



Investment Performance FY 2020 and Budget Request FY 2022

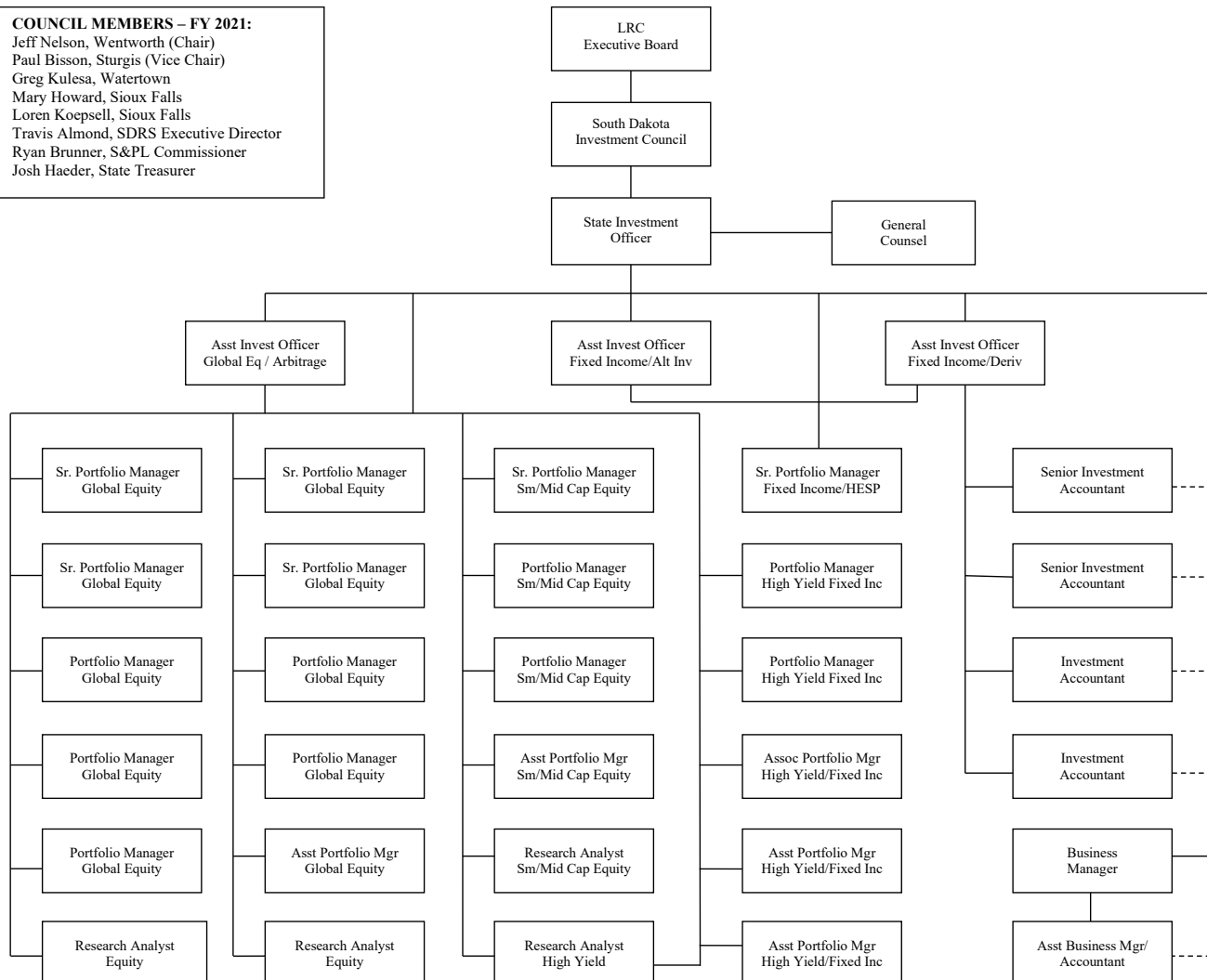
Presented to
LRC Executive Board

August 31, 2020

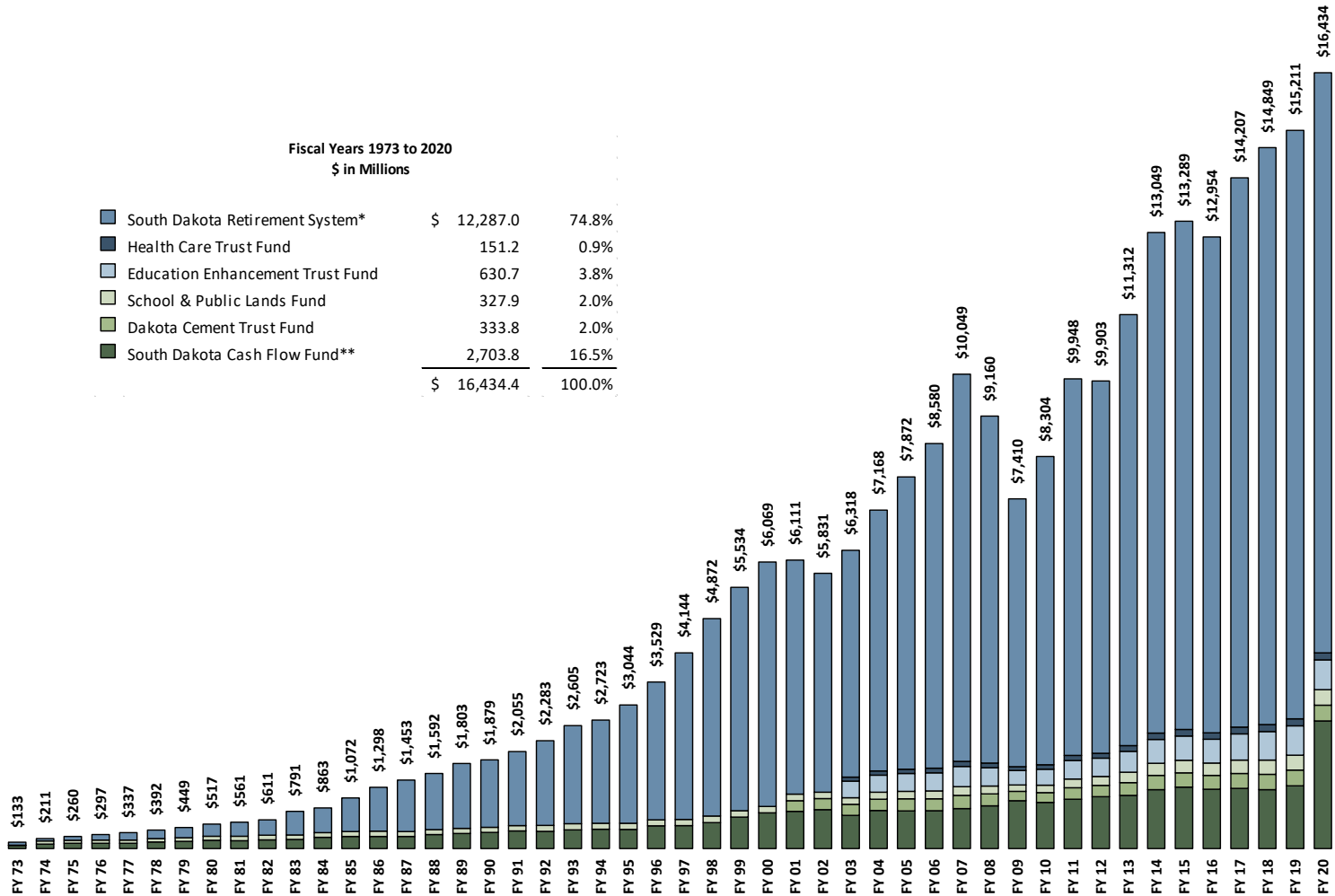
Organization Chart

COUNCIL MEMBERS – FY 2021:

Jeff Nelson, Wentworth (Chair)
 Paul Bisson, Sturgis (Vice Chair)
 Greg Kulesa, Watertown
 Mary Howard, Sioux Falls
 Loren Koepsell, Sioux Falls
 Travis Almond, SDRS Executive Director
 Ryan Brunner, S&PL Commissioner
 Josh Haeder, State Treasurer



Assets



*The South Dakota Cement Plant Retirement Fund (CPRF) was consolidated into the South Dakota Retirement System (SDRS) on April 1, 2014, per SDCL 3-12C-1642. For purposes of this exhibit, CPRF Assets for Fiscal Years 1973 - 2013 are included with SDRS.

**Includes Coronavirus Relief Fund

Investment Performance

Returns vs. Benchmarks (unaudited)

| | <u>FY 2020</u> | <u>5 years Annualized FY 16 - 20</u> | <u>10 years Annualized FY 11 – 20</u> | <u>20 years Annualized FY 01 – 20</u> |
