



## Kentucky Public Employees' Deferred Compensation Authority Plans

3rd Quarter 2018 Performance Results  
of Investment Options — Without Plan Asset Charges

[www.kentuckydcp.com](http://www.kentuckydcp.com)  
1.800.542.2667 or 502.573.7925

The following are the percentage changes in Net Assets (with capital gains and income dividends reinvested) for the funds under the Plan(s), without reduction for Plan charges for the respective period(s) ended **September 30, 2018**.

The results shown represent past performance and do not represent expected future performance or experience. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the data quoted. Performance data current to the most recent month-end may be obtained by visiting [www.kentuckydcp.com](http://www.kentuckydcp.com).

**Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other information about the investment company. Prospectuses are available online at [kentuckydcp.com](http://kentuckydcp.com) or by calling 502-573-7925 or 800-542-2667.**

It should be noted, some mutual funds may impose a short term trading fee, while other funds may be subject to a trade restriction policy. Please read the prospectus carefully before investing.

Note: Any comparisons should be made only after a recognition of the differences in the investment policies and objectives of the companies' investments. Fixed Contract Fund 3 has an annual Plan recordkeeping fee of .32% and the Authority's fee on the other Board Administered funds will not exceed a maximum annual Plan recordkeeping fee of .32%. None of the returns below reflect the deduction of any Plan(s) charges which may be assessed to the Plan(s) participants. The deduction of these charges would reduce the performance quoted. However, the current underlying fund expenses as of August 31, 2018 are reflected.

Investment Options (fund class, inception date)	TICKER	Total Return		Average Annual Return		Inception to Date*	Gross Expense Ratio**
		3 MONTH	1 YEAR	5 YEAR	10 YEAR		
<b>Tier 1- Target Date Funds, Balanced Fund</b>							
Vanguard Target Retirement Income Fund	VITRX	1.34	3.34	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2015 Fund	VITVX	1.82	4.60	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2020 Fund	VITWX	2.40	5.92	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2025 Fund	VRIVX	2.80	6.85	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2030 Fund	VTTWX	3.11	7.73	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2035 Fund	VITFX	3.46	8.54	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2040 Fund	VIRSX	3.80	9.39	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2045 Fund	VITLX	4.02	9.92	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2050 Fund	VTRLX	4.01	9.88	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2055 Fund	VIVLX	4.01	9.84	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2060 Fund	VILVX	4.05	9.83	N/A	N/A	6/26/15	0.09
Vanguard Target Retirement 2065 Fund	VVSFX	3.94	9.93	N/A	N/A	7/12/17	0.09
Vanguard Wellington (Admiral Shares)	VWENX	4.84	8.35	9.12	9.49	5/14/01	0.17
<b>Tier 2- Passively Managed Index Funds</b>							
Vanguard Inflation Protected Securities Fund (Inst Shares)	VIPIX	-0.85	0.27	1.32	3.19	12/12/03	0.07
Vanguard Total Bond Mkt Index (Instl Shares)	VBPIX	0.03	-1.21	2.10	3.73	9/18/95	0.04
Vanguard Institutional Index Fund (Inst. Plus Shares)	VIIIX	7.71	17.89	13.94	11.98	7/7/97	0.02
Vanguard Mid-Cap Index (Instl Shares)	VMCIX	4.68	13.45	11.68	12.44	5/21/98	0.04
Vanguard Small-Cap Index Fund	VSCIX	4.78	16.72	11.49	12.39	7/7/97	0.04
Vanguard Total Intl Stock Index Fund	VTIAX	0.53	1.61	4.47	N/A	11/29/10	0.11
<b>Tier 3- Actively Managed Funds</b>							
Invesco Government & Agency Portfolio	AGPXX	0.47	1.46	0.47	0.31	9/1/98	0.17
MetWest Total Return Bond Fund	MWTSX	0.12	-0.81	2.34	N/A	7/29/11	0.37
Pimco All Asset Fund (Instl Shares)	PAAIX	0.35	1.32	3.42	5.97	7/31/02	1.10
T Rowe Price Mid-Cap Equity Growth (Instl Shares)	PMEGX	7.81	18.56	14.96	15.08	7/31/96	0.61
AMG GW&K Small-Cap Core Fund (Class Z)	GWEZX	2.01	12.32	N/A	N/A	2/24/17	0.91
Dodge & Cox International Stock Fund	DODFX	0.81	-5.26	3.74	5.90	5/1/01	0.63
<b>Tier 4- Specialty Funds</b>							
Fixed Contract Fund 3		0.54	1.88	1.64	2.10	3/31/00	0.35
Fidelity Contrafund	FCNTX	6.68	24.68	15.53	13.31	5/17/67	0.74
Fidelity Growth Company Fund	FDGRX	8.38	28.94	18.44	16.52	1/17/83	0.85
American Funds EuroPacific Grwth Fd (Class R6)	REGRX	-0.84	1.47	6.20	6.86	4/16/84	0.49
DFA International Small Company Fund	DFISX	-1.15	1.00	7.10	8.87	9/30/96	0.53
Aberdeen Emerging Markets Fund (Instl Shares)	ABEMX	-0.70	-7.29	1.43	6.97	5/11/07	1.13

\* See disclaimer language and descriptions on the reverse side of this document.

