

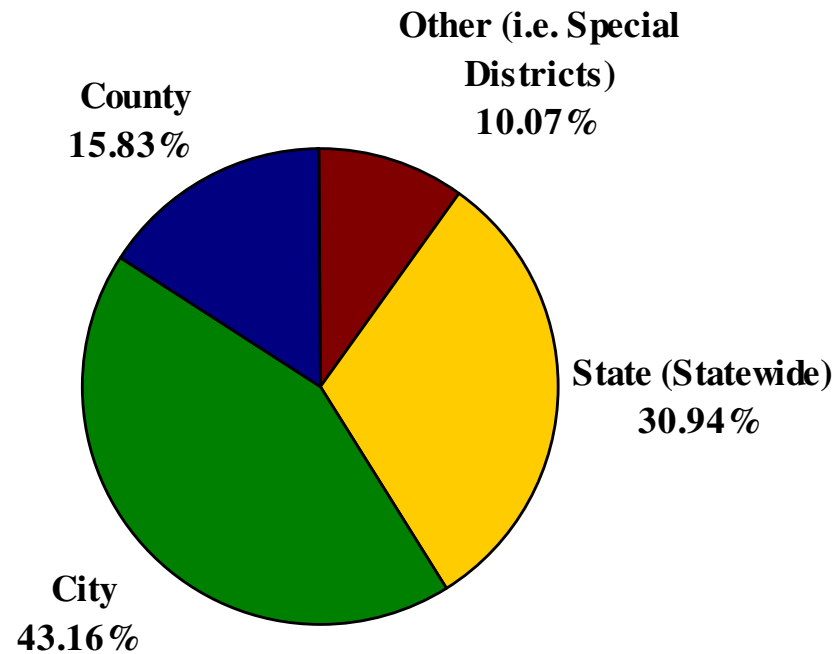
The Outlook for Alternative Investments
Overview of 2007 GFOA Investor Survey

Francie Heller

Survey Respondent Characteristics

- **This survey was distributed in October 2007 to 1300 of our GFOA members**
- **Approximately 150 public retirement plans from across the U.S. responded to this survey**
- **Respondents represent plans with less than \$100 million to more than \$100 billion in assets**

Types of Retirement Systems Responding

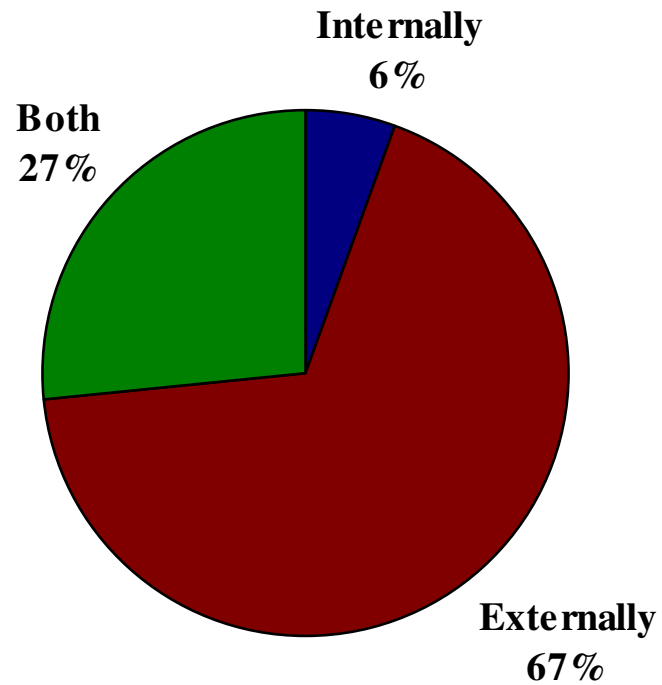


Topics Covered

- General Investments
- Consultant Usage
- Cash Management
- OPEB Investment Management
- Funding Status
- Securities Lending
- Alternatives
- 130/30
- Structured Products
- Derivative Usage
- Risk Management Tools
- Transition Management

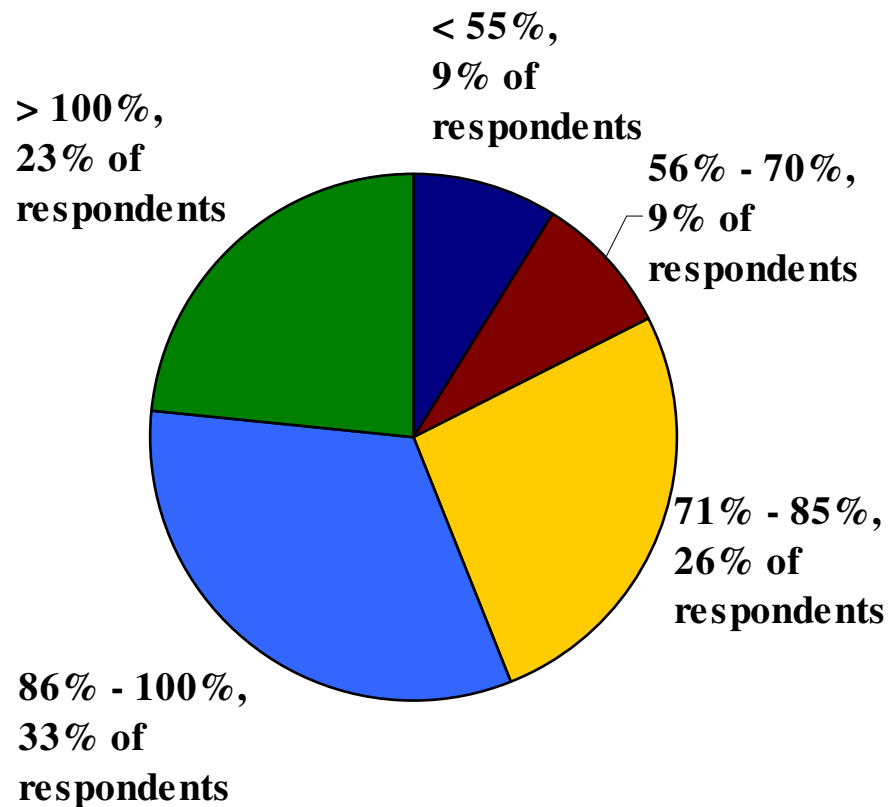
Do you manage funds internally, externally, or both?

