THE EDUCATIONAL EMPLOYEES' SUPPLEMENTARY RETIREMENT SYSTEM OF FAIRFAX COUNTY

STATEMENT
OF
INVESTMENT POLICY

Version 2.9

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I. PURPOSE

The purpose of this document is to define the investment policy for the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC). It will identify a set of investment objectives, guidelines and performance standards for the assets of the Fund. The objectives are formulated in response to the following:

- the anticipated financial needs of the ERFC;
- consideration of risk tolerance; and
- the need to document and communicate objectives, guidelines and standards to the investment managers.

This *Statement of Investment Policy* represents the formal document for the investment of the Fund's assets and is to be communicated to the investment managers for their use in developing an appropriate investment portfolio. This document will also be used as the basis for future measurement and evaluation of investment performance by the Trustees and their investment advisors.

The Trustees may grant exceptions to this *Statement of Investment Policy* for individual investment managers. Any such exceptions shall be in writing, signed by an authorized representative of the Board of Trustees, and listed in Appendix A of this document.

This document will be reviewed at least annually to ensure that it is consistent with the needs of the System.

II. RESPONSIBILITIES

The primary investment responsibilities of the Trustees are:

- as a primary objective, to ensure that sufficient assets are available to provide the benefits for ERFC members or beneficiaries at the time they are payable;
- as a secondary objective, to achieve an optimum level of return within specified risk tolerances;
- to do so effectively and prudently, in full compliance with any applicable laws and regulations as presently stated or as they may be amended in the future.

Specific oversight responsibilities of the Trustees in the investment process, to be performed with the advice and assistance of appropriate consultants, professional advisors, and staff, include:

- complying with applicable laws, regulations and rulings appropriate thereto;
- developing a sound and consistent investment policy including asset allocation, diversification and quality guidelines;
- communicating clearly the major duties and responsibilities of those accountable for achieving investment results and to whom specific responsibilities have been delegated;
- selecting and maintaining qualified investment managers and consultants;
- monitoring and evaluating results to ensure that policy guidelines are being adhered to and that policy objectives are being met;
- taking action under appropriate circumstances to discharge an investment manager or advisor for failing to perform in terms of stated expectations or to abide by this *Statement of Investment Policy*; and
- undertaking such work and studies as may be necessary to keep the Trustees adequately informed as to the status of Fund assets.

II. RESPONSIBILITIES

Delegation of Responsibilities

The Trustees are authorized to delegate certain responsibilities to qualified agents and staff to assist them in properly meeting the overall Trustee responsibilities as outlined above. Specifically, the Trustees have selected an Executive Director/CIO and appointed a custodian, investment managers, an investment consultant, legal counsel and actuary to perform various functions.

- **Executive Director/CIO** – The Executive Director/CIO and his/her staff are charged with the following responsibilities:

  - implement the investment decisions and policies as approved by the Board of Trustees;
  - brief the Trustees as appropriate at Board and Investment Committee meetings on relevant investment activities;
  - ensure that there is sufficient cash available to meet cash flow requirements;
  - serve as consultants to the Investment Committee;
  - serve as a liaison between the Board of Trustees and outside parties;
  - in consultation with the investment consultant, maintain the target asset allocation in accordance with this *Statement of Investment Policy*;
  - assist in the selection of investment managers in accordance with the direction of the Board of Trustees;
  - facilitate the annual evaluation of the investment consultant and other consultants;
  - provide transition oversight and execution consistent with the Transition Management section of these investment guidelines;
  - provide other services as requested by the Investment Committee or the Board of Trustees.

- **Custodian** - The custodian has been delegated the following responsibilities:

  - perform, participate in and exercise such rights, privileges, duties and responsibilities possessed by any other owner or holder of bonds or other evidence of indebtedness and common and preferred stock, except for the voting of proxies, which shall be delegated to investment managers;
  - safekeep all assets including securities, cash and cash equivalents;

- receive instructions from investment managers to purchase and sell various securities and ensure that transactions are settled according to established settlement procedures;

- provide monthly transaction accounting on security holdings with reports provided to the Trustees in a timely manner;

- forward proxy materials to investment managers promptly after receiving them;

- ensure the timely filing of documents in conjunction with recovery of losses pursuant to class action litigation;

- daily sweep of idle cash to a competitive yielding, high quality money market investment.

- **Investment Managers -** The designated investment managers are charged with the following responsibilities:

  - maintain registration as an investment advisor under the Investment Advisor Act of 1940;

  - adhere to the policy guidelines contained in this *Statement of Investment Policy*, unless granted an exception in writing;

  - invest only in those asset classes, and adhere to the ranges for allocation among those classes, that the Trustees have stated to be appropriate for that manager's portfolio;

  - exercise complete investment discretion within the boundaries of the restrictions outlined in this *Statement of Investment Policy* or in any written exceptions to this Statement;

  - strictly comply with all of the provisions of appropriate law as they pertain to the firm's dealings, functions and responsibilities as fiduciaries;

  - prudently liquidate assets in the portfolio which cease to be in compliance with this *Statement of Investment Policy* or any written exceptions to this Statement. If in the manager's judgment, it is in the Fund's best interest to not liquidate such an asset promptly, the manager will advise the Trustees of the circumstances and make a recommendation regarding the liquidation of that asset.

  - diversify the portfolio so as to minimize the risk of large losses unless, under the circumstances, it is clearly prudent to not so diversify;

  - ensure that brokers will be selected only on a competitive, best execution basis;

  - ensure that all foreign exchange transactions will be executed on a best price and best execution basis;

- invest the assets of the Fund with care, skill, prudence and diligence under circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims;

- vote the proxies for securities held in the accounts over which they have accepted responsibility, at all times in such a manner as they deem to be solely in the best interest of plan participants and beneficiaries and avoid consideration of any factors that would subordinate the interests of participants and beneficiaries in their retirement income to any unrelated objectives; and,

- acknowledge in writing the recognition and acceptance of full responsibility as a fiduciary as defined by ERISA and appropriate federal and state legislation, and the firm's intention to comply with this *Statement of Investment Policy* as it currently exists or as is modified by joint agreement in the future.

- comply with/adhere to the CFA Institute's (CFAI) Code of Ethics and Global Investment Performance Standards (GIPS®), or a similar set of standards approved by ERFC.

