

Budget Stabilization Fund - Investment Fees:

Excess Return from Active Management Exceeds Investment Fees

Budget Stabilization Fund Schedule of Investment Expenses

	FY 2015				FY 2014			
	Average Market Value	Fees in \$	Fees in %	Contribution to Total Fees	Average Market Value	Fees in \$	Fees in %	Contribution to Total Fees
Investment managers' fees:								
Short-term fixed income managers	478,363,794	660,665	0.14%	0.14%	466,375,734	507,502	0.11%	0.11%
Cash & equivalents managers	7,565,653	9,835	0.13%	0.00%	16,402,731	21,324	0.13%	0.00%
Total investment managers' fees	485,929,447	670,500	0.14%		482,778,465	528,824	0.11%	
Custodian fees		40,150	0.01%	0.01%		49,602	0.01%	0.01%
Investment consultant fees		26,509	0.01%	0.01%		17,623	0.00%	0.00%
Total investment expenses		737,159	0.15%			596,049	0.12%	
Actual Investment Performance (Net of Fees)			1.86%				1.94%	
Policy Benchmark			0.75%				0.61%	
Outperformance			1.11%				1.33%	

➤ During each of the last two fiscal years ended June 30, 2015, the Budget Stabilization Fund generated over \$5 million of incremental income from active management while paying less than \$1 million in fees each year.

➤ Investment fees for the Budget Stabilization Fund remain reasonable at less than 20 bps per annum particularly when comparing the annual excess return of \$5 million ($\$480 \text{ million} \times 1.1\% = \5 million) to the incremental cost of less than \$1 million per year.

Note: All amounts are deemed to be materially accurate, but are unaudited and subject to change.

A basis point is equal to one one-hundredth of one percent (or 0.01%) such that 100 basis points is equivalent to 1%.