



MFPRSI
Investment
Policy
Calendar Year 2022

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INTRODUCTION

Municipal Fire and Police Retirement System of Iowa (“MFPRSI” or “retirement system”) is a statewide retirement system for firefighters and police officer personnel employed in Iowa’s largest cities. Pursuant to State of Iowa Code Section 411.7 (as amended by Chapter 1240, Act of the 1990 Iowa General Assembly) effective January 1, 1992, MFPRSI consolidated eighty-seven local retirement systems previously administered in forty-nine cities. Permanent, full-time firefighters and police officers in the participating cities are automatically MFPRSI members. Vesting occurs when members have obtained four years of membership service or reach the age of 55 while performing membership service with MFPRSI.

MFPRSI is a defined benefit plan and administered to provide income to members upon their retirement. The retirement system also provides benefits in the event of a member’s death, disability, or a vested member’s termination of employment prior to normal retirement. MFPRSI’s fiscal year runs July 1 to June 30.

STATEMENT OF PURPOSE

Investment Policy and Objectives provides a guideline for MFPRSI's investment portfolio which, in turn, provides benefits to the members of MFPRSI by generating a total rate of return on investments consistent with risks taken within a carefully monitored and implemented risk framework that is designed to rank no worse than median for public plans over a full market cycle.

In addition, *Investment Policy and Objectives* provides the following:

- Investment related responsibilities of the Board of Trustees ("Board"), MFPRSI's administration ("administration"), and the retirement system's investment service providers ("investment managers").
- Formal, yet flexible, investment guidelines which incorporate prudent asset allocation and realistic total return and risk tolerance goals.
- Communication framework between the Board, administration, and investment managers.
- Standards of investment performance that are reasonable and consistent with the goals of the Board and by which the investment managers agree to be measured over time.
- Framework to manage the retirement system and the investment portfolio in a timely, professional, and cost-effective manner.
- A mandate to obtain top-quality management services for a cost that is mid- range for comparable retirement systems.

It is anticipated that this statement will be reviewed annually by the Board and investment consultant to ensure the relevance of its contents to investment market conditions and the retirement system's needs.

INVESTMENT GOALS

The investment activities of MFPRSI are designed to meet the ongoing funding requirements of the benefit plan with which it is charged under Iowa Code Chapter 411. The comprehensive goals of the investment program are as follows:

- Meet the ongoing financial needs of the benefit plan as defined by MFPRSI's actuary consistent with conservative actuarial policies.
- Create a well-diversified portfolio of assets that is anticipated to meet or exceed the retirement system's long-term actuarial interest rate assumption while taking an acceptable level of risk exposure.
- Implement the requirements of the program as delineated within the performance policies established by this document.
- Establish relationships with investment managers and investment consultants who further the goals of MFPRSI's financial purposes and provide for the continuing refinement of a comprehensive investment program.

Obtaining specific performance goals in individual portfolios and in the various investment markets is contingent upon prevailing economic conditions and the performance of the capital markets. Both absolute and relative performance over specific periods will vary.

STRATEGIC ASSUMPTIONS

The following basic assumptions concerning the investment markets are the foundation for the development of MFPRSI's investment policy:

- Over the long-term there is a distinct relationship between return and risk; expected returns should be commensurate with risks taken to achieve them.
- It is extremely difficult to “time the stock market” (i.e., knowing when stock markets will experience positive growth and negative growth). Therefore, cash should be kept to a minimum and target asset allocations should be maintained within reasonable bands.
- Diversification is essential to generate return, manage risk, and maintain exposure to the capital markets opportunity set.
- The role of active portfolio management is to add incremental value net of fees incurred relative to a similar investment option that is passively managed.

GENERAL INVESTMENT POLICIES

The following general investment policies of MFPRSI are intended to meet the investment goals and represent the resolution of the Board in accordance with the Prudent Person mandate of Iowa Code Chapters 411 and 97B.

Asset Allocation Policies

MFPRSI will adopt and execute an asset allocation policy predicated on a number of factors that will include, but is not necessarily limited to, the following:

- The projected liability stream of benefits and their costs.
- The level of expected risk and long-term performance of the capital markets.
- The historical performance of the capital markets.
- The view of current and future economic conditions including inflation and interest rate assumptions.
- The relationship between the current and projected assets of the plan and its actuarial requirements.
- The projected or expected changes in the level of financial support from its funding sources.

