

Public Employees' Individual Retirement Account Fund/Deferred Compensation Plan
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2020

D. Securities Lending Program, Continued

The following table provides information as of September 30, 2020, concerning securities lent:

Securities Lending - Investments Lent and Collateral Received	
(at Fair Value)	
Type of Investment Lent	Amounts
<i>For Cash Collateral</i>	
Domestic Fixed Maturities	\$ 29,687,658
Domestic Equity - U.S. Dollar	7,305,278
Domestic Equity - Japanese Yen	12,127,124
Total Lent for Cash Collateral	49,120,060
<i>For Non-Cash Collateral</i>	
Domestic Fixed Maturities	163,363,506
Domestic Equity	22,339,087
Total Lent for Non-Cash Collateral	185,702,593
Total Securities Lent	\$ 234,822,653
Type of Collateral Received	
<i>Cash Collateral - Invested in State Street Quality D Fund</i>	\$ 50,624,919
<i>Non-Cash Collateral</i>	
Domestic Fixed Securities	
U.S. Dollar	62,932,329
Domestic Equity Securities	
U.S. Dollar	23,945,833
International Fixed Maturities & Equity	
U.S. Dollar	110,428,366
Total Non-Cash Collateral	197,306,528
Total Collateral Received	\$ 247,931,447

E. Mortgage-Backed Securities

As of September 30, 2020, the PEIRAF/DCP had investments in mortgage-backed securities. Embedded prepayment options cause these investments to be highly sensitive to changes in interest rates. Prepayments by the obligors of the underlying assets reduce the total interest payments to be received. Generally, when interest rates fall, obligors tend to prepay the mortgages thus eliminating the stream of interest payments that would have been received under the original amortization schedule. The resulting reduction in cash flow diminishes the fair value of the mortgage-backed securities. Additionally, the prepayment activity associated with this type of security can lead to changes in the average life and duration of the security. Higher prepayments will effectively shorten the expected life of the security while slower prepayments can lengthen the expected life of the security.