Internal vs. External



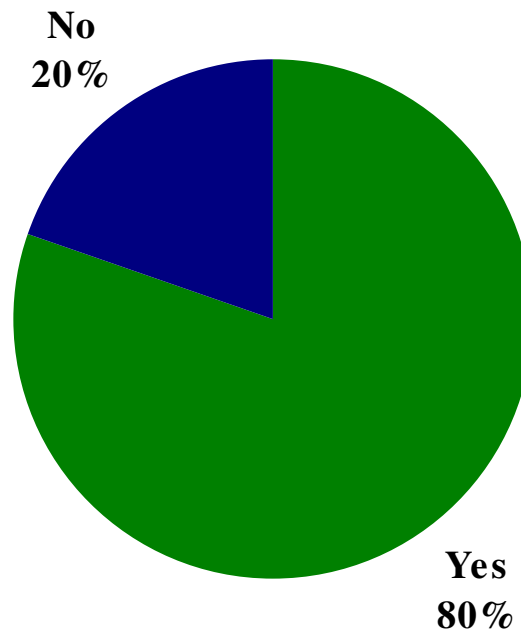
What percent is your system funded?

Percent Funded



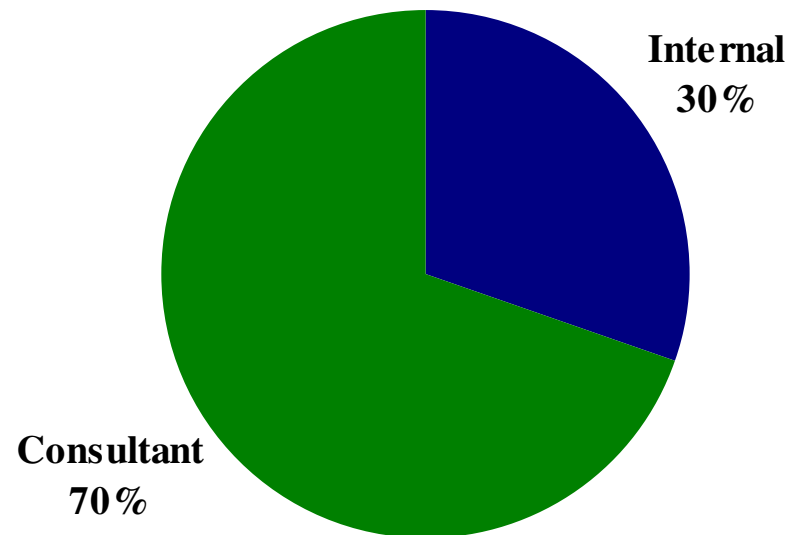
Does a consultant advise in your investment decisions?

Use of Consultant



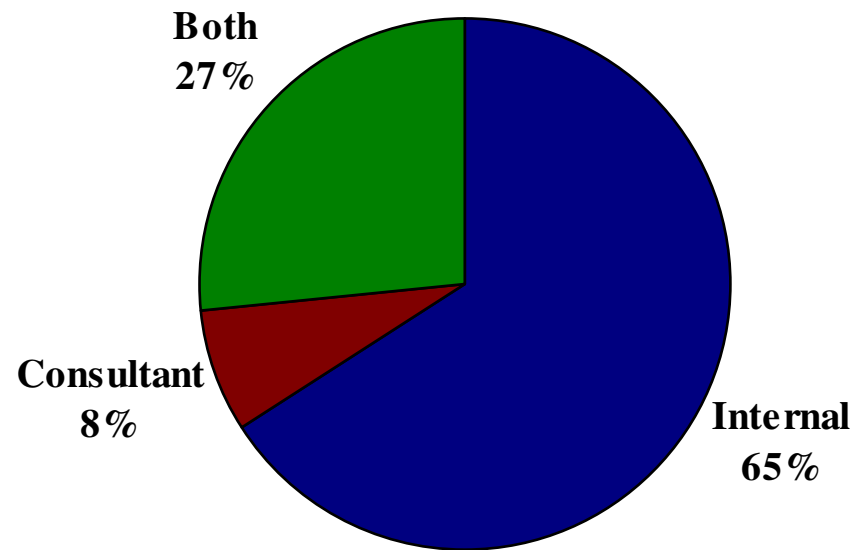
Who performs due diligence on prospective managers?

Due Diligence



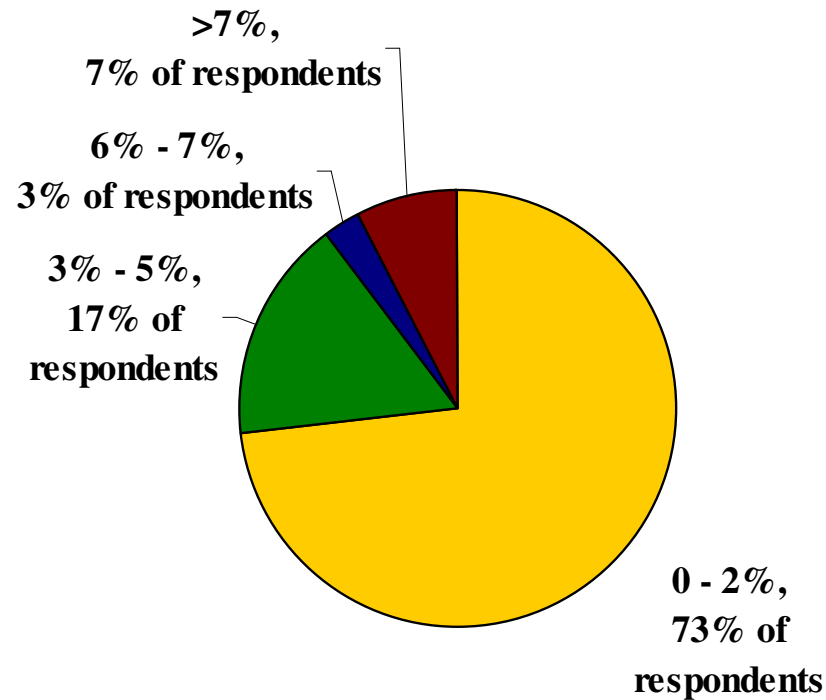
Who makes the final decision to invest with a particular manager?