|---------------------------------|------------------|--|---|---|
| • SDRS Total Fund | 1.59% | 5.59% | 9.41% | 6.63% |
| • Capital Market Benchmark | 2.52% | 6.27% | 8.60% | 5.81% |
| Added Value | -0.93% | -0.68% | .81% | 0.82% |
| • State Universe (est) | 2.15% | 5.76% | 8.45% | 5.76% |
| Added Value | -0.56% | -0.17% | 0.96% | 0.88% |
| • Beginning FY 2020 SDRS Assets | \$12.460 billion | | | |
| • Ending FY 2020 SDRS Assets | \$12.287 billion | | | |

Note: All time-weighted rates of return are net of fees

Investment Performance

Returns vs. Benchmarks (unaudited)

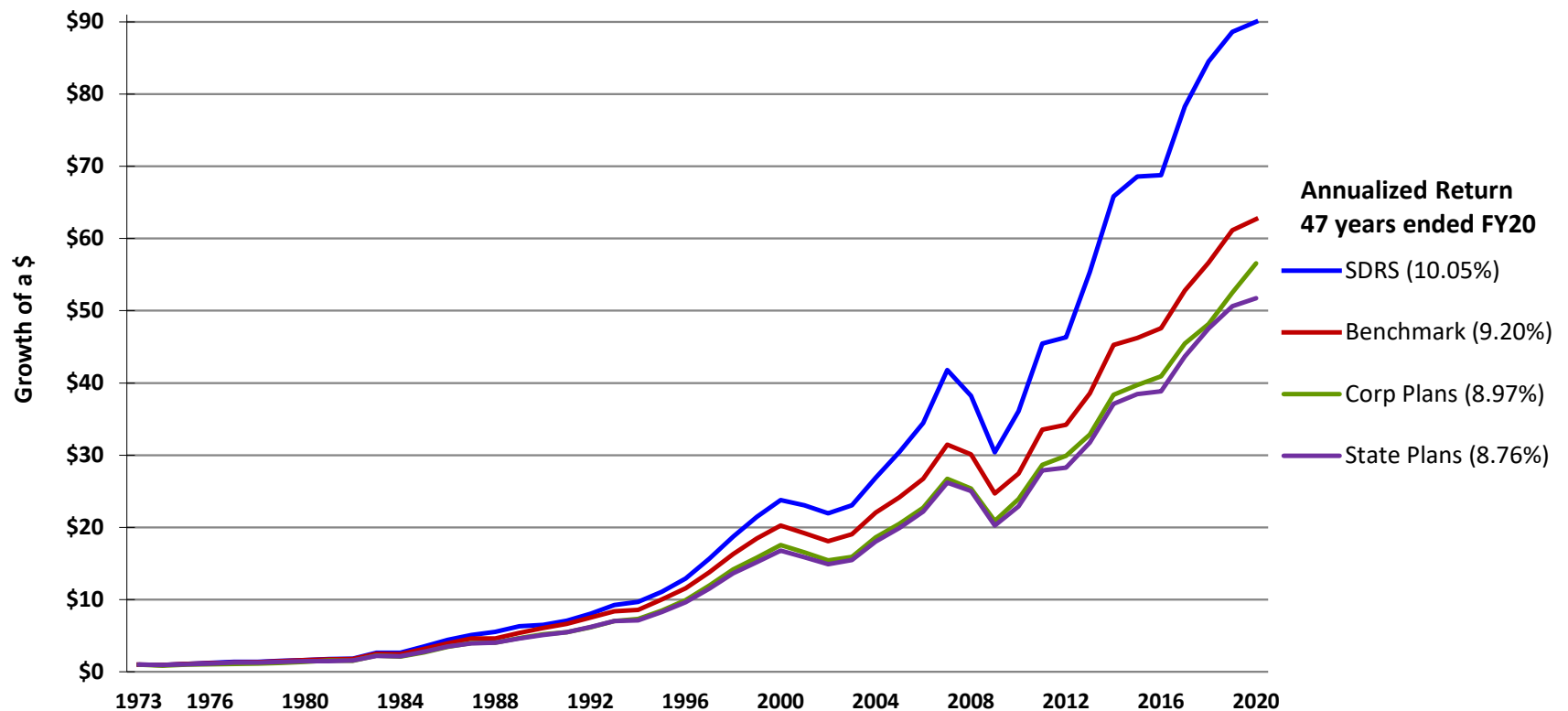
- Total SDRS dollars earned Fiscal Year 2020 \$ 242 million
- Total SDRS dollars earned last 5 years \$ 3.354 billion
- Total SDRS dollars earned last 10 years \$ 8.839 billion
- Total SDRS dollars earned last 20 years \$11.315 billion

