

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to REIT Investment Guidelines

Resolution 2012-29

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for each of the funds entrusted to it; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; 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

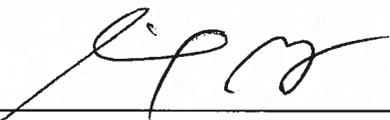
WHEREAS, the Board has established an asset allocation for the funds that considers earnings and liabilities on a current as well as a future basis; and

WHEREAS, the Board has authorized investment in REIT securities for the Public Employees' Retirement System, Teachers' Retirement System, and Judicial Retirement System, including investments for those systems in the State of Alaska Retirement and Benefit Plans Trust; and

WHEREAS, the Board establishes and from time to time as necessary, modifies investment policies, procedures and guidelines for REIT securities;

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopt the REIT Investment Policies, Procedures, and Guidelines, attached hereto and made a part hereof.

DATED at Fairbanks, Alaska this 20th day of September, 2012.



Chair

ATTEST:



Secretary

ALASKA RETIREMENT MANAGEMENT BOARD (ARMB)

INVESTMENT GUIDELINES FOR REAL ESTATE INVESTMENT TRUSTS (REITs)

- A. Purpose.** The portfolio will have a primary emphasis on diversification to minimize risk.
- B. Investment Structure.** Permissible REIT security investments include:
1. Common stock of Real Estate Investment Trusts as qualified in the United States and that are listed on the New York or American exchanges or are NASDAQ listed;
- C. Internal Equity Management – Limitations on Holdings.** The manager of the REIT portfolio shall apply appropriate diversification standards subject, however, to the following limitations based on the current market value of assets:
1. Sector limitation: No sector portfolio weight shall be greater than four percent (4%) of the sector's benchmark weight; and
 2. Single security limitation: No single security portfolio weight shall be greater than two percent (2%) of the stock's benchmark weight.
- D. Investment Management Service to be Performed.** From time to time, the manager shall invest and reinvest the cash and securities allocated to it in a portfolio consisting of REIT securities. These securities will be selected and retained by the manager solely within the investment mandate approved by the ARMB and based on that manager's independent judgment relating to economic conditions, financial conditions, market timing, and market analysis.
- E. Manager will be Authorized.** The manager is authorized to invest or reinvest or dispose of any cash or securities held in the account or invest the proceeds of any disposition provided that no more than ten percent (10%) of the voting stock of any REIT is acquired or held.
- F. Cash Held in Portfolio.** The manager is expected to maintain a fully invested portfolio. The ARMB considers a portfolio to be fully invested as long as cash levels are below a maximum of five percent (5%), calculated using a 10-day moving average. In implementing this portion of the REIT guidelines, the Chief Investment Officer (CIO) will consider any cash in an account in excess of the maximum to be available for use as a funding source for other ARMB needs. If the manager expects to exceed the maximum cash level in the short-term, as the result of a specific strategy, the CIO must be notified in writing in advance. Upon CIO approval, such notice will provide temporary exemption from the maximum cash rebalancing threshold.
- G. Performance Standards.** The manager is expected to have returns, over time, in excess of the appropriate benchmark.

H. Performance Benchmarks. The benchmark is the FTSE NAREIT All Equity REITs Index.

I. Brokerage and Commissions. In carrying out its functions, the manager will use its best efforts to obtain prompt execution of orders at the most favorable prices reasonably obtainable, and in doing so, will consider a number of factors, including, without limitation, the overall direct net economic result to the ARMB (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range), the financial strength and stability of the broker, the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker to stand ready to execute possible difficult transactions in the future and other matters involved in the receipt of “brokerage and research services” as defined in and in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended, and regulations thereunder.

J. Voting and Other Action. The manager shall vote any or all of the securities held by or for the account of the ARMB, unless written instructions to the contrary have been provided by ARMB. In voting securities of the ARMB, the manager shall act prudently in the interest and for the benefit of the ARMB and the beneficiaries of the funds administered by the ARMB. The manager is to furnish, on an annual basis, copies of the contractor’s policy and voting records in regards to voting proxies.