Final Investment Decision



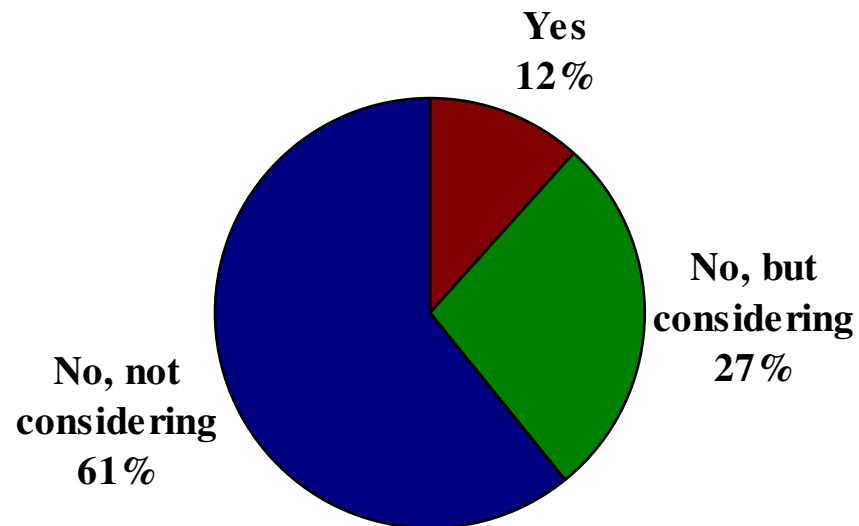
What percentage of your pension plan assets are in overnight investments?

Overnight Investments



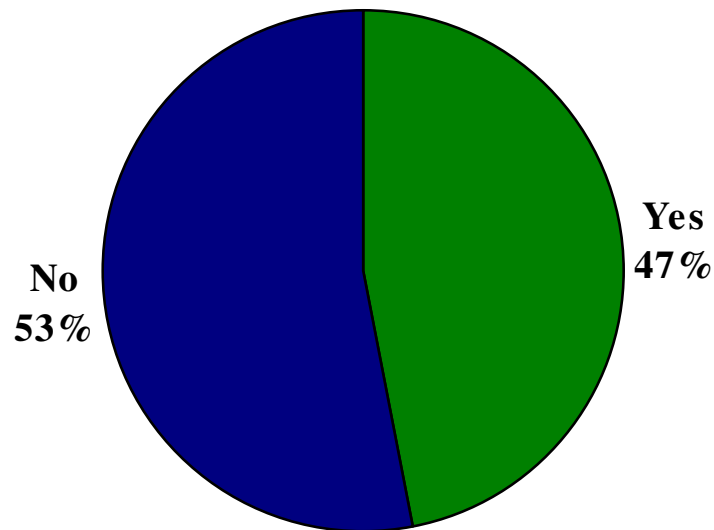
Do you use liability driven investing (LDI) to match the annual outlays of your retirement plan?

Use of LDI



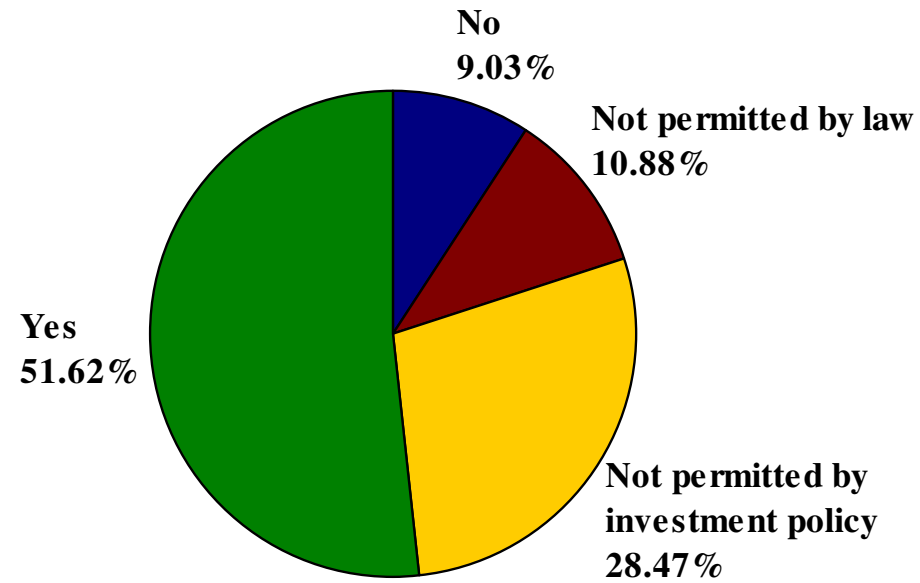
Does your fund or organization participate in a securities lending program?

Securities Lending



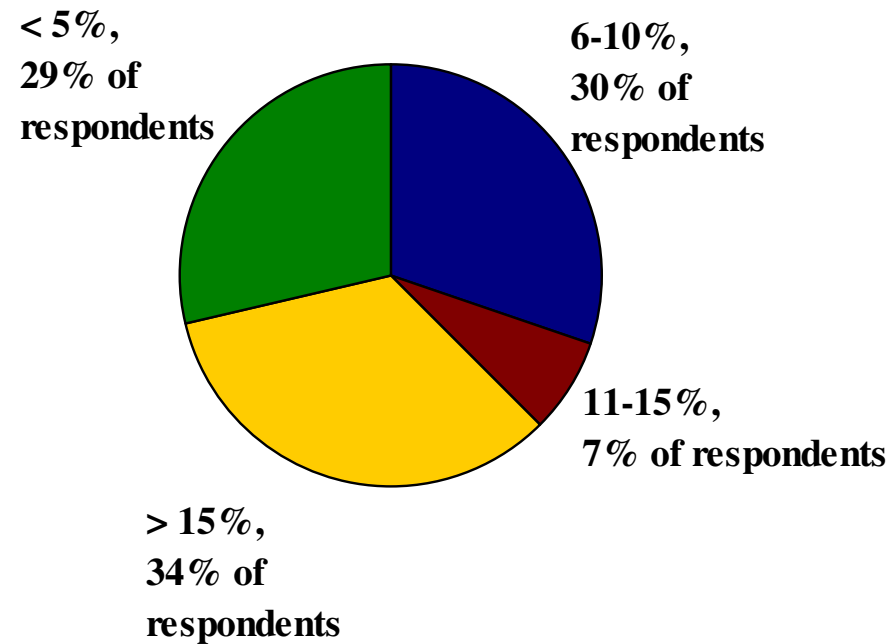
Do you or are you planning to invest in alternative asset classes over the next year?