- **Extra earnings** resulting from performance:
(not including compounding)

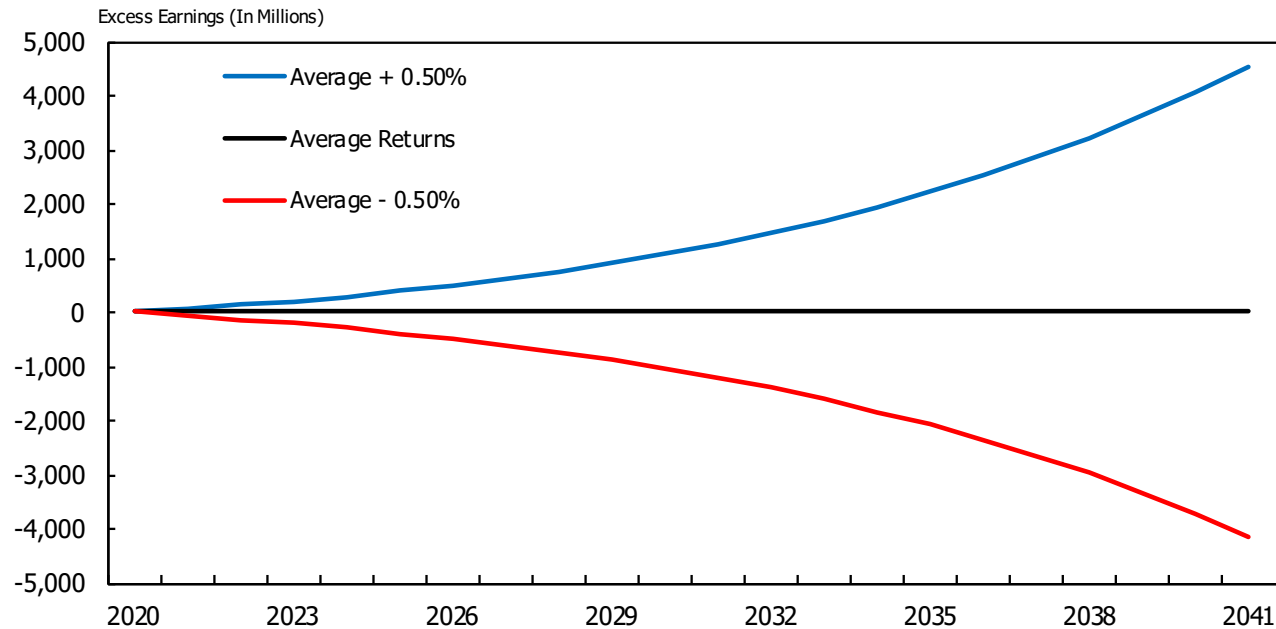
| | <u>1 year</u> | <u>5 years</u> | <u>10 years</u> | <u>20 years</u> |
|--------------------------------|----------------|----------------|-----------------|-----------------|
| ○ vs Capital Markets Benchmark | \$-117 million | \$-396 million | \$722 million | \$1.423 billion |
| ○ vs State Funds | \$-228 million | \$-303 million | \$823 million | \$1.440 billion |

