

State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
Relating to Futures Contracts

Resolution 2021-03

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 investments in futures contracts; and

WHEREAS, the Board will establish and from time to time as necessary modify guidelines for futures contracts.

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

DATED at Anchorage, Alaska this 18th day of June, 2021.

  
Chair

ATTEST: *Gayle Harbo*

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Secretary

## FUTURES GUIDELINES

### 1. Program Objectives

The Futures Guidelines apply to plan level portfolio management initiatives undertaken by staff to manage ARMB's asset class exposures. The use of futures contracts is expected to be for replicating market exposures, efficient rebalancing of the asset allocation, and hedging purposes. These guidelines are not intended to enable or restrict the use of futures contracts at the strategy account level by external or internal managers. ARMB's asset class guidelines establish futures policy at the manager level.

### 2. Performance Objectives

There are no specific performance objectives for futures contracts. Futures contracts are expected to be used as tools to achieve broader asset allocation and performance objectives and will be evaluated within that context.

### 3. Program Structure

The account structure will allow for monitoring and risk control of the futures program. The structure will also enable performance to be captured within the relevant asset classes in which the exposure is taken.

ARMB staff will establish necessary agreements as required and depending on expected usage of such futures contracts.

### 4. Authorization

Staff is authorized to engage in both long and short positions in futures contracts.

### 5. Constraints

Futures contracts will be limited to the following notional exposure each on the following contracts (including e-mini):

- S&P 500 -- \$500 million
- Russell 2000 -- \$250 million
- U.S. Treasury Futures (all tenors) -- \$500 million
- MSCI EAFE -- \$500 million
- MSCI Emerging Markets -- \$250 million

Unless approved by ARMB, futures contracts will not be used to create financial leverage in the portfolio. Net long exposure may not be greater than 100%.

Short futures positions may only be established in assets where long cash positions of similar beta also exist. Gross exposure may not be greater than 180%.

## 6. Risk controls

Trading of these futures contracts and transfers of assets into and out of margin accounts required for trading and maintaining these futures contracts will only be authorized by the Chief Investment Officer or delegees who do not include individuals authorized to trade futures.

Standing limits with brokers will be set such that the amounts and types of trades will follow these Guidelines.

Individual futures contract open positions, trades, and mark-to-market will be monitored for compliance with these Guidelines by ARMB Compliance who will also oversee and establish trading system restrictions for futures contracts.