Investing in Alternative Asset Classes



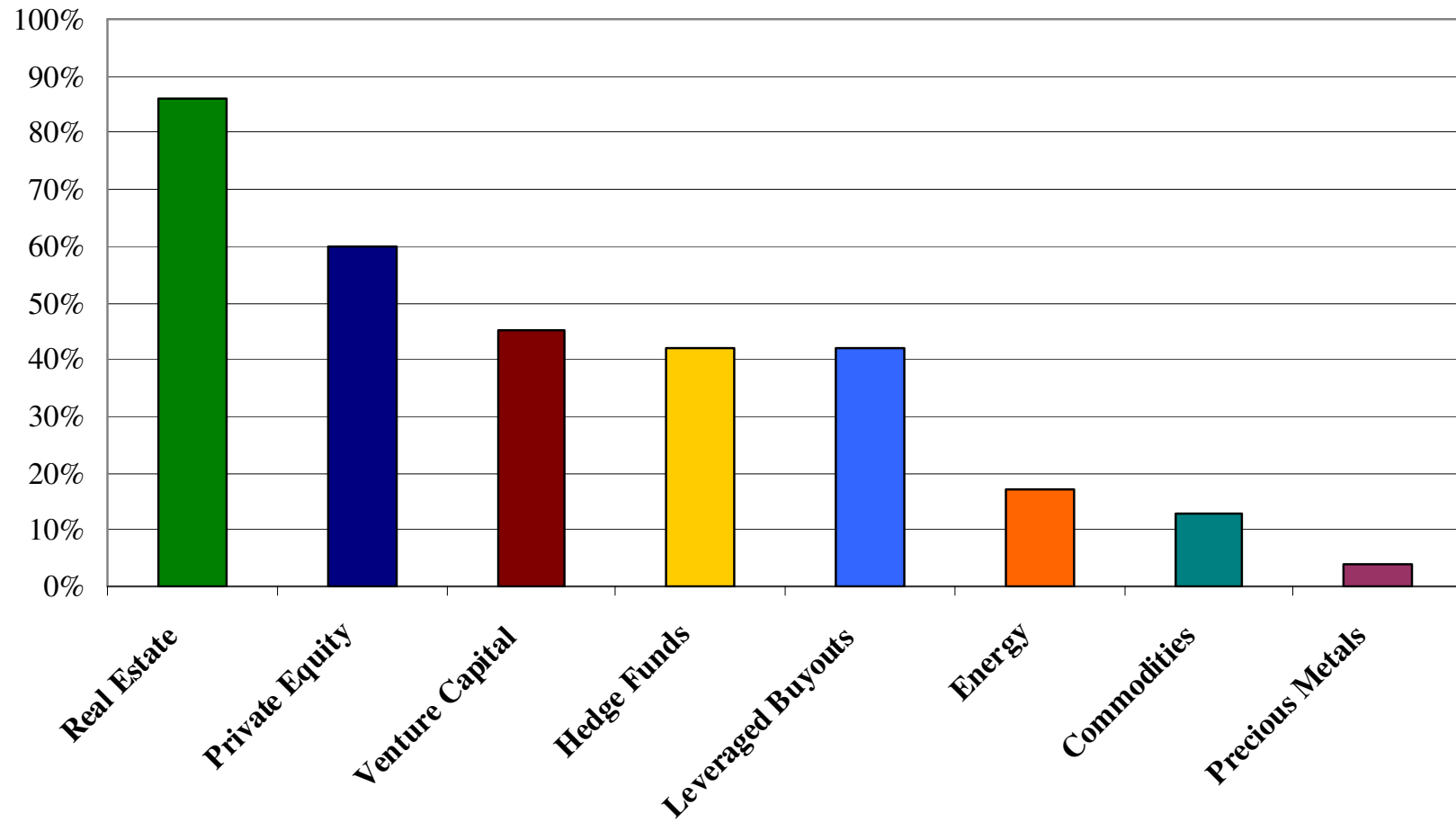
What percentage of your total assets are you able to allocate to alternatives?

Alternatives Allocation



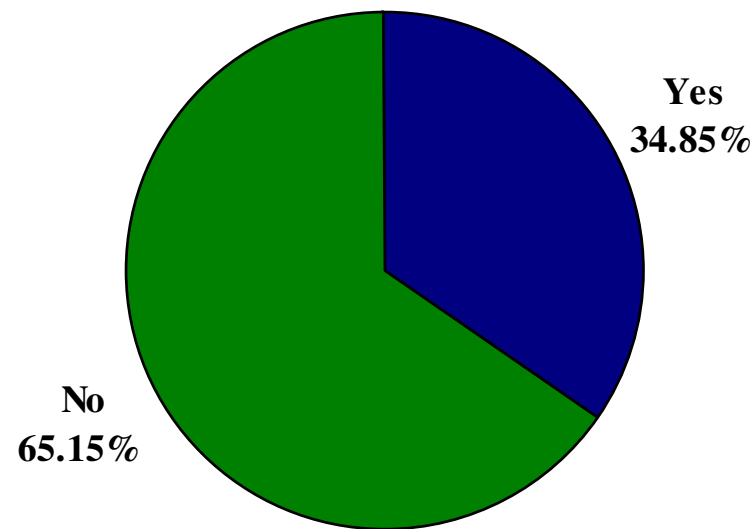
What alternative asset classes do you or are you planning to invest in? (Check all that apply.)