Superior returns add up over time

Cumulative returns for SDRS, Benchmark, Corporate Plans, and other States



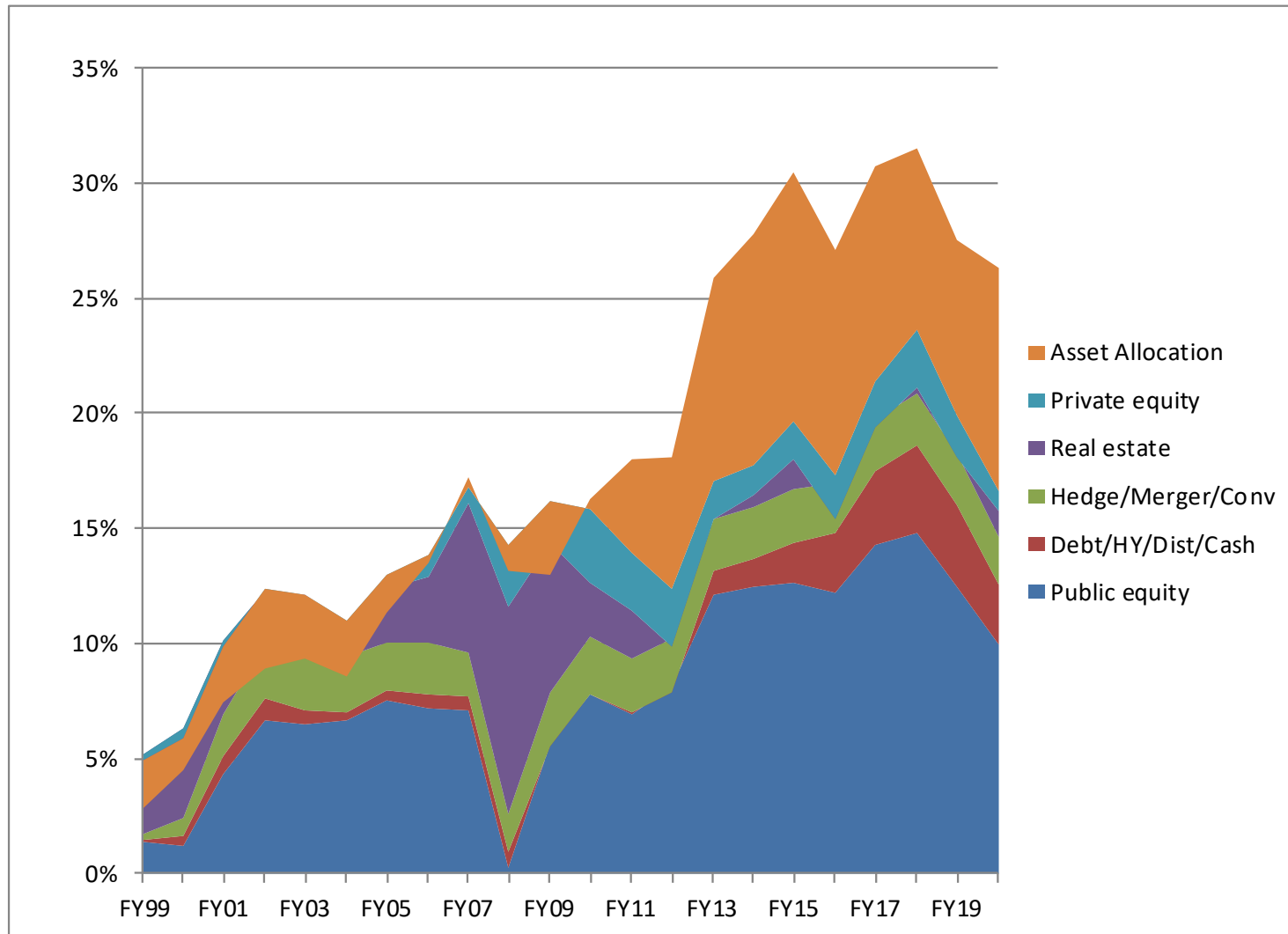
Potential Excess Earnings



- SDIC 47-year outperformance = .8% annualized vs. benchmark
- Outperformance of .5% next 20 years = extra \$4.6 billion
- Underperformance of .5% = cost to retirement system of \$4.1 billion.

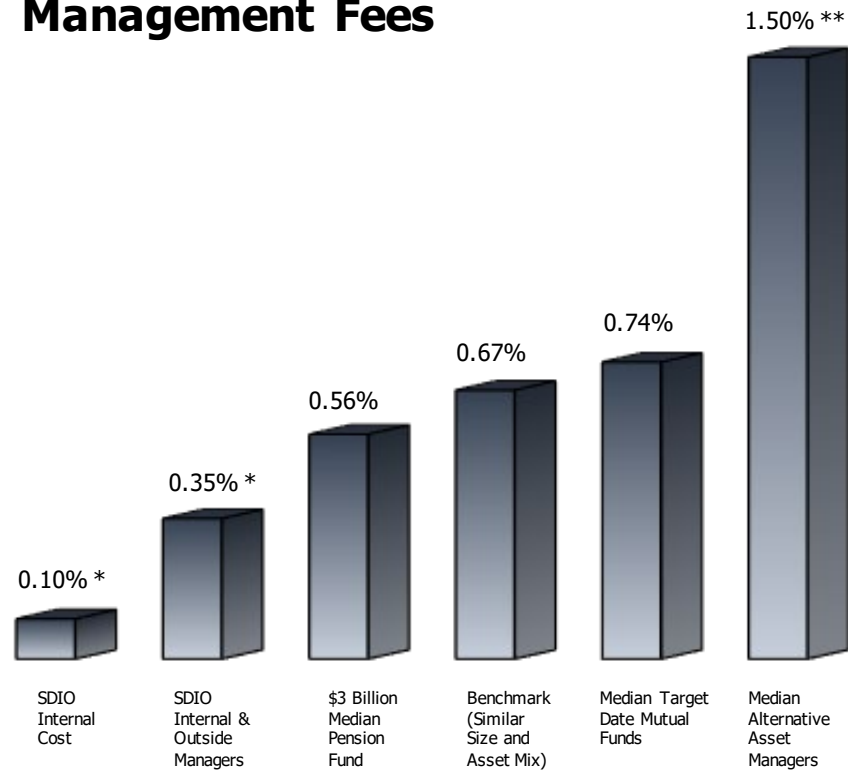
Many pistons contribute

Cumulative added value by source FY99 to FY20



Cost Efficiency

Management Fees



Difference between SDIC cost of .35% and benchmark cost of .67% is \$49 million per year

* SDIC projected expenses for FY 2022 using adjusted assets and expected average performance incentives