- promptly notify the Executive Director/CIO and Investment Consultant of any material ownership/organizational events (for example, key staff departures, mergers, and litigation).

- promptly notify the Executive Director/CIO and Investment Consultant of any deviation from or violation of the Investment Guidelines described herein as soon as the manager is aware the policy has not been fully complied with. The timing, duration, and resolution to any policy violation must be disclosed.

- initiate written communication with the Board when the manager believes that this *Statement of Investment Policy* is inhibiting performance and/or should be altered for any valid reason. No deviation from the guidelines and objectives established in the *Statement of Investment Policy* is permitted until after such communication has occurred and the Board has approved such deviation in writing.

▪ **Investment Consultant** - It shall be the responsibility of the designated investment consultant to assist the Trustees with the following functions:

- provide comprehensive evaluation of the investment results achieved by the designated investment managers in light of the investment guidelines and performance standards contained in this *Statement of Investment Policy*;

- make recommendations to the Trustees of appropriate actions to be considered which, in the consultant's opinion, will enhance the probability of achieving overall Fund objectives. Such recommendations may include, but are not limited to:

- use of alternate asset strategies or asset classes;
- changes in overall investment policy;
- changes in designated investment managers:

- provide assistance to the Trustees in screening and selecting investment managers, as appropriate.

- meet with the Trustees on a quarterly basis at a minimum.

- act as a fiduciary to the Pension Fund.

- **Legal Counsel -** The Trustees' designated legal counsel will advise and represent the Trustees in all matters requiring legal insight and advice.

- **Fund Actuary** - The Trustees' designated plan actuary shall have the following responsibilities:

  - prepare, on a frequency determined by the Trustees, a comprehensive evaluation of the Fund's funded status and required contribution levels and attest to the appropriateness of the Fund's assumptions and funding policy; and,

  - conduct special experience and actuarial studies as required by the Trustees.

III. INVESTMENT OBJECTIVE

The investment objective of the Fund is to ensure, over the long-term life of the Fund, an adequate level of assets to fund the benefits for ERFC members and their beneficiaries at the time they are payable. In meeting this objective, the Trustees seek to achieve a high level of total investment return consistent with a prudent level of portfolio risk.

The Fund's actuary has the responsibility to prepare periodic evaluations of the Fund's funded status and to determine the contributions which, expressed as percents of payroll, will remain approximately level over time and be sufficient to pay benefits when due while providing a reasonable margin for adverse experience. To accomplish this, the actuary uses an investment return assumption of 7.25%, compounded annually (net after administrative expenses) of which 3.25% constitutes an assumed rate of inflation and 4.00% constitutes an assumed real rate of return on investments. The Fund's investment objective, as expressed above, is to prudently meet or exceed the assumed real rate of return over time, while preserving the Fund's principal.

IV. ASSET STRUCTURE

The asset structure should reflect a proper balance of the Fund's needs for liquidity, growth of assets and the risk tolerance of the Trustees. The target asset mix, consistent with the achievement of the long-term objective of the Fund, is as follows:

U.S. Large-Cap Stocks	13.0	9.0 – 17.0%
U.S. Small-Cap Stocks	5.0	3.0 – 7.0%
International Stocks	12.0	9.0 – 15.0%
Emerging Markets Stocks	5.0	3.0 – 7.0%
Equity Real Estate	9.0	6.5 – 11.5%
Private Equity	7.0	0.0 – 9.0%
Total Equities	**51.0**	**45.0 – 57.0%**
Broad Fixed Income	**29.0**	**24.0 – 34.0%**
Global Asset Allocation	**10.0**	**7.5 – 12.5%**
Better Beta	**5.0**	**3.0 – 7.0%**
Absolute Return	**5.0**	**2.0 – 7.0%**

This asset structure represents the Trustees' assessment of the optimal asset allocation based upon the System's long term needs and structure, the Trustees' risk tolerance and the expected long term return. It should not be regarded as a rigid set of rules regarding asset allocation. The Trustees will review the structure periodically and make adjustments as may be appropriate in light of changing market conditions. An interim policy target can be utilized as part of rebalancing to recognize the impact of capital calls when constructing and maintaining a private equity program.

The strategic allocation provides a reasonable expectation that the Fund's investment objective can be achieved based on historic relationships of asset class performance. Liquidity is required only to meet defined payout needs, unless the investment managers are otherwise advised by the Trustees.

The Trustees are charged with the responsibility of monitoring the overall allocation within the parameters described above. They will do so by giving specific instructions as to the range of allowable asset classifications to individual investment managers, as well as by monitoring the asset classifications actually held by managers. It is understood that the tactical ranges are targets and that deviations may occur from time to time as a result of market impact or from short-term decisions implemented by either the Trustees or, with prior approval, by the investment managers. However, in the absence of a compelling reason to do otherwise, the portfolio will be rebalanced should the allocations to the major asset classes (total equity, total fixed income) fall outside the stated tactical ranges.

EQUITY HOLDINGS

Types of Securities

Equity securities shall mean common and preferred stocks, and issues convertible into common stocks, of both domestic and international corporations, American Depository Receipts (ADRs) and Global Depository Receipts (GDRs). 144A securities may represent up to 5% of each portfolio.

Asset Allocation

Each equity portfolio is to have no more than 5% of its assets allocated to cash or cash equivalent securities. It is understood that the manager may periodically, in the course of trading, exceed this limit. The manager should notify ERFC staff when this temporary situation occurs. If a manager wishes to exceed the 5% cash limit for more than a frictional period of time, the manager must obtain written Board approval.

Diversification

The securities of any one issuer are limited to the greater of 5% or the security's weight in the benchmark index plus 2 percentage points of each equity portfolio at market value. Broad industry diversification is desirable. For international equities, both industry and country diversification are desirable.

Quality

Except as referenced above, all securities held in the portfolio should be publicly traded and have sufficient marketability to permit prompt, orderly liquidation under normal circumstances. Stock selection should emphasize quality with due regard to risk. The manager is restricted from investing in any stock with a market capitalization less than $20 million.

Exclusions

Without the expressed written consent of the Trustees as detailed in Appendix A of this document, the following investments are prohibited:

- short naked call options,
- short put options,
- commodities,
- swaps, and
- other derivatives.

Where written consent is given for investment in any of these categories, the Trustees will require the investment manager to adhere to specific safeguards, described below.