The policy will identify the classes of assets MFPRSI will utilize as well as the percentages they are intended to represent of the total fund. The policy is designed to provide asset diversification in an effort to enhance the investment return over time consistent with market and economic risk. Additionally, this policy provides the framework for distribution of cash flows and establishes the projected rate of return and standard deviation of return. The Investment Allocation section delineates the asset allocation policy as adopted by the Board.

Operational Expectations – MFPRSI will invest its resources in conformity with the Board’s asset allocation policy. MFPRSI expects maintaining specific allocation targets is difficult due to the fluctuation of the capital markets. Therefore, MFPRSI will maintain compliance with the asset allocation policy if the asset class allocations are within 5% above or below the respective target. It is understood that achieving the desired level of private market investments takes time. Reasonable efforts will be made to gain exposure toward its intended level.

Performance Policies

General Performance Expectations – The performance of MFPRSI’s investment program will periodically be evaluated by the Board. It is the Board’s vision that the portfolio provide net returns in the top quartile for similarly sized plans and no less than median of all public plans on a risk adjusted basis over a full market cycle.

The investment returns on each asset class and the returns on the total investment portfolio, asset class composites, and individual manager portfolios will be compared to the appropriate indices for the market or strategy in which they invest and/or to the interest rate assumption of the retirement system.

Portfolio Adjustments

MFPRSI will allocate cash flows to establish the portfolios consistent with the target allocation for each portfolio type. Periodically, the Board will examine the weights of each portfolio relative to the targets and to the ranges established by the asset allocation policy. MFPRSI may act to adjust the size of individual portfolios through the withdrawal of funds from individual portfolios and the reallocation to under-weighted portfolios or may rely upon the commitment of future cash flow to increase the size of individual portfolios.

Time Horizon

The progress of the retirement system, its fund, and its components relative to their return objectives will typically be measured over a full market cycle. Market cycles may differ markedly in length and there is no standardized measure for a market cycle's term. For MFPRSI's purposes, a full market cycle encompasses both a down stage and an up stage, in either order. The up or down portions of each stage will be of at least two consecutive quarters in length. Therefore, a full market cycle may be as short as one year though, in general, market cycles are expected to last from three to five years.

The market cycle concept as described above does not preempt the periodic review and evaluation of the activities and performance of individual investment managers over a period of time that is of longer or shorter duration than a market cycle. The Board reserves the right to take action relative to individual managers or to the portfolio as a whole without regard to the above described concept at any time.

Relationship Policies

Investment Manager Policies – The Board desires to manage the investment portfolio in a timely, professional, and cost effective manner. MFPRSI selects and utilizes external investment managers to invest portions of its assets. The goal is to obtain top quality management services for a cost that is mid-range for comparable systems. The selection of investment managers is accomplished as described in the Selection and Retention section. Investment managers function either under a formal contract that delineates their responsibilities and provides an appropriate performance expectation or under a formal trust or partnership agreement with MFPRSI. When appropriate, MFPRSI may compensate the investment managers through the use of performance fees. Soft dollars generated through brokerage activity may, if authorized by contract, be used to acquire investment research and analysis and to defray various administrative expenses. MFPRSI may determine to have a portion of its portfolio managed by its administration.

Manager Investment Discretion - The investment managers under contract or who manage the applicable trust or partnership in which MFPRSI participates will have full discretion to direct and manage the investment and reinvestment of assets allocated to their accounts in accordance with this document, applicable to federal and state statutes and regulations, and the executed contracts.

Manager Brokerage Discretion - The investment managers under contract to MFPRSI have discretion to establish and execute accounts with one or more securities broker/dealer(s) they deem appropriate. The investment managers will attempt to obtain the “best available price and most favorable execution” standard of care with respect to portfolio transactions unless such standard is not applicable in the relevant markets (e.g., private and/or foreign markets).

Manager Evaluation - The investment managers under contract with MFPRSI will meet with the administration and/or Board for the purpose of reviewing the investment activities, portfolio performance, investment strategy, and the relevant market(s) in which it operates. The investment managers are expected to meet periodically with the administration at its request. Such meetings may be conducted at the offices of the investment firms.

