

# New Hampshire Retirement System Investment Policy Statement

## I. Introduction to the Investment Policy

The purpose of this Investment Policy Statement (IPS) is to:

- A. Fulfill the Board's and IIC's statutory duty to oversee the investments of NHRS in accordance with the basic fiduciary responsibilities. These duties include:
  - Managing the fund with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like objectives.
  - Making all decisions solely in the interest of, and for the exclusive purpose of providing benefits to the members, retirees, and their beneficiaries.
  - Defraying reasonable administrative expenses.
- B. Set forth the investment policies the Board and IIC judge to be appropriate, prudent and, in consideration of the Systems' needs, to comply with current laws and to direct the investment of the System's assets.
- C. Ensure appropriate flexibility within the investment process to allow for the System to participate in prudent investment opportunities while also establishing risk parameters within which the portfolio will operate.
- D. Establish criteria to evaluate the System's investment performance.
- E. Communicate investment policies, objectives, asset class guidelines, and performance criteria to staff, external investment managers/advisors, consultants, custodians, and all other interested parties.
- F. Serve as a review document to guide ongoing oversight of the System's investments for compliance with the laws of New Hampshire.

## II. Responsible Parties and Their Duties

Key parties that participate in the investment decision-making and oversight process for NHRS include the:

- Board of Trustees
- Independent Investment Committee (IIC)
- Investment Staff
- Investment Consultants
- Investment Managers
- Custodian Bank

### **Board of Trustees:**

The Board sets investment policy in accordance with applicable State and Federal laws, hires the investment consultant(s), and adopts rules to be followed in establishing and modifying investment objectives. The Board also has responsibility to review quarterly and annual reports from the IIC and complete a comprehensive annual financial report.

### **Independent Investment Committee:**

The IIC prepares for the Board's review and approval an investment policy statement, including investment objectives, an expected rate of return the system is attempting to earn, asset allocation targets and ranges, and identification of appropriate benchmarks. The IIC has the full power to invest and reinvest funds in accordance with the policy set by the Board. As such, the IIC has the responsibility to establish asset class guidelines and for selecting, monitoring, and terminating investment managers. The IIC is responsible for reporting to the Board on a quarterly and annual basis as directed by the statute.

### **Investment Staff:**

The NHRS investment staff, led by the Director of Investments, is responsible for implementation of the investment decisions made by the Board of Trustees and/or the IIC. In general, the responsibilities of the investment staff include:

- Ensuring the asset allocation of the Fund is implemented in accordance with the policy approved by the Board, including rebalancing as necessary in accordance with the investment policy
- Monitoring policy and statutory compliance of the portfolio
- Assisting the IIC in developing investment policy recommendations to present to the Board for approval
- Monitoring investment managers and performing due diligence on new investment opportunities or managers as directed by the IIC
- Coordinating work with the investment consultant or any other investment-related service provider selected by the Board

- Conducting special research or analysis as directed by the Board, IIC, or Director of Investments
- Ensuring the Board and IIC receive appropriate reporting regarding the investment portfolio

### **Investment Consultant:**

The investment consultant will perform those services as described in its contract. The investment consultant is hired by the Board, but is expected to work cooperatively and collaboratively with the IIC as well as the investment staff. In general, the investment consultant's responsibilities include:

- Providing advice on asset allocation
- Assisting the Board, IIC, and staff with decision-making
- Providing reviews of investment policy, asset class structure, and investment managers
- Calculating performance
- Reporting and analyzing performance of the total portfolio, asset classes, and individual investment managers
- Performing research as needed
- Providing investment education to the Board, IIC and staff as requested

### **Investment Managers:**

The investment managers hired by the IIC have the duty to manage the assets allocated to them as fiduciaries and in accordance with the Investment Management Guidelines established for their accounts and their individual contracts. Investment managers must execute all transactions for the benefit of NHRS and update NHRS regarding any major changes to the portfolio management team, investment strategy, portfolio structure, ownership, organizational structure, or other changes relevant to the account.

### **Custodian Bank:**

The duties of the custodian bank are set forth by their contract with NHRS. In general, the custodian's responsibilities include:

- Safekeeping of NHRS assets
- Settling investment transactions and collecting income
- Preparing monthly and year-end accounting statements
- Serving as the "book of record" for investment transactions and valuations
- Properly recording and reporting investment activities, transactions, income, and valuations

When selecting the custodian bank the IIC will use the current industry standards appropriate for evaluating the qualifications of a custodian bank.