Exchange Traded Funds

Managers may invest up to 5% of their portfolio's assets in Exchange Traded Funds (ETFs) that are designed to match the performance of the manager's benchmark index. Any allocation to ETFs should be considered in lieu of a cash holding and the combined holdings in ETFs and cash should not exceed 5% without notification and approval of the Trustees. The particular ETF used to equitize cash in this manner should be the most cost-effective ETF available, as determined by the manager, after considering liquidity and the internal management fee of the ETF.

Derivatives

Derivatives generally refer to financial instruments that derive their values from underlying cash market investments. Examples of derivatives include, but are not limited to, financial futures, forwards, options, options on futures, collateralized mortgage obligations and swaps. Any uses of derivatives must be expressly authorized by the Trustees in Appendix A. Where such authorization has been given, the restrictions and safeguards described below shall apply.

Managers shall not purchase securities on margin or sell short unless expressly authorized to do so in writing by the Trustees. However, with express permission, the managers may make use of futures, options and options on futures contracts as long as they are restricted to (a) the creation of synthetic securities and (b) non-leveraged, hedge strategies, using contracts related to otherwise allowable equity investments of the manager's portfolio.

Under no circumstances should a portfolio manager take positions in derivative securities that leverage the portfolio or materially increase a portfolio's stated or implied risk as characterized by the manager's investment style. Additionally, derivatives may not be used for dynamic hedging strategies. Any broader use of derivatives than the strategies and purposes described below will require prior authorization from the Trustees.

Financial futures may be used solely for bona fide hedging purposes within the meaning of 17 CFR 1.3(z)(1), and for long positions (accompanied by the cash set-aside described below) as incidental to ERFC's activities in the underlying cash market.

With respect to each long position in a financial futures contract, the total market value of the derivative at all times will be collateralized with cash, cash equivalents, short-term United States dollar-denominated high quality short-term money market instruments, and such collateral will be marked-

to-market daily. Assets used for this purpose may not simultaneously be used as collateral for any other purpose.

The manager will not enter into financial futures contracts for which the aggregate margin, including both initial margin and daily variation margin, exceeds 5% of the liquidation value of ERFC's portfolio under management by the manager.

A synthetic security is one created from a combination of portfolio positions including long futures positions on any of the equity indexes (e.g., S&P 500) and short maturity (short-term) securities the prices of which do not fluctuate materially. The use of such indexes is limited to ones which are specifically appropriate to the manager's portfolio. The market value of the short maturity securities must be equal to the notional value of the futures contracts.

For purposes of synthetic securities, the term "short maturity (short-term) securities" shall include short-term U.S. debt obligations, U.S. dollar-denominated high quality short-term money market instruments, including the client's custodial bank STIF, or a short-term security that is rated in one of the two highest rating categories by two nationally recognized statistical rating organizations ("NRSROs") or by the only NRSRO rating the security.

All foreign exchange contracts may be transacted only with counterparties that are rated no less than A by two NRSROs, or the only NRSRO rating the company. Additionally, the total notional (face) amount of a foreign exchange contract transacted with any single counterparty shall not typically exceed 10% of the total portfolio value for ERFC's portfolio under management of a single manager.

The manager may only execute transactions through futures commission merchants ("FCMs") that have adjusted net capital of at least $500 million, and that are wholly owned by an entity that is rated no less than A by two nationally recognized statistical rating organizations ("NRSROs"), or by the only NRSRO rating the security. Notwithstanding the above, the manager should not rely on these minimum guidelines and must establish and execute internal procedures to independently evaluate all FCMs.

The manager will promptly transfer all excess margin deposits held by an FCM to the custodian of the ERFC's assets.

Pooled Funds

It is understood that investing through a pooled fund vehicle means that the investments will be governed by the fund's own set of guidelines and

restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which the funds' guidelines differ in a number of ways. In such cases, the pooled fund guidelines and restrictions will supersede those outlined above. For that reason, investments in pooled funds may be made only with the prior approval of the Trustees. The Investment Manager shall provide the Trustees with a copy of the prospectus of any pooled funds that it proposes to use, and shall specifically identify any guidelines and restrictions that differ from those outlined above.

To the extent that pooled funds are implemented, the fees imposed should be at no higher cost than that incurred if the securities were separately managed.

REAL ESTATE INVESTMENT TRUST

Types of Securities	The portfolio should hold issues of both U.S. and Non U.S. Real Estate Investment Trusts and Real Estate Operating Companies.
Asset Allocation	Each equity portfolio is to have no more than 5% of its assets allocated to cash or cash equivalent securities. If a manager wishes to exceed the 5% cash limit, the manager must obtain written Board approval.
Diversification	The securities of any one issuer are limited to the greater of 5% or the security's weight in the benchmark index plus 2 percentage points of each equity portfolio at market value.
Quality	Only equity REIT and Real Estate Operating Company securities which are broadly classified as institutional quality issues are eligible for inclusion in the portfolio. All securities held in the portfolio should be publicly traded and have sufficient marketability to permit prompt, orderly liquidation under normal circumstances. Stock selection should emphasize quality with due regard to risk. The manager is restricted from investing in any security with a market capitalization less than $20 million.
Exclusions	This portfolio will be subject to the same exclusions listed for general equity portfolios.
Derivatives	This portfolio will be subject to the same derivative guidelines listed for general equity portfolios.

COMMINGLED REAL ESTATE

Types of Securities	Units in pooled fund(s) (open-end, closed-end or real estate investment trusts) whose primary objective(s) is equity investment in income-producing real property located primarily within the United States.
Diversification	Each pooled fund should have diversification as an objective. Diversification can be by either property type (office, retail, industrial or residential) and/or by the various geographic regions of the country. Investment in non-U.S. real estate is limited to 30 percent of fund commitments. In no event shall the Fund's interest in any pooled fund exceed 15% of the pooled fund's market value.
Quality	Each pooled fund should have as an objective the establishment of a portfolio of high quality, income-producing real estate. Ownership should primarily be through equity interests with the use of leverage being limited to no more than 30% of the total pooled fund portfolio.
Exclusions	Pooled funds whose primary investment objectives include the following are excluded: • investment in undeveloped, non-income producing property

ACTIVE FIXED INCOME HOLDINGS

Types of Securities

Debt instruments of any U.S. entity denominated in U.S. dollars, and not otherwise prohibited, including U.S. dollar denominated sovereign and supranational bonds (Yankee bonds); non-US denominated (developed and emerging markets) sovereign, supranational and corporate bonds; and US denominated mortgage-backed, CMBS and CMOs except as prohibited below. 144A securities may represent up to 5% of each portfolio.

