COOK COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2018

Type of Investment	Fair Value (USD) 2017
Corporate bonds:	
Canadian dollar	$ 2,764,885
New Turkish lira	1,003,130
U.S. dollar	888,669,079
Total corporate bonds	$ 892,437,094
Private Equities:	
European euro	$ 21,420,498
U.S. dollar	371,903,833
Total Private Equities	$ 393,324,331

Securities Lending. State Statutes and the Board of Trustees permit the Pension Trust Fund to lend its securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. The Pension Trust Fund's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest.

The Pension Trust Fund does not have the right to sell or pledge securities received as collateral unless the borrower defaults. The average term of securities loaned was 87 days for 2017; however, any loan may be terminated on demand by either the Pension Trust Fund or the borrower. Cash collateral was invested in a separately managed portfolio which had an average weighted maturity at December 31, 2017 of 90 days.

As of December 31, 2017, the fair value (carrying amount) of loaned securities was $1,402,318,531 and the fair value (carrying amount) of cash collateral received by the Pension Trust Fund was $1,218,975,757. Securities on loan included equities, U.S. and international equities, U.S Government and government agency obligations, exchange traded funds and corporate bonds. As of year-end the fair value of the non-cash collateral received by the Pension Trust Fund was $219,920,960.

Although the securities lending activities are collateralized as describe above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of the contract.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower. The contract with the lending agent requires indemnification to the Pension Trust Fund if borrowers fail to return the securities or fail to pay the Pension Trust Fund for income distributions by the issuers of securities while the securities are on loan.