Maine State Treasurer

Cash Pool Investment Policy

Effective: December 5, 2012

The Maine State Treasurer (the "Treasurer") has established the State Treasurer's Cash Pool for the investment of funds of State agencies and participating public sector entities. The purpose of this Investment Policy is to establish the investment scope, objectives, delegation of authority, internal controls, standards of prudence, authorized investments and transactions, diversification mandate, risk tolerance, safekeeping and custodial procedures, and reporting requirements for the investment of Cash Pool funds.

SCOPE

The provisions of this Investment Policy shall apply to all investable funds included in the State Treasurer's Cash Pool, except proceeds resulting from bonds or bond anticipation notes.

All cash not needed to meet current obligations, except funds held in the State's primary checking account and funds placed in any statutorily established linked-investment account, shall be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated monthly in accordance with applicable state statutes and the Treasurer's Cash Pool Earnings Distribution Policy. Investments shall be in conformance with all applicable State and federal regulations.

OBJECTIVES

The coequal primary investment objectives are:

- Preservation of capital through quality, maturity, and diversification; and
- Maintenance of sufficient liquidity to meet anticipated cash flow needs.

The secondary investment objective is:

- Attainment of a competitive rate of return.

DELEGATION OF AUTHORITY AND INTERNAL CONTROLS

It is the responsibility of the Treasurer to invest all funds not needed to meet current obligations in accordance with Title 5: Administrative Procedures and Services, Part 1: State Departments, Chapter 7: Treasurer of State, Section 135: Deposit of State Funds; limitations (5 M.R.S.A. §135). The Treasurer may delegate this authority and may engage the support services of independent professionals in regard to the investment program. Any firm hired to provide advice or assistance with regard to the investment program shall be a registered investment advisor under the Investment Advisers Act of 1940, or exempt from registration.

The Treasurer shall maintain written administrative procedures and internal controls, consistent with this Investment Policy, for the operation of the State's investment program. Such

procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or unauthorized actions by employees of the State.

INVESTMENT ADVISORY COMMITTEE

An Investment Advisory Committee is established for the purpose of periodically reviewing the performance of cash pool investments, assessing compliance with law and policy, annually reviewing and making recommendations for updates to this Investment Policy, and meeting periodically to deliberate with the Treasurer on such topics as economic outlook, portfolio diversification and maturity structure, cash flow reports, potential risks, actual and anticipated rates of return on the investment portfolio.

PRUDENCE AND INDEMNIFICATION

The standard of prudence to be used for managing the State's assets is the "prudent expert" rule as stated in the Employee Retirement Income Security Act of 1974, Section 404(a)(1)(B), which says:

> Investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

The Cash Pool investment program is a matter of public record and shall be designed and managed with a degree of professionalism that is worthy of the public trust. The Treasurer and authorized state personnel acting in accordance with written policy and procedures and exercising prudence and due diligence shall have no personal liability for investment outcomes.

ETHICS AND CONFLICTS OF INTEREST

Treasurer's Office personnel involved in the investment process shall refrain from any activity that could conflict with proper execution of the investment program or which could impair or create the appearance of an impairment of their ability to make impartial decisions. Further, no investment personnel shall use the authority or influence of the Office of the State Treasurer or employment to secure anything of value or the promise or offer of anything of value that would create an improper influence with respect to that person's duties. Personnel shall comply with the mandates of the Treasurer's Ethics Policy.

All investment activity must comply with Maine public policy as established by applicable law, rule or regulation, and as may be additionally determined from time-to-time by the Treasurer.

AUTHORIZED SECURITIES AND TRANSACTIONS

All investments of the State shall be made in accordance with Maine Statute: Title 5: Administrative Procedures and Services, Part 1: State Departments, Chapter 7: Treasurer of State, Section 135: Deposit of State Funds; limitations (5 M.R.S.A. §135). Any revisions or extensions of these sections of the statute shall be deemed incorporated into this Investment Policy immediately upon becoming effective.

> Appropriate purchases must be of high quality made by or with the advice and upon the due diligence of the State's independent investment advisor. Eligible securities and investments are defined as follows:

1. U.S. Treasury Obligations: United States Treasury Bills, Notes, Bonds, Strips or any other obligation or security issued by or backed by the full faith and credit of the United States Treasury with a final maturity not exceeding 36 months from the date of purchase.

2. Federal Agency Securities: United State Agency Bonds, notes, certificates of indebtedness or other obligations with a final maturity not exceeding 36 months from the date of purchase.

