

## State Treasurer's Investment Guidelines for the Treasury and Treasurer's Trust Portfolio

Investment of the Treasury and Treasurer's Trust Portfolio is guided by a policy approved by the State Treasurer and operates under the standard of a prudent investor. According to this policy:

1. Investments are limited to those authorized by statute. They include:
    - U.S. Treasury and agency securities (more precisely, obligations of any government-sponsored corporation eligible for collateral purposes by the Federal Reserve Bank);
    - Local Government Investment Pool (LGIP);
    - Repurchase agreements; and,
    - Deposits with qualified public depositories.
  2. The Treasury and Treasurer's Trust Portfolio has been separated into three main portfolios, primarily to manage liquidity risk.
    - STIF Portfolio – the main objectives of this portfolio are to meet the daily cash requirements of accounts in the state treasury and in the custody of the Treasurer, and manage the temporary cash positions of the core portfolio.
  3. Investments subject to high price sensitivity or reduced marketability are limited to no more than 15 percent of the portfolio.
  4. All security transactions are done on a delivery versus payment basis.
  5. All securities are held in the custody of the State Treasurer or the Treasurer's third-party custodian.
- Intermediate Portfolio – this enhanced cash portfolio acts as a cushion in the event of unforeseen cash needs. It is expected to provide a higher return than the STIF portfolio over a market cycle while investing in securities with shorter maturities and greater liquidity than the core portfolio.
  - Core Portfolio – this portfolio is comprised of cash that is not reasonably expected to be necessary to meet short- or intermediate-term liquidity needs. Accordingly this cash may be invested further out the yield curve where, over a market cycle, it is expected to provide a higher return than the STIF and intermediate portfolios.