Diversification

The securities of any one issuer, with the exception of the U.S. Government and its agencies, are limited to 10% at cost and 15% at market of each fixed income portfolio.

Quality

The fixed income portfolio should be, on average, comprised of high-quality issues. The average credit quality of the portfolio must be at least A. Up to 20% of the portfolio may be invested in below investment grade securities (Moody's or Standard & Poor's quality rating below Baa or BBB, respectively). If any security has a split rating, the lower of the two ratings shall be considered for the purposes of meeting minimum quality standards.

Duration

While there are no maturity limits placed on the portfolio, it is expected that the average effective duration of the fixed income portfolio will be within +/- 30% of the portfolio's benchmark duration.

Exclusions

Without the express written consent of the Trustees, as documented in Appendix A, the following investments are prohibited:

- inverse floaters,
- capped floaters,
- interest-only CMO tranches,
- principal-only CMO tranches,
- support CMO tranches,
- swap contracts, and
- other derivatives.

Where written consent is given for investment in any of these categories, the Trustees will require the investment manager to adhere to specific restrictions and safeguards, described below.

Derivatives

Derivatives generally refer to financial instruments that derive their values from underlying cash market investments. Examples of derivatives include, but are not limited to, financial futures, forwards, options, options on futures, collateralized mortgage obligations and swaps. Any uses of derivatives must be expressly authorized by the Trustees and documented in Appendix A. Where such authorization has been given, the restrictions and safeguards described below shall apply.

Managers shall not purchase securities on margin or sell short unless expressly authorized to do so in writing by the Trustees. However, with express permission, the managers may make use of forwards, futures, options and options on futures contracts as long as they are restricted to (a) the creation of synthetic securities and (b) non-leveraged, hedge strategies that use contracts related to otherwise allowable fixed income investments of the manager's portfolio.

Under no circumstances should a portfolio manager take positions in derivative securities that leverage the portfolio or materially increase a portfolio's stated or implied risk as characterized by the manager's investment style. Additionally, derivatives may not be used for dynamic hedging strategies. Any broader use of derivatives than the strategies and purposes described below will require prior authorization from the Trustees.

Financial futures may be used solely for bona fide hedging purposes within the meaning of 17 CFR 1.3(z)(1), and for long positions (accompanied by the cash set-aside described below) as incidental to ERFC's activities in the underlying cash market.

With respect to each long position in a financial futures contract, the total market value of the derivative at all times will be collateralized with cash, cash equivalents, short-term United States dollar-denominated high quality short-term money market instruments, and such collateral will be marked-to-market daily. Assets used for this purpose may not simultaneously be used as collateral for any other purpose.

The manager will not enter into financial futures contracts for which the aggregate margin, including both initial margin and daily variation margin,

exceeds 5% of the liquidation value of ERFC's portfolio under management by the manager.

A synthetic security is one created from a combination of portfolio positions including long futures positions on any of the fixed income indexes (Treasury Bond, Note or Bill) and short maturity (short-term) securities the prices of which do not fluctuate materially. The market value of the short maturity securities must be equal to the notional value of the futures contracts.

For purposes of synthetic securities, the term "short maturity (short-term) securities" shall include short-term U.S. debt obligations, U.S. dollar-denominated high quality short-term money market instruments, including the client's custodial bank STIF, or a short-term security that is rated in one of the two highest rating categories by two nationally recognized statistical rating organizations ("NRSROs") or by the only NRSRO rating the security.

All foreign exchange contracts may be transacted only with counterparties that are rated no less than A by two NRSROs, or the only NRSRO rating the company. Additionally, the total notional (face) amount of a foreign exchange contract transacted with any single counterparty shall not typically exceed 10% of the total portfolio value for ERFC's portfolio under management of a single manager.

The manager may only execute transactions through futures commission merchants ("FCMs") that have adjusted net capital of at least $500 million, that have a ratio of customer receivables to capital of not more than 10:1, and that are wholly owned by an entity that is rated no less than A by two nationally recognized statistical rating organizations ("NRSROs"), or by the only NRSRO rating the security.

The manager will promptly transfer all excess margin deposits held by an FCM to the custodian of the ERFC's assets.

Pooled Funds

It is understood that investing through a pooled fund vehicle means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which the funds' guidelines differ in a number of ways. In such cases, the pooled fund guidelines and restrictions will supersede those outlined above. For that reason, investments in pooled funds may be made only with the prior approval of the Trustees. The Investment Manager shall provide the Trustees with a copy of the prospectus of any pooled funds that it proposes

to use, and shall specifically identify any guidelines and restrictions that differ from those outlined above.

To the extent that pooled funds are implemented, the fees imposed should be at no higher cost than that incurred if the securities were separately managed.

CASH EQUIVALENTS

Types of Securities

Debt securities of any U.S. entity not otherwise prohibited, with a maximum average maturity of one year.

Diversification

No more than 10% of the cash portfolio shall be invested in Certificates of Deposit or Banker's Acceptances issued by any single bank. No more than 35% of the cash portfolio shall be invested in commercial paper, with no more than 5% of the portfolio invested with any single issuer of commercial paper. No more than 35% of the cash portfolio may be invested in corporate bonds, with no more than 5% invested with any single issuer of corporate bonds.

Quality

Only cash equivalents with the following minimum quality ratings are eligible for inclusion in the portfolio:

Asset Backed Securities: A
Certificates of Deposit and Banker's Acceptances:
Thompson Bankwatch B or better
Commercial Paper: A1/P1.
Corporate Bonds: AA-, Aa3.
Repurchase Agreements: U.S. Government or agency secured.

Exclusions

Without the expressed written consent of the Trustees, as documented in Appendix A, the following investments are prohibited:

- floating rate notes with maturities under two years that have any embedded leverage or optionability (e.g., caps, floors, multiple re-set features, etc.)
- floating rate notes with maturities over two years
- structured notes, including Collateralized Mortgage Obligations (CMOs),
- swaps, and
- other derivatives.

