

THE COMMONWEALTH OF MASSACHUSETTS
Public Employee Retirement Administration Commission
John W. McCormack Building, Room 1101
One Ashburton Place, Boston, MA 02108
(617) 727-9380

MEMORANDUM

TO: All Retirement Boards

FROM: Robert F. Stalnaker, Executive Director

RE: Pooled Fund Investments/Tobacco Statute

DATE: January 30, 1998

PERAC recently sent Memo #48 to all retirement boards with regard to the implementation of the Tobacco Statute. Section #4 of this memo states "In applying the statute to pooled funds, PERAC will assess the 15% rule against the entire pool as the board is purchasing shares in the pool not the individual holdings of the pool. Thus a pooled fund, if in violation of this standard, will be included on the PERAC List".

Please be advised that PERAC defines pooled funds for the purpose of the Tobacco Statute as commingled investments in investment vehicles such as mutual funds, group trusts, real estate funds, limited partnership funds, and venture capital funds. Funds that invest only for one retirement system, commonly referred to as "segregated funds" or "separate accounts", are not considered pooled fund investments by PERAC and therefore must comply with Chapter 119 accordingly.

PERAC has sent (copy attached) each pooled fund manager a Tobacco Statute Compliance Report. This report must be completed by each pooled fund manager and submitted to PERAC.

If you have any questions in this regard, please call Robert Shaw, Director of the Pension Investment Advisory Unit at 727-9380 ext. 637.