3. Federal Instrumentality Securities: Debentures, discount notes, callable securities with a final maturity not exceeding 36 months from the date of purchase issued by the following only: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), and Federal Home Loan Mortgage Corporation (FHLMC) provided the issuer is rated at least "AA" by a Nationally Recognized Statistical Rating Organization (NRSRO) at the time of purchase.

4. Prime Commercial Paper: Short-term promissory notes issued by United States corporations with maturities not exceeding 270 days from the date of purchase and which are rated in the highest category by at least two NRSROs at the time of purchase. Holdings per issuer shall not to exceed $10 million par value, and no more than 20% of the Cash Pool may be invested in such commercial paper securities.

5. Bankers Acceptances: A draft or bill or exchange with an original maturity not exceeding 180 days accepted by an FDIC insured state or national bank with combined capital and surplus of at least $250 million and which is rated in the highest short-term category by at least one NRSRO at the time of purchase.

6. Money Market Mutual Funds: Shares in open-end, no-load investment funds provided such funds are registered under the Federal Investment Company Act of 1940. The mutual fund must comply with the diversification, quality and maturity requirements of Rule 2(a)-7, or any successor rule, of the United States Securities and Exchange and be rated "AAAm" or "AAAm-G" by Standard & Poor's Corporation, or the equivalent by another NRSRO.

7. Bank Deposit Accounts: Accounts, including demand deposit accounts (DDA), money market deposit accounts (MMDA), and negotiable orders of withdrawal (NOW) accounts offered by a financial institution with which the State has an enforceable banking services contract. Unless fully insured by the FDIC or secured by a Letter of Credit at a Federal Home Loan Bank, State deposits will be placed only in financial institutions meeting the credit criteria set forth in the section of this Investment Policy relating to Selection of Banks, and shall be collateralized at 105% of the value of the deposit plus accrued interest in accordance with 5 M.R.S.A. §135.

8. Time Certificates of Deposit: Time deposits in FDIC insured state or nationally chartered banks, savings and loan associations, or mutual savings banks that qualify as a depository for State funds as set forth in 5 M.R.S.A. §135, with a specific maturity evidenced by a certificate, where large denomination certificates may be negotiable, with a maturity not exceeding two years from the date of purchase. Unless fully insured by the FDIC, Certificates of Deposit will be purchased only from financial institutions meeting the credit criteria set forth in the section of this Investment Policy relating to Selection of Banks, and shall be collateralized at 105% of the value of the time deposit in accordance with 5 M.R.S.A. §135.

9. Repurchase Agreements: Contracts for the present purchase and subsequent resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the State. Repurchase Agreements must have a termination date not exceeding 12 months, be collateralized by U.S. Treasury obligations, Federal Agency or Federal Instrumentality Securities debenture (as described above), or discount note securities with a maturity of the collateral not exceeding 30 years. For the purpose of this section, the term collateral shall mean purchased securities under the terms of an approved Master Repurchase Agreement. The purchased securities shall have an original minimum market value including accrued interest of 102% of the dollar value of the transaction. Should the market value fall below this level, the counterparty will be required to correct the deficiency within one business day. Collateral securities shall be marked-to-market daily.

   Repurchase Agreements shall be entered into only with Primary Dealers reporting to the Federal Reserve Bank of New York, or with firms that have a Primary Dealer within their holding company structure, or with banks, savings and loan associations, or diversified securities broker-dealers having at least $5 billion in assets and $500 million in capital and that are subject to regulation of capital standards by any state or federal regulatory agency. Repurchase Agreement counterparties shall have a short-term credit rating of at least "A-1" or the equivalent and a long-term credit rating of at least "AA" or the equivalent by a NRSRO. The Treasurer shall maintain copies of approved Master Repurchase Agreements along with a list of the broker/dealers and banks that have executed same.

10. Corporate Bonds and Notes: Issued by corporations organized and operating within the United States with a final maturity not exceeding 36 months from the date of purchase and rated "AAA" by a NRSRO.

11. Tax-Exempt Municipal Obligations: Tax-exempt commercial paper or bonds with a maturity not exceeding 36 months from the date of purchase that have a long-term rating of no less than "AA" or the equivalent, or are rated in the highest category for short-term municipal debt by a NRSRO at the time of purchase.

12. Securities Lending: Treasurer may participate in the securities loan market by loaning State-owned securities to Primary Dealers reporting to the Federal Reserve Bank of New York, or with firms that have a Primary Dealer within their holding company structure, or with banks meeting the credit criteria set forth in the section of this Investment Policy relating to Selection of Banks, provided that loans are fully collateralized by United States Treasury Bills or cash, and that cash collateral is invested in accordance with this Investment Policy. The term of any security purchased with cash collateral will not differ from the loan term by more than 30 days.

