</u>	<u>Calendar</u>	<u>Latest</u>	<u>Latest</u>
		<u>Class</u>	<u>NAV</u>		<u>YTD</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
<b><u>Fixed Income Investments</u></b>									
Pacific Investment Management Co. (Core Plus)	\$871.6	31.0%	6.3%	-0.5%	11.5%	2.9%	11.3%	5.9%	5.2%
Western Asset Management Co. (Core Plus)	1,312.1	46.7%	9.5%	-1.5%	3.1%	-1.0%	2.4%	3.6%	4.0%
Lehman Universal / Agg Custom Index <sup>23</sup>				-0.3%	6.5%	1.1%	6.1%	4.5%	3.9%
Payden & Rygel Investment Counsel (Core)	223.1	8.0%	1.6%	-2.7%	5.2%	-0.6%	4.7%	3.5%	3.1%
Lehman Brothers Aggregate Index				-0.6%	7.2%	1.2%	6.9%	4.3%	3.8%
Loomis, Sayles & Company, Inc. (Medium Grade)	401.1	14.3%	2.9%	2.1%	4.6%	1.5%	3.2%	7.1%	NA
Lehman Brothers Universal Index				-0.3%	6.5%	1.1%	6.1%	4.5%	4.2%
<b>Fixed Income Portfolio</b>	<b>\$2,807.9</b>	<b>100.0%</b>	<b>20.3%</b>	<b>-0.8%</b>	<b>6.0%</b>	<b>0.6%</b>	<b>5.4%</b>	<b>4.6%</b>	<b>5.1%</b>
<b><u>TIPS Investments</u></b>									
KPERS TIPS	1,251.8	100.0%	9.0%	-3.9%	13.5%	0.8%	12.5%	3.5%	5.8%
KPERS TIPS Benchmark <sup>24</sup>				-3.9%	13.5%	0.8%	12.5%	3.4%	5.7%
<b>TIPS Portfolio</b>	<b>\$1,251.8</b>	<b>100.0%</b>	<b>9.0%</b>	<b>-3.9%</b>	<b>13.5%</b>	<b>0.8%</b>	<b>12.5%</b>	<b>3.5%</b>	<b>5.8%</b>

<sup>21</sup> Time weighted total return includes income and changes in market value. The latest quarter, fiscal year to date, and calendar year to date results are not annualized.

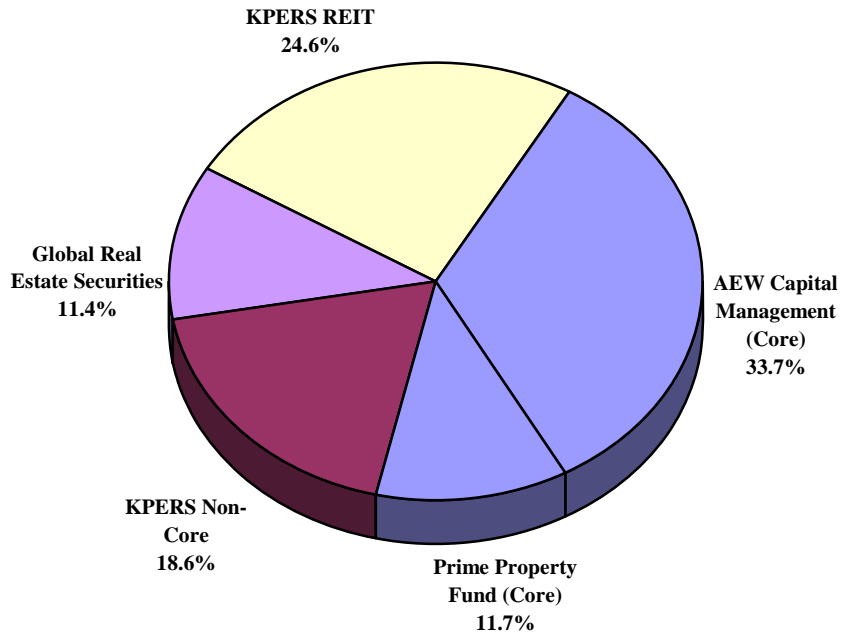
<sup>22</sup> Net Asset Value is the market value of investments plus accrued receivables less accrued payables. The cash portion of the portfolio is managed by Payden & Rygel.