### **Proxy Voting Service Provider:**

The duties of the proxy voting service provider are set forth by their contract with NHRS. In general, those responsibilities include:

- Voting proxies on behalf of NHRS Proxy Voting Policy
- Providing research reports
- Preparing monthly and year-end summaries
- Alert staff to issues not covered by the NHRS Proxy Voting Policy
- Recommending revisions to the NHRS Proxy Voting Policy
- Assisting in revising the NHRS Proxy Voting Policy

The Accountability Matrix in Section II further summarizes key responsibilities and duties of the Board; IIC; Director of Investments and Investment Staff; Internal Legal Staff; Investment Consultant(s); and Actuary. Additional responsibilities are also detailed in the Board's governance manual, contracts, and NHRS's position descriptions for staff.

### **III. Investment Objectives**

In light of the purpose of the System, the Board and IIC have adopted the following investment objectives:

- Efficiently allocate and manage the assets of the Fund so that beneficiaries will receive promised benefits.
- Manage the portfolio on a total return basis, which recognizes the importance of the preservation of capital, as well as the fact that reasonable and varying degrees of investment risk are generally rewarded over the long-term.
- Work towards achieving and then maintaining a fully funded status.
- Exceed the Policy benchmark on a net of fees basis over a full market cycle.

### **IV. Risk Management**

The Board's role in risk management is to approve the asset allocation targets and ranges for each asset class of the Fund. The Board recognizes that in order for the Fund to achieve its investment objectives, a reasonable level of risk must be present within the investment portfolio. Risk is referenced both in terms of absolute risk (the risk of loss) and volatility (the variability of returns). The Board will minimize the risk of loss by approving an asset allocation that includes an appropriate level of diversification of Fund assets. The Board will periodically review the level of risk as represented by the asset allocation targets and ranges within the Fund and each asset class to ensure it is reasonable and within its

tolerance for risk. Equity volatility (risk) is among the highest for any asset class. Other risks that the Board will consider when approving investment policy include benchmark risk, timing risk, market risk, credit risk, currency risk, liquidity risk, and any other risk it determines is relevant.

The Board acknowledges that the IIC also has a responsibility to consider risk when recommending asset allocation, and to monitor risks within the portfolio. The IIC will consider market risk, credit risk, currency risk, liquidity risk, and any other risk it believes to be relevant when it determines an asset allocation to recommend to the Board. The IIC is responsible for risk management at the manager level as it decides upon the number and types of managers to utilize within each asset class portfolio. When making decisions, the IIC will consider idiosyncratic risk (firm specific risk), benchmark risk, timing risk, market risk, credit risk, liquidity risk, interest rate risk, operational risk, concentration risk or any other risk it determines relevant as it makes its decisions.

The investment managers are responsible for risk management within the portfolio they manage on behalf of NHRS. Investment managers will consider those risks most relevant to their portfolio, which could include market risk, credit risk, currency risk, liquidity risk, inflation risk, geo-political risk, political risk, interest rate risk, and operational risk.

Descriptions of major types of risk follow:

- A. Credit Risk: The risk of default of a party owing cash to the System as the result of a transaction. These parties may include, but are not limited to, the counterparty and the issuer. Counterparty credit risk is negligible to the System for transactions cleared on a delivery versus payment (DVP) basis.
- B. Liquidity Risk: There are two types of liquidity risk: market liquidity risk and funding liquidity risk. Market liquidity risk is the risk of being unable to purchase or liquidate a security quickly enough (or in requisite quantities) at a fair price. Market liquidity risk differs from market risk (defined below). Market liquidity risk only reflects realized price changes, while market risk reflects both realized and unrealized price changes. Funding liquidity risk relates to the relative ease of the organization to meet its cash flow needs as they come due.
- C. Market Risk: The risk of unexpected change in market price (amount or direction). Price changes in securities can result from movements in equity markets, interest rates, and currency exchange rates, in addition