Short-Term Investments - Cash allocated for investment by the investment managers is managed in accordance with the guidelines established in the contractual agreement with each separate account investment manager. The guidelines with each separate account investment manager will stipulate that cash will primarily be invested in the Short-Term Investment Fund (“STIF”) account of MFPRSI’s custodial bank. Due to the fluid nature of the capital markets, cash allocation decisions may be made by the administration consistent with the Board’s asset allocation policy.

Investment Consultants - MFPRSI may utilize the services of investment consultant(s) for various purposes, including performance reviews, asset allocation studies, manager selection screenings, and topical studies. The comments and recommendations of the investment consultant(s) will be considered in conjunction with other available information for the purpose of making an informed and prudent decision. Each investment consultant shall function under a formal contract that delineates its responsibilities.

Custodial Bank - The investment assets of the retirement system shall be held in a custody/ record-keeping account in a master custodial bank and in the international sub-custodian banks under contract to the master custodial bank. The custodial bank shall function under a formal contract that delineates its responsibilities.

Securities Lending - MFPRSI may, at its discretion, authorize the execution of a securities lending program.

Selection and Retention - At its discretion, MFPRSI will:

- a. Utilize a competitive Request for Proposal (“RFP”) or Request for Information (“RFI”) process to select investment managers and custodian bank.
or
- b. In consideration of the extensive screening process conducted by its investment consultant, request a list of the top candidate firms created by its investment consultant. Subsequent to the identification of the top candidate firms, the firms will be evaluated by the administration and MFPRSI’s investment consultant. Upon completion of this evaluation the firm identified as the top candidate will be interviewed by MFPRSI with the participation of the consultant (more than one firm may be interviewed). Upon completion of the process a recommendation will be made to the Board by the administration and/or investment consultant. Upon approval of the Board, the retirement system will either establish a contract or participate in a partnership or trust managed by the selected firm subject to legal review and negotiation of terms and conditions as well as a successful due diligence visit of the firm’s operations.

MFPRSI may utilize an RFP to select investment consultant(s).

The contracts established on behalf of MFPRSI will provide for an ongoing relationship and establish definite service requirements for the firm. The contract with the firm will provide for the termination of the relationship at MFPRSI’s discretion. Action to terminate a relationship with a firm will be based upon the firm’s performance while under contract and may take into account all relevant information concerning the firm.

Administrative Policies

Proxy Voting - The voting rights of corporate stocks will be exercised by the administration or, at its direction, by designated investment managers in the best interest of MFPRSI and in accordance with the applicable statutes. The custodial bank will forward all proxies to the administration or to the designated investment manager. The administration or the designated investment managers will execute the voting of the proxies in accordance with the “prudent person” standard delineated in Iowa Code Chapter 97B. It is the general policy of MFPRSI to vote its shares against measures that would hinder or prevent the acquisition or takeover of a corporation or company where a takeover or acquisition may be beneficial to the long-term earnings of the fund. Additionally, it is the general policy of MFPRSI to abstain from voting its shares on social issues except where the voting of said proxy may serve to further the safety of the membership of the retirement system if consistent with the execution of MFPRSI’s fiduciary responsibility. Issues arising in the proxy process may include, but are not limited to the following:

- Election of directors, including the number and terms of office, attendance, and number of meetings held.
- Selection and ratification of auditors.

- Stock splits, dividend, and fractional share issues.
- Application for listing of securities.
- Corporate name changes.
- Remuneration of management, directors, and employees including ratification of employee stock option plans.
- Employment issues.
- Cumulative voting issues.
- Fees paid to auditors or consultants.
- Date or location of annual meetings.
- Contributions to charities or educational institutions.
- All other items which are not expected to have a material adverse effect on the price of the security or which would not substantially affect the rights or privileges of the security.
- Acquisitions, mergers, and divestitures.
- Significant changes in the company's articles of incorporation or by-laws, such as anti-takeover provisions, poison pills, or rights issues.
- Increases in the number of authorized shares.
- Business abroad.

Education and Due Diligence – To maintain and strengthen the investment management of MFPRSI, the Board, in accordance with the Board's education policy, and/or the administration may, when appropriate:

- Participate in conferences/seminars related to the investment activities of public and private institutional investors and participate in the meetings of organizations of which MFPRSI is a member.
- Meet periodically with the MFPRSI's investment managers at their office to perform a review and to clarify investment or administrative issues related to the management of the portfolio.
- Participate in the investors' meetings conducted by the various investment managers of MFPRSI's assets.
- Conduct due diligence visits to assess the acceptability of an investment manager(s) under consideration for management of the retirement system's assets and maintain good faith in its current investment managers under contract.
- Request education presentations on specific topics from the investment consultant.