<sup>23</sup> This custom index consists of the Lehman Universal Index beginning 03/01/05. Prior to 03/01/05 the Lehman Aggregate Index was the benchmark.

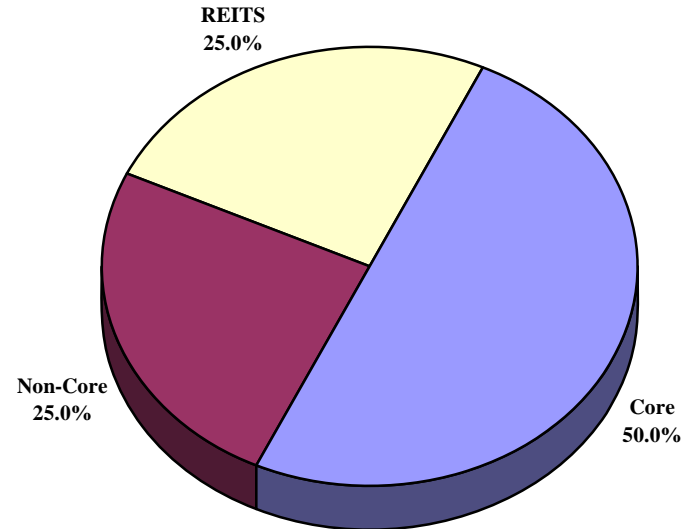
<sup>24</sup> The current TIPS Benchmark is a float weighted total return index independently calculated. Prior benchmarks varied by composition and are reflected in the longer-term returns. These benchmarks are available upon request.

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Real Estate Diversification By Manager/Style**  
**Total Net Asset Value \$1,001.5 Million as of May 31, 2008**

**Current Position**



**Target Allocation**



Manager	Style
AEW Capital Mgt.	Core
Prime Property Fund	Core
KPERS Non-Core	Non-Core
AEW Global/ MSIF	Global RE Securities
KPERS REIT	REIT

## KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM REAL ESTATE PERFORMANCE REPORT

<u>Investment Advisor/Style</u>	<u>05/31/08</u>	<u>% of</u>	<u>% of</u>	<u>Latest</u>	<u>Fiscal</u>	<u>Time Weighted Total Return<sup>25</sup></u>			
	<u>Asset Value</u> Millions <sup>26</sup>	<u>Asset</u>	<u>Total</u>			<u>Quarter</u>	<u>Calendar</u>	<u>Latest</u>	<u>Latest</u>
		<u>Class</u>	<u>NAV</u>		<u>YTD</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
AEW Capital Management (Core) <sup>27</sup>	\$337.1	33.7%	2.4%	2.1%	6.7%	3.8%	24.9%	23.3%	14.2%
Prime Property Fund (Core)	116.6	11.7%	0.8%	3.0%	4.8%	3.0%	16.5%	18.2%	NA
Custom NCREIF Real Estate Index <sup>28</sup>				3.2%	11.8%	3.2%	15.9%	17.5%	14.8%
KPERS Non-Core	186.6	18.6%	1.3%	3.4%	2.6%	3.9%	8.8%	19.0%	19.7%
Non-Core Real Estate Benchmark <sup>29</sup>				1.9%	7.9%	2.8%	9.3%	9.1%	8.6%
KPERS REIT	246.5	24.6%	1.8%	12.9%	-3.4%	8.3%	-12.6%	10.8%	17.5%
MSCI US REIT Index				13.2%	-3.6%	8.4%	-12.7%	10.7%	17.3%
AEW Global	56.3	5.6%	0.4%	-7.9%	-13.1%	-7.9%	-19.7%	NA	NA
MSIF Global Real Estate Fund	58.4	5.8%	0.4%	5.1%	-9.7%	-0.8%	-16.6%	NA	NA
FTSE EPRA/NAREIT Global Index				4.1%	-9.0%	-2.2%	-15.7%	14.3%	21.4%
<b>Real Estate Portfolio</b>	<b>\$1,001.5</b>	<b>100.0%</b>	<b>7.2%</b>	<b>4.5%</b>	<b>1.0%</b>	<b>3.8%</b>	<b>5.1%</b>	<b>15.9%</b>	<b>16.8%</b>

<sup>25</sup> Time weighted total return includes income and changes in market value. The latest quarter, fiscal year to date, and calendar year to date results are not annualized.