Alternative Asset Classes



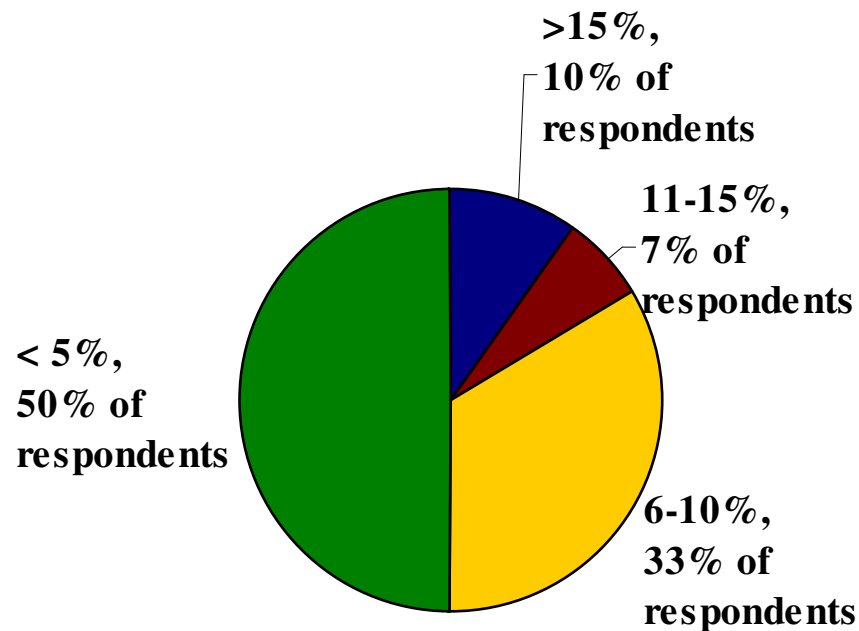
Do you invest in hedge funds?

Investments in Hedge Funds



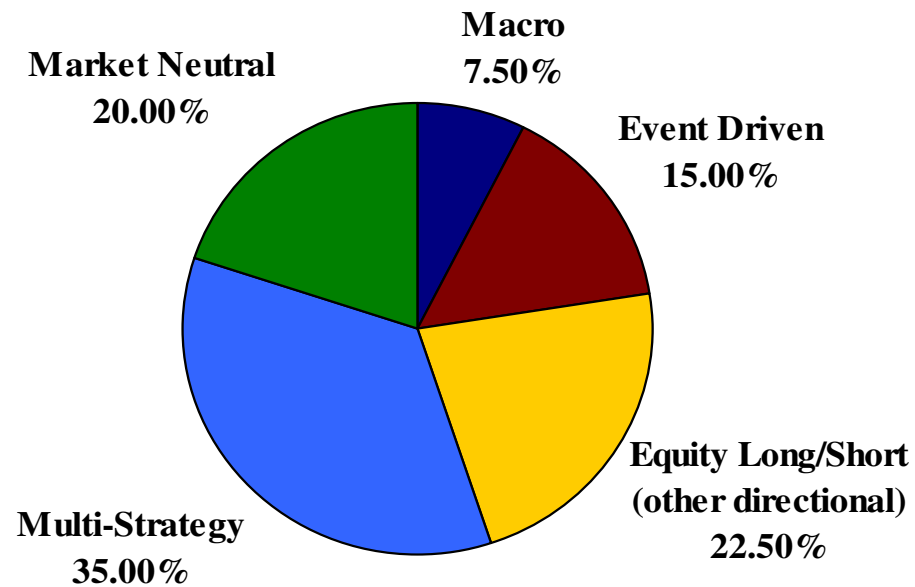
What percentage of your total assets are you able to allocate to hedge funds?

Percentage Allocation to Hedge Funds



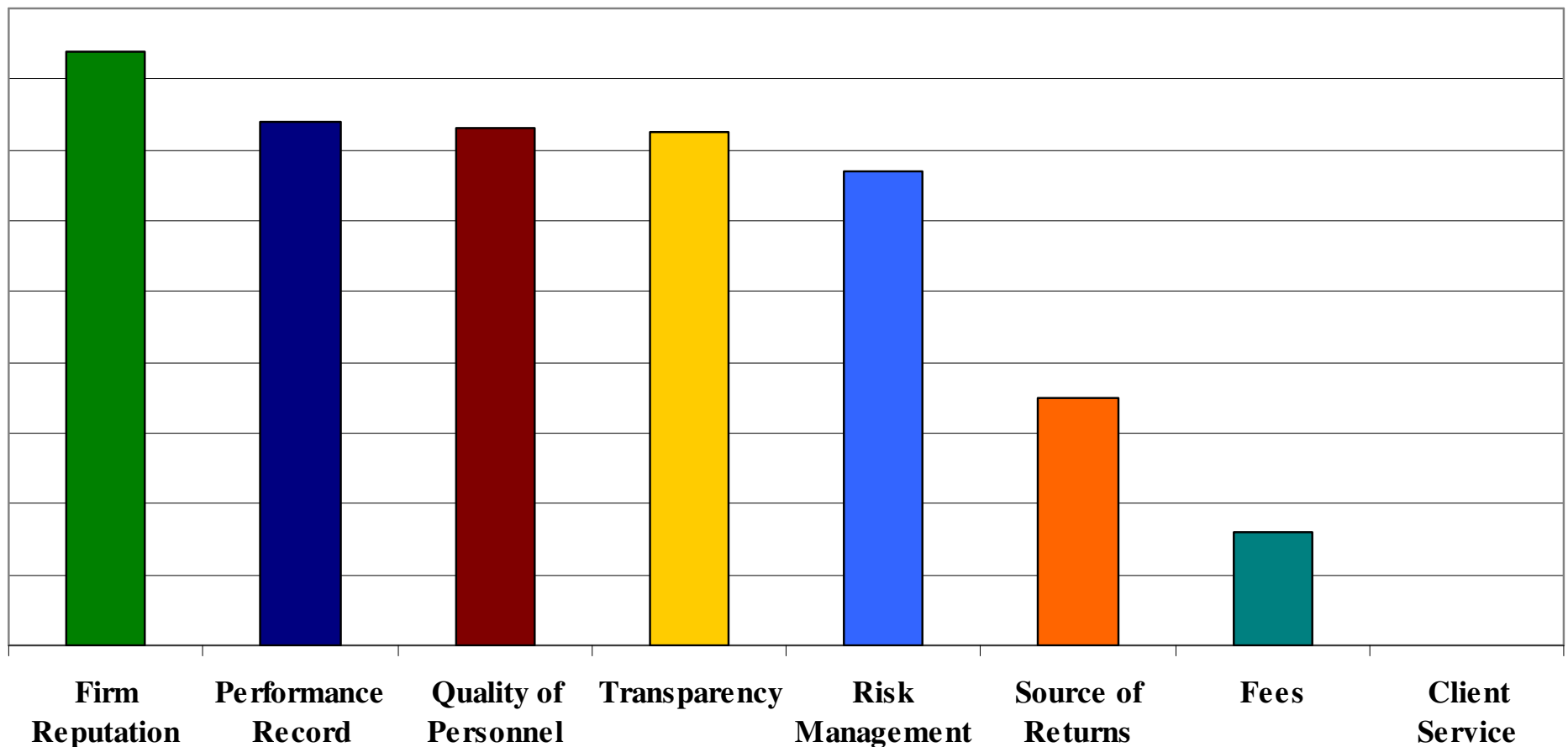
Do you have a hedge fund strategy preference?