** Plus 20% profit participation after preferred return

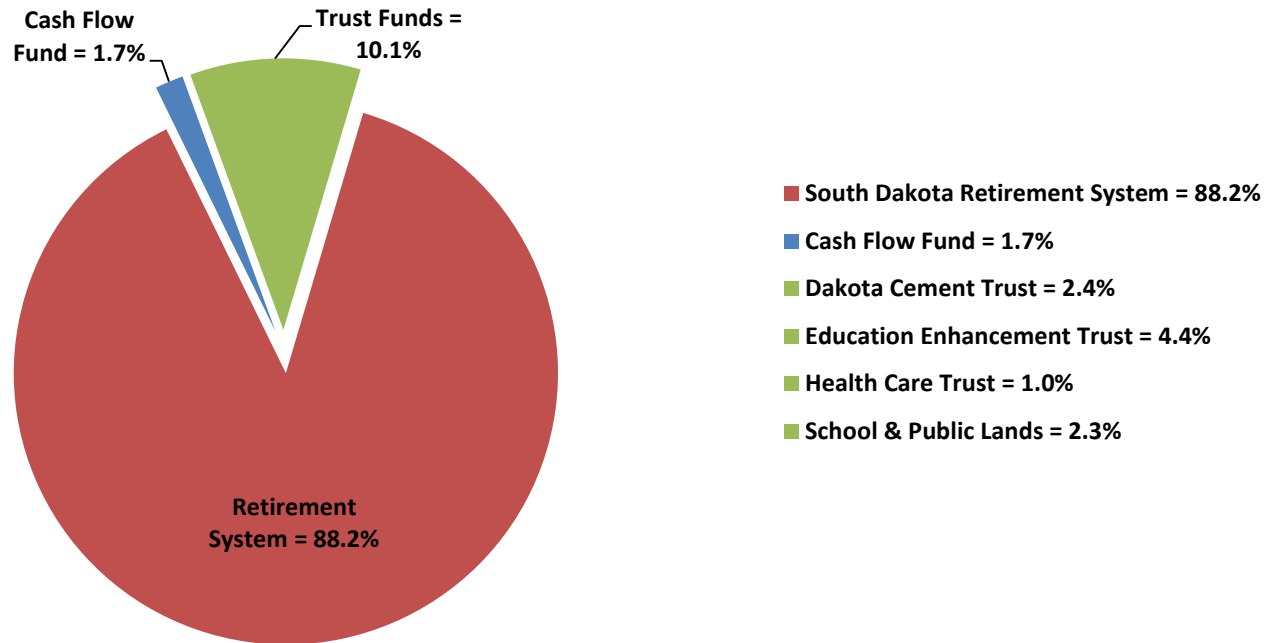
Compensation Overview

- Long term results have significantly exceeded benchmarks
 - Added over 25% beyond benchmark to SDRS assets in the past 22 years
- Cost efficient due to internal management capabilities
 - Securing team to preserve internal capabilities best chance to remain cost efficient
 - Internal cost .1% with expected average incentives
- Continued success dependent on high caliber team
 - Internally manage most assets using internally generated research
- Future team depends on retention of talent pipeline and trainers
 - Develop internally as cannot compete for top tier experienced talent
- Compensation plan aligned with goal of adding value over long term
 - Motivate superior long-term performance and retain successful staff

Compensation Overview, cont'd

- Compensation target
 - Council target is 70% of cost of living adjusted median industry pay to balance getting a good deal for South Dakota without losing the good deal if we cannot keep our people
 - Incorporates performance incentives
 - Compensation study updated approximately every three years
- Compensation study 2013
 - Study showed compensation had fallen to 55%
 - Expanded incentive compensation plan as opposed to adjusting base compensation
 - Incentives expanded to include longer term and stretch incentives and expected to average 80% (0% to 200%) -- This reached 95% of 70% target
 - Incentives aligned with the goal of adding value and only paid if add value
- Compensation study 2016
 - Indicated modest slippage, but not sufficient to request adjustment
- Compensation study 2019
 - Indicated modest further slippage, but not sufficient to request adjustment

Budget Funding Sources



Budget funded by assets under management
0% General Fund appropriation

Note: S&PL share of SDIC expenses paid from earnings of Cash Flow Fund

Long-Term Plan Executive Summary

Projected LTP Budget

| INVESTMENT COUNCIL BUDGET | <u>FY 2022</u> | <u>FY 2027</u> | <u>FY 2032</u> |
|---|-----------------------|-----------------------|-----------------------|
| Personal Services | | | |
| Number of Employees | 35.00 | 35.00 | 35.00 |
| Base Compensation - Total Staff | 6,608,925 | 8,226,687 | 10,355,102 |
| Student Interns | 25,970 | 29,027 | 32,442 |
| Investment Council | 6,734 | 7,527 | 8,412 |
| Flexibility funds-Retirements & Resignations | 167,795 | 187,541 | 209,610 |
| Investment Incentive Maximum | 11,191,004 | 14,156,360 | 17,954,980 |
| Benefits | 2,650,344 | 3,029,174 | 3,898,920 |
| Total Personal Services | 20,650,774 | 25,636,316 | 32,459,467 |
| Operating Expenses | | | |
| Contractual Services | 2,361,205 | 2,640,203 | 2,868,061 |
| Travel | 86,431 | 96,602 | 107,970 |
| Office Supplies & Postage | 7,000 | 7,824 | 8,744 |
| Capital Assets | 40,520 | 53,770 | 60,770 |
| Total Operating Expenses | 2,495,156 | 2,798,398 | 3,045,545 |
| Total Investment Council Budget ⁽¹⁾ | 25,507,895 | 28,434,714 | 35,505,012 |
| ASSET SUMMARY ⁽²⁾ | | | |
| Internal Assets | 12,606,845,194 | 15,536,415,263 | 19,157,407,741 |
| External Assets | 3,981,109,009 | 4,906,236,399 | 6,049,707,708 |
| Total Assets | 16,587,954,203 | 20,442,651,662 | 25,207,115,448 |
| EXPENSE SUMMARY | | | |
| Internal Expenses | 23,145,929 | 28,434,714 | 35,505,012 |
| External Manager Fees | 43,792,199 | 53,968,600 | 66,546,785 |
| Total Expenses | 66,938,128 | 82,403,314 | 102,051,797 |
| UNIT COST SUMMARY ⁽³⁾ | | | |
| Internal Expenses as % of Total Assets | 0.101% | 0.100% | 0.100% |
| Total Expenses as % of Total Assets | 0.349% | 0.348% | 0.348% |

⁽¹⁾ FY 2022 amounts differ from the actual final budget request. To reflect all costs, the LTP includes an assumed salary policy of 2.25% and an additional 1.75% increase for investment positions. The salary policy is not included in the budget request as any salary policy is added afterward.

