

**POLICIES AND PROCEDURES APPLICABLE  
TO THE TREASURY DIVISION,  
DEPARTMENT OF REVENUE,  
STATE OF ALASKA**



**APPENDIX BP**

**Alaska Retirement Management Board  
Relating to Rebalancing Policy**

State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
Relating to Rebalancing Policy

Resolution 2006-25

WHEREAS the Alaska Retirement Management Board (Board) was established by law to provide prudent and productive management and investment of certain trusts or other State funds; and

WHEREAS the Board shall establish investment policies for the funds for which it is responsible; and

WHEREAS the Board contracts an independent consultant to provide experience and expertise in asset allocation and other investment matters to come before the Board; and

WHEREAS a prudent, diversified portfolio reduces risk and volatility and considers short term and long term earnings requirements for the funds; and

WHEREAS, for each fund for which it is responsible, the Board establishes the asset allocation specified as a long term target asset allocation and an allowable range or band for each asset class; and

WHEREAS the Board continues to review, evaluate and make appropriate adjustments to each fund's asset allocation on a periodic basis; and

WHEREAS a prudent process for investing fund assets includes monitoring each fund's asset allocation and rebalancing each fund's portfolio if necessary; and

WHEREAS AS 37.10.260(a) establishes that the Department of Revenue shall provide staff for the Board; and

WHEREAS the Board has delegated to the Chief Investment Officer of the Department of Revenue certain powers including authority to adjust each fund's asset allocation within Board approved parameters; and

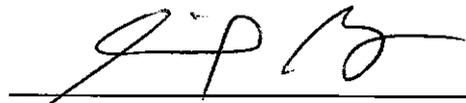
NOW THEREFORE, BE IT RESOLVED that the Alaska Retirement Management Board adopts the following rebalancing policy which repeals and replaces Resolution 2003-16:

## Rebalancing Policy

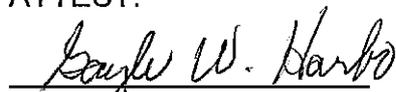
Two situations may give rise to a need to rebalance a fund's portfolio to within Board approved bands: (1) changes in asset class weightings due to relative performance of the various asset classes; and (2) Board approved changes to a fund's asset allocation, for example, due to the introduction of a new asset class or changes to the projected return and volatility characteristics of the various asset classes.

The staff of the Department of Revenue shall be responsible for reviewing the actual asset allocation of each fund on a monthly basis, typically within the first five working days after the end of a month. If an asset class weighting for a fund falls outside the allowable band for that asset class, the Chief Investment Officer, pursuant to authority delegated by the Board, will take steps within a reasonable period of time to rebalance the fund's portfolio in order to return the actual asset allocation within the approved bands. The Chief Investment Officer may delegate this responsibility to a senior investment officer should portfolio rebalancing be necessary during the CIO's absence.

DATED at Anchorage, Alaska this 30<sup>th</sup> day of August, 2006.

  
\_\_\_\_\_  
Chair

ATTEST:

  
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Secretary