PORTFOLIO MATURITIES AND LIQUIDITY

To the extent consistent with the stated objectives of this Investment Policy, investments shall be made to meet anticipated cash flow requirements and known future liabilities.

Investments shall not be made in securities maturing more than 36 months from the date of purchase.

In general, securities should be held to maturity, but from time-to-time, in the pursuit of the stated objectives of this Investment Policy, securities may be sold in order to maximize the return on the portfolio, to protect the credit quality of the portfolio, and to meet unforeseen cash flow needs.

INVESTMENT DIVERSIFICATION

Investments within the Cash Pool shall be diversified to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. The asset allocation in the portfolio should be flexible depending upon the outlook for the economy, the securities market, and the State's anticipated cash flow needs.

The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each eligible security is as follows:

U.S. Treasury Obligations	100% maximum
Federal Agency Securities	100
Federal Instrumentality Securities	100
Prime Commercial Paper	20
Bankers' Acceptances	35
Money Market Mutual Funds	100
Bank Deposit Accounts	100
Time Certificates of Deposit	50
Repurchase Agreements	75
Corporate Bonds and Notes	20
Tax-Exempt Obligations	20

Investments within the Cash Pool will be further diversified to limit the exposure to any one issuer/depository. No more than 5% of the portfolio shall be invested in the securities/deposit of any single issuer/depository with the following exceptions:

U.S. Treasury	100% maximum
Each Federal Agency or Federal Instrumentality	40
Each Repurchase Agreement Counterparty	25
Each Money Market Mutual Fund	50
Each Bank Deposit Account	50

PROHIBITED INVESTMENTS AND INVESTMENT PRACTICES

The State is prohibited from:

1) Investing in Reverse Repurchase Agreements;
2) Short sales (selling a specific security before it has been legally purchased);
3) Borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing;
4) Investing in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes, or notes linked to lagging indices or to long-term indices;
5) Collateralized Mortgage Obligations (CMOs) and Real Estate Mortgage Investment Conduits (REMICS); or
6) Investing in any security not specifically permitted by this Investment Policy.

COMPETITIVE TRANSACTIONS

It will be the policy of the Treasurer to transact all securities purchases/sales through a formal and competitive process with Qualified Institutions (as defined below). The Treasurer will accept the offer which (a) has the highest rate of return within the maturity required; and (b) optimizes the investment objectives of the overall Cash Pool. When selling a security, the Treasurer

will select the bid that generates the highest sale price. If there is a tie bid between one or more brokers, the Treasurer will award the winning bid to each broker on a rotating basis.

Primary fixed price Federal Agency offerings may be purchased from the list of qualified broker/dealers without competitive solicitation.

In making investment decisions, all other things being equal, investments in corporations and financial institutions doing business in the State of Maine will be given preference over other investment options.

SELECTION OF BANKS

The Treasurer shall maintain a list of FDIC insured banks, mutual savings banks and savings and loan associations ("banks"), approved to provide depository and other banking services and from which the State may maintain deposits and purchase Certificates of Deposit.

Selection of a bank must take into consideration the minimum financial strength rating (described below) provided by commercially available bank rating services. Banks that in the judgment of the Treasurer no longer offer adequate safety to the State will be removed from the list. Banks for which deposits do not exceed the amount covered by FDIC insurance shall be exempt from this requirement.

The State may utilize commercially available bank rating services such as Highline Banking Data Services or Veribanc to perform financial strength analyses on banks seeking authorization.

Selection of a bank must take into consideration the bank's institutional rating on each of the performance evaluations conducted pursuant to the federal Community Reinvestment Act, 12 United States Code, Section 2901.

SELECTION OF QUALIFIED BROKERS / DEALERS

For trades executed by Treasury personnel, the Treasurer will maintain a list of financial institutions and broker/dealers that are approved for investment purposes ("Qualified Broker/Dealers"). All Qualified Brokers/Dealers who desire to provide investment services to the State will be provided with current copies of this Investment Policy. Before an individual or organization can provide investment services to the State, it must confirm in writing that it has received and reviewed the current Investment Policy.

Qualified Brokers/Dealers shall supply the State with information sufficient to adequately evaluate their financial capacity and creditworthiness. The following information shall be provided: (i) audited financial statements; (ii) regulatory reports on financial condition; (iii) proof of Financial Industry Regulatory Authority (FINRA) certification and of state registration; and (iv) any additional information requested by the Treasurer in evaluating the creditworthiness of the institution.