- to various other factors. Market risk incorporates both realized and unrealized price changes.
- D. Systemic Risk: Risk that effects an entire financial market or system, and not just specific asset classes. Systemic risk cannot be avoided through diversification.
  - E. Absolute Risk: Risk of loss of capital.
  - F. Volatility Risk: The variability of returns often used as a proxy for risk.
  - G. Operational Risk: The risk of inadequate controls against fraud, incorrect market valuation, failure to record or settle a deal, settlement with the wrong counterparty, failure to collect amounts due, failure of the computer system, or enforceability of contracts. The implications of operational risk include both financial loss and loss of reputation.
  - H. Geo-Political Risk: The risk of the occurrence of an unanticipated international and/or domestic incident such as war, assassination, terrorism or energy shock that adversely affects global and capital markets resulting in the re-pricing of securities.
  - I. Political Risk: The risk of nationalization or other unfavorable government action.
  - J. Idiosyncratic Risk: Firm specific risk or the risk of the change in price of a security due to the unique circumstances of that security.
  - K. Benchmark Risk: The risk that an investment may outperform or underperform its target return.
  - L. Interest rate risk: The risk of an investment losing value (such as bonds) when interest rates rise. Rising interest rates increase the cost of doing business for most companies and can also, thereby, raise market risk.
  - M. Inflation risk: The risk that rising inflation may erode the value of income and/or assets.
  - N. Currency risk: The risk that currency movements will negatively impact an investment's return. If the value of the U.S. dollar rises in relation to other currencies, the value of foreign stock shares translates into a smaller number of U.S. dollars for investors who hold those shares. Put

another way, a "strong" dollar can buy more foreign goods, including foreign stocks. Conversely, if the dollar falls in relation to other currencies, the value of foreign stock shares rises, as more "weak" dollars are needed to buy a given amount of foreign stock.

- O. Timing risk: The risk that the market will not move in the anticipated direction when an investment is made (upward for if you are going long, and downward if you are going short).
- P. Concentration risk: The risk that the System does not appropriately and effectively diversify the assets within an asset class. An example of concentration risk is having too large a percentage of System assets with a single investment manager.

## **V. Asset Allocation**

The Board approves the asset allocation targets and ranges for each asset class of the Fund (the allowable asset classes and the distribution of assets among those asset classes) based on recommendations from the IIC. As fiduciaries, the Board and the IIC have a duty to diversify the investments of the System to reduce risk, while maximizing the investment return. Approximately ninety percent (90%) of the long-term total return stems from the asset allocation decision. The remaining ten percent (10%) is expected to be attributable to either the selection of individual assets or timing. Accordingly, asset allocation is one of the most important fiduciary decisions. The Board adopts an asset allocation based on recommendations from the IIC, which relies upon the advice from the Director of Investments and the investment consultant to formulate its recommendations to the Board.

The asset allocation approved by the Board will reflect the results of an Asset Liability Study performed at least once in every five year period, or more often, as recommended by the IIC, System staff, and investment consultant.

The Asset Liability Study identifies a mix of investments, by asset class, which is expected to produce the return required to meet future funding requirements at the lowest level of risk, given all of the assumptions made and employing a mean-variance optimization model.

The asset allocation chart, which follows, lists the approved asset classes in the portfolio and the target percentages and ranges, at market value, of the System's assets to be invested in each. Due to fluctuations of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. Based on the approved asset allocation, recommendations from the System's consulting actuary, IIC, investment managers and staff, the Board has adopted a

7.75% assumed rate of return, which is the long-term return that can be expected from this combination of assets.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Allocation Range</b>
Domestic Equity	30%	20 – 50%
Non-U.S. Equity	20%	15 – 25%
Fixed Income	30%	25 – 35%
Real Estate	10%	0 – 15%
Alternative Investments	10%	0 – 15%

The Board has approved the use of the above listed asset classes for the following reasons:

Domestic Equity: The allocation to domestic equity serves to expose the fund to the largest economy of the world. An allocation to domestic equity should allow for return enhancement and principal appreciation.

Non-U.S. Equity: The allocation to non-U.S. equity, both developed and emerging markets, will serve as potential for return enhancement and principal appreciation. A secondary consideration is the diversification it provides from the U.S. market. While the U.S. and non-U.S. markets are considerably correlated, they are not perfectly correlated. Assets that are not perfectly correlated serve to reduce volatility over the long term.