<sup>26</sup> Net Asset Value is the market value of investments plus accrued receivables less accrued payables. The cash portion of the portfolio is managed by Payden & Rygel.

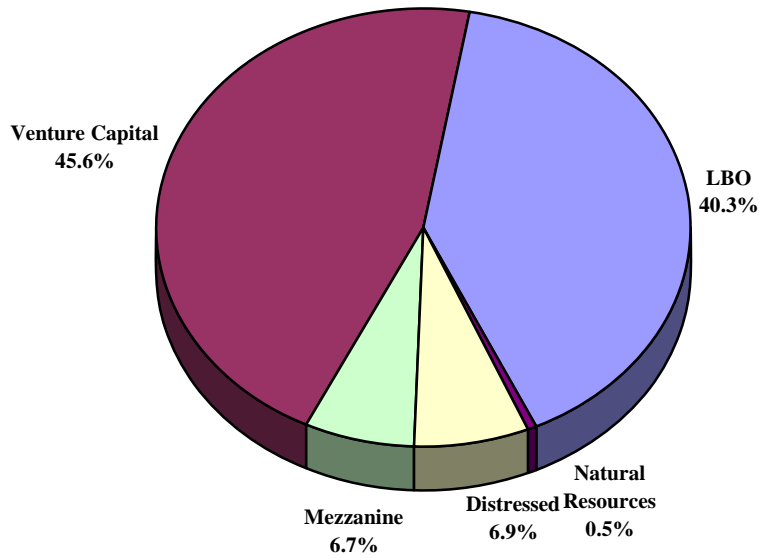
<sup>27</sup> AEW began managing the portfolio in August, 2003. Previously, it was managed by Lend Lease.

<sup>28</sup> The Custom NCREIF Real Estate Index consists of the NCREIF Classic Property Index prior to 1/1/05 and the NCREIF Property Index beginning 1/1/05. The index is updated quarterly. The returns shown are for the period ending 12/31/07.

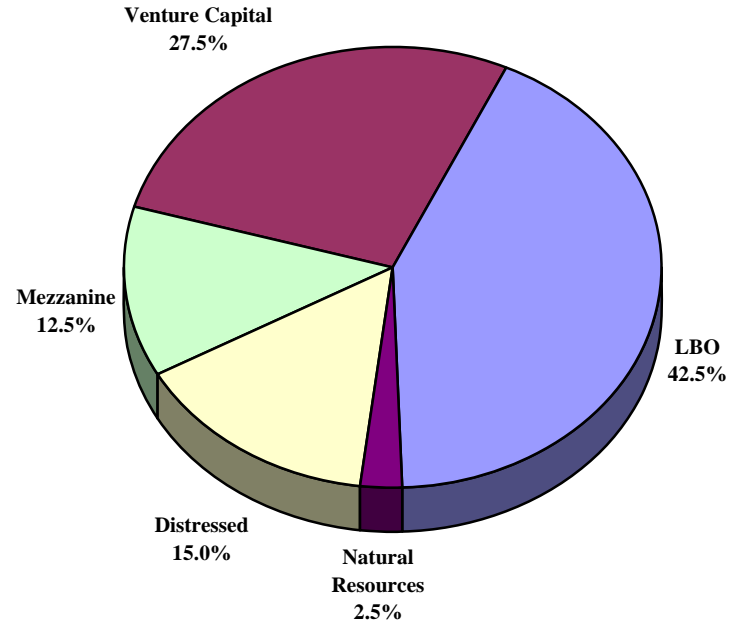
<sup>29</sup> The current Non-Core Real Estate Benchmark is an age-weighted average of the Custom NCREIF Index +3% and Merrill 0-1 Year Treasury Index. In April 2005, the methodology was changed, and returns restated, to better reflect the aging of the capital calls.

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Alternative Investment Diversification**  
**Total Net Asset Value \$407.9 Million as of May 31, 2008**

**Current Position\***



**Target Allocation\*\***



Manager	Style
LBO	30 – 55%
Venture Capital	20 – 35%
Mezzanine	10 – 15%
Distressed	10 – 20%
Natural Resources	0 – 5%

\*The percentages reflect dollars of the AIP Portfolio invested in each category; they do not include the PEP Portfolio.