Only Qualified Brokers/Dealers meeting the following requirements will be eligible to serve the State:

1) Primary dealers and regional dealers that qualify under the Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
2) Capital of at least $10,000,000, or capital of $1,000,000 for firms incorporated in the

State of Maine;
3) Registered as a dealer under the Securities Exchange Act of 1934;
4) Member of the Financial Industry Regulatory Authority (FINRA);
5) Registered to sell securities in the State of Maine; and
6) Engaged in the business of effecting transactions in U.S. government and federal agency obligations for at least 5 consecutive years.

Brokers/Dealers shall provide annual updates on the above-noted qualifications and immediate updates should the Broker/Dealer no longer qualify under the above-stated requirements.

SAFEKEEPING AND CUSTODY

A Safekeeping Agreement satisfactory to the Treasurer shall be executed with each custodian bank prior to utilizing that bank's security custody services.

Custodian banks shall be selected on the basis of their ability to provide services for the State's account in compliance with the stated objectives of this Investment Policy, and must take into consideration the minimum financial strength rating (described in "Selection of Banks" above) provided by commercially available bank rating services.

The purchase and sale of securities and Repurchase Agreement transactions shall be settled on a delivery vs. payment basis. It is the intent of the State that all securities be perfected in the name of the State. Sufficient evidence to title shall be consistent with modern investment, banking, and commercial practices.

All investment securities purchased by the State or held as collateral on deposits, except Certificates of Deposit and Money Market Mutual Funds, shall be delivered by either book-entry or physical delivery and will be held in third-party safekeeping by the Federal Reserve, a State-approved custodian bank or its correspondent bank, or the Depository Trust Company (DTC).

All fed wireable book-entry securities owned by the State shall be evidenced by a safekeeping receipt, or a customer confirmation issued to the State by the custodian bank, stating that the securities are held in the Federal Reserve System in a Customer Account or Trust Account for the custodian bank which will name the State as "customer."

All securities which are eligible for delivery through the Depository Trust Company (DTC) shall be held in the custodian bank's DTC participant account, and the custodian bank shall issue a safekeeping receipt to the State evidencing that the securities are held by the DTC for the State as "customer."

All non-book-entry (physical delivery) securities shall be held by the custodian bank or its correspondent bank, and the custodian bank shall issue a safekeeping receipt to the State evidencing that the securities are held by the correspondent bank for the State as "customer."

CASH POOL PERFORMANCE

The Cash Pool investment portfolio shall be designed to obtain at least a market level rate of return, given budgetary and economic cycles, commensurate with the State's investment risk tolerance and cash flow needs. The rates of return on the State's investments will be compared on a quarterly basis to indices of U.S. Treasury securities having similar maturities and to other appropriate benchmarks selected by the Treasurer. For funds having a weighted

average maturity greater than 90 days, performance shall be computed on a total return basis. For funds with a weighted average maturity less than 90 days, performance will be computed on an "amortized cost" basis and compared to the Standard & Poor's Local Government Pool Index.

REPORTING

A monthly investment report shall be prepared by the outside investment management consultant for the Treasurer that includes the following information: a listing of individual investments in the Cash Pool, including the date of purchase, maturity, original cost and market value and income earned for the period; summary information of the Cash Pool holdings; asset allocation; rates of return for the period; rates of return for the benchmarks; and weighted average maturity for the Cash Pool investments.

CONFLICTS WITH INVESTMENT POLICY

The limitations established by this Investment Policy shall apply at the time a security is purchased and will be based on the then-current book value. Should a subsequent event cause a security or the investment portfolio to no longer meet the specifications of the Investment Policy, the Treasurer shall determine the appropriate course of action. There is no requirement that a security be sold prior to maturity if it no longer meets the criteria set forth in this Investment Policy. Furthermore, any security held by the State at the time this Investment Policy was adopted, or received through a corporate restructuring, may be held until its maturity.

POLICY REVISIONS

This Investment Policy revokes and replaces all previous Cash Pool investment policies and has an effective date of 12/5/2012. This Investment Policy should be reviewed annually by the Treasurer.

Bruce L. Poliquin, Maine State Treasurer

Dated: December 5, 2012

GLOSSARY

Callable Bond: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Certificate of Indebtedness: A United States Treasury debt obligation which has a maturity of one year or less, with a fixed coupon and a set rate of interest

Collateral: Securities or property pledged by a borrower to secure payment.

Dealer: A dealer acts as a principal in all transactions; buying and selling for his/her own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with a simultaneous exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Demand Deposit Account: A transactional account held at a bank for the purpose of providing access to funds on demand. The depositor can deposit or withdraw any amount of money any number of times, subject to availability of funds.

