

ANNEX 1: GLOSSARY OF TERMS

“**Alternative investments**” are investments in nontraditional asset classes or in traditional asset classes which are utilized in a nontraditional strategy.

“**Capital gain**” is the difference between an asset’s adjusted purchase price and selling price when the difference is positive. It is a “**Capital loss**” when the difference is negative.

“**Commingled investment**” is an instrument where there is a pooling of securities owned by multiple clients for diversification and cost benefits. With commingled investments, investment managers cannot tailor the portfolio to suit client-specific guidelines.

“**Derivative**” is a contract or security whose value is based on the performance of an underlying financial asset, index, or other investment. The following are common types of derivatives used in the execution of fixed income strategies:

- **Forward** – An agreement which obligates one party to buy and another party to sell a specific security or currency at a specific future date, at a price agreed upon at the time of the initial transaction. Forward contracts are privately negotiated and are not standardized or transferable. Mortgage TBAs (“To Be Announced”) and Forward Currency trades are examples of forward transactions.
- **Future** – An agreement to buy or sell a specific amount of a specific security or currency at a specified price and on a specified future date. Futures contracts contain standardized terms, trade on a formal exchange, are regulated by overseeing agencies, and are guaranteed by clearinghouses.
- **Option** – An agreement which conveys the right, but not the obligation, to buy (call option) or sell (put option) a specific security at a stipulated price and within a stated period of time. If the option is not exercised during that time, the money paid for the option is forfeited.
- **Swap** – An agreement between two parties to exchange one set of future cash flows for another based on a specified principal amount. Swaps are utilized as an efficient means of obtaining a desired exposure, which commonly include the exchange of interest payments, currencies, credit exposure, or specific bond characteristics such as yield, quality, or maturity. Swaps trade over the counter and can be customized in any number of ways.

“**Dividend**” is a distribution of earnings to shareholders, prorated by class of security and paid in the form of money, stock, scrip, or, rarely, company products or property. The amount is decided by the board of directors.

“**Duration**” is expressed in years. It is a measure of a bond’s price change with change in yield, and is calculated by averaging the time to each interest and principal payment, weighted by each payment’s present value.

“**Earnings**” represents money earned from activities such as investing.

“**Exchange Traded Fund (“ETF”)**” is a marketable security that tracks an index, commodity, bonds, or a basket of assets. ETFs trade on a stock exchange and experience price changes throughout the trading day as they are bought and sold.

“Income” is comprised of interest and dividend payments.

“Interest” represents the cost of using money, expressed as a rate per period of time.

“Investment Advisers Act of 1940” is an Act that regulates investment advisers. With certain exceptions, this Act requires that firms or sole practitioners compensated for advising others about securities investments must register with the SEC and conform to regulations designed to protect investors.

“Investment Company Act of 1940” is an Act that regulates the organization of companies, including mutual funds, that engage primarily in investing, reinvesting, and trading in securities, and whose own securities are offered to the investor. The Act requires these companies to disclose their financial condition and investment policies to investors when stock is initially sold and, subsequently, on a regular basis.

“Margin transaction” is a technique involving buying or selling short securities using money borrowed from a broker. Margin is the collateral that the holder of the position is required to deposit to cover the broker against a potential loss.

“Public Purpose Investment” or **“PPI”** is an investment either mandated or permitted by the Legislature for the benefit of the State of Wyoming.

“Returns” represent the profit on a securities or capital investment.

“Risk” shall be the measurable possibility of losing or not gaining value.

“Securities Act of 1933” is the Federal law which requires registration of securities and disclosure of financial information for potential investors.

“Short sale” is a transaction where the seller sells a security not owned on the expectation that the market price will fall and the seller will be able to buy the security at a price lower than that at which it was sold.

“Total return” shall be calculated to include all dividend and income as well as realized and unrealized capital appreciation or depreciation.

ANNEX 2: INDEX DEFINITIONS

Alerian MLP: The **Alerian MLP Index** is a capped, float-adjusted, capitalization-weighted index, whose constituents represent approximately 85% of the total float-adjusted market capitalization.