Hedge Fund Strategy Preference



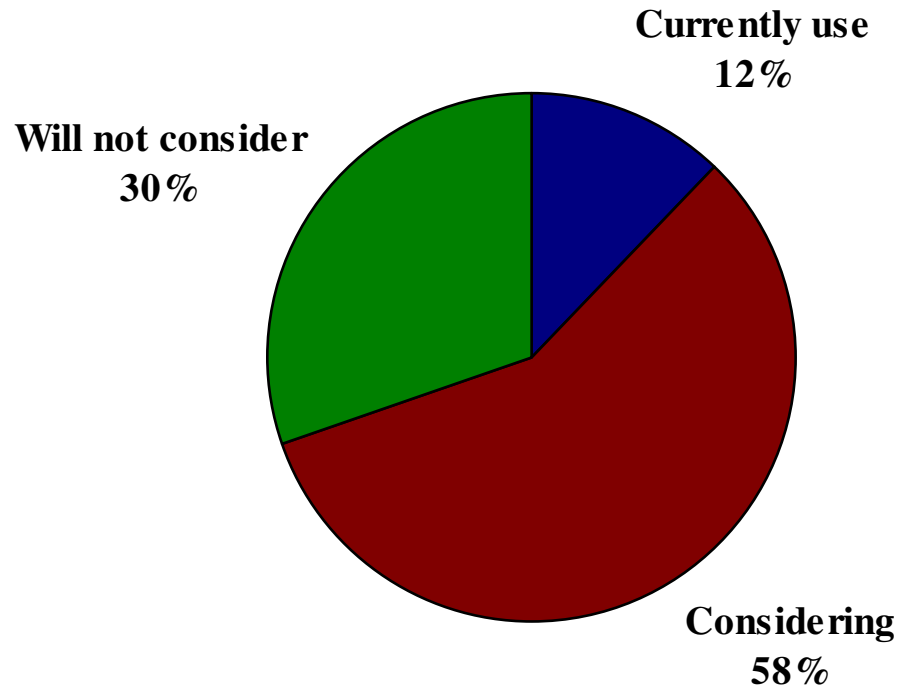
What are the most important characteristics you look for in a hedge fund manager? (Please select three.)

Characteristics in a Manager



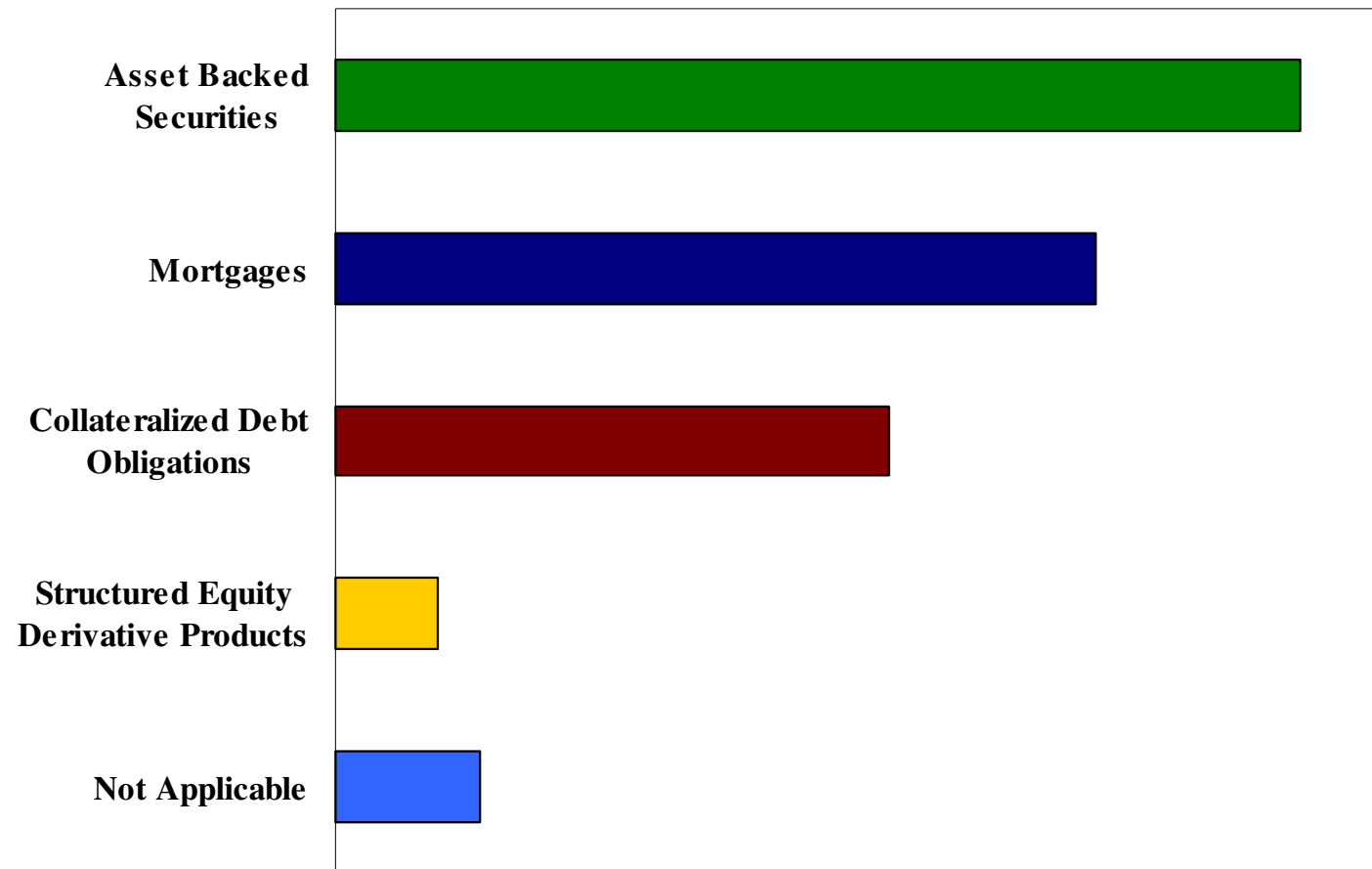
Please indicate your utilization of enhanced long (e.g. 130/30) strategies.