Fixed Income: The investment in fixed income will serve to reduce volatility experienced in the equity markets, as well as offer an opportunity for return enhancement by investment in selected securities (for example, investment grade corporates and high yield). A portion of the fixed income allocation is expected to be invested in Treasury or other government-related issues, which will serve to reduce risk within the portfolio.

Real Estate: The investment in real estate will serve as an inflation hedge, return enhancement opportunity, income generator, and diversification source. Investments within core, value-added, and opportunistic opportunities will be allowed in accordance with the real estate investment policy approved by the Board.

Alternative Investments: Alternative investments are nontraditional investments, not covered by another investment class. In general, alternative investments are incorporated into the NHRS asset allocation to enhance the portfolio's risk-adjusted return (private equity) or to diversify volatility (absolute return

strategies). While the risk associated with these types of investments is higher than that of other asset classes, the expected return is also higher. Strategies the IIC may use in private equity may include, but are not limited to: Buyouts; Distressed Opportunities; Energy-focused; Growth Equity; Infrastructure; Mezzanine; Secondaries; Special Situations; and Venture Capital. Strategies the IIC may use for absolute return include: Credit Linked; Equity Linked; Event Driven; Trading; and Multi-Strategy.

## **VI. Rebalancing**

The actual asset class allocation of the Fund will be continuously reviewed by staff relative to the asset class policy targets. Market movements or cash flow requirements may require the actual allocations in the portfolio to deviate from the target allocations. Staff shall seek to maintain the Fund's actual asset allocation within allocation ranges at all times. When rebalancing is required, the staff will develop a rebalancing plan that, when possible, minimizes transaction costs. The plan will identify whether the assets will be rebalanced to a point within the allowable range, or to the allocation target. Staff will give due consideration to market environments, costs and risks of implementation, potential impacts on manager-level performance, and other relevant factors. The staff will report to the IIC and the Board regarding rebalancing activities that have occurred.

## **VII. Liquidity**

Currently, each fiscal year, the member benefit payments paid by the System exceed the employer contributions received by the System. As a result, maintaining appropriate liquidity is critical to the System's operations and the System's ability to meet its financial obligations. The staff will be responsible for ensuring the System maintains the appropriate liquidity for the payment of member benefits, fund expenses and capital calls from its General Partners.

## **VIII. Active and Passive Management**

The IIC may implement the Board's approved asset allocation through the use of both passive and active management. The use of active and passive management is detailed in the guidelines for each asset class. The goal of passive management is to gain diversified exposure to the desired asset class while incurring minimal expense and seeking a performance return comparable to the asset class benchmark. The goal of active management is to exceed the performance of the appropriate index on a net-of-fees basis at a commensurate level of risk over a full market cycle.

## IX. Benchmarks

The following benchmarks represent the standards of measurement to be used for the various investment asset classes of the New Hampshire Retirement System as determined by the Board and IIC.

Asset Class	Benchmark
Domestic Equity	Russell 3000 Index
Non-U.S Equity	MSCI All Country World Ex-U.S. Index
Fixed Income	Barclays Capital U.S. Universal Bond Index
Real Estate	NCREIF Property Index + 50 basis points
Alternative Investments	S&P 500 Index + 5% or Consumer Price Index + 5%
Total Fund	Total Fund Custom Benchmark

The Total Fund Custom Benchmark is a weighted average return comprised of the following benchmarks in the same proportion as the target asset allocation: Russell 3000 Index, MSCI All Country World Ex-U.S. Index, Barclays Capital U.S. Universal Bond Index, NCREIF Property Index + 50 basis points, S&P 500 Index + 5% and Consumer Price Index + 5%.

As performance results may vary under different economic conditions and market cycles, an effective period for measuring performance would span three to five years or more. Performance returns are expected to meet or exceed the relevant benchmark on a net-of-fees basis over time.

The IIC has responsibility for identifying appropriate benchmarks for each investment in the Fund.

Definitions of the benchmarks are listed below:

- A. The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.
- B. The MSCI ACWI (All Country World Index) is a free-float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The

term “free float” refers to the number of shares of stock publicly owned and available for trading.

