

Exhibit D

Investment Study Group Survey Results

- The majority of respondents were very or somewhat familiar with the current investment statutes.
- About two-thirds of respondents felt that the current investment authority should stay about the same, with the remaining one-third feeling that the authority should be expanded.
- About half of the respondents felt that additional definitions of investment terms would be beneficial in statute.
- About half of the respondents felt that the smaller pension plans should have a different list of authorized investment securities than the larger plans.

Topic Suggestions and Comments

Authorized Investments

1. General Comments:
 - a. Allow investment vehicles that include derivative strategies.
 - b. Update statutes and review asset class categorization in light of new investment products. Asset class categorizations are sometimes really product types (e.g., mutual funds, ETFs) and not asset classes.
 - c. Provide the same investment authority to local public pension plans that's given to the SBI.
 - d. Allow any investment type or security, with proper restrictions, if recommended by the plan's professional advisors and consultants.
 - e. Require more oversight if expanded investment authority is allowed.
 - f. Consider whether plans, especially the large plans and investment professionals retained by the plans, should be held to the prudent expert standard, rather than the prudent person standard.
2. Exchange Traded Funds (356A.06, subd. 7(j)):
 - a. Allow exchange traded funds that invest in "other investments."
 - b. Prohibit leveraged exchange traded funds if implemented directly by an advisor in a brokerage account. Allow these types of strategies if implemented through institutional money managers.
3. Mutual Funds (69.775 and 356A):
 - a. Restrict the mutual fund investment authority so plans can't invest in short and ultra-short funds.
 - b. Simplify the various provisions authorizing mutual fund investments. The current relationship between the various provisions is confusing.

- c. Prohibit leveraged mutual funds if implemented directly by an advisor in a brokerage account. Allow these types of strategies if implemented through institutional money managers.
- 4. Limited List Investments (356A.06, subd. 6):
 - a. Consider allowing debt investments that are within the top four, rather than top three, quality categories since they are all investment-grade debt.
 - b. Discuss the authority that limited list plans have to invest in anything authorized on the expanded list, if done through mutual funds.
- 5. Hedge Funds:
 - a. Clarify whether hedge funds are permissible investments.
 - b. Allow strategies to hedge portfolios under certain conditions.

Statutory Definitions

- 1. Provide a definition for alternative or “other investments.” (356A.06, subd. 7(k))
- 2. Provide better definitions for limited list and expanded list plans. (356A.06, subd. 6(a))
- 3. Add a definition of commingled trust. (11A.24, and 356A.06, subd.7(b))