

Kentucky Deferred Comp

Spectrum of Investment Options

Your guide to available investment options.

Tier 1 Target Date Funds, Balanced Fund

Target Date Funds
Vanguard Target Retirement Funds (Institutional)
(in five-year increments)

Balanced Fund
Vanguard Wellington Fund (Admiral)

Tier 2 Passively Managed Index Funds

Treasury Inflation-Protected Securities (TIPS)
Vanguard Inflation-Protected Securities Fund (Institutional)

Market Duration Bond
Vanguard Total Bond Market Index Fund (Institutional)

US Large-Cap Core
Vanguard Institutional Index Fund (Institutional)

US Mid-Cap Core
Vanguard Mid-Cap Index Fund (Institutional)

US Small-Cap Core
Vanguard Small-Cap Index Fund (Institutional)

Non-US Equity
Vanguard Total International Stock Index Fund (Admiral)

Tier 3 Actively Managed Funds

Money Market
Invesco Short Term Investments Government & Agency Portfolio (Institutional)

Short Government Bonds
Federated US Government Securities Fund 2-5 Years (Institutional)

Intermediate-Term Bonds
MetWest Total Return Bond Fund

Real Assets
PIMCO All Asset Fund (Institutional)

Large-Cap Core
Ivy Core Equity Fund

Mid-Cap Core
T. Rowe Price Institutional Mid-Cap Equity Growth Fund

Small-Cap Core
AMG GW&K Small Cap Equity Fund (Institutional)

International
Dodge and Cox International Fund

Tier 4 Specialty Funds

Stable Value
Fixed Contract Fund 3

High Yield Bonds
Franklin High Income Fund (R6)

All Cap Core
Fidelity Contrafund

Large-Cap Growth
Fidelity Growth Company Fund

Developed International
American Funds EuroPacific Growth Fund (R6)

Developed International Small-Cap
DFA International Small Company Fund (I)

Emerging Markets Equity
Aberdeen Emerging Markets Institutional Fund

Important information to keep in mind as you review the funds on this and the following pages:

All investing is subject to risk, including the possible loss of the money you invest. Asset allocation and diversification do not ensure a profit or protect against a loss.

Before investing in any fund please consider its investment objectives, risks, charges and expenses carefully. The fund prospectus contains this and other important information about the investment company. Prospectuses are available by calling 502-573-7925 or 800-542-2667.

Operating expenses are reported as a percentage (or ratio) of the fund's assets, and reflect those gross costs reported per the most recent prospectus available for each fund. These ratios do not include the impact of waivers, interest expense, or other voluntary adjustments authorized by the management of each fund group. The impact of such adjustments would be a lower expense charged. Expense ratios are subject to change. Consult the relevant prospectus or fund fact sheet for more detailed information regarding actual net costs incurred by investors in any given period. Operating expenses shown are as of September 30, 2016.

Tiered Spectrum

The tiered Spectrum was established to help provide a simplified view of all your investment options and make it easier to navigate, identify your choices and take action based upon your desired level of involvement and risk tolerance.

- Tier 1 is designed for the investor who is less comfortable making asset allocation decisions or those who would like someone else to make investment decisions for them on an ongoing basis.
- Tiers 2, 3, and 4 are designed for those who would like to build their own portfolios. Tiers 2 and 3 provide fund choices in the key asset categories — Tier 2 focuses on passively managed, lower cost options while Tier 3 focuses on actively managed investment options. Tier 4 provides specialty funds falling outside the realms of Tiers 1, 2, and 3.

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, Federated, MetWest, PIMCO, Ivy, 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*, Franklin, Fidelity, American Funds, DFA, Aberdeen

*Manages Fixed Contract Fund 3

TIER 1: Target Date Funds and Balanced Fund

Vanguard Target Retirement Funds

Vanguard Target Retirement Funds are designed for investors expecting to retire around the year indicated in each fund's name. However, Vanguard notes that its target-year suggestions are based on a retirement age of 65. Investors who plan to retire significantly earlier or later may want to consider a fund with an asset allocation more appropriate to their particular situation.

The assets in each fund are allocated to other Vanguard stock and bond funds to seek a blend of growth and current income. With the exception of the Vanguard Retirement Income Fund, the equity component of the funds may range from 40% to 90%. Except for the Vanguard Target Retirement Income Fund, the funds' asset allocation becomes increasingly conservative as they approach their target date and beyond. Ultimately, they are expected to merge with the Vanguard Target Retirement Income Fund, which maintains about 70% in bonds.

The investment risk of each Vanguard Target Retirement Fund changes over time as its asset allocation changes. They are subject to the volatility of the financial markets, including equity and fixed income investments in the U.S. and abroad and may be subject to risks associated with investing in high yield, small cap, and foreign securities. Principal investment is not guaranteed at any time, including at or after the designated target retirement date.

