



D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



# **INVESTMENT IMPLEMENTATION POLICY**

September 13, 2012

# DALLAS POLICE & FIRE PENSION SYSTEM

## INVESTMENT IMPLEMENTATION POLICY

Adopted September 13, 2012

### PURPOSE

The primary objective of Investment Implementation Policy is to provide a framework for investing in approved asset categories that are designed to achieve the investment return goals as stated in the Strategic Asset Allocation Policy. The Investment Implementation Policy states the asset allocation target for each asset class and allows for acceptable minimum and maximum asset class exposures in the System's investment portfolio.

### ASSET ALLOCATION

The Board has approved an asset allocation for the System's investment portfolio at the August 9, 2012 Board Meeting. The asset allocation targets are as follows:

#### SUMMARY OF ASSET ALLOCATION TARGETS

	<u>Target</u>
Global Public Equity	15.0%
Global Private Equity	15.0%
Global Natural Resources	10.0%
Global Fixed Income	15.0%
Global Asset Allocation	20.0%
Global Real Estate	15.0%
Global Infrastructure	10.0%
Total Portfolio	100.0%

### ASSET CLASS DEFINITIONS

#### Global Public Equity

Global public equity investments will be allocated to a variety of publicly traded stock investments including, but not limited to domestic, international, emerging and frontier equities. These stock investments may include allocations based on large, medium, small, and micro capitalization on a global basis.



### Global Private Equity

Global private equity investments will be allocated to a variety of global private assets classes, including, but not limited to private equity, direct investments, co-investments, debt investments, and hybrid debt investments.

### Global Natural Resources

Global Natural Resources will be allocated to a variety of global natural resources investments including, but not limited to public natural resource securities, private market opportunities in different asset classes such as energy, sustainable assets, timber, and agricultural investments.

### Global Fixed Income

Global fixed income assets will be allocated to a variety of public and private global fixed income assets including, but not limited to public investment grade fixed and floating rate securities, public and private high yield fixed and floating rate securities, emerging market debt, emerging market currencies, distressed debt, and convertible bonds.

### Global Asset Allocation (GAA)

Global asset allocation assets will be allocated to a variety of GAA investment managers including, but not limited to actively managed portfolios invested globally using both strategic (long-term) and tactical (short term) allocations. The GAA segment will be invested in a wide variety of assets and strategies across various global investment markets. The goal of the GAA allocations is to have an increase diversification of the portfolio because of the low correlation GAA has with other asset classes.

### Global Real Estate

Global real estate assets will be allocated to variety of investments including but not limited to a variety of property types and different geographic locations. Global real estate assets may include equity or debt investments in retail, industrial, residential, multifamily, hotel, office, medical, and mix-use type of investments.

### Global Infrastructure

Global infrastructure will be allocated to a variety of global infrastructure investments that are long term assets with stable cash flows. The global infrastructure investments include, but not limited to public and private assets such as transportation, water, water treatment, energy, power generation, electric distribution and transmission, oil and gas storage and transportation, and public buildings.



Cash

There is no specific allocation to cash; the investment structure is forecast to produce sufficient cash flow to provide required liquidity without a specific allocation to cash. It is recognized that small residual cash result from normal trading activity.

ASSET ALLOCATION – with ranges of asset classes

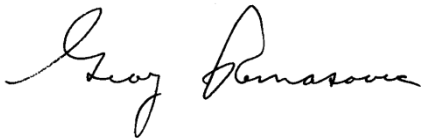
The Board has approved the investments or investment managers in each asset allocation category. The Board may change any investment or investment manager at any time without the necessity of amending this policy. The asset allocation for the investment portfolio is managed by asset allocation targets and acceptable ranges where minimum and maximum allocations are set allowing for changes in market conditions, liquidity, cash flow, and other factors. The asset allocation target with ranges is as follows:

Asset Class	Market Value Target (%)	Minimum Exposure (%)	Maximum Exposure (%)
Global Public Equity	15.0	12.0	18.0
Global Private Equity	15.0	10.0	20.0
Global Natural Resources	10.0	8.0	12.0
Global Fixed Income	15.0	13.0	17.0
Global Asset Allocation	20.0	18.0	22.0
Global Real Estate	15.0	10.0	20.0
Global Infrastructure	10.0	8.0	12.0

## REBALANCING OF PORTFOLIO

The Board will review the Investment Implementation Policy periodically for compliance in achieving the stated goal of diversification by asset classes as listed above. As this policy was revised on September 13, 2012 certain asset class targets will be achieved over a period of time as market conditions, liquidity, cash flow, and other factors affect the rebalancing of the portfolio. The Board recognizes that the targets and ranges are guidelines. As such, because of various factors affecting the portfolio and rebalancing, the Board acknowledges that asset classes may from time to time be out of the ranges set forth above. The goal is, through rebalancing, to cause these asset classes to be brought back within these ranges without sacrificing value. The Board delegates the rebalancing of the portfolio among the System's investments and investment managers to the Administrator.

APPROVED on September 13, 2012 by the Board of Trustees of the Dallas Police and Fire Pension System.



---

George J. Tomasovic  
Chairman

ATTEST:

A B C D

---

Richard L. Tettamant  
Secretary

