District of Columbia Retirement Board

Investment Policy Statement

May 2012

MISSION STATEMENT

The mission of DCRB is to prudently invest the assets of the Police Officers, Firefighters, and Teachers of the District of Columbia, while providing those employees with total retirement services. DCRB manages the Teachers' Retirement Fund and Police Officers and Firefighters' Retirement Fund (the "Funds").

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I. INTRODUCTION

The Teachers' Retirement Fund and Police Officers and Firefighters' Retirement Fund (the "Funds") exist for the purpose of providing retirement income, disability income, and death benefits for the District of Columbia's Police Officers, Firefighters, and Teachers and their beneficiaries.

This Investment Policy Statement (IPS) encompasses the investment goals, objectives and policies of the Fund. The purpose of the IPS is to assist the District of Columbia Retirement Board (DCRB) Board, the Investment Committee and Staff in effectively supervising and monitoring DCRB's Investment Program. This IPS addresses the following matters:

- Goals of DCRB's Investment Program;
- Specific asset allocation, rebalancing, and investment policies;
- Performance objectives; and,
- Roles and responsibilities of the Board, Investment Committee, Staff and Consultants

The Board establishes this investment policy in accordance with applicable local, state, and federal laws. The Board has been and will continue to be guided by the Prudent Expert standard. The IPS is designed to provide sufficient flexibility in the management and oversight process recognizing the dynamic nature of the investment environment, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program. This IPS provides broad guidance relating to the oversight and management of Funds' assets.

Additionally, separate policies and procedures are defined with respect to individual asset classes (for instance, private equity, real estate) or investment-related functions (such as proxy voting, securities lending, etc.)

II. STATEMENT OF INVESTMENT PHILOSOPHY

The Board believes that investment policies, in aggregate, are the most important determinants of investment success. Compliance with investment policies should, therefore, be monitored diligently. The Board also believes that performance of the total portfolio, individual asset classes and investment managers should be monitored and compared to appropriate, predetermined benchmarks. Furthermore, the Board believes that prudent management of risk is a central element of the investment function and that diversification among asset classes will reduce risk and enhance returns of the overall investment portfolio in the long term.

Given the dynamic nature of investment markets and risks, evolution of products, institutional investment standards, and risk management practices, the Funds' IPS and associated elements, such as asset allocation and risk profile shall be reviewed on a regular basis and updated as needed to ensure that Funds' strategy remains consistent with DCRB' objectives and circumstances and the overall investment and economic environment.

The Board oversees and guides the Funds and its policies subject to the following basic fiduciary principles:

1. To act solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries. The Board's duty to its participants and their beneficiaries shall take precedence over any other duty;
2. To act with care, skill, prudence and diligence under the circumstances then prevailing that a prudent expert acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims;
3. To diversify the investments of the Funds so as to maximize the probability of achieving the actuarial rate of return while minimizing risk;
4. To diversify the Funds' investments so as to minimize the risk of loss associated with any single security, asset class, economic sector, and country / region;
5. To reduce the cost of funding benefits for participating employers and the individual participants of DCRB; and,
6. To prudently manage the investments to defray costs.

In order to achieve these goals, DCRB must invest the necessary resources to build and maintain an appropriate organizational infrastructure.

III. INVESTMENT GOALS

In accordance with DCRB' Mission Statement, the goal of DCRB's Investment Program is to generate adequate long-term returns that, when combined with employer and employee contributions, will result in sufficient assets to pay the present and future obligations of DCRB.

The following return and risk objectives are intended to assist in achieving this goal:

- The Funds should earn, over the long-term (rolling 7-10-year periods), a rate of return equal to or in excess of the actuarial investment return assumption (7% net).
- The Funds should seek to earn, over the long term (rolling 7-10-year periods), a return in excess of its Policy Benchmark.
- The Funds will maintain a level of risk commensurate with the expected levels of return and consistent with prudent investment practices
- The Funds will maintain an appropriate level of liquidity to ensure payments of benefits and other obligations and expenses of the Funds.
- The Funds will utilize diversification to manage exposure to asset class, manager, industry, geographic and company-specific risks in the portfolio, while acknowledging the risks associated with investing in the capital markets.