⁽²⁾ Projections based on long-term assumed returns applied to 6/30/20 assets. Updated each June 30.

⁽³⁾ Unit Cost Summary uses assumed average investment performance incentives

FY 2020 Budget and Actual

| | <u>Expended FY 2020</u> | <u>Received FY 2020</u> | <u>Unexpended</u> |
|--|-----------------------------|-----------------------------|-------------------|
| PERSONAL SERVICES | | | |
| TOTAL FTEs | 34.25 | 35.25 | |
| BASE COMPENSATION | | | |
| Base Compensation - Investment Staff | 5,059,709 | 5,286,108 | 226,399.83 * |
| Base Comp - Accountants, Atty, Admin, Longevity | 496,269 | 616,758 | 120,488.90 |
| TOTAL STAFF - FULL TIME | 5,555,978 | 5,902,866 | 346,888.73 |
| P/T Staff Attorney & Interns | 39,910 | 64,859 | 24,949.24 |
| Investment Council | 2,700 | 6,457 | 3,757.00 |
| Retirement & resignation flexibility funds | 27,548 | 160,885 | 133,337.40 |
| Benefits | 1,113,061 | 1,253,776 | 140,714.87 |
| Total Base Compensation | 6,739,197 | 7,388,843 | 649,647.24 |
| Investment Performance Incentives | | | |
| Maximum Potential Investment Perf Incentive | 1,925,262 | 9,954,947 | 8,029,685.00 |
| Benefits | 189,544 | 1,373,782 | 1,184,238.42 |
| Total Investment Performance Incentives | 2,114,806 | 11,328,728 | 9,213,923.42 |
| Total Personal Services | 8,854,002 | 18,717,571 | 9,863,570.66 |
| OPERATING EXPENSES | | | |
| Contractual Total (see appendix for further details) | 1,721,055 | 2,121,205 | 400,150.25 |
| Travel | 31,269 | 86,431 | 55,161.98 |
| Office Supplies & Postage | 2,895 | 7,000 | 4,104.53 |
| Capital Assets | 40,725 | 40,520 | (205.24) |
| Total Operating Expenses | 1,795,944 | 2,255,156 | 459,211.52 |
| TOTAL BUDGET | 10,649,947 | 20,972,727 | 10,322,782.18 |

* Includes \$57,241.14 Allianz reimbursement & unused compensation

Note: Budget is funded as needed and ended year with a cash balance of \$2,395,671.01 which is credited against FY 2021 authorized budget

FY 2022 Budget Request

Summary

| | <u>Received FY 2021</u> | <u>Request FY 2022</u> | <u>% change</u> |
|---|-----------------------------|----------------------------|-----------------|
| PERSONAL SERVICES | | | |
| TOTAL FTEs | 35.00 | 35.00 | |
| BASE COMPENSATION | | | |
| Base Compensation - Investment Staff | 5,595,504 | 5,840,393 | 4.38% |
| Base Comp - Accts, Atty, Admin, Longevity | 638,364 | 628,821 | -1.49% |
| TOTAL STAFF - FULL TIME | 6,233,868 | 6,469,215 | 3.78% |
| P/T Staff Attorney & Interns | 25,399 | 25,399 | 0.00% |
| Investment Council | 6,585 | 6,585 | 0.00% |
| Retirement & resignation flexibility funds | 164,103 | 164,103 | 0.00% |
| Benefits | 1,253,445 | 1,286,361 | 2.63% |
| Total Base Compensation | 7,683,400 | 7,951,663 | 3.49% |
| Investment Performance Incentives | | | |
| Maximum Potential Investment Perf Incentive | 10,572,221 | 11,191,008 | 5.85% |
| Benefits | 1,258,966 | 1,344,359 | 6.78% |
| Total Investment Performance Incentives | 11,831,187 | 12,535,367 | 5.95% |
| Total Personal Services | 19,514,587 | 20,487,030 | 4.98% |
| OPERATING EXPENSES | | | |
| Contractual Total (see next page for further details) | 2,423,688 | 2,361,205 | -2.58% |
| Travel | 86,431 | 86,431 | 0.00% |
| Office Supplies | 7,000 | 7,000 | 0.00% |
| Capital Assets | 40,520 | 40,520 | 0.00% |
| Total Operating Expenses | 2,557,639 | 2,495,156 | -2.44% |
| TOTAL BUDGET | 22,072,226 | 22,982,186 | 4.12% |
| UNIT COST SUMMARY * | | | |
| Internal Expenses as % of Total Adjusted Assets | 0.100% | 0.101% | |
| Total Expenses as % of Total Adjusted Assets | 0.347% | 0.349% | |

* For FY 21 & 22--unit cost based on total assets adjusted to long-term value, expenses using assumed average investment performance incentives, long-term average of retirement & resignation flexibility funds, and an assumed 2.25% salary policy.

FY 2022 Budget Request

Contractual services detail

| | <u>Received</u> <u>FY 2021</u> | <u>Request</u> <u>FY 2022</u> | <u>% chng</u> |
|--|-----------------------------------|----------------------------------|---------------|
| CONTRACTUAL SERVICES | | | |
| Investment Services | | | |
| Consulting Services | 180,000 | 180,000 | 0.00% |
| Investment Accounting, Performance Benchmarking | 153,314 | 160,924 | 4.96% |
| Investment Databases, Newsfeeds & Quote Fees | 734,267 | 734,267 | 0.00% |
| Investment Research Services | 450,100 | 378,655 | -15.87% |
| Flexibility - From Brokerage to Independent Research | 250,000 | 250,000 | 0.00% |
| Total Investment Services (see next page for further details) | 1,767,681 | 1,703,846 | -3.61% |
| Administrative Expenses | | | |
| Office Rent | 139,019 | 139,019 | 0.00% |
| Bond/Liability Insurance | 8,385 | 8,385 | 0.00% |
| Telephone | 18,000 | 18,000 | 0.00% |
| Office Equip Rental/Maintenance/Misc | 10,016 | 10,016 | 0.00% |
| Bureau of Info & Telecommunications (BIT) | 77,165 | 82,385 | 6.76% |
| State Central Services | 13,372 | 13,372 | 0.00% |
| Legislative Audit | 51,500 | 60,510 | 17.50% |
| Attorney General's Office - Legal Services | 18,509 | 0 | -100.00% |
| Custodial Fees - Global | 282,041 | 287,672 | 2.00% |
| Seminars/Educational Programs | 35,000 | 35,000 | 0.00% |
| Business Publications | 3,000 | 3,000 | 0.00% |
| Total Administrative Expenses | 656,007 | 657,359 | 0.21% |
| TOTAL CONTRACTUAL SERVICES | 2,423,688 | 2,361,205 | -2.58% |