Discount Securities: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Custodian: A bank o r company that holds funds or securities deposited by others, and where exchanges of these securities take place.

Federal Agency Security: A debt security issued by an arm of the federal government that is generally backed by the full faith and credit of the U.S. Government, such as the Export-Import Bank and Ginnie Mae. Federal Agencies are a type of Govern ment Sponsored Enterprise (GSE.)

Federal Deposit Insurance Corporation (FDIC): An independent agency created by the Congress to maintain stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions for safety and soundness and consumer protection, and managing receiverships..

Federal Funds Rate: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Instrumentality Security: A debt security issued by a federally sponsored agency, such as Fannie Mae, Freddie Mac and the Federal Home Loan Bank. There is no government guarantee of Instrumentality securities, but various forms of credit and liquidity enhancement are provided by the Federal government. Federal Instrumentalities are a type of Government Sponsored Enterprise (GSE).

Fed Wire: A computer system linking member banks and other financial institutions to the Federal Reserve Bank used for making inter-bank payments of Fed funds and for making deliveries of and payments for Treasury, agency and book-entry mortgage backed securities.

Financial Industry Regulatory Authority (FINRA): A self-regulatory organization under the Securities Exchange Act of 1934, which is responsible for regulatory oversight of all securities firms that do business with the public.

Government Sponsored Enterprise (GSE): Congress established GSEs to improve the efficiency of capital markets and to overcome market imperfections which prevent funds from moving easily from suppliers of funds to areas of high loan demand. GSEs primarily act as financial intermediaries to assist lenders and borrowers in housing and agriculture.

Instrument: Any financial security such as a bond, stock or check. Money market securities (such as Treasury Bills, U.S. government bonds, or commercial paper) and capital market securities (such as a mortgages, Certificate of Deposits, or long-term bonds) are also referred to as instruments.

Investment Adviser: Individual or organization who provides investment advice for a fee. In most cases, investment advisors with more than 15 clients must register with the SEC and abide by the Investment Advisors Act of 1940. Brokers, banks and general circulation periodicals are exempted from registration with SEC.

Investment Adviser's Act: Legislation passed by Congress in 1940 that requires all investment advisers to register with the Securities and Exchange Commission. The Act is designed to protect the public from fraud or misrepresentation by investment advisers.

Issuer: A company or municipality offering (or having already offered) securities for sale to investors.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value.

Mark-to-market: The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Value: Current market price of a security.

Master Repurchase Agreement: A written contract covering all future transactions between the parties to repurchase or reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer to liquidate the underlying securities in the event of default by the seller.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market Deposit Account: A bank deposit account with short notice (or no notice) required for withdrawals. It is a type of instant access deposit subject to federal savings account regulations, such as a monthly transaction limit.

Net Asset Value: The market value of one share of an investment company, such as a mutual fund.

No Load Fund: A mutual fund which does not levy a sales charge on the purchase of its shares. Transaction fees will still apply.

NOW Account: An interest-earning bank account on which a customer is permitted to write drafts against money held on deposit. The bank reserves the right to require at least seven days' written notice prior to withdrawal or transfer of funds from a NOW Account.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers and banks.

Prudent Expert Rule: Investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Ratings: An evaluation of the credit worthiness of an issuer of securities by Moody's, Standard & Poor's, Fitch, or other rating services.

Rule 2a-7: The Investment Company Act of 1940 rule that applies to all money market mutual funds and requires that such funds to maintain certain standards, including a 13-month maturity limit and a 60-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

Safekeeping: Holding of assets (e.g., securities) by a financial institution.

Securities: Financial contrac ts tha t grant the owner a stake in an asset. Such securities account for most of what is traded in the financial markets.

STRIPS (Separate Trading of Registered Interest and Principal of Securities): Treasury securities that have had their coupons and principal repayments separated into individual zero coupon Treasury securities. The same technique and "strips" description can be applied to non-Treasury securities (e.g. FNMA strips).

Total Return: The actual rate of return of an investment or a pool of investments over a given evaluation period; includes interest, capital gains, dividends and distributions during the period.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury and backed by the full faith and credit of the U.S. Government. Most bills are issued to mature in one, three, six or twelve months.

Treasury Bonds: Long-term coupon bearing U.S. Treasury securities backed by the full faith and credit of the U.S. Government having initial maturities of more than ten years.

Treasury Notes: Intermediate term coupon bearing U.S. Treasury securities backed by the full faith and credit of the U.S. Government having initial maturities of from two to ten years.

Yield: The rate of annual income return on an investment, express