Fund Name	Category	Ticker	Operating Expenses	Risk Tolerance
Vanguard Retirement Income Fund (Instl)	Retirement Income	VITRX	0.10%	Conservative
Vanguard Target Retirement 2010 Fund (Instl)	Target Date 2000-2010	VIRTX	0.10%	Moderate
Vanguard Target Retirement 2015 Fund (Instl)	Target Date 2011-2015	VITVX	0.10%	Moderate
Vanguard Target Retirement 2020 Fund (Instl)	Target Date 2016-2020	VITWX	0.10%	Moderate
Vanguard Target Retirement 2025 Fund (Instl)	Target Date 2021-2025	VRIVX	0.10%	Moderate
Vanguard Target Retirement 2030 Fund (Instl)	Target Date 2026-2030	VTTWX	0.10%	Moderate
Vanguard Target Retirement 2035 Fund (Instl)	Target Date 2031-2035	VITFX	0.10%	Moderately Aggressive
Vanguard Target Retirement 2040 Fund (Instl)	Target Date 2036-2040	VIRSX	0.10%	Moderately Aggressive
Vanguard Target Retirement 2045 Fund (Instl)	Target Date 2041-2045	VITLX	0.10%	Moderately Aggressive
Vanguard Target Retirement 2050 Fund (Instl)	Target Date 2046-2050	VTRLX	0.10%	Moderately Aggressive
Vanguard Target Retirement 2055 Fund (Instl)	Target Date 2051-2055	VIVLX	0.10%	Moderately Aggressive
Vanguard Target Retirement 2060 Fund (Instl)	Target Date 2055+	VILVX	0.10%	Moderately Aggressive
Balanced Fund				
Vanguard Wellington Fund (Admiral)	Moderate Allocation	VWENX	0.18%	Moderate
This fund seeks long-term capital appreciation and reasonable current income. From 60% – 70% of fund assets are invested in established large and medium-size companies, favoring those that pay dividends. The remaining fund assets are allocated primarily to investment-grade corporate bonds with some exposure to U.S. Treasury and government agency bonds as well as mortgage-backed securities. Investments in bond funds are subject to same interest rate, credit, and inflation risk as the underlying bonds.				

TIER 2: Passively Managed Index Funds

Fund Name	Category	Ticker	Operating Expenses	Risk Tolerance
Vanguard Inflation-Protected Securities Fund (Instl)	Inflation-Protected Bonds	VIPIX	0.07%	Moderately Conservative
This fund seeks to provide income that keeps pace with the current rate of inflation. At least 80% of its assets are invested in inflation-indexed bonds issued by the U.S. Treasury or U.S. government agencies. It may invest in bonds of any maturity. However, its dollar-weighted average maturity is expected to be in the range of 7-20 years at a minimum. All bonds purchased by the fund are rated investment-grade. Investments in bond funds are subject to the same interest rate, credit, and inflation risk as the underlying bonds.				
Vanguard Total Bond Market Index Fund (Instl)	Intermediate-Term Bond	VBPIX	0.05%	Moderately Conservative
This investment option tracks the performance of the Barclays Capital U.S. Aggregate Float Adjusted Bond Index, which measures a wide variety of public, investment-grade, taxable, fixed income securities in the U.S. These include government, corporate, and international bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than one year. As noted above, investments in bond funds are subject to the same interest rate, credit, and inflation risk as the underlying bonds.				
Vanguard Institutional Index Fund (Instl)	Large Blend	VINIX	0.04%	Moderate
This fund is designed to track the performance of the Standard & Poor's 500 Index, which measures the performance of stocks of large U.S. companies. The fund seeks returns that match the S&P 500 by investing all or substantially all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.				
Vanguard Mid-Cap Index Fund (Instl)	Mid-Cap Blend	VMCIX	0.07%	Moderately Aggressive
This investment option tracks the performance of the MSCI U.S. Mid-Cap 450 Index, a broadly diversified index of stocks of medium-size U.S. companies. Many mid-cap companies may be former large companies that have reduced in size, or smaller companies that are in the midst of a strong growth trend. Mid-cap stocks are generally considered to be more volatile than the stocks of larger companies.				
Vanguard Small-Cap Index Fund (Instl)	Small-Cap Blend	VSCIX	0.07%	Aggressive
This fund is designed to track the performance of the MSCI U.S. Small Cap 1750 Index, which measures the performance of stocks representing a broadly diversified mix of smaller U.S. companies. Small companies are typically younger than large companies, and may offer opportunities for strong growth. Funds investing in stocks of small or emerging companies may have less liquidity than those investing in larger, established companies and may be subject to greater price volatility and risk than the overall stock market.				
Vanguard Total International Stock Index Fund (Admiral)	Foreign Large Blend	VTIAX	0.12%	Aggressive
The investment option is designed to track the performance of the MSCI All Country World ex USA Investable Market Index, which measures the performance of more than 6,000 stocks of non-U.S. companies located in 44 developed and emerging market countries. International stocks generally involve risk including political instability, currency fluctuations, differences in accounting standards and foreign regulations.				