\*\*The midpoint of the range is shown in the graph.

## KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM ALTERNATIVE INVESTMENTS AND CASH EQUIVALENTS PERFORMANCE REPORT

<u>Investment Advisor/Style</u>	<u>05/31/08</u>	<u>% of</u>	<u>% of</u>	<u>Latest</u>	<u>Fiscal</u>	<u>Time Weighted Total Return<sup>30</sup></u>			
	<u>Asset Value</u> Millions <sup>31</sup>	<u>Asset</u>	<u>Total</u>			<u>Quarter</u>	<u>Calendar</u>	<u>Latest</u>	<u>Latest</u>
		<u>Class</u>	<u>NAV</u>		<u>YTD</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
<b><u>Alternative Investments</u></b>									
Pre '91 Direct Placements <sup>32</sup>	\$2.5	0.6%	0.0%	-15.8%	-60.7%	-59.5%	-63.0%	-8.4%	2.3%
Venture Capital Portfolio <sup>33</sup>	0.2	0.0%	0.0%	0.0%	9.8%	0.4%	28.0%	43.9%	-2.3%
AIP Portfolio <sup>34</sup>	390.7	95.8%	2.8%	-2.3%	12.7%	0.5%	14.1%	19.4%	18.1%
AIP Distributions Portfolio <sup>35</sup>	4.4	1.1%	0.0%	4.2%	-36.4%	-7.5%	-36.1%	-10.8%	-17.9%
Private Equity Program (PEP)	10.1	2.5%	0.1%	-2.2%	NA	-2.9%	NA	NA	NA
KPERS Alternative Investment Benchmark <sup>36</sup>				7.5%	1.7%	0.7%	0.7%	9.3%	9.1%
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Alternative Investment Portfolio	\$407.9	100.0%	2.9%	-2.4%	10.8%	-0.5%	12.0%	18.8%	17.5%
<b><u>Cash Equivalents</u></b>									
Payden & Rygel Investment Counsel (STIF)	294.0	100.0%	2.1%	0.7%	4.3%	1.6%	4.7%	4.6%	3.4%
Merrill Lynch 0-1 Treasury Index				0.3%	4.4%	1.5%	4.8%	4.5%	3.3%
KPERS Dedicated Cash Portfolio	0.0	0.0%	0.0%	0.6%	3.9%	1.3%	4.4%	4.6%	3.3%
Merrill Lynch 91 Day T-Bill				0.4%	2.9%	0.8%	3.3%	4.3%	3.2%
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Cash Equivalents Portfolio	\$294.0	100.0%	2.1%	0.7%	4.3%	1.6%	4.7%	4.6%	3.4%

<sup>30</sup> Time weighted total return includes income and changes in market value. The latest quarter, fiscal year to date, and calendar year to date results are not annualized.

<sup>31</sup> Net Asset Value is the market value of investments plus accrued receivables less accrued payables. The cash portion of the portfolio is managed by Payden & Rygel.

<sup>32</sup> Valuations for the Pre'91 Direct Placement investments are predominately based on publicly traded securities and reflect current market values as of the report date.

<sup>33</sup> The Venture Capital Portfolio consists of annually valued investments. The NAV and performance are calculated on a cash flow adjusted basis. Note that performance will lag the KPERS Alternative Investment Benchmark due to the difference in valuation frequency.

<sup>34</sup> Valuations for AIP and PEP investments are adjusted at each calendar quarter end; the values shown are as of 12/31/07. Stated asset values and performance figures are calculated on a cash flow adjusted basis to account for contributions and distributions which occur between valuation updates. Note that performance will lag the KPERS Alternative Investment Benchmark due to the difference in valuation frequency.

<sup>35</sup> The Distributed Securities Portfolio consists of publicly traded securities and is reflective of current market values as of the report date.

<sup>36</sup> The current KPERS Alternative Investment Benchmark is the Russell 3000 Index + 3%. The benchmark is not reported on a lagged-basis. Prior Alternative Investment Benchmarks varied by composition and are reflected in the longer term returns. These benchmarks are available upon request.