

State of Michigan Retirement Systems

# BASKET CLAUSE REVIEW

Investment Advisory Committee Meeting

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# SMRS

## Basket Clause Investments

### 12/31/16

<u>Asset Class</u>	<u>Value</u>
Total Absolute Return	\$4,066,738,494
Total Real Return and Opportunistic	956,982,743
Total International Equity	561,977,253
Total Long-Term Fixed Income	<u>54,296,213</u>
<b>Total Basket Clause Investments</b>	<b><u>\$5,639,994,703</u></b>

The basket clause investments at December 31, 2016, were \$5.6 billion or 9.1% of the total portfolio value of \$62.2 billion.

The Public Employee Retirement System Investment Act, 1965 PA 314, MCL 38.1132 *et seq*, authorizes the State Treasurer to invest up to 30% of the system's assets in investments "not otherwise qualified under the act." MCL 38.1140d(1). Commonly referred to as Section 20d (after the authorizing section of PA 314) or Basket Clause investments, this provision gives the State Treasurer the flexibility to take advantage of market opportunities not specifically authorized in PA 314 while conserving protections against imprudent investment.

# Disclaimer



**This presentation was given solely for the purpose of explaining the structure, investment process, and returns for the State of Michigan Retirement Systems. It should not be interpreted in any way as financial advice.**