To achieve these objectives, the Board allocates the Funds' assets with a strategic, long-term perspective of the capital markets.

IV. GOVERNANCE

Core Principles

The Board of Trustees has plenary authority and fiduciary responsibility for investment of monies and administration of the Funds. The Board will always operate with the highest fiduciary standards with integrity and transparency. Where appropriate, the Board will seek expert advice and may delegate functions to consultants, who will serve as fiduciaries to the Board.

Delegation

The Board may delegate investment responsibility of Funds' assets to multiple investment managers subject to these guidelines and the provisions of D.C. Code §§1-701-753 (2001 Ed). The Board may delegate to the Investment Committee responsibility for appointing and supervising investment managers and consultants. The Investment Committee is required to report to the Board at least quarterly or as directed. External consultants and advisers retained by the Board to assist with the oversight and management of the DCRB Investment Program shall serve as fiduciaries to the Board.

Manager Retention and Termination

The Investment Committee delegates to Staff, with assistance from its Investment Consultant(s), the process of identifying and recommending managers for retention or termination. Staff, working with Consultant(s), will conduct comprehensive due diligence to provide the Investment Committee with necessary and sufficient information in support of recommendations to retain or terminate external investment managers. The specific elements of due diligence will vary based on the asset class and the characteristics of the individual manager(s) and / or strategies under consideration. The due diligence with respect to underlying investment managers shall include, but is not limited to, an assessment of the merits of investment process and philosophy, resources and talent available to the organization, the likelihood that key resources will remain, risk management processes, internal control and compliance processes and procedures, and other organizational considerations.

A recommendation to the Investment Committee to retain a manager shall be supported by evidence of the comprehensive due diligence by Staff and Consultant(s) and a description / analysis of the fit of the manager's strategy / portfolio in the context of the overall portfolio and its objectives.

Reasons to terminate a manager may include, but are not limited to; turnover of investment management or other professionals that is likely to have an adverse impact on the performance of the strategy, divergence of strategy from stated objectives, violation of guidelines or contract terms, legal action or action by any regulatory organization on the investment management firm, a change in the organizational structure that is likely to have an adverse impact on the performance of the strategy, availability / access to more compelling investment strategies, poor performance and asset allocation decisions.

Investment Policy Statement Review

This IPS shall be reviewed, at a minimum, every three years or as directed by the Board. Such reviews will focus on the continuing feasibility of achieving the investment objectives and the continued appropriateness of the investment policy relative to the Funds' circumstances. It is not expected that the investment policy will change frequently; in particular, short-term changes in the financial markets generally should not require an adjustment in the investment policy. However, specific policy issues may be visited whenever the Board deems necessary. Specific occurrences which might suggest to the Board an earlier review include, but are not limited to, a change in the Funds' circumstances and / or a material and lasting change in the capital market environment.

V. ASSET ALLOCATION POLICY

The policies of DCRB's Investment Program are designed to maximize the probability that the investment goals will be fulfilled.

DCRB adopts and implements an asset allocation policy that is predicated on a number of factors, including:

1. A projection of actuarial assets, liabilities and benefit payments and the cost of contributions;
2. Long-term capital market risk and return expectations;
3. Expected correlations of returns among various asset classes;
4. An assessment of future economic conditions, including inflation and interest rate levels;
5. The current and projected funding status of the Funds;
6. Various risk/return scenarios; and
7. Liquidity requirements.

The Board shall review the overall asset allocation annually to provide a sound fiduciary oversight to the investment process. The implementation of the asset allocation will be conducted annually in the form of a Manager Structure Review. Additionally, at least every three to five years, the Board shall undertake an asset/liability study that evaluates the asset allocation policy in the context of projected actuarial liabilities and funding (contribution) practices. This is performed to assess the impact of changes in capital market behavior on the risk and return structure of the asset allocation strategy and the ultimate net cost of funding the benefits owed to participants and retirees.

