



Agenda Statement

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Title: #16-44 - Revising the Permanent Fund Investment Policy Statement to Eliminate the Treasury Inflation Protected Securities Asset Class, and to Adjust Remaining Fund Allocations Accordingly.
Sponsors: City Council
Indexes:
Code sections:
Attachments: 1. Resolution - Permanent Fund Investment Policy Statement.pdf, 2. Permanent Fund IPS Revised December, 2016.pdf

Date	Ver.	Action By	Action	Result
12/6/2016	1	City Council		

ITEM TITLE:

#16-44 - Revising the Permanent Fund Investment Policy Statement to Eliminate the Treasury Inflation Protected Securities Asset Class, and to Adjust Remaining Fund Allocations Accordingly.

SUBMITTED BY: Brian Carlson, Finance Director

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A
Funding Source: N/A

RECOMMENDATION:

Approve the Resolution pursuant to Permanent Fund Investment Committee recommendation.

SUMMARY STATEMENT:

During its June quarterly meeting, the Permanent Fund Investment Committee agreed to eliminate Treasury Inflation Protected Securities (TIPS) from among the Permanent Fund approved asset categories.

As the name suggests, TIPS are an inflation hedge; their price increases with inflation, and they therefore offer protection to a portfolio that holds assets that will drop in price with increased inflation.

Though the Permanent Fund has inflation-sensitive assets, the Committee reasons that the individual fund managers already employ inflation hedges within their respective portfolios, and therefore a

separate TIPS allocation within the Permanent Fund is redundant.

The attached Investment Policy Statement is a red-lined version that eliminates TIPS, and adjusts the overall allocation targets and limits among the remaining asset classes.