Enhanced Long (130/30) Strategies



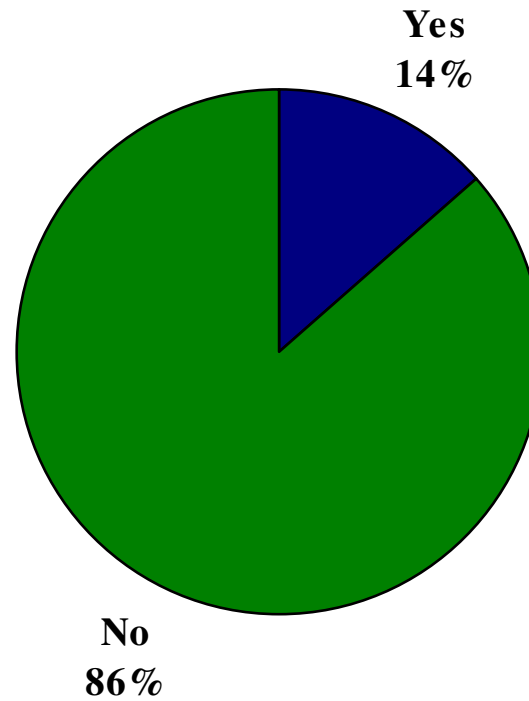
Do you have investments in any of the following structured products?

Structured Products



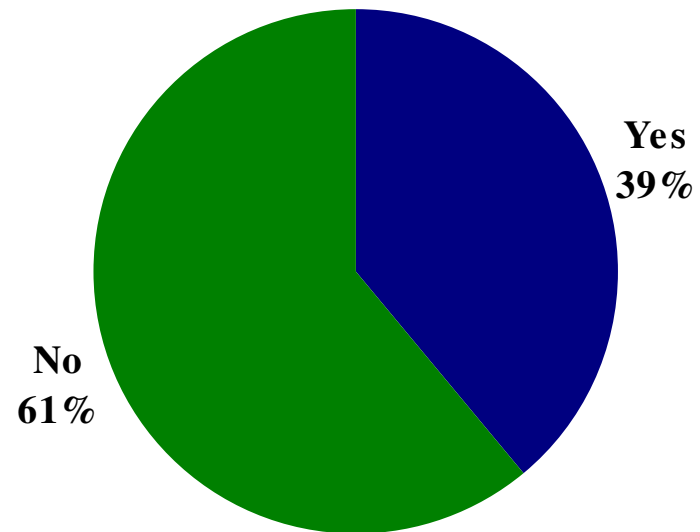
Do you use derivatives to gain exposure to international markets?

Use of Derivatives



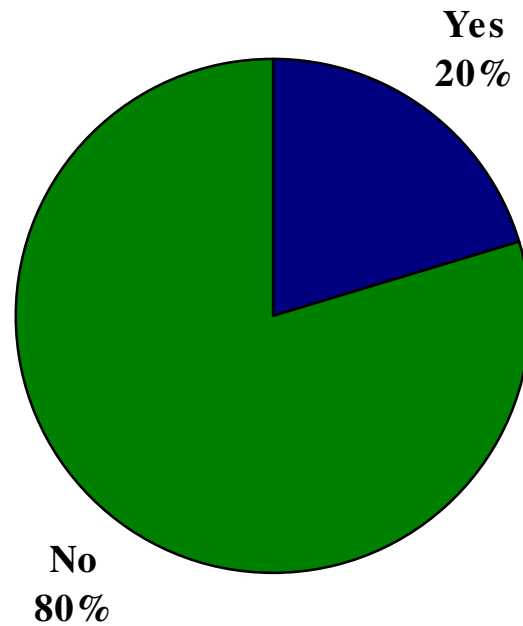
Do you have an allocation to high yield bonds?