Bloomberg Barclays Intermediate U.S. Agg Bond: The **Bloomberg Barclays Intermediate U.S. Aggregate Bond Index** covers the U.S. dollar-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities: U.S. Treasury and agency bonds, domestic corporate debt, and mortgage-backed securities, with maturities from 1 up to (but not including) 10 years for all sectors except for securitized (MBS, ABS, CMBS), which does not have a maximum weighted average maturity (MBS) or remaining average life (ABS, CMBS) constraint.

Bloomberg Barclays U.S. Agg Bond: The **Bloomberg Barclays U.S. Aggregate Bond Index** covers the U.S. dollar-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities: U.S. Treasury and agency bonds, domestic corporate debt, and mortgage-backed securities.

Bloomberg Barclays U.S. Credit: The **Bloomberg Barclays U.S. Credit Index** covers publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Government 1-3 Year Bond: The **Bloomberg Barclays U.S. Government/Credit: 1-3 Year Bond Index** covers all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between one and three years and are publicly issued.

Bloomberg Barclays U.S. Government/Credit: Long Term Bond: The **Bloomberg Barclays U.S. Government/Credit: Long Term Bond Index** covers the non-securitized component of the US Aggregate Index, with maturities of 10 years or more. It includes investment grade, US dollar-denominated, fixed-rate Treasuries, government-related and corporate securities.

Bloomberg Barclays US Mortgage Backed Securities (MBS) Index. The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index tracks agency mortgage pass-through securities (no longer incorporates hybrid ARM) guaranteed by Ginnie Mae (GNMA), Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays US Securitized Bond Index. The **Bloomberg Barclays US Securitized Bond Index** tracks agency mortgage backed securities (agency MBS) as well as investment grade asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS).

Bloomberg Barclays US Treasury Index. The **Bloomberg Barclays US Treasury Index** measures US dollar-denominated, fixed-rate, nominal debt issued by the. US Treasury.

Consumer Price Index: The **Consumer Price Index** (“CPI”) is a widely used measure of inflation and measures changes in the prices paid by urban consumers for a representative basket of goods and services in the U.S.

HFRI FoF Composite Index: The **HFRI FoF (Fund of Funds) Composite Index** is an equal-weighted index created by Hedge Fund Research that includes both domestic and offshore funds of hedge funds.

ICE BofA ML 3 Mo U.S. T-Bill: The **BofA Merrill Lynch 3-Month U.S. T-Bill Index** consists of newly issued 90-day Treasury bills.

JP Morgan GBI-EM Global Diversified Un-hedged: The **JP Morgan GBI-EM Global Diversified Un-hedged Index** is a global emerging markets index that consists of regularly traded, liquid fixed-rate, domestic currency government bonds.

MSCI ACW Ex U.S.: The **MSCI ACW (All Country World Index) Ex U.S. Index** is designed to measure equity market performance in global developed and emerging markets, excluding the US. The 22 underlying developed countries are: *Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.* The 23 emerging market countries are: *Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates.*

NCREIF ODCE: The **NCREIF ODCE (Open End Diversified Core) Index** is an index of investment returns reporting on both a historical and current basis the results of 16 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NCREIF ODCE Index is capitalization-weighted and performance is time-weighted.

Russell 2000: The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity market. It includes approximately 2000 of the smallest securities by market cap from the Russell 3000 Index.

Secured Overnight Financing Rate (SOFR): The **SOFR** is a broad measure of the cost of borrowing cash overnight, collateralized by Treasury securities.

S&P 500: The **S&P 500 Index (Cap Wtd)** is a commonly recognized, market-capitalization weighted index of 500 widely held equity securities designed to measure broad U.S. equity performance.

S&P U.S. Preferred Stock: The **S&P U.S. Preferred Stock Index** covers the US market of capital stock that pays dividends at a specified rate and has a preference over common stock in the payment of dividends and the liquidation of assets.

S&P/LSTA U.S. Leveraged Loan 100 Index: The **S&P/LSTA U.S. Leveraged Loan 100 Index** is a daily investable index that seeks to measure the performance of the 100 largest institutional leveraged loans drawn from the broader leveraged loan index.