TIER 3: Actively Managed Funds

Fund Name	Category	Ticker	Operating Expenses	Risk Tolerance
Invesco Short Term Investments Government & Agency Portfolio (Instl)¹	Money Market	AGPXX	0.16%	Conservative
This fund seeks to provide current income consistent with preservation of capital and liquidity. An investment in a money market fund is not insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.				
Federated U.S. Government Securities Fund 2-5 Years (Instl)^{1,2}	Short-Term Government	FIGTX	0.85%	Conservative
By investing in short- to intermediate-term U.S. Treasury and government agency securities, this fund seeks to provide current income. The fund's value is not guaranteed by these entities. On average, the fund invests about half of its portfolio in securities having a maturity range of 2-5 years.				
MetWest Total Return Bond Fund	Intermediate-Term Bond	MWTSX	0.38%	Moderately Conservative
As its name suggests, this fund seeks total return, consistent with preservation of capital and prudent investment management. The fund invests in a diversified portfolio of high quality bonds actively managed to maximize return in a risk-controlled framework, and offers an actively managed core bond portfolio that can capitalize on opportunities within multiple sectors of the fixed income market. Investments in bond funds are subject to same interest rate, credit, and inflation risk as the underlying bonds.				
PIMCO All Asset Fund (Instl)	World Allocation	PAAIX	1.08%	Moderate
This fund seeks maximum real return, investing for both current income and capital appreciation objectives via institutional shares of other PIMCO mutual funds. The asset allocation to these underlying funds may change daily, weekly, or monthly in a gradual manner, at which the shares are bought and sold at Net Asset Value (NAV).				
Ivy Core Equity Fund	Large-Cap Blend	ICEQX	0.75%	Moderate
This fund seeks long-term growth of capital by investing primarily in equity securities of large, established U.S. and foreign companies traded on U.S. exchanges. The fund has the ability to invest in companies across the valuation spectrum. The fund seeks to invest in companies that Ivy Investment Management Company believes have dominant market position or sustainable competitive advantage in their industry employing both a top down/bottom up fundamental research approach.				
T. Rowe Price Institutional Mid-Cap Equity Growth Fund³	Mid-Cap Growth	PMEGX	0.61%	Moderately Aggressive
The investment seeks to provide long-term capital appreciation by investing in mid-cap stocks offering the potential for above-average earnings growth. The fund invests at least 80% of its net assets in a diversified portfolio of common stocks of mid-cap companies whose earnings are expected to grow at a faster rate than the average company.				
AMG GW&K Small Cap Equity Fund (Instl)	Small Cap Growth	GWEIX	1.06%	Aggressive
Seeks to provide investors with long-term capital appreciation. The fund normally invests at least 80% of net assets in equity securities of small-capitalization companies, approximately 55-90 stocks. The fund invests in an unrestricted opportunity set, pursuing quality companies with either growth or value oriented characteristics. Funds investing in stocks of small or emerging companies may have less liquidity than those investing in larger, established companies and may be subject to greater price volatility and risk than the overall stock market.				
Dodge & Cox International Fund	Foreign Stocks	DODFX	0.64%	Aggressive
Seeks long-term growth of principal and income, investing primarily in a diversified portfolio of equity securities issued by non-U.S. companies from developed and emerging markets. The fund invests primarily in medium-to-large well established companies and focuses on countries whose economic and political systems appear more stable and are believed to provide some protection to foreign shareholders. Funds that invest internationally involve risks not associated with investing solely in the U.S., such as currency fluctuation, political risk, differences in accounting and the limited availability of information.				

¹ Investors cannot transfer directly from the Fixed Contract Fund 3 to either the Invesco Short Term Investments Government & Agency Portfolio (Instl) or the Federated U.S. Government Securities Fund (Instl).

² Fees are reflective of expense waivers.

³ Subject to a purchase block restriction. Once a transfer out is made you cannot make a new purchase of any amount into the fund for 30 calendar days, except for current deferrals.