- C. The Barclays Capital U.S. Universal Index represents the union of Barclays Capital’s U.S. Aggregate Index, U.S. Corporate High-Yield, Investment Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD-denominated, taxable bonds that are rated either investment grade or below investment grade.
- D. The Barclays Capital U.S. Aggregate Index is an unmanaged, market-value-weighted index of taxable investment-grade fixed-rate debt issues, including government, corporate, asset-backed and mortgage-backed securities, with maturities of one year or more.
- E. The National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index (NPI) is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors – the great majority being pension funds. As such, all properties are held in a fiduciary environment.
- F. The S&P 500 Stock Index measures the total return of 500 large capitalization U.S. common stocks. The index tracks leading industries and is capitalization-weighted.
- G. The Consumer Price Index measures the change in the prices paid by urban consumers for a representative basket of goods and services.

## **X. Reporting to the Board**

Pursuant to RSA 100-A:15, II-a, the IIC will report to the Board at least quarterly on the management, investment, and reinvestment activities of the IIC, and may delegate such reporting as it deems appropriate. The quarterly report will include:

- A report on the investment performance of the assets of the System
- Changes, if any, in the investment managers of the System
- Changes, if any, in the investment guidelines for each of the asset classes
- Rebalancing activities, if any

Pursuant to RSA 100-A:15, VII, the IIC will prepare a comprehensive annual investment report for the Board. The annual report will include:

- A description of the IIC's philosophy for investing the assets of the System
- An analysis of the return on investment, by category
- An annual investment policy statement
- Any suggested changes in legislation which the Board may seek in order to better serve the members of the system

The comprehensive annual investment report is submitted to the president of the senate, the speaker of the house, and the governor.

The investment staff, investment consultant(s), custodian bank, and other parties will also provide reporting to the Board as requested or needed.

## **XI. Manager Selection, Monitoring, and Termination**

The IIC, with the assistance of the investment staff and the investment consultant, will establish a process by which to select investment managers. Criteria for each manager search will be tailored to the search underway and NHRS' specific needs and requirements. Examples of criteria include:

- Organizational stability
- Investment staff
- Investment process
- Ownership
- Fees
- Performance

Manager searches will be conducted in a fair and transparent manner. During a manager search, a "no contact policy" will be in effect. During this time, only staff designated by the Director of Investments will have any contact with potential candidates. Trustees, IIC members, and other staff members will refrain from discussing the search with candidate firms or potential candidate firms. This policy does not preclude existing managers from carrying out their normal business requirements with NHRS.

The IIC has delegated selected manager monitoring efforts to the investment staff and the investment consultant. Any significant changes to a manager's investment philosophy, fees, personnel, ownership or organizational structure will be summarized and reported to the IIC. The IIC will receive quarterly and annual reporting regarding the performance of the investment managers within the fund.

The IIC has the right to terminate any investment manager at any time. Grounds for termination may include, but are not limited to:

- Changes in asset allocation that require re-structuring of the portfolio
- Failure to comply with investment management agreements
- Underperformance
- Significant process, organizational, ownership or personnel changes
- Unethical behavior
- Loss of confidence in the organization
- Unresponsiveness or inability to satisfy reporting requests

## **XII. Advisory Board/Committee Participation**

The primary purpose of a an advisory board/committee is to (1) provide “checks and balances” on the general partner’s power and authority to operate the fund; and (2) act as a “sounding board” for matters where the interests of all the fund’s partners may not be aligned. The System has determined that the benefits of staff participating on advisory boards/committees far outweigh the risks or potential risks of not participating on advisory boards/committees. As a result, it is appropriate for System staff to represent the System as a member of an advisory board/committee, with the approval of the IIC and provided that there are appropriate protections for such members (e.g., with respect to fiduciary duty/standard of care, indemnification, confidentiality, etc.).

## **XIII. Use of Derivatives**

Derivatives may only be used to modify risk/return characteristics of the portfolio, implement asset allocation changes in a cost-effective manner, or reduce transaction costs or taxes. Derivatives may not be used for speculation or leverage (borrowing).

Contracts with separate account managers will identify the types of derivatives that may be used, consistent with this Manual and prudent discretion. Managers must notify the Director of Investments of modifications in the types of derivatives used and obtain the Director of Investments’ approval of such modifications. The System’s Non-U.S. Equity managers generally have authorization for broader use of derivatives.

Investments in commingled funds are open to other investors; therefore, it is not possible for the System to insist that the managers of such funds abide by System policy regarding the use of derivatives. The Director of Investments will monitor a manager’s use of derivatives on an ongoing basis to determine whether continued investment in a fund is prudent.