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### Tier 1 Target Date Funds and Balanced Fund

#### Target Date Funds

- **Designed for:** Those who want to invest in mutual funds, but are not comfortable making asset allocation decisions, or want decisions to be made for them on an ongoing basis.
- **Contains:** A series of funds designed around the approximate date you think you will retire and access your funds.
- **Mutual Fund Family:** Vanguard

#### Balanced Fund

- **Designed for:** Those who seek income or growth of income, with less emphasis on capital appreciation.
- **Contains:** An allocation to both stocks and bonds.
- **Mutual Fund Family:** Vanguard

### Tier 2 Passively Managed Index Funds

- **Designed for:** Those who seek to replicate the performance of a specific market index.
- **Options:** A broad array of passively managed index funds.
- **Mutual Fund Family:** Vanguard

### Tier 3 Actively Managed Funds

- **Designed for:** Those who desire to take a more active role in the creation and rebalancing of their portfolio.
- **Options:** A variety of actively managed funds from different firms offering various asset classes.
- **Mutual Fund Families:** Invesco, MetWest, PIMCO, T. Rowe Price, AMG GW&K, Dodge & Cox.

### Tier 4 Specialty Funds

- **Designed for:** Those who want to invest in specialty funds falling outside the realms of Tiers 1, 2, and 3.
- **Options:** A wide array of specialty funds.
- **Fund Families:** Invesco\*, Fidelity, American Funds, DFA, Aberdeen

\*Manages Fixed Contract Fund 3

#### Authority "Watch List" Announcement

The Board of Trustees (Board) of the Kentucky Public Employees' Deferred Compensation Authority (Authority) has adopted investment guidelines, referred to as Monitoring Investment Options, as amended December 8, 2011 (the "Watch Policy"), which constitutes a part of the Investment Policy Statement for the Authority 401(k) and 457 Plans. The Watch Policy assists the Board in its review of the investments held in the Authority Plans and its assessment of plan investment options in comparison with investment evaluation standards and measures of performance. If you would like a copy of the Watch Policy, Investment Policy Statement, or list of fund options currently on "watch" status, please contact Paula Burns at 1-800-542-2667.

**Disclaimers:** The Watch Policy and Watch-listed funds should not be relied upon to invest or exchange Plan(s) fund options and the Watch Policy does not constitute investment advice. Each Plan participant is responsible for his/her own individual investment selections and any resulting gains or losses. Participants should read fund prospectus(es) carefully before investing.

\* Return since fund class first came into existence.

\*\* Gross expense ratios represent the fund's total operating expenses expressed as a percentage of the assets held in the fund. The gross expense ratios provided are as of August 31, 2018. For more information about gross expense ratios read the fund's prospectus.

<sup>1</sup> The Vanguard Target Retirement Funds invest in a wide variety of underlying funds to help reduce investment risk. Their expense ratio represents a weighted average of the expense ratios and any fees charged by the underlying mutual funds in which the Vanguard Target Retirement Funds invest. The Vanguard Target Retirement Funds do not charge any expense or fees of their own. Like other funds, Vanguard Target Retirement Funds are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

<sup>2</sup> Bond funds have the same interest rate, inflation and credit risks associated with the underlying bonds owned by the fund.

<sup>3</sup> Small company funds involve increased risk and volatility.

<sup>4</sup> International investing involves additional risks including: political instability, currency fluctuations, differences in accounting standards, and foreign regulations.

<sup>5</sup> An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency.

Although the money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the money market. The money market fund current yield is the annualized historical yield for the 7-day period ending on the last day of the calendar quarter.

<sup>6</sup> Returns include performance based on a previous share class. Returns have not been re-calculated to reflect the fees of the stated share class.

<sup>7</sup> Fixed Contract Fund 3, managed by INVESCO, is a portfolio of investment contracts issued by insurance companies, banks and other financial institutions. This is not a publicly traded fund. Accounts are credited with an interest rate which when compounded daily equals the current yield, less Plan charges. The fund's underlying gross expenses are factored into the current yield. Insurance wraps and other protections are based on the claims-paying ability of the issuing insurance company.

N/A = return not available

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