High Yield Bonds



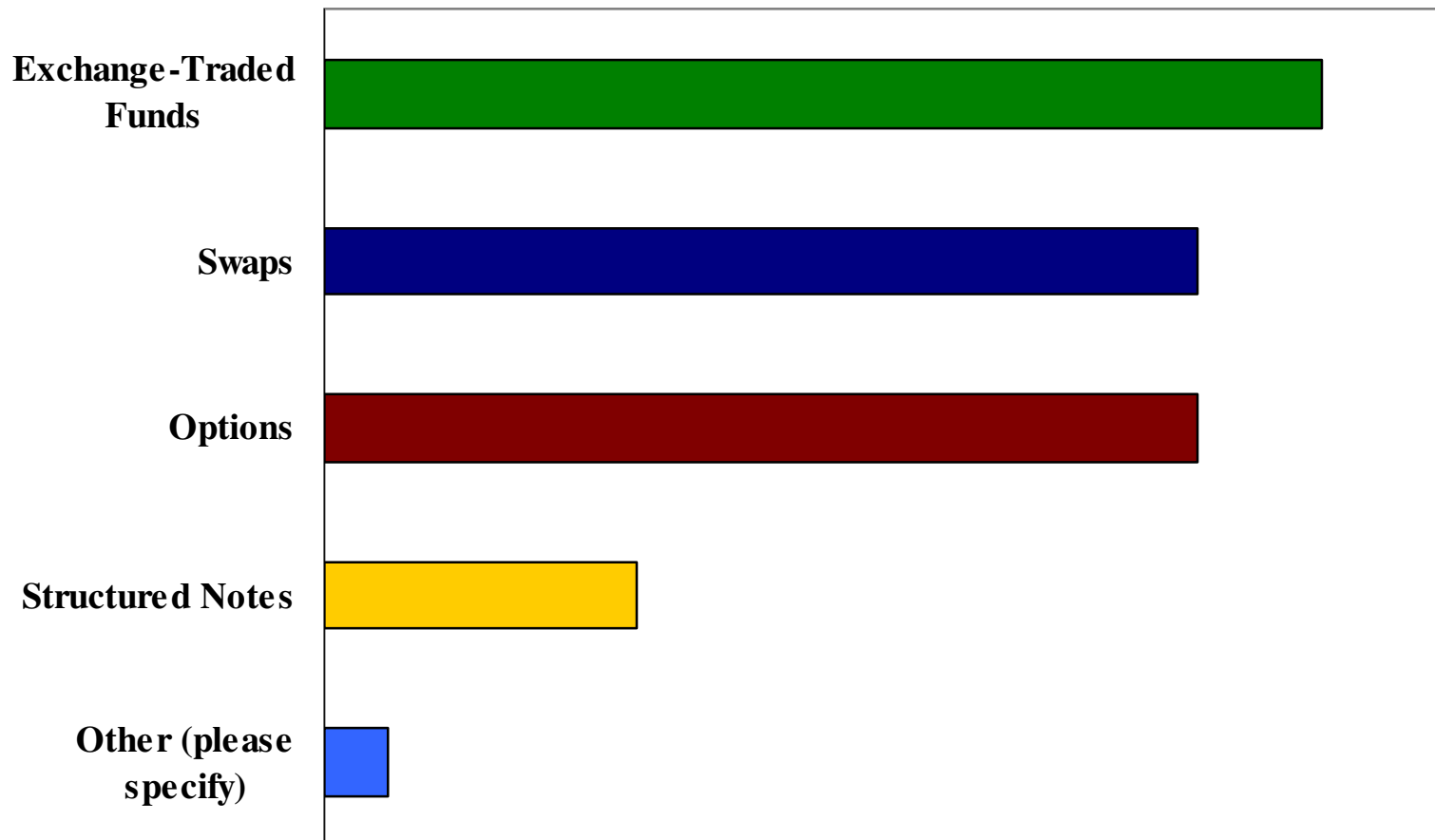
Are you currently looking at or have you ever looked at collateralized loan obligations (managed senior secured bank loan portfolios)?

Collatorized Loan Obligations



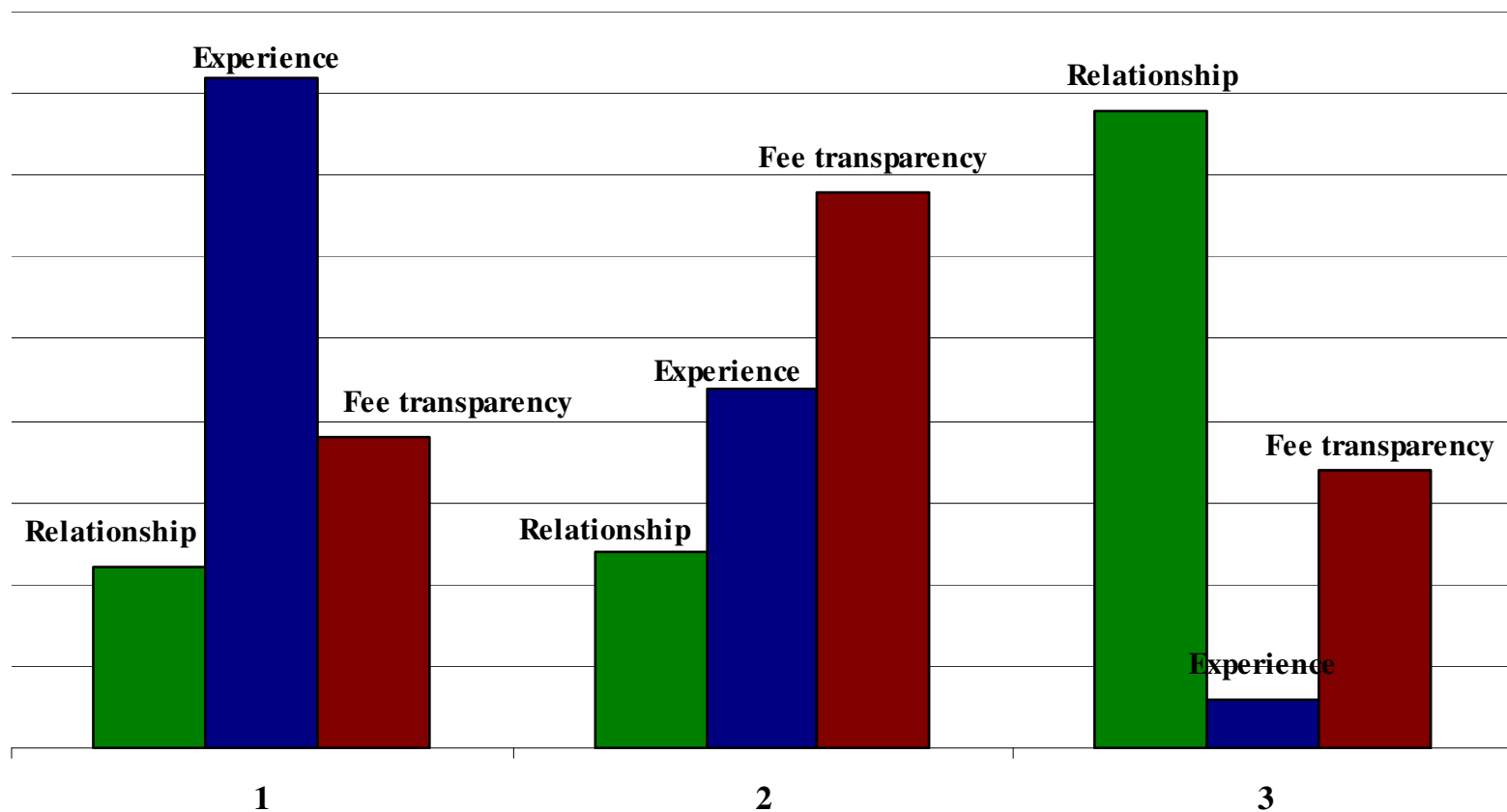
Do you currently use or are you considering using any of the following equity derivative products to hedge, gain exposure, or enhance the returns of your investment portfolio? (Check all that apply.)

Equity Derivative Products



When selecting a transition manager, how would you rank the following factors in your decision making?

Selecting a Transition Manager



For More Information

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