Organizations – To maintain and strengthen the investment management of the retirement system, MFPRSI may join national organizations related to institutional investment management, finance, and education.

RESPONSIBILITIES

Board of Trustees

The Board acknowledges their individual and collective responsibility as fiduciaries of the retirement system. In the management and administration of the invested assets that comprise MFPRSI, the Board strives to act prudently and in the best long-term interest of the retirement system and its membership.

The Board will periodically review the progress of the retirement system in achieving its investment objectives, on the compliance with the policies and guidelines as outlined in this investment policy, and on other matters as appropriate. The Board as a group may, as an investment committee of the whole, or periodically through an ad hoc investment committee appointed as their representative, perform the following:

1. Ensure that the contributions to MFPRSI and the proceeds from the investments are used in accordance with its objectives.
2. Evaluate and select an independent investment consultant, if deemed necessary, to assist the Board in forming investment objectives and policies, allocating assets, selecting investment opportunities and investment managers, monitoring performance, and considering other appropriate issues as they may occur.
3. Develop investment objectives, guidelines, and performance standards which are consistent with the risk, performance, and policy parameters of each investment component.
4. Evaluate and select investment managers, pooled funds, mutual funds, or other appropriate investment vehicles for each investment component of MFPRSI's assets.
5. Communicate the investment objectives, guidelines and standards (including any material changes that may occur) to the investment managers or responsible representatives of the selected investment managers of the funds.
6. In order to properly measure the success of the investment portfolio, the Board may request education and information from its investment consultant as necessary.
7. Review and evaluate results of each investment component in context with established standards of performance.
8. Implement or direct appropriate action(s) as deemed prudent if investment results are below expectations or if prevailing conditions warrant.
9. Ensure the compliance with the provisions and reporting requirements of pertinent federal, state, and local regulations and rulings.

Investment Consultant

The investment consultant(s), in recognition of their role as a fiduciary of MFPRSI, will perform the following:

1. Support the development of *Investment Policy and Objectives* which identifies the various policy issues affecting MFPRSI's investment of assets.
2. Make recommendations, when deemed necessary, as to changes in the objectives, guidelines, or standards based upon material and sustained changes in the capital markets.
3. Make recommendations with supporting materials as to the appropriate investment weights among the various portfolios, asset classes, and/or investment managers.
4. Assist the Board in selecting investment managers by:
 - a. Identifying and screening candidates for appropriate portfolio and organizational characteristics.
 - b. Performing due diligence reviews and evaluations.
 - c. Quantifying the analysis between expected returns and risks among various investment alternatives.
 - d. Functioning as an information-gathering agent.
 - e. Negotiating the best available fee.
5. Perform a quarterly performance evaluation of MFPRSI's portfolios and their components and provide a written report to the Board following the end of each quarter. The written report will cover four basic areas:
 - a. *Returns* – Total time weighted rates of returns.
 - b. *Comparisons* – Returns will be compared to appropriate benchmark indices and a universe of similar funds.
 - c. *Diagnostics* – Measurement of risk adjusted performance, analysis of risks, style characteristics, and return attribution.
 - d. *Compliance* – The investment manager's compliance with the assigned portfolio level mandates of the individual contracts.
6. Participate in periodic review meetings with the Board and/or the administration to evaluate and assess the performance and quality of the individual managers. The purpose of such meetings will be to provide the following:
 - a. A review and re-appraisal of the investment program.
 - b. A commentary on investment results in light of the appropriate standards of performance.
 - c. A discussion of any key policy issues.
 - d. Any other matters as deemed appropriate by the Board or the administration.
7. Provide periodic educational presentations to the Board and administration on investment themes and concepts as deemed necessary.