TIER 4: Specialty Funds

Fund Name	Category	Ticker	Operating Expenses	Risk Tolerance
Fixed Contract Fund 3⁴	Fixed	n/a	0.35% ⁵	Conservative
<p>This investment option is a separately managed account of high quality bonds, including U.S. Government securities, corporate bonds, mortgage-backed and asset-backed securities, and cash equivalents, owned by the Kentucky Public Employees' Deferred Compensation Authority. The account offers an interest rate based on a blend of the rates earned by all contracts in the fund, adjusted for differences between actual and expected earnings. Its blended rate should change in the direction of new investment rates, and over time is expected to be comparable to returns of intermediate-term, high quality bonds. Adjustments may reduce a contract's yield to zero, but no lower than zero. The fund seeks a consistence level of current income while preserving investment principal.</p>				
Franklin High Income Fund (R6)	High-Yield Bond	FHRRX	0.47%	Moderate
<p>This fund seeks high current income, with a secondary objective of capital appreciation, by investing primarily in high yield, lower-rated debt securities and preferred stocks, including bonds, notes, debentures, convertible securities, bank loans and loan participations, and senior and subordinated debt securities. The manager may invest up to 100% in below investment grade debt securities. Investments in bond funds are subject to same interest rate, credit, and inflation risk as the underlying bonds.</p>				
Fidelity Contrafund	Large-Cap Growth	FCNTX	0.71%	Moderate
<p>This option seeks capital appreciation by investing primarily in common stocks. The fund invests in both growth and value stocks of domestic and foreign issuers, and may invest in stocks the manager believes to be undervalued. The advisor uses fundamental analysis of each issuer's financial condition and industry position and market and economic conditions to select investments.</p>				
Fidelity Growth Company Fund	Large-Cap Growth	FDGRX	0.88%	Moderate
<p>This fund seeks capital appreciation by investing primarily in common stocks. The manager invests in companies that the manager believes have above-average growth potential, and may invest in securities of domestic and foreign issuers.</p>				
American Funds EuroPacific Growth Fund (R6)	Foreign Stocks	RERGX	0.50%	Aggressive
<p>The investment seeks long-term growth of capital by normally investing at least 80% of assets in stocks of companies, ranging from small to large, based chiefly in Europe and the Pacific Basin. This fund is subject to a purchase block restriction: Once a transfer of \$5,000 or more is taken out of the fund, investors cannot make a new purchase of any amount into the fund for 30 calendar days, except for current deferrals.</p>				
DFA International Small Company Fund (I)	Foreign Small/Mid-Value	DFISX	0.54%	Aggressive
<p>This fund seeks long-term capital appreciation by investing in a portfolio of underlying funds focused on small companies outside the U.S. The managers select small company stocks for investment using a market cap weighted approach in each country or region designated by the managers as an approved market for investment. Funds investing in stocks of small or emerging-market companies may have less liquidity than those investing in larger, established companies and may be subject to greater price volatility and risk than the overall stock market, including currency fluctuation, political risk, differences in accounting and the limited availability of information.</p>				
Aberdeen Emerging Markets Institutional Fund	Diversified Emerging Mkts	ABEMX	1.13%	Aggressive
<p>Seeks long-term capital appreciation by investing primarily in equity securities of emerging market country issuers. The fund normally invests at least 80% of assets in equity securities that have their principal securities trading market in an emerging-market country, derive 50% or more of their annual revenue or assets from emerging-market countries, or have their principal office in an emerging-market country. As noted immediately above, funds that invest internationally involve risks not associated with investing solely in the U.S.</p>				

⁴ Investors cannot transfer directly from the Fixed Contract Fund 3 to either the Invesco Short Term Investments Government & Agency Portfolio (InstI) or the Federated U.S. Government Securities Fund (InstI).

⁵ The annual recordkeeping and administrative fee of the Fixed Contract Fund 3 is 0.32 percent and is in addition to the operating expense of 0.35 percent. Fund management fees will change over time as assets grow and new contracts are established. The credited interest rate reported on participant statements has already been adjusted for these fees.

Disclosure of Participation Costs

You may find the costs under KDC are much lower than those you would incur investing on your own. Please see the chart for the plan administrative charges and costs applicable to the KDC investment options:

Plan Administrative Costs (asset-based) Fixed Contract Fund 3 account

The annual recordkeeping and administrative cost (asset fee) for this account is 0.32 percent. The credited interest rate reported on your quarterly statement is already adjusted for this annual cost.

Mutual fund accounts

Beginning one year after the date of your first contribution there is an annual recordkeeping and administrative cost based on the first \$125,000 of your total balance in all mutual funds, excluding Fixed Contract Fund 3. A portion of this cost is collected each month. Costs are illustrated in the chart to the right:

In addition, fund management fees apply to each mutual fund. Inactive Low Balance Account Fee \$6 per month is charged on all accounts of \$5,000 or less that have been inactive for six consecutive months. This does not apply to participants on military leave, those in active periodic payout status, beneficiary, and alternate payee accounts.

Plan Administrative fee

Each participant is assessed a \$1 fee per month, except for new participants who are in their first year of participation.



To review your KDC account and to make changes



Click onto our interactive website at kentuckydcp.com to review your account and make changes



Call your local KDC Retirement Specialist or the KDC office at **800.542.2667** or **502.573.7925**

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