Permissible Investments

An investment type or strategy may be considered an asset class if the risk, return and correlation exhibited is sufficiently different from other standard asset categories such as equity, fixed income, real estate, private equity and hedge funds.

The following asset classes / strategies are appropriate candidates for consideration of inclusion in the portfolio:

- Domestic equity;
- International equity, including emerging markets;
- Domestic fixed income, including high yield fixed income and preferred stock;
- International fixed income, including high yield and emerging markets;
- Real estate, including private and public real estate;
- Private equity;
- Commodities;
- Strategies that utilize public and private market securities typically offered in a hedge fund structure
- Infrastructure; and
- Other alternative investments (currencies, timber, etc.).

Criteria for Inclusion of Asset Classes

The following criteria will be used in assessing an asset class for inclusion in the Funds:

- Sufficient size and liquidity to permit an investment by the Funds.
- Staff and Consultant expertise to ensure prudent due diligence and a cost effective implementation.
- The incorporation of the asset class contributes to the return enhancement and / or further diversification of the Funds' assets.
- Ability to measure performance and risk against readily available indices.

Benchmarking

The Board's current asset class benchmarks are listed in Appendix A.

The Policy Benchmark shall represent a weighted average of the individual asset class benchmarks based on strategic target weights to each asset class.

The Benchmarks for each of the asset classes shall be reviewed regularly, but no less frequently than once every three years, to ensure that they remain appropriate. Staff and Investment Consultant shall recommend changes to asset class benchmarks as appropriate. In the event that any of the benchmarks are discontinued or their composition changes, the Investment Committee may in its sole discretion substitute other benchmarks upon the recommendation of the Staff and Consultant.

Liquidity

The Board recognizes that certain investments that entail a greater degree of illiquidity, such as private equity, real estate, infrastructure, offer the potential for greater return and / or enhanced diversification. As a long-term investor, the Board has the ability to bear illiquid investments. In recommending allocations to illiquid asset classes, Staff and Consultant shall consider the projected asset allocation vs. targets as well as the annual net cash flows of the Funds to identify a prudent level of assets that can be committed to such illiquid asset classes.

Leverage

Leverage is a condition where the net potential monetary exposure of an obligation exceeds the value of the underlying assets. Leverage is not permitted at the Total Fund level. Underlying portfolio managers may use leverage so long as it is used in a manner consistent with the discipline for which the Board hired the investment manager and does not introduce leverage at the Total Fund level. Use of leverage will be controlled by the investment manager's guidelines and will be subject to review by Staff, Consultants, and/or the Investment Committee.

Derivatives

For the purposes of this policy, derivatives include, without limitation, futures contracts; options; options on futures contracts; forward contracts; swap agreements, including swap contracts with embedded options; any instrument or contract intended to manage transaction or currency exchange risk in purchasing, selling or holding investments; and any other instrument commonly used by institutional investors to manage institutional investment portfolios.

At the Total Fund level, derivatives may be used to maintain the program's strategic asset allocation. External managers retained by the Board may be permitted to utilize derivatives to implement their investment strategies. Each individual manager's guidelines shall specify guidelines regarding derivatives usage.

Under no circumstances may derivatives or leverage be used to circumvent the intent or limits otherwise prescribed by this policy.

VI. REBALANCING POLICY

The purpose of rebalancing is to minimize unintended drift from the Funds' strategic asset allocation, thus ensuring compliance with policy and reducing portfolio tracking error relative to the Policy Benchmark. Systematic rebalancing should reduce volatility and increase portfolio returns over the long term.

DCRB maintains a defined and disciplined rebalancing process, whereby target allocations to asset classes will not exceed certain rebalancing ranges as outlined in Appendix A.