Where written consent is given for investment in any of these categories, the Trustees will require the investment manager to adhere to specific safeguards, described below.

Derivatives

Derivatives generally refer to financial instruments that derive their values from underlying cash market investments. Examples of derivatives

include, but are not limited to, financial futures, forwards, options, options on futures, collateralized mortgage obligations and swaps.

Managers shall not enter into a derivatives contract, purchase securities on margin, or sell short unless expressly authorized to do so in the cash equivalents fund by the Trustees as documented in Appendix A.

Under no circumstances should a portfolio manager take positions in derivative securities that leverage the portfolio or materially increase a portfolio's stated and implied risk characterized by the manager's investment style.

Pooled Funds

It is understood that investing through a pooled fund vehicle means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which the funds' guidelines differ in a number of ways. In such cases, the pooled fund guidelines and restrictions will supersede those outlined above. For that reason, investments in pooled funds may be made only with the prior approval of the Trustees. The Investment Manager shall provide the Trustees with a copy of the prospectus of any pooled funds that it proposes to use, and shall specifically identify any guidelines and restrictions that differ from those outlined above.

To the extent that pooled funds are implemented, the fees imposed should be at no higher cost than that incurred if the securities were separately managed.

GLOBAL ASSET ALLOCATION AND BETTER BETA MANAGERS

The purpose of the Global Asset Allocation and Better Beta manager program is to provide an additional layer of diversification with the twin goals of increasing return and decreasing risk. The tools of the manager will include valuing various global markets and making opportunistic investment shifts. To the extent necessary, the managers can use active or passive underlying portfolios. Generally speaking, the return goal of these portfolios should be in one of two formats: an absolute return objective (e.g., T-bills + 5%) or a blended benchmark (e.g., 60% S&P 500 + 40% BC Aggregate).

It is recognized that commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients and therefore the investment objectives and strategies, trading policies, and restrictions of commingled funds will govern the investments. The Board is willing to accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled funds, or when a separately managed account is neither available nor appropriate.

Due to the global nature of these mandates, managers are expected to be evaluating and/or investing in US and non-US instruments, to include derivative instruments allowing for market exposure or risk mitigation (e.g., index futures and currency forwards). The sum of all asset class exposures included in a global asset allocation portion will equal 100% (no leverage). The use of leverage in lower-risk asset classes is a risk mitigation tool in Better Beta strategies.

ALTERNATIVE INVESTMENT MANAGERS

The Committee recognizes that certain Alternative Investment strategies (such as private equity or absolute return strategies) do in fact make use of derivatives and other instruments which may not be in full compliance with the guidelines set out for separately managed portfolios. Given that virtually all alternative investment strategies will be in a commingled format, it is recognized that commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients. The Board is willing to accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled funds, or when a separately managed account is neither available nor appropriate. To the extent that the Committee selects an Alternative Investment manager offering a separately managed account, the Committee shall use its discretion in terms of granting exceptions to these guidelines to that manager.

Generally speaking, the return objective of Absolute Return Strategies is an absolute return of cash plus 3% to 5% (e.g., T-bills + 5%).

Generally speaking the return objective of private equity is Cambridge Associates All Private Equity and private equity sub-strategies are typically benchmarked relative to their vintage year and style (e.g., mezzanine, buyout, venture, energy etc…).

TRANSITION MANAGEMENT

The Trustees may employ a transition manager to facilitate the efficient transfer of plan assets from one investment manager to another or into or out of the System. Transitions are a risk and cost management exercise. The principal risk to manage is being un-invested for a period of time. Total transition costs, both direct and indirect, shall be carefully considered as well.

Each transition is unique and may require research and negotiation to determine the best approach and transition manager. As such, the Trustees delegate the transition selection, oversight and execution to the Executive Director/CIO. Generally, the Executive Director/CIO will request two bids for every transition. In the selection of a transition manager and strategy, the Executive Director/CIO will consider the total costs of the transition including direct and indirect costs and the risks of being out of the market. Any transition manager selected will serve in a fiduciary capacity and will sign a contract affirming this fiduciary status, without qualification.

In some cases, a transition is best executed through derivatives. With express permission, the transition managers may make use of forwards, futures, options and options on futures contracts. Under no circumstances should a transition manager take positions in derivative securities that leverage the portfolio or materially increase a portfolio's stated or implied risk as characterized by the target portfolio.

With respect to each long position in a financial futures contract, the total market value of the derivative at all times will be collateralized with cash, cash equivalents, short-term United States dollar-denominated high quality short-term money market instruments, and such collateral will be marked-to-market daily. Assets used for this purpose may not simultaneously be used as collateral for any other purpose.

All foreign exchange contracts may be transacted only with counterparties that are rated no less than A by two NRSROs, or the only NRSRO rating the company. The manager may only execute transactions through futures commission merchants ("FCMs") that have adjusted net capital of at least $500 million, that have a ratio of customer receivables to capital of not more than 10:1, and that are wholly owned by an entity that is rated no less than A by two nationally recognized statistical rating organizations ("NRSROs"), or by the only NRSRO rating the security.

The manager will promptly transfer all excess margin deposits held by an FCM to the custodian of the ERFC's assets.

VI. PERFORMANCE STANDARDS

Standards used to measure investment performance will be set forth in context with the established objectives. **Each standard shall apply independently to the portfolio of each investment manager and is expected to be achieved net of investment management fees and expenses.**

TOTAL PLAN STANDARDS

The total fund returns net of fees should meet or exceed the Allocation Index return and Policy Index return which are described below:

ALLOCATION INDEX

The Allocation Index return shall measure the success of the Fund's *current* allocation. It shall be calculated by using index rates of return for each asset class invested in by the Fund multiplied by the actual percent allocated to each asset class. The difference between the Allocation Index return and the Total Fund return net of fees measures the effect of active management. If the Total Fund return is greater than the Allocation Index return, then active management has added value net of fees. If the Total Fund return is less than the Allocation Index return, then active management has not added value.

POLICY INDEX

The Policy Index return shall measure the success of the Fund's *target* allocation. It shall be calculated by using index rates of return for each asset class invested in by the Fund multiplied by the percent targeted to each asset class. The difference between the Allocation Index return and the Policy Index return measures the effects of deviating from the target allocation. If the Allocation Index return is greater than the Policy Index return, then deviating from the target allocation has added value. If the Allocation Index return is less than the Policy Index return, then deviating from the target allocation has not added value.