Administration

The administration shall perform the following on behalf of the Board:

1. Coordinate the development of *Investment Policy and Objectives* which identifies the various policy issues affecting the MFPRSI's investment of assets.
2. Make recommendations concerning changes in the objectives, guidelines, or standards based upon material and sustained changes in the capital markets.
3. Administer the various policies delineated by this document and execute decisions made by the Board concerning the investment program.
4. Participate in periodic review meetings with the Board to evaluate and assess the performance and quality of the individual managers. Periodically meet with individual investment managers, the custodian bank, and consultants to assess the quality of the services being provided to MFPRSI.
5. Establish contracts with the support of MFPRSI's legal counsel with investment managers, consultants, and the custodian bank.
6. Vote the shares of the MFPRSI's equity assets through the proxy process in consideration of its economic interests or direct the managers to vote the proxies of MFPRSI.
7. Manage a portion of the MFPRSI's assets upon authorization of the Board and the establishment of specific guidelines.
8. Coordinate the investment manager selection process with the investment consultant to develop a consensus recommendation to the Board.
9. Continually monitor the activities and operations of each investment manager to ensure the investment guidelines are followed and the assets are secure through the proper implementation of internal controls.

Investment Managers

The investment managers, in recognition of their role as fiduciaries of MFPRSI, shall assume the following responsibilities as they pertain to:

1. Legally commit to invest MFPRSI's funds in accordance with the objectives, guidelines, and standards delineated in the contractual document established between MFPRSI and the investment firm.
2. Exercise full discretionary authority as to all buy, hold, and sell decisions for each asset under the firm's management subject to the requirements of the contract.
3. Make recommendations, when deemed necessary, as to changes in the objectives, guidelines, or standards contained within the contract based upon material and sustained changes in the capital markets.

4. Produce a statement for MFPRSI at the end of each month describing the portfolio asset class weights, individual security positions showing both cost and market value, and all principal cash transactions including all buys and sells in sufficient descriptive detail. For commingled assets this statement should show unit position and unit value. Reports will include a performance review and be submitted to MFPRSI as requested (e.g., quarterly, monthly, ad hoc). Alternative investment managers are only required to report on a quarterly basis due to the illiquid nature of the assets.
5. At MFPRSI's request, participate in periodic review meetings with any or all of the following: the Board, the administration, or investment consultant. The subjects to be discussed shall include:
 - a. A review of the activities of the manager pertaining to the individual portfolio and commentary upon the specifics of the investment strategy.
 - b. A commentary on investment results in light of the appropriate standards of performance.
 - c. A synopsis of the key investment decisions made by the investment manager, the underlying rationale, and how those decisions could affect future results.
 - d. A discussion of the investment manager's outlook, including specific investment decisions the outlook may generate, and how these decisions may affect future results.
6. Provide frequent and open communication with MFPRSI on all material matters pertaining to investment policies and the management of the fund's assets. In particular, the investment managers will:
 - a. Provide notice of any material changes in their investment outlook, strategy, and portfolio structure.
 - b. Notify MFPRSI of material changes in the investment firm's ownership, organizational structure, financial condition, senior staffing, and management.
 - c. Provide a copy to MFPRSI of each investment manager's periodic SEC Form ADV filing and of any other documents required by the contract with MFPRSI.
7. The investment managers will use their best judgment to obtain brokerage services based upon consideration of the objective of the best execution of trades and the lowest cost to the retirement system. MFPRSI may direct the investment manager to direct a reasonable amount of brokerage fees to particular brokerage firms in payment for certain third party services as may be determined to be needed by the retirement system.
8. The investment managers shall, upon request from the administration, provide information concerning individual proxy issues. Issues arising in the proxy process may include both routine and non-routine matters.

Custodian Bank

The custodian bank, in recognition of its role as MFPRSI's fiduciary, shall assume the following responsibilities:

1. Hold all MFPRSI deposits in the appropriate accounts and provide highly secure storage of stock certificates and bonds such that there is essentially no risk of loss due to theft, fire, or accident. Maintain appropriate records on computer files (i.e., data bases) that are secure and free from inappropriate manipulation.
2. Arrange for timely and business-like settlement of all purchases and sales made for MFPRSI. Transactions shall be on a delivery versus payment basis unless dictated by the requirements of the markets in which the transactions are conducted. The custodian bank shall act to insure the safety of the assets in the markets in which the transactions are conducted.
3. Provide for receipt and prompt crediting of all dividend and interest payments received as a result of MFPRSI's holdings. Monitor income receipts to ensure that income is received when due and institute investigative process to track and correct tardy or insufficient payments including reimbursement of interest lost due to tardiness or shortfall.
4. Sweep excess cash daily into an interest bearing account featuring a high degree of safety of principal and liquidity.
5. Provide monthly reports showing individual asset holdings with sufficient descriptive detail to include units volume, unit price, cost, market value, Committee on Uniform Security Identification Procedures ("CUSIP") number (where available), and any other information requested by MFPRSI. Principal cash transactions, including dividends and interest received, deposits, withdrawals, securities purchased, sold, matured, and fee payments will also be listed.
6. Reconcile the market values of each security held by managers using separate accounts for MFPRSI.
7. At the direction of MFPRSI's Executive Director or their appointed representative, transfer funds into and from specified accounts.
8. Promptly forward all proxy materials received to the administration or, at the administration's direction, to the appropriate investment manager for execution.
9. Monitor all securities litigation affecting the retirement system and keep MFPRSI informed of all activities related to each lawsuit.
10. Provide services for foreign exchange markets for the retirement system to allow for capital calls by investment funds denominated in non-U.S. Dollar currency.

ASSET GUIDELINES

The assets held in each portfolio are delineated in the contract established with the individual investment management firm. The requirements for the individual managers shall be consistent with the general policies described as follows:

Stocks and Bonds (Domestic, International, & Emerging Markets)

The stock and bond holdings of the fund may include individual debt or equity securities issued by state, federal or foreign governments, or business entities domiciled therein. These holdings may also include mutual or commingled funds comprised of stock or bond holdings as well as individual instruments (e.g., futures and options) which may be utilized as an alternative to stock or bond positions as specified.

The stock, equity, bond, and debt holdings of the retirement system are subject to the Iowa Sudan Divestment Act of 2007, as enacted by the 2007 Iowa General Assembly, the Iran Divestment Act of 2011 as enacted by the 2011 Iowa General Assembly and the Divestiture of Companies Boycotting Israel Act of 2016 as enacted by the 2016 Iowa General Assembly. Security holdings in the investment portfolios of the retirement system are subject to the non-investment and divestment provisions of the acts.

Other Asset Classes - Cash

The currency position of MFPRSI's investment portfolio may include the currency of a group of selected nations which have well established and stable economic and political structures. Currency positions will be only taken in countries or in multinational currencies (e.g., euros) in which MFPRSI has determined to invest its assets. The fund's currency assets may be represented within the individual portfolios of the investment managers which are governed by investment mandates and may include international bond or stocks. The benchmark against which these managers run the portfolios shall include a zero percent hedged position to the U. S. dollar for the international portions of the investment mandates.

Other Asset Classes - Derivative Instruments

Derivative instruments, such as futures and options, may be utilized in selected portfolios for the following purposes:

- As an alternative to maintaining a selected asset position.
- To maintain the duration of securities in a portfolio.
- To gain exposure in a time of U.S. dollar strength to a foreign bond market with minimal exposure to the currency of the country.
- To hedge or protect existing or anticipated portfolio positions.
- To establish and maintain the currency positions for currency overlay portfolio(s) and for the individual currency activities of the individual portfolios.
- Not to speculate or leverage the portfolio.

Derivative instruments are generally defined as contracts whose value depends on the value of an underlying asset, reference rate, or index. Derivative instruments include both of the following:

1. *Over The Counter* (“OTC”) derivatives: privately negotiated contracts provided directly by dealers to end-users. OTC derivatives may include swaps, futures, and options based upon interest rates, currencies, equities, and commodities.
2. Standardized contracts sold on exchanges. Both futures and options would be included under this definition.

Other Asset Classes - Real Assets

MFPRSI may from time to time invest in real assets, which includes, but is not limited to core and non-core real estate, infrastructure, commodities, or energy-related investments. Real assets may be domestic or international, and may be either liquid, marketable investments, private market investments, or debt-related investments. Other than such property as it may elect to purchase and occupy for use as administrative offices, MFPRSI will not invest directly in real estate as either an equity owner or lender.

Other Asset Classes - Private Markets

The fund may hire various investment managers who invest in private market opportunities, including but not limited to venture, buyout, opportunistic, secondary market, credit and debt-related, and direct investment. These opportunities will consist of investing in private companies that do not offer equity and fixed income securities on public markets.