The adopted rebalancing ranges take into consideration the trade-off between the portfolio tracking error relative to its strategic allocation and the transaction costs of rebalancing. The above ranges were approved by the Board in April 2011.

The Board delegates to Staff the responsibility and authority to:

- Monitor market values against the target allocations.
- Determine whether or not the allocation to any asset class(es) and/or investment vehicle(s) are outside of rebalancing ranges.
- Instruct relevant investment managers to liquidate the appropriate dollar value of securities and reallocate cash (or securities) in a manner so as to maintain allocations within rebalancing ranges.
- Evaluate and direct portfolio cash flows so as to maintain allocations within rebalancing ranges.
- Utilize low cost passive indices or exchange traded futures contracts, where appropriate, in lieu of existing portfolio managers, to maintain asset/sub-asset class exposure within rebalancing ranges.
- Report to the Board at each Investment Committee meeting the status of the Funds' asset allocation and any rebalancing activity.
- Evaluate DCRB' rebalancing process regularly, but no less frequently than every three years and recommend any changes to the Board, as needed.

When the allocation to an asset/sub-asset class(es) falls outside the range specified in the IPS, a rebalancing transaction shall be initiated to bring the asset class weight within the range, keeping in mind, liquidity, costs and risks. Public market asset classes will generally be rebalanced to the midpoint between target and the edge of the closest rebalancing range in an effort to reduce costs associated with rebalancing all the way back to target. There may be times when this does not hold true and Staff will report a deviation from this guideline to the Board.

Less liquid private assets such as real estate and private equity will not be managed within rebalancing ranges, but will instead be managed to target over time through distributions and strategic new investments. Any assets outside of rebalancing ranges will be reported to the Board.

VII. MONITORING AND REPORTING

Purpose

Performance and risk will be monitored to ensure compliance and progress toward stated goals and objectives.

Performance Monitoring

- The Funds' performance shall be measured against the actuarial assumed rate of return, inflation, a universe of peer public funds, a custom performance benchmark / policy portfolio, or other appropriate measurements.
- Investment managers will be measured against stated objectives, an appropriate market index, a broad universe of managed portfolios, and against a smaller peer universe of portfolios managed by a similar investment style. Active managers should exceed their respective benchmark net of fees over a three- to five year period.

Reporting

The Board believes timely reporting and communications concerning the status of investments and their performance is essential. In general, equity and fixed income managers shall provide monthly reports to Staff and consultants. Real estate and private equity managers or managers of other nonpublic market traded investments shall provide reports at least quarterly. These reports are to include:

- Composition of assets,
- Industry / sector exposure
- Geographic exposure
- Total portfolio performance compared to the appropriate major index benchmark,
- Such other matters as investment managers feel are necessary.
- Reports from the Investment Consultant shall be provided quarterly to the Investment Committee or the Board. These reports are to include:
    - Performance of the total Fund and attribution,
    - Performance of the individual managers,
    - Equity performance,
    - Fixed income performance,
    - Real estate performance,
    - Private equity performance,
    - Time-weighted rates of return and rankings.

Staff shall report to the Board or its Investment Committee at regular meetings regarding the status of investments, including the asset allocation structure of the Fund and a list of managers on the Manager Monitoring Report. Staff shall report on an annual basis the status of securities lending activity and a review of portfolio fees and costs.

Annual Monitoring of the Asset Allocation

Because the Board reviews and establishes the policy for investments annually in its asset allocation sessions, the Board shall exercise its fiduciary responsibility to be informed and to exercise oversight as to the general principles established and actions taken by the Staff in the implementation of the investment policy.

Manager Monitoring

Managers will be reviewed on a continuous basis by Staff and the General Investment Consultant based on custodial holding reports, quarterly performance reports, manager announcements, monthly performance and compliance reports as required by Staff, General Investment Consultant evaluations, and other inputs. These reviews will be summarized in the quarterly report prepared by the General Investment Consultant for Board consideration, who shall report on whether the Board's expectations have been met. Managers meeting expectations will be categorized in Good Standing. Managers not meeting the Board's expectations will be designated as Under Review.