Trust Funds (unaudited)

Health Care Trust (established April 2001)

| | |
|--|------------------|
| Principal as of 6/30/20 | \$ 85,631,024 |
| Principal as of 6/30/20 adjusted for inflation | \$ 121,593,395 |
| Fair Value (FV) as of 6/30/20 | \$ 151,165,694 |
| Difference - FV less principal | \$ 65,534,670 |
| Difference - FV less infl. adj. prin. | \$ 29,572,299 |
| Fiscal year to date return | 4.43% |
| Longterm expected mean return | 6.06% |
| Payout of 4% plus expected inflation of 2.25% | 6.25% |
| Expected return cushion/shortfall | -0.19% |
| Distribution for FY 21 (July 1, 2020) | 5,676,706 |
| Distribution for FY 20 (July 2, 2019) | 5,520,073 |

| <u>Asset Allocation</u> | <u>Current</u> | <u>FY 20 Benchmark</u> |
|-------------------------|----------------|----------------------------|
| Global & Private Equity | 29% | 51% |
| Real Estate | 9% | 10% |
| Fixed Income-IG | 17% | 30% |
| Fixed Income-HY | 4% | 7% |
| HY RE Debt | 6% | 0% |
| Money Market | <u>35%</u> | <u>2%</u> |
| Total | 100% | 100% |

Law allows up to 4% of the 16 quarter average to be distributed as long as principal is not violated as of December 31 each year.

Education Enhancement Trust (established April 2001)

| | |
|---|-------------------|
| Principal as of 6/30/20 | \$ 410,923,760 |
| Principal as of 6/30/20 adjusted for inflation | \$ 553,607,481 |
| Fair Value (FV) as of 6/30/20 | \$ 630,712,226 |
| Difference - FV less principal | \$ 219,788,466 |
| Difference - FV less infl. adj. prin. | \$ 77,104,745 |
| Fiscal year to date return | 3.67% |
| Longterm expected return (lower due to tax-exempts) | 6.00% |
| Payout of 4% plus expected inflation of 2.25% | 6.25% |
| Expected return cushion/shortfall | -0.25% |
| Distribution for FY 21 (July 1, 2020) | 22,515,469 |
| Distribution for FY 20 (July 2, 2019) | 21,334,593 |

| <u>Asset Allocation</u> | <u>Current</u> | <u>FY 20 Benchmark</u> |
|-------------------------|----------------|----------------------------|
| Global & Private Equity | 30% | 51% |
| Real Estate | 8% | 10% |
| Fixed Income-IG | 10% | 22% |
| Fixed Income-tax ex | 7% | 8% |
| Fixed Income-HY | 4% | 7% |
| HY RE Debt | 6% | 0% |
| Money Market | <u>35%</u> | <u>2%</u> |
| Total | 100% | 100% |

Law allows up to 4% of the 16 quarter average to be distributed as long as principal is not violated as of December 31 each year.

Trust Funds (unaudited)

Dakota Cement Trust (established April 2001)

| | | <u>Asset Allocation</u> | <u>Current</u> | <u>FY 20 Benchmark</u> |
|--|-------------------|-------------------------|----------------|----------------------------|
| Principal as of 6/30/20 | \$ 238,000,000 | Global & Private Equity | 31% | 51% |
| Principal as of 6/30/20 adjusted for inflation | \$ 346,249,615 | Real Estate | 9% | 10% |
| Fair Value (FV) as of 6/30/20 | \$ 333,808,943 | Fixed Income-IG | 18% | 30% |
| Difference - FV less principal | \$ 95,808,943 | Fixed Income-HY | 4% | 7% |
| Difference - FV less infl. adj. principal | \$ (12,440,672) | HY RE Debt | 6% | 0% |
| | | Money Market | <u>33%</u> | <u>2%</u> |
| Fiscal year to date return | 4.53% | Total | 100% | 100% |
| Longterm expected mean return | 6.06% | | | |
| Payout of 4% plus expected inflation of 2.25% | 6.25% | | | |
| Expected return cushion/shortfall | -0.19% | | | |
| Distribution for FY 20 (May 2020 to GF) | 13,004,590 | | | |
| Distribution for FY 19 (June 2019 to GF) | 12,682,857 | | | |

Constitution allows 4% of the lesser of 1) the 16 quarter average balance or 2) the current December 31 fair value, be distributed by June of the following year.