PASSIVE MANAGER STANDARDS

Over rolling one-year periods, the net of fee performance of each portfolio should be within 0.2 percentage points of its appropriate benchmark, as defined by the Trustees.

ACTIVE EQUITY AND REIT MANAGER STANDARDS

Standard #1

Over rolling three-year periods, the performance of the portfolio should exceed the median of a universe of other equity funds, as defined by the Trustees.

Standard #2

VI. PERFORMANCE STANDARDS

Over rolling five-year periods the performance of the portfolio should exceed the return of an appropriate benchmark, as defined by the Trustees, by 1.0% per year.

ACTIVE FIXED INCOME MANAGER STANDARDS

Standard #1

Over rolling three-year periods, the performance of the portfolio should exceed the median of a universe of other fixed income funds, as defined by the Trustees.

Standard #2

Over rolling five-year periods, the performance of the portfolio should exceed the return of an appropriate benchmark, as defined by the Trustees, by 0.5% per year.

EQUITY REAL ESTATE MANAGER STANDARDS

Standard #1

Over rolling three-year periods, the performance of the portfolio should exceed the median of a universe of other equity real estate funds, as defined by the Trustees.

Standard #2

Over rolling five-year periods, the performance of the portfolio should exceed the return of an appropriate benchmark by 0.75% per year, as defined by the Trustees.

GLOBAL ASSET ALLOCATION & BETTER BETA INVESTMENT MANAGER STANDARDS

Standard #1

Over rolling three-year periods, the performance of each portfolio should exceed the median of a universe of global asset allocation and balanced funds, as defined by the Trustees. The Trustees recognize that any such universe may not be robust given the significant differences in objectives, methodology and asset classes employed in such strategies. Therefore, the Trustees may consider other qualitative and quantitative factors in assessing compliance with this standard.

Standard #2

VI. PERFORMANCE STANDARDS

Over rolling five-year periods the performance of the portfolio should exceed the return of an appropriate benchmark, as defined by the Trustees, by 1.0% per year.

ALTERNATIVE INVESTMENT MANAGER STANDARDS – Absolute Return Strategies

Standard #1

Over rolling three-year periods, the performance of the portfolio should exceed the median of a universe of similar alternative funds, as defined by the Trustees in the table on pages 28 and 29.

Standard #2

Over rolling five-year periods the performance of the portfolio should exceed the return of an appropriate benchmark, as defined by the Trustees in the table on pages 28 and 29, net of fees.

ALTERNATIVE INVESTMENT MANAGER STANDARDS – Private Equity

Standard #1

The private equity performance is benchmarked on a long-term, 10 year, rolling basis using an internal rate of return, (IRR), cash flow method and will be measured against the median of a universe of similar private equity funds, as defined by the Trustees in the table on page 29.

Standard #2

The private equity performance is benchmarked on a long-term, 10 year, rolling basis using an internal rate of return, (IRR), cash flow method and will be measured against the return of an appropriate benchmark, as defined by the Trustees in the table on page 29.

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VI. PERFORMANCE STANDARDS

Investment Manager Universes and Benchmarks

Manager	Asset Class	Benchmark	Universe
AJO	Large Cap Value Equity	Russell 1000 Value Index	evestmentAlliance (EA) Large Cap Value Equity Universe
Mellon Russell 1000 Fund	Large Cap Core Equity	Russell 1000 Index	EA Large Cap Core Equity Universe
T. Rowe Price	Large Cap Growth Equity	Russell 1000 Growth Index	EA Large Cap Growth Equity Universe
Lazard	Small-Mid Cap Equity	Russell 2500 Index	EA Mid Cap Core Equity Universe
Westfield	Small Cap Growth Equity	Russell 2000 Growth Index	EA Small Cap Growth Equity Universe
Epoch	Small Cap Value Equity	Russell 2000 Value Index	EA Small Cap Value Equity Universe
CenterSquare	REIT	FTSE EPRA NAREIT Developed Equity Index	EA Global REIT Universe
JPMorgan Real Estate	Real Estate	NCREIF Property Index	NCREIF ODCE
Prudential	Real Estate	NCREIF Property Index	NCREIF ODCE
UBS Realty Investors LLC	Real Estate	NCREIF Property Index	NCREIF ODCE
William Blair	Non-US Equity	MSCI All Country World Ex-US Growth Index	EA ACWI ex-US Growth Equity Universe
Acadian Asset Management	Non-US Equity	MSCI All Country World Ex-US Index	EA ACWI ex-US All Cap Equity Universe
Causeway	Non-US Equity	MSCI EAFE	EA ACWI ex-US Value Equity Universe
William Blair	Emerging Markets Equity	MSCI Emerging Markets	EA Emerging Markets Equity Universe
Mellon Lehman Brothers Aggregate Index Fund	Fixed Income	Barclays Capital Aggregate Index	EA All US Fixed Income Manager Universe
JP Morgan	Fixed Income	Barclays Capital Aggregate Index	EA All US Fixed Income Manager Universe
Loomis Sayles	Fixed Income	50% Barclays Capital Credit Index & 50% Barclays Capital Long Credit Index	EA All US Fixed Income Manager Universe
GAM Unconstrained	Fixed Income	Barclays Global Aggregate; 3-month Libor +3%	EA All Global Fixed Income Manager Universe
Loomis Strategic Alpha	Fixed Income	3-month Libor +3%	EA All US Fixed Income Manager Universe
Mondrian Investment Partners	Emerging Markets Fixed Income	JP Morgan GBI-EM Broad Diversified Index	EA Emerging Markets Fixed Income Unhedged Universe
Bridgewater	Better Beta	65% MSCI ACWI (Net) & 35% Barclays Capital Aggregate Index	EA All Global Balanced/ TAA Universe
Wellington	Global Asset Allocation	65% MSCI All Country World & 35% Barclays Capital Aggregate Index	EA All Global Balanced/TAA Universe
PIMCO	Global Asset Allocation	CPI + 4%	EA All Global Balanced /TAA Universe
Grosvenor	Absolute Return	3-Month Libor +3%; HFRI Fund of Funds	EA Alt All Multi-Strategy Universe

Various Private Equity Managers	Private Equity	Cambridge Associates All Private Equity	Venture Economics Universe peer group, vintage year and style as well as State Street Private Edge

CASH LIQUIDITY POLICY

The following procedures are hereby adopted and will remain in effect until such time as monthly cash flows of the Plan and/or contributions to the Plan support the ongoing benefit and expense payments required by the Plan.