VIII. SHAREHOLDER ACTIVITY

In recognition that proxy voting rights are considered assets of the Funds, the Board acknowledges its fiduciary responsibility to vote proxies in a timely manner and maintain accurate records of all proxy voting activity in compliance with all applicable laws.
To assist the Board in carrying out its fiduciary responsibilities in voting proxies, the Board, at the recommendation of the Investment Committee, has the authority to set proxy voting guidelines to be used in voting proxies on behalf of the Funds. The Board has delegated the voting of all proxies and recordkeeping to its investment managers, who typically engage a Proxy Voting Agent will vote all proxies in accordance with the DCRB's Proxy Voting Guidelines. Staff will monitor the voting activities and recordkeeping of the Proxy Voting Agent. The Board or Investment Committee shall meet regarding proxy issues as necessary throughout the year. Proxy Voting Guidelines will be evaluated and updated no less than annually.

IX. IDENTIFICATION OF ROLES & RESPONSIBILITIES

Board of Trustees

It is the responsibility of the Board to formulate policy, and not the intent of the Board to become involved in either the active implementation of that policy or in the daily operations of the

Funds. It is the duty of the Trustees to review and monitor the implementation of the policy to assure that investment activities are being performed in a prudent manner consistent with the intent of the Board.

The assets of the Fund are to be managed and invested according to the provisions of the D.C. Code §§1-701-753 (2001 Ed).

Investment Committee

The Investment Committee's responsibilities include, but are not limited to:

- Annually review and recommend the long range asset allocation strategy and manager structure of DCRB.
- Conduct an asset/liability study every three to five years (or more frequently if circumstances warrant) as a basis to establish asset allocation goals and objectives.
- Review quarterly, the investment performance of DCRB total fund and underlying portfolios, with the assistance of the General Investment Consultant.
- Review quarterly, real estate performance reports from DCRB' Real Estate Consultant.
- Review quarterly, private equity performance reports from DCRB' Private Equity Consultants.
- Retain a General Investment Consultant to assist with performance measurement, asset allocation, manager reviews, investment research, manager searches and other projects as needed.
- Retain a qualified custodian to safeguard DCRB' assets.
- Monitor DCRB' investment managers to ensure they adhere to policies set forth in this document and recommend changes to the Board, as needed. The Board has the authority to initiate or terminate contractual relationships with DCRB's investment managers.
- Monitor Staff to ensure the administration of DCRB's investments in a responsible, cost-effective, risk minimizing manner.
- Avoid any conflicts of interest.

Investment Staff

The Investment Staff is responsible for the following tasks:

- Maintain the target asset allocations of the Funds in accordance with Board policy. This requires an annual review of the asset allocation policy and an asset/liability study to be done every three to five years.
- Rebalance investment portfolios, as necessary, in order to maintain the asset allocation or to make cash available for the payment of benefits and other administrative expenses.
- Initiate and monitor all wire transfers or movement of monies to or from all investment accounts to external sources.
- Monitor external investment, real estate and private equity managers for adherence to appropriate policies, guidelines and Investment Management Agreement specifications.

