

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

- (4) Private equities – This investment consists of 51 limited partnership investments with an investment objective to achieve long-term capital appreciation and capital preservation through investments in limited partnerships, privately issued securities, private equity funds, and other pooled investments. Closed-end limited partnership interest are generally illiquid and cannot be redeemed. It is expected that liquidation of the limited partnership interests will generally coincide with the terms of the various underlying partnership agreements. These underlying private equity partnerships generally have a fund life per the Limited Partnership Agreements of approximately 10 to 12 years plus 2 to 3 one-year extensions. However, the underlying general partners may extend their funds indefinitely to facilitate an orderly liquidation of the underlying assets. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (5) Hedge funds – The investment objective of the hedge funds is to invest in non-traditional portfolio managers, diversified portfolios of hedge funds having a low correlation with major investment markets, and diversified groups of alternative investment funds that invest or trade in a wide variety of financial instruments and strategies. The fair value of the investment in the hedge funds has been determined using the NAV per share (or its equivalent) of the investment.
- (6) Real estate funds – This investment includes a commingled pension trust fund, an insurance company separate account, and other real estate funds that are designed as funding vehicles for tax-qualified pension plans. Their investments are comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans or income producing real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Due to the nature of the investments and available cash on hand, significant redemptions in this type of investment may at times be subject to additional restrictions.
- (7) Short-term investments – This investment's objective is to invest in short-term investments of high quality and low risk to protect capital while achieving investment returns. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Pension Trust Fund has set the duration for each manager's total fixed income portfolio to fall within plus or minus 30% of the duration for the fixed income performance benchmark (*Bloomberg Barclays US Aggregate Fixed Income*), which was 5.98 years at December 31, 2017.