- The Cash Liquidity Policy for the Plan shall be integrated with the management of the Plan's asset allocation rebalancing policy.
- Cash required for monthly benefit payments and operating expenses shall be distributed from a cash account. The balance in that account will be monitored on a frequent basis and replenished as necessary, but not less often than quarterly.
- When it is determined that there is insufficient cash in the designated cash account to fund upcoming cash withdrawals, transfers will be made from one or more of the investment accounts into the cash account. The determination of which accounts will provide funds to the cash account will be made by the ERFC staff in consultation with the investment consultant, with the following objectives:
    - Rebalance toward the target asset allocation of each account
    - Minimize the transaction costs of providing cash.

ASSET ALLOCATION REBALANCING POLICY

- The asset allocation guidelines of the Plan shall be determined through consultation with the investment consultant, taking into consideration the pension benefit liabilities of the plan. From time to time it may be necessary for the Fund to rebalance to support the cash liquidity policy or comply with asset allocation guidelines set forth in the Investment Policy.
- The Plan's staff in consultation with the Plan's investment consultant shall make the ongoing rebalancing decisions and determine the timing of such. All rebalancing decisions will be made within the guidelines established by the Board and stated within the Investment Policy document.

Manager Selection

The Trustees will not consider the selection of any manager without first setting a target allocation to a particular asset class, and determining that a manager is needed to implement that allocation strategy. Once it has been determined that a manager search is warranted, the Fund's Investment Consultant shall coordinate and summarize the findings of the search. The Investment Consultant

will establish certain consistently applied minimum criteria for a manager to be considered eligible to participate in the search.

The Board intends that any qualified candidate receive fair consideration. The Trustees shall strive to hire investment managers that offer the greatest incremental benefit to the Fund, net of fees and expenses, in accordance with, but not limited to, the criteria listed below:

- Length of firm history;
- Length of key professionals' tenure;
- Appropriateness of investment philosophy and process;
- Fit between product and existing plan assets, liabilities and objectives;
- Absolute and relative returns, and variability of returns;
- Stability of the firm's client base and assets under management;
- Ownership structure;
- Compensation structure;
- Fee structure; and
- References and professional qualifications.

Documentation

The investment managers are requested upon hire to submit a written statement to the Trustees describing their proposed investment strategy and tactics for achieving the investment goals and objectives that are required in this *Statement of Investment Policy*. They shall also submit requests for permission to deviate from this Policy Statement whenever their strategy or tactics change significantly as a result of changing market conditions or other factors. In addition, reports are to be supplied quarterly by the investment managers indicating:

1. The portfolio composition (i.e., asset mix at book and at market values) for each major class of security, including derivatives and cash equivalents.

2. Position, by individually named securities and/or by appropriately described units of collective funds, showing both book and market values of individually invested securities, and the unrealized gain or loss on each position.

3. All transactions effected in the account, categorized by purchases, sales, and accrued income, including realized gains or losses on each position.

4. A formal quarterly reconciliation letter, verifying that the manager's statement has been reconciled with the custodian bank. Any discrepancies between the manager and the custodian bank must be identified and explained.

5. Performance of the portfolio, compared to the relevant benchmark defined by the Trustees.

6. A separate report listing each derivative in the portfolio at quarter end, showing book and market values, a total of the market values for all the derivatives in the account, the unrealized gain or loss on each position, and the percentage of derivatives in the manager's portion of funds. Additionally, a brief note must be included describing the market risk, credit risk, and legal risk that each type of derivative in the portfolio bears. For purposes of this report, a derivative is defined to be a contract whose value depends on, or derives from, the value of an underlying asset, reference rate, or index, including but not limited to, any structured notes or mortgage-backed securities.

Investment managers are expected to communicate with the Custodial Bank on a regular basis to reconcile any differences between their reports and the Bank's reports.

Annual Review Meeting

The investment manager will be expected to meet annually with the Board or its designee. The agenda for these meetings shall include, but not be limited to:

1. A presentation of investment results in light of the stated objectives of this *Statement of Investment Policy*.

2. A discussion of investment strategies currently being executed by the manager.

3. Communication of all material changes in policy, objectives, previously communicated investment strategies, staffing or business condition of the investment manager.

Soft Dollar Report

Each manager shall complete an annual soft dollar report to be delivered to the Executive Director/CIO and Investment Consultant within forty-five (45) days of the end of each calendar year [December 31]. The report shall include the following:

- A discussion of the firm’s soft dollar policy, including how the investment manager ensures its clients of full disclosure, record keeping, and consistency of

soft dollar information.

- A discussion on how the investment manager determines that a service can be paid with soft dollars and how the investment manager allocates mixed-use research (services that are not 100% used in the investment decision-making process). If less than 100% of the research and/or services are used in the investment decision-making process, the Investment Manager should only pay for the portion attributed to assisting in the investment decision-making process.

- A discussion of the procedures in place to assure that any research and/or services purchased by the firm with soft dollars are used for the benefit of the Educational Employees' Supplementary Retirement System of Fairfax County plan participants or assists the investment manager with its investment decision making responsibilities for its accounts overall.

- A listing of all soft dollar brokers and their payout ratios for third party research.

- A report identifying any third party research purchased by the manager with soft dollars over the past year. This should include soft dollars generated by agency and principal transactions. This report should provide, at a minimum, the cost and description of the goods and services purchased.

- Verification that the Fund's commission rates are not materially greater than commission rates paid by other clients of the investment manager with similarly managed assets.

Ethics Report

Managers shall annually report to the Board, standing policies with respect to ethics and professional practice, within forty five (45) days of the end of the calendar year [December 31].

- Managers shall annually report to the Board adherence with the CFA Institute (CFAI) Code of Ethics or similar approved standards. Managers shall disclose if they are made aware of any Chartered Financial Analyst (CFA) charterholders employed by their firm that have been publicly censured by the CFAI.

Managers shall disclose all pertinent information regarding any and all regulatory findings and/or litigation which are reportable in their ADV.