- Report to the Board any significant violations discovered.
- Maintain relationship with and monitor master custodian to ensure compliance with contract and all commitments.
- Maintain relationships with consultants (general investment, real estate, private equity, and other asset class specialists) in order to obtain necessary assistance with assignments from Staff, Investment Committee and Board in accordance with the contract requirements.
- Conduct manager searches, including the presentation of hiring recommendations, or monitor the General Investment Consultant in investment manager searches as assigned by the Board and Investment Committee.
- Review the Manager Monitoring Report and related private markets monitoring reports for Real Estate and Private Equity, explain any changes, and recommend action to the Investment Committee and Board, if necessary.
- Evaluate any changes in ownership structure of an investment management firm and with the concurrence of the Investment Consultant (general investment, real estate, private equity, and other asset class specialists); authorize the assignment of the firm's Investment Management Agreement with DCRB to the new ownership entity.
- Manage portfolio restructurings resulting from investment manager terminations with the assistance of consultants, investment and transition managers, and DCRB' master custodian, as needed.
- Conduct special research required to manage the Funds more effectively, as directed by the Investment Committee and Board.
- Assist the Investment Committee in the development, implementation, and revision of the Investment Policy Statement, as approved by the Board.
- Report on investment activity and matters of significance at each Investment Committee and/or Board meeting.
- Monitor the Securities Lending Program in accordance with the Securities Lending Policy.
- Conduct research and monitor proxy voting in accordance with DCRB' Proxy Voting Policy and Guidelines.
- Manage liquidity requirements to meet the Funds' needs without generating excessive trading costs.
- Avoid any conflicts of interest.

External Investment Consultants

General Investment Consultant

The General Investment Consultant shall be responsible for the following:

- Assist Staff in making recommendations to the Board regarding: investment policy, strategic asset allocation, asset liability modeling, asset class and manager structure strategies.
- Prepare a quarterly performance report including performance attributions on the Funds'

managers and total assets.
- Assist Staff in the selection of qualified investment managers, and assist in the oversight of existing managers, including monitoring changes in personnel, ownership and the investment process.
- Assist in the selection of a qualified custodian (including a securities lending agent and/or a cash manager) if necessary.
- Provide topical research and education on investment subjects that are relevant to DCRB.
- Provide DCRB with annual certification of compliance with the DCRB Conflict of Interest Policy.

Real Assets Consultant

The Real Assets Consultant shall be responsible for the following:
- Develop and implement the Real Assets strategy for the Funds.
- Identify, perform due diligence, negotiate, execute, and manage commitments and investments through the Real Assets portfolio.
- Monitor investments and compliance with approved policy and report to the Board and Staff on a quarterly basis.
- Prepares a quarterly Performance Measurement Report and presents the report to the Investment Committee.
- Prepares an Annual Real Assets Investment Plan and, in conjunction with Staff, presents the Plan to the Investment Committee for review and approval.
- Provides Staff and/or Board with topical research and education on investment subjects that are relevant.
- Provide DCRB with annual certification of compliance with the DCRB Conflict of Interest Policy.

Private Equity/Absolute Return Consultant

The Private Equity/Absolute Return Consultant shall be responsible for the following:

- Develop and implement the private equity and absolute return strategy for the Funds.
- Identify, perform due diligence, negotiate, execute, and manage commitments and investments through the Private Equity and Absolute Return portfolios.
- Monitor investments and compliance with approved policy and report to the Board and Staff on a quarterly basis.
- Prepares a quarterly Performance Measurement Report and presents the report to the Investment Committee.
- Prepares an Annual Private Equity and Absolute Return Investment Plan and, in conjunction with Staff, presents the Plan to the Investment Committee for review and approval.
- Review relevant issues in private equity and absolute return through periodic workshops, discussions, and distribution of research material.

- Provide DCRB with annual certification of compliance with the DCRB Conflict of Interest Policy.

Investment Managers

The investment managers shall have discretion to direct and manage the investment and reinvestment of assets allocated to their accounts in accordance with this document; applicable local, state and federal statutes and regulations; and, the individual specific investment guidelines in their contracts. The Investment Managers shall be responsible for the following:

- Execution of a contractual agreement to invest within the guidelines established in the Investment Policy Statement and manager specific investment guidelines.
- Provide DCRB with annual proof of liability and fiduciary insurance coverage and bonding.
- Provide DCRB with annual certification of compliance with the DCRB Conflict of Interest Policy.
- Be a SEC-Registered Investment Advisor under the 1940 Act, an insurance company or a bank and be recognized as providing demonstrated expertise over a number of years in the management of institutional, tax-exempt assets within a defined investment specialty.
- Adhere to the investment management style, concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, developing buy, hold and sell lists, and purchasing and selling securities.
- Execute all transactions for the benefit of DCRB with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to DCRB.
- Reconcile monthly accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian (excludes real estate, private equity, and some alternative assets).
- Maintain frequent and open communication with Staff on all significant matters pertaining to the management of the Funds' assets, including, but not limited to, the following:
    - Major changes in the Investment Manager's outlook, investment strategy and portfolio structure;
    - Significant changes in ownership, organizational structure, financial condition, or senior personnel;
    - Any changes in the Portfolio Manager or other key personnel assigned to the DCRB account;
    - Each significant client which terminates its relationship with the Investment Manager, within 30 days of such termination;
        - All pertinent issues which the Investment Manager deems to be of significant interest or material importance.
- Meet with the Board or its designee(s), as needed.

Custodian Bank

The Custodian shall be responsible for the following:

- Provide complete global custody and depository services for the designated accounts.
- Manage the cash and enhanced cash funds not invested by managers, and ensure that all available cash is invested. If DCRB elects to manage cash externally, full cooperation must be provided to the external manager.
- Provide the General Investment Consultant with portfolio information for performance measurement in a timely manner.
- Provide, in a timely and effective manner, a monthly report of the investment activities implemented by the investment managers.
- Calculate all income and principal realized and properly report the results in periodic statements.
- Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions; these should be based on accurate security values for both cost and market. These reports should be provided within acceptable time frames.
- Report to DCRB situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.
- Provide assistance to DCRB to complete such activities as the annual audit, transaction verification or unique issues as required by the Board.
- Manage a securities lending program to enhance income if directed by the Board. If the securities lending program is managed externally, full cooperation must be provided.
- Deliver all domestic and international proxy voting materials to DCRB, its investment managers or designated proxy voting agent, including meeting notices, voting instruction forms, proxy statements, quarterly and annual shareholder reports and miscellaneous proxy voting materials.

Securities Lending Agent

DCRB's policies and guidelines governing securities lending shall be implemented through the Custodian (or third party lending institution other than the custodian or a combination of securities lending providers). The provider will be governed by a separate contract, distinct from a custody relationship, detailing the type of securities lending relationship and program. This is both mandatory and essential in the treatment of securities lending as an investment function with the associated risks and return implications and fiduciary responsibility.

The securities lending provider must exercise investment discretion within the overall objective of: preserving principal; providing a liquidity level consistent with market conditions and the lending and trading activities of the Funds' assets; and maintaining full compliance with stated objectives and statutory provisions. The securities lending provider shall exercise prudence and expertise in managing the cash collateral reinvestment function.

Other External Providers

All other external providers will fulfill their responsibilities in accordance with prevailing contracts and act in the best interest of plan participants.

Appendix A

Asset Allocation: Targets and Asset Class Benchmarks

Asset Class	Target Allocation (%)	Allowable Range (%)	Benchmarks
Fixed Income	*25*	*20-30*	
Cash	0	0-5	90-Day U.S. T-Bills
U.S. Core Fixed Income	15	10-20	BC U.S. Aggregate
U.S. TIPS	3	2-4	BC U.S. TIPS
U.S. High Yield	3	2-4	BC U.S. High Yield
Foreign Bonds	2	1-3	JPM GBI Global ex U.S.
Emerging Markets Bonds	2	1-3	50% JPM EMBI Gbl Div / 50% JPM GBI-EM Gbl Div
Public Equities	*50*	*40-60*	
U.S. Equities	22	18-26	Russell 3000
Int'l. Developed Markets Equities	20	16-24	MSCI World exUS
Emerging Markets Equities	8	6-10	MSCI Emerging Markets
Absolute Return	10	-	1-Month LIBOR
Private Equity	8	-	Cambridge Private Equity
Real Assets	7	-	CPI + 7%
Total	**100**		

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