



## **Statement on Institutional Investors and Commodity Investments**

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The Council shares the concerns of many legislators, other policy makers and fellow Americans regarding the recent sustained increases in commodity prices and their consequences for individual consumers and the overall economy. But we are concerned that legislative proposals to limit the ability of sophisticated institutional investors to make commodity-based investments could harm millions of Americans, including U.S. workers and retirees who are the beneficiaries of pension funds, without impacting the issue of escalating commodity prices.

Consistent with their fiduciary responsibilities, some of our member funds may choose to invest in commodity-based instruments in order to diversify their investment portfolios and hedge against inflation. These investments are one of the many investment vehicles used by Council members to safeguard and professionally invest plan assets on behalf of their plan participants and beneficiaries.

We are unaware of any comprehensive or robust analysis supporting allegations that pension funds are disrupting the capital market system by investing in commodity-based securities. We encourage Congress, regulatory bodies and others to perform necessary and comprehensive analysis to fully understand the causes of commodity price increases prior to proposing or approving legislation on this very complex issue.

Certainly we applaud efforts to investigate potentially abusive market practices. However, absent data suggesting the need for market reforms, we oppose legislation that would unnecessarily limit or prohibit sophisticated investors from investing in commodity-based securities. We believe such legislation would increase the costs and the risks of pension funds to the potential detriment of fund sponsors—corporations, states, municipalities throughout the United States—as well as millions of workers, retirees and other beneficiaries supported by those funds.