Portfolio Definitions - Core

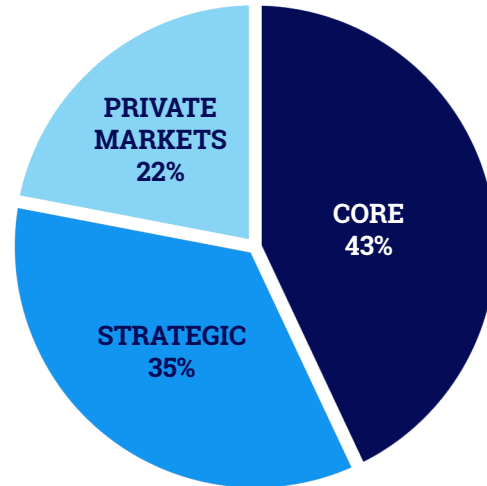
The Core Portfolio is comprised of a diversified mix of global public equity, fixed income, core real estate and infrastructure portfolios. The aggregate Core Portfolio's allocation and underlying investment manager makeup are determined by the Board, with the intention of out-performing a specified composite index on both an absolute and risk-adjusted basis and over a full market cycle. The composite index is currently weighted 50 percent to global equity, 24 percent to fixed income, 19 percent to real estate and 7 percent to infrastructure. This index is also determined and reviewed by the Board in an attempt to meet or exceed the retirement system's actuarial rate of return over time.

Portfolio Definitions - Strategic

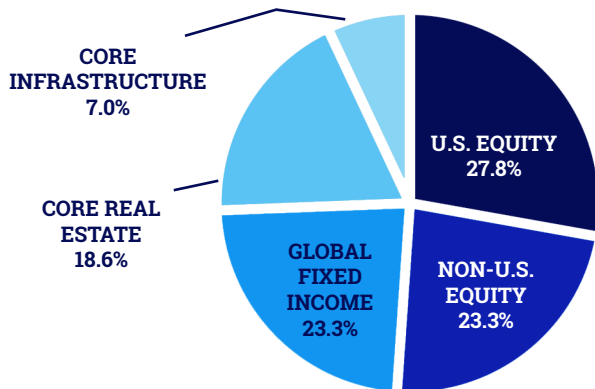
The Strategic Portfolio is comprised of multi-asset investment managers that invest in global securities, including but not limited to: public debt and equity, real assets, private market investments, currencies, derivatives, and cash. The intent of the Strategic Portfolio is to outperform a specified composite index on both an absolute and risk-adjusted basis over a full market cycle. The composite index is currently weighted 75 percent to global equity and 25 percent to fixed income. This index is determined and reviewed by the Board in an attempt to meet or exceed the retirement system's actuarial rate of return over time. Individual managers in the Strategic Portfolio are granted the flexibility to tactically adjust their underlying asset allocations to take advantage of market opportunities they believe will benefit the retirement system.

INVESTMENT ALLOCATION

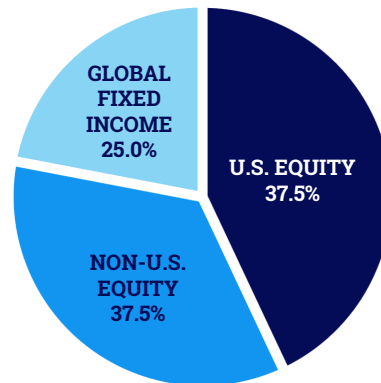
Asset Class	Portfolio Target Percentage
Core Investments ¹	43%
Strategic Investments ²	35%
Private Markets	22%
Total	100%



¹ Core Investments Asset Class	Portfolio Target Percentage
U.S. Equity	27.8%
Non-U.S. Equity	23.3%
Global Fixed Income	23.3%
Core Real Estate	18.6%
Core Infrastructure	7.0%
Total	100.0%



² Strategic Investments Asset Class	Portfolio Target Percentage
U.S. Equity	37.5%
Non-U.S. Equity	37.5%
Global Fixed Income	25.0%
Total	100.0%



Caveats:

1. In the absence of suitable opportunities within a specific market, the funds shall be directed to the other components within the debt or equity category. Due to the fluctuation of market values, positioning within $\pm 5\%$ of the target shall constitute compliance with the policy.
2. A review of the allocation policy shall occur periodically to allow the Board of Trustees to consider the effect of any changes in market conditions or of the expectations for the retirement system.