Proxy Voting Report

Reports shall be provided to the Board on an annual basis summarizing Proxy Voting over the previous Fiscal Year (ending June 30). The report shall detail any changes that have occurred in the Fund's Proxy Voting policies, and note any instances where proxies were not voted in accordance with the best interest of the Fund's plan participants.

Compliance with SEC Regulations 17 C.F.R. §275.206(4)-5.

Each manager shall indicate quarterly its compliance with SEC Regulations 17 C.F.R. §275.206(4)-5 which prohibit any registered investment adviser from providing investment advisory services for compensation to a government entity within two years after making a contribution for the purpose of influencing the election of an official who has appointing authority over those who hire, or can influence the hiring of, investment advisers for the government entity.

VII. INVESTMENT ADMINISTRATION

Acceptance Agreement

The undersigned investment manager hereby acknowledges its appointment as a fiduciary and agrees to invest assets committed to it in accordance with the attached Statement of Policy ("Statement of Policy"), as specified below.

Advisory Agreements: If the undersigned investment manager is party to an advisory agreement between the investment manager and the Trustees ("Advisory Agreement"), the manager accepts the attached Statement of Policy pursuant to that Advisory Agreement and agrees that the attached Statement of Policy will substitute for any prior Statement of Policy that existed pursuant to that Advisory Agreement. If the manager and the Trustees have agreed to any exceptions to the Statement of Policy, those exceptions are described in Exhibit A, which is made part of the Statement of Policy and is also included.

Commingled Vehicles: If the Trustees invest in a commingled vehicle ("Commingled Vehicle"), the Trustees acknowledge that the investment manager must invest all assets in that commingled vehicle in accordance with the trust agreement or offering statement that governs investments in the Commingled Vehicle. The investment manager acknowledges that those governing documents (which have been provided to the Trustees) are consistent with the attached Statement of Policy, except to the extent that the manager has disclosed any differences between the governing documents and the Statement of Policy in the agreement between the manager and the Trustees.

All Managers: If at any time the investment manager feels that the performance objectives in this Statement of Policy cannot be met or performed in strict compliance with this Statement of Policy (or, where applicable, in compliance with the documents governing investments in the Commingled Vehicle), the investment manager agrees to promptly notify the Trustees in writing. In consideration of the investment manager's initial engagement by the Trustees and the investment manager's ongoing relationship as an investment advisor for the Trustees, the investment manager hereby acknowledges a complete understanding of the Statement of Policy.

(INVESTMENT MANAGER) _____

_____ _____, 2017
Signature

_____
Name (Print or type)

_____
Company

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History of Document Revisions

Version 1.05 –11/04 – Update manager lineup, replace T. Rowe with Wm. Blair, replace MSDW with Mellon Aggregate Index; Change cash management policy from using PIMCO to being at the discretion of staff, but rebalancing toward target. Eliminate 30% leverage exclusion for commingled real estate.

Version 1.05.1 – Amended 4/05 – Change benchmark for REIT manager to "NAREIT Equity Index"; update REIT guidelines to include Real Estate Operating Companies.

Version 1.05.2 – Amended 5/05 – Exception for Urdang to increase single security limit to 7.5%.

Version 1.06 – Amended 2/06 – Updated manager lineup, added JPMorgan, Prudential, and UBS; Changed strategic target and tactical range to reflect increased allocation to international equity.

Version 1.07 – Amended 02/07 – Updated manager lineup, added Acadian & AllianceBernstein International Strategic Value; removed Templeton & Mellon International Core Index; clarified equity holdings guidelines.

Version 2.0 – Amended 09/07 – Added staff responsibilities; Additional Investment Manager responsibilities; Investment Consultant required to be fiduciary; Permit investment in 144A securities; Alternative Investment, Global Asset Allocation , Portable Alpha and Better Beta manager guidelines; Established use of and defined the Allocation and Policy Indices; Modified investment manager performance standards to include each portfolio's total return and added standards for passive, global asset allocation, better beta, alternative asset and portable alpha managers; Updated manager universes and benchmarks, Guidelines for manager selection, Soft Dollar reporting requirement, Ethics reporting requirement, and Proxy Voting requirement. Revised Acceptance Agreement to differentiate between separate accounts and commingled accounts.

Version 2.1 – Amended 09/08 – Modified requirements relative to the selection of futures commission merchants (FCMs) when using derivatives and added Grosvenor and Permal Group to investor lineup.

Version 2.2 – Deleted terminated managers (Dodge & Cox, Alliance Bernstein and Mellon Russell 2000) and added new managers (Turner, Epoch and Wellington). Changed title of Executive Director to Executive Director/CIO. Updated target asset allocation to allow for private equity. Added Transition Management language.

Version 2. 3 – Added Private Equity program guidelines, changed REIT guidelines to permit non-U.S. REITs, clarified Absolute Return Strategies return objective.

Version 2.4 – Included the target asset mix adopted by the Board in May, 2011. Added additional types of securities as allowable investments under Fixed Income. Changed the Fixed Income quality standard for the percent of the portfolio that may be invested in below investment grade securities from 10 to 20%. Changed the Fixed Income duration band from 25 to 30% of the benchmark. Deleted language relating to Portable Alpha strategies. Deleted language relating to Standard #3. Added the manager and a benchmark for Emerging Markets Fixed Income.

Version 2.5 – Added statement on best execution for foreign exchange transactions; changed NEPC Universe designation; deleted terminated manager (AllianceBernstein) and added new manager (Causeway); deleted notary requirement.

Version 2.6 – Deleted terminated manager (Turner) and added new manager (Russell).

History of Document Revisions

Version 2.7 – Deleted terminated managers (Russell transition and PIMCO Fixed Income) and added new managers (T. Rowe Price, JP Morgan Fixed Income, GAM Unconstrained and Loomis Strategic Alpha); added compliance requirement with SEC Regulations 17 C.F.R. §275.206(4)-5.

Version 2.8 – Updated the actuarial investment return assumption, inflation rate and assumed real rate of return, clarified that the language on foreign exchange counterparties applied to all foreign exchange contracts.

Version 2.9 – Updated the target asset mix, per the Board's decision at the April 18 Board of Trustees meeting; modified the Commingled Real Estate guidelines to allow investments in non-U.S. real estate; deleted Permal Group from the Investment Manager Universe.