State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Rebalancing Policy

Resolution 2012-17

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.

NOW THEREFORE, BE IT RESOLVED that the Alaska Retirement Management Board adopts the following rebalancing policy which repeals and replaces Resolution 2010-20:

Rebalancing Policy

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 established by the Board in the fund's asset allocation resolution, the Chief Investment Officer (CIO), 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 band unless the CIO judges the cost of rebalancing to exceed the benefit of rebalancing. For example, if the act of rebalancing forces the sale of assets at distressed values the CIO may opt to delay rebalancing until such time as assets can be sold at non-distressed values.

Additionally, the CIO is allowed the discretion to adjust asset class weights subject to the constraint that the weights must lie within the board approved bands.

The CIO will advise the Board of the rebalancing at its next regularly scheduled meeting.

The CIO may delegate this responsibility to a senior investment officer should portfolio rebalancing be necessary during the CIO's absence.

DATED at Anchorage, Alaska this 22nd day of June, 2012.

Chair

ATTEST:

Secretary