## **XIV. Prohibited Transactions**

The following transactions will be prohibited unless stated otherwise in the investment manager guidelines:

- "Prohibited transactions" as defined under the Employee Retirement Income Security Act of 1974 (ERISA).
- Transactions that involve a broker acting as a "principal", where such broker is also the investment manager who is making the transaction.
- Any or all investment activities forbidden by SEC or other applicable governing bodies.

The exposure for options, when permitted by contract, must be based on an appropriate options pricing model.

## **XV. Review of Investment Policy**

The IIC will review the investment policy at least annually to ensure it remains appropriate and to determine whether any modifications are needed and make a recommendation to the Board for changes, if any, to the investment policy. The Board will review the recommendation of the IIC regarding the investment policy at least annually.

## **XVI. Glossary of Common Investment Terms**

Investment in any particular instrument or security remains subject to applicable law and circumstances then prevailing. Notwithstanding, the most common investments are cited below:

- A. Alternative Investments are non traditional investments, not covered by another investment class (e.g. private equity and absolute return strategies)
- B. American Depositary Receipts (ADRs) are receipts for the shares of a foreign-based corporation held in the vault of a U.S. bank and entitling the shareholder to all dividends and capital gains. These are traded on various U.S.-based exchanges and are available for hundreds of stocks from numerous countries.

- C. Commercial Mortgage Backed Securities (CMBS) are multi-class bonds backed by pools of commercial mortgages.
- D. Commercial Mortgage Lending investments are notes and bonds secured by a mortgage or deed of trust providing first lien on real estate.
- E. Derivatives are financial instruments such as forwards, futures, options, or other instruments whose values are “derived” from another financial instrument.
- F. Domestic Equity Securities for System purposes typically consist of corporate common stock. These stocks must be registered on a national securities exchange or must be otherwise registered as provided in the Securities Exchange Act of 1934 as amended, with price quotations furnished through a nationwide automated quotations system approved by the National Association of Securities Dealers, Inc. (NASD). Domestic Equity Securities also include stock in corporate real estate investment trusts (REITs), which are traded on a national exchange and acquired as part of an index fund or by one of the System’s domestic equity managers.
- G. Domestic Fixed Income Securities are U.S. Treasury or Government agency obligations; equipment trust certificates; corporate, industrial, or utility bonds; U.S. dollar denominated Euro or Yankee bonds, including Canadian obligations payable in U.S. dollars; residential and commercial mortgage-backed securities; and pass-through certificates. For System purposes, Domestic Fixed Income Securities primarily consist of instruments with maturities in excess of twelve (12) months at time of purchase.
- H. Emerging Market Equities are common or preferred stocks and investment shares which are registered on exchanges outside the U.S. Emerging market countries are the developing international countries which have a relatively low per capita Gross National Product. There is wide variety of economic, regulatory, and market development among the emerging countries.
- I. Equity Real Estate Investments are any investments in real property, either made directly or through the use of pooled vehicles such as limited partnerships, open or closed-end commingled funds, Real Estate Investment Trusts (REITs) including publicly traded REIT securities, and Real Estate Operating Companies (REOCs).

- J. Non-U.S. Equity Securities are common or preferred corporate stocks and investment trust shares. Only stocks registered on recognized exchanges outside the U.S. are to be considered Non-U.S. Equity Securities.
- K. Real Estate Mezzanine Funds are investments in funds or partnerships whose portfolios consist of junior loans secured by real estate or partnership interests in real estate ownership.
- L. Repurchase Agreements are agreements between a seller and a buyer, whereby the seller agrees to repurchase the securities at an agreed upon price and, usually, at a stated time.
- M. Securities Lending occurs when a lender transfers a security to a borrower for cash or non-cash collateral pursuant to an agreement to return the collateral for an identical security in the future.
- N. Short Term Investments (Cash Equivalents) include, but are not limited to, interest bearing or discount instruments such as money market funds; U.S. Treasury Bills; corporate-issued commercial paper; bank-issued Certificates of Deposit; bankers' acceptances; and fully collateralized repurchase agreements. For System purposes, short-term investments consist primarily of instruments maturing in twelve (12) months or less at time of purchase.