

## **KPERS Alternative Investments Policy Changes; HB 2461**

**HB 2461** allows a net annual commitment of up to 5.0 percent of the total market value of the Kansas Public Employees Retirement System (KPERS) portfolio investments to be made in assets identified as "alternative investments," which are non-traditional in nature. The 5.0 percent annual limit on net investment commitments is measured from the end of the preceding calendar year.

In addition, the bill allows 15.0 percent of the total KPERS investment portfolio to be invested in alternative investments and a new definition for such alternative investments will replace the current definition. The new definition redefines the term as including "a broad group of investments that are not one of the traditional asset types of public equities, fixed income, cash, or real estate. Alternative investments are generally made through limited partnerships or similar structures, are not regularly traded on nationally recognized exchanges, and, thus, are relatively illiquid, and exhibit lower correlations with more liquid asset types, such as stocks and bonds. Alternative investments generally include, but are not limited to, private equity, private credit, hedge funds, infrastructure, commodities, and other investments which have the above characteristics."

The bill also requires a review of the alternative investment policy change prior to January 1, 2016, and for the KPERS Board of Trustees to submit a report to the Joint Committee on Pensions, Investments, and Benefits with information about the impact of the alternative investments policy changes.