

commissioners. Money market investments with an aggregate cost of \$131,314,000 (which approximates market) at June 30, 1987, are reported as cash and short-term investments. Other investments of the Fund, which include U.S. Treasury notes, and corporate bonds and stocks, are stated at their market value of \$184,927,000 (amortized cost — \$173,992,000) at June 30, 1987. Realized gains and losses from the sale of investments are credited or charged to income. Changes in unrealized market appreciation or depreciation are credited or charged to fund equity. Unrealized market appreciation or depreciation is reflected as a reservation of fund equity.

The Pension Trust Fund, in accordance with Article 73 B, Section 161 of the Annotated Code of Maryland, is permitted to make investments subject to the terms, conditions, limitations, and restrictions imposed by the Board of Trustees of the Maryland State Retirement and Pension Systems. The law further provides that not more than 15% of the assets that are invested in common stocks may be invested in non-dividend paying common stocks. The pension trust fund's investments are commingled in two combined investment funds. One investment fund consists principally of bonds and other fixed income investments while the other investment fund consists principally of common stocks. Investments of the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts.

The investments at June 30, 1987 (amounts expressed in thousands) for the enterprise, nonexpendable and pension trust funds are as follows:

	Category			Carrying Value	Market Value
	1	2	3		
U.S. Treasury and Agency Obligations . . .	\$ 348,146	\$ 39,388		\$ 387,534	\$ 403,020
Certificates of Deposit . . . . .	16,276			16,276	16,276
Commercial Paper and money market . . . . .	733,789			733,789	733,789
Corporate debt securities . . . . .	2,395,307	98,632		2,493,939	2,519,387
Corporate equity securities . . . . .	2,818,134	46,907		2,865,041	4,765,609
Annuity Contracts . . . . .	26,799			26,799	26,799
Other . . . . .	195,723			195,723	193,116
	<u>\$6,534,174</u>	<u>\$184,927</u>		<u>\$6,719,101</u>	<u>\$8,657,996</u>

*C. Higher Education Fund:*

The bank deposits of the Higher Education Fund (Fund) as of June 30, 1987 were entirely insured or collateralized with securities held by the fund or its agent in the fund's name, with the exception of approximately \$955,000.

Investment funds established by higher education institutions relate principally to endowment and trust accounts required by debt instruments. In general, endowment funds can be invested in debt and equity securities and trust accounts can be invested only in debt securities. These investments include U.S. Treasury and agency obligations, certificates of deposit, commercial paper, repurchase agreements, bankers acceptances and money market funds.

Investments of the higher education institutions are stated at cost, adjusted for amortization of premiums and accretion of discounts.

The investments at June 30, 1987 (amounts expressed in thousands) for the higher education fund are as follows:

	Category			Carrying Value	Market Value
	1	2	3		
U.S. Treasury and Agency Obligations . . .	\$32,128			\$32,128	\$32,415
Corporate debt securities . . . . .	2,539			2,539	2,418
Corporate equity securities . . . . .	18,798			18,798	28,201
Other . . . . .	1,124	\$460		1,584	1,559
	<u>\$54,589</u>	<u>\$460</u>		<u>\$55,049</u>	<u>\$64,592</u>