

Agenda Statement

RES 16-0044 Version: 1		
Resolution	Status:	Passed
11/28/2016	In control:	City Council
12/6/2016	Final action:	12/6/2016
#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.		
City Council		
1. Resolution - Permanent Fo December, 2016.pdf	und Investment Pol	licy Statement.pdf, 2. Permanent Fund IPS Revised
Ver. Action By	Acti	ion Result
1 City Council		
	Resolution 11/28/2016 12/6/2016 #16-44 - Revising the Perma Inflation Protected Securities City Council 1. Resolution - Permanent Fe December, 2016.pdf Ver. Action By	Resolution Status: 11/28/2016 In control: 12/6/2016 Final action: #16-44 - Revising the Permanent Fund Investment Inflation Protected Securities Asset Class, and the City Council 1. Resolution - Permanent Fund Investment Policies December, 2016.pdf Ver. Action By

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.