School & Public Lands

Inflation protection mandated by Constitutional Amendment -
(payout is reduced by inflation if inflation not offset by realized net gains)

| | | <u>Asset Allocation</u> | <u>Current</u> | <u>FY 20 Benchmark</u> |
|--|-------------------|-------------------------|----------------|----------------------------|
| Fair Value as of 6/30/20 | \$ 327,870,736 | Global & Private Equity | 31% | 51% |
| Fiscal year to date return | 5.55% | Real Estate | 8% | 10% |
| Longterm expected mean return | 6.06% | Fixed Income-IG | 18% | 30% |
| Distribution for FY 20 K-12 (2/4/20) | 12,694,914 | Fixed Income-HY | 4% | 7% |
| Distribution for FY 20 Board of Regents (6/9/20) | 3,426,067 | HY RE Debt | 6% | 0% |
| | | Money Market | <u>32%</u> | <u>2%</u> |
| | | Total | 100% | 100% |
| TOTAL | 16,120,981 | | | |

Investment Performance Incentive – FY 2020

State Investment Officer

Return-linked compensation maximum is 200% on base compensation of \$485,968.
Performance Period is the one year, four year and ten year annualized fiscal years payable in FY 2021

I. 60% OF PLAN BASED ON TOTAL FUND RESULTS

A) 30% BASED ON INVESTMENT COUNCIL'S CAPITAL MARKET BENCHMARK (CMB)

| <u>Period</u> | <u>Basis Points Outperformance</u> | <u>% Payout</u> | <u>\$ Payout</u> |
|---------------|--|-----------------|------------------|
| 1 year | - 93.13 | 0% | \$ 0 |
| 4 year | - 17.79 | 0% | \$ 0 |
| 10 year | +96.09 | 100% | \$ 48,596.75 |
| 4 yr stretch | - 17.79 | 0% | \$ 0 |
| 10 yr stretch | +96.09 | 20% | \$ 4,859.69 |

B) 30% BASED ON MELLON TOTAL BILLION DOLLAR FUNDS - CORPORATE UNIVERSE (using yearly medians prior to FY 14 and CMB from FY 14 on)

| <u>Period</u> | <u>Basis Points Outperformance</u> | <u>% Payout</u> | <u>\$ Payout</u> |
|---------------|--|-----------------|------------------|
| 1 year | -93.13 | 0% | \$ 0 |
| 4 year | -17.79 | 0% | \$ 0 |
| 10 year | +119.72 | 100% | \$ 48,596.75 |
| 4 yr stretch | -17.79 | 0% | \$ 0 |
| 10 yr stretch | +119.72 | 60% | \$ 14,579.07 |

II. 40% OF PLAN BASED ON AGGREGATE PORTFOLIO MANAGERS' RESULTS

Performance measurement based on the aggregate return-linked compensation of the assistant investment officers and portfolio managers divided by the aggregate potential return-linked compensation for the performance period, based on one year, 4 years, 10 years, 4 years stretch and 10 years stretch.

| <u>Maximum Potential Compensation</u> | <u>Earned Return-linked Compensation</u> | <u>% Payout</u> | <u>\$ Payout</u> |
|---|--|-----------------|------------------|
| \$8,777,299.70 | \$ 1,025,807.24 | 11.6872% | \$ 45,436.77 |

TOTAL EARNED RETURN-LINKED COMPENSATION **\$162,069.03**
Percentage of Salary **33.350%***

*before reduction for support staff incentive

Appendix

- Investment performance incentives
- Target discount rationale
- FY20 Budget and Actual - Contractual Services details

Investment performance incentives

Align compensation with goal of adding value

- Encourage superior performance
 - Counters underperformance career risk that can discourage efforts to add value
 - Multiyear timeframes encourage investing for the long term
- Encourage retention of successful staff
 - Team is most attractive to other organizations when winning
 - Shifts compensation higher when people more sought and down when losing
- Incentives paid only for added value
- Important to encourage adding value in good and bad markets
 - Added value in down markets more important than in up markets
 - Encourages adding value by reducing risk when markets expensive

Target discount rationale

- Need top caliber people long term
 - Unsuccessful people or job hoppers always available but no bargain, even if free
 - Compensation is too low to recruit veteran high-performers from elsewhere
 - Must develop team internally by training cream of crop local University graduates
 - Takes 15 to 20 years to fully develop seasoned talent
 - If lose talent pipeline or trainers, will jeopardized handoff to next generation
- Our past history and observation of others suggest 70% target
 - Only way to know for sure how large discounts can work is to risk damaging team
 - 50% discount levels in past led to difficulties
 - 30% discount believed significant relative to other high-end professionals
 - Industry subject to intense performance measurement with significant consequences for winning and losing which intensifies desire for financial security
 - Discounts for top SDIC performers may be much larger as industry pay for top quartile performers can be double the median

FY20 Budget and Actual

Contractual services detail

| | Expended <u>FY 2020</u> | Received <u>FY 2020</u> | <u>Unexpended</u> |
|--|------------------------------------|------------------------------------|--------------------------|
| CONTRACTUAL SERVICES | | | |
| Investment Services | | | |
| Consulting Services | 16,675 | 130,000 | 113,324.70 |
| Accounting, Benchmarking, Risk Systems | 146,706 | 137,977 | (8,728.64) |
| Investment Databases, Newsfeeds, Quote Fees | 643,560 | 710,436 | 66,875.69 |
| Investment Research Services | 291,850 | 394,025 | 102,175.00 |
| Flexibility - From Brokerage to Independent Research | - | 100,000 | 100,000.00 |
| Total Investment Services | <u>1,098,791</u> | <u>1,472,438</u> | <u>373,646.75</u> |
| Administrative Expenses | | | |
| Office Rent | 139,019 | 139,019 | 0.20 |
| Bond/Liability Insurance | 8,279 | 8,385 | 105.61 |
| Telephone | 17,055 | 18,000 | 944.84 |
| Office Equip Rental/Maintenance/Misc | 4,266 | 10,017 | 5,751.05 |
| Bureau of Info & Telecommunications (BIT) | 78,462 | 76,971 | (1,491.28) |
| State Central Services | 11,487 | 13,346 | 1,858.68 |
| Legislative Audit | 54,885 | 51,500 | (3,384.55) |
| Attorney General's Office - Legal Services | - | 18,509 | 18,509.00 |
| Custodial Fees - Global | 276,520 | 276,520 | (0.16) |
| Seminars/Educational Programs | 30,978 | 33,500 | 2,521.96 |
| Business Publications | 1,312 | 3,000 | 1,688.15 |
| Total Administrative Expenses | <u>622,264</u> | <u>648,767</u> | <u>26,503.50</u> |
| TOTAL CONTRACTUAL SERVICES | <u>1,721,055</u> | <u>2,121,205</u> | <u>400,150.25</u> |