

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

INVESTMENT POLICY

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INVESTMENT POLICY

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I. Mission Statement and Core Values

The Board of Trustees (“Board”) of the Teachers’ Retirement System of the State of Illinois (“TRS”, “System”) has a fiduciary responsibility to the Members and Beneficiaries of the System. In recognition of this responsibility, the Board has adopted the following Mission Statement:

TRS’s Mission Statement

Delivering expert pension service to Illinois public educators as they earn their promised retirement security.

TRS’s Core Values

- Integrity: We are tenaciously honest and ethical.
- Accountability: We openly set high standards and confidently own our actions and results.
- Service: We genuinely care for our members and each other by being kind and helpful.
- Teamwork: We proudly collaborate as one TRS.
- Diversity: We are inclusive and persistently embrace our differences to empower our success.
- Continuous Improvement: We challenge ourselves to embrace learning, new ideas and growth.

II. Statement of Purpose of Investment Policy

This document specifically outlines the investment philosophy and practices of TRS and has been developed to serve as a reference point for the management of System assets. In order to assist System participants in achieving their financial security objectives, the Board shall adopt a long-term plan by which the assets of the System will be maintained and enhanced through prudent investments. **This is an official policy document of TRS. Deviation from this document is not permitted without explicit written permission, in advance, from the Board.**

In developing this Investment Policy, the Board and Staff understand and accept their fiduciary obligations to the Members of the System. These obligations are legal in nature and are outlined in the Illinois Pension Code [40 ILCS 5]. In summary form, the provisions specifically referring to the definitions, duties, and responsibilities of a fiduciary are these:

- a fiduciary is anyone who has discretion in managing retirement system assets or in administering the retirement system, or who renders investment advice for direct or indirect compensation. [40 ILCS 5/1-101.2.]
- a fiduciary must discharge its duties to the retirement system for the exclusive purposes of providing benefits to participants and beneficiaries and defraying administrative expenses of the retirement system. [40 ILCS 5/1-109(a).]
- a fiduciary must discharge its duties to the retirement system with the same care, skill, prudence and diligence that a prudent expert would use in a similar enterprise. [40 ILCS 5/1-109(b).]
- a fiduciary must discharge its duties to the retirement system by diversifying the investments to minimize the risk of large losses, unless prudence dictates otherwise. [40 ILCS 5/1-109(c).]
- a fiduciary must discharge its duties to the retirement system in accordance with Articles 1 and 16 of the Illinois Pension Code. [40 ILCS 5/1-109(d).]
- a fiduciary must not cause the retirement system to engage in prohibited transactions. A fiduciary must not deal with the retirement system's assets for its own interest, or on behalf of any party whose interests are adverse to the retirement system or its participants or beneficiaries. [40 ILCS 5/1-110].

These statutes are the foundation for development of TRS's Investment Policy. For brevity and clarity, the Board adopts the following interpretation of the statute as its "Guiding Principles":

Principles Guiding TRS's Investment Activity

1. Preserve the long-term principal of the Trust fund.
2. Maximize total return within prudent risk parameters.
3. Act in the exclusive interest of the Members of the System.

These principles, combined with the applicable sections of the Illinois Pension Code [40 ILCS 5], serve as the basic guideline for this Investment Policy.

III. Investment Philosophy

Objective

TRS's Mission Statement indicates that we deliver expert pension service to Illinois public educators as they earn their promised retirement security. In order to provide benefits to its members, the System must accumulate and maintain the liquid financial reserves necessary to fulfill this obligation.

Liquid financial reserves shall be obtained from three sources: (1) contributions from the State of Illinois and participating school districts, (2) contributions from the members, (3) return on investments. For purposes of developing this Investment Policy, the System assumes that the mandated contributions from the State will continue in the future and remain an important source of funding for TRS. As important as the level of contributions is the return on investment of the assets of TRS. Based on general beliefs about the long-term investment returns available from a well-diversified and prudently invested portfolio, the Board has adopted the following Total Fund Real Rate Investment Objective:

TRS's Total Fund Real Rate Investment Objective

The goal of TRS's investment strategy is to achieve a total real rate of return of at least 4.50 percent per annum.¹

Risk

The investment risk philosophy for the System is based on the precepts of capital market theory that are generally accepted and followed by institutional investors, who by definition are long-term oriented investors. This philosophy holds that:

- Increasing risk is rewarded with compensating returns over time and, therefore, prudent risk taking is justifiable for long-term investors.
- Risk can be controlled through diversification of asset classes and investment approaches, as well as diversification of individual securities.
- Absolute levels of risk are reduced by time, and over time the relative performance of different asset classes is reasonably consistent. Over the long term, equity investments have provided and should continue to provide superior returns over other security types. Fixed-income securities can dampen volatility and provide liquidity in periods of depressed economic activity.
- The primary determinant of long-term investment performance is the strategic or long-term allocation of assets among various asset classes.

¹ The real rate of return is the rate by which long-term total return exceeds the long-term inflation rate. The Board employs an Actuarial Consultant for purposes of determining an appropriate inflation rate to be used in calculating TRS's pension obligations. The current assumed inflation rate is 2.50 percent per annum.

- Relative performance of various asset classes is unpredictable in the short term and attempts to shift tactically between asset classes are unlikely to be rewarded.

Given these principles, the System has established a long-term asset allocation policy that balances the return required to meet the System's objectives and the risk level that is appropriate under existing circumstances. In determining its risk posture, the Board has properly considered, in addition to its fiduciary obligations and statutory requirements, the System's purpose and characteristics, current and projected financial condition, liquidity needs, sources of contribution, income, and general business conditions.

To promote the likelihood of achieving the System's investment objectives, it's important for TRS Staff and the Investment Committee to monitor various risk measures on a regular basis. Monitoring will include realized and expected measurements utilizing various systems and consultant data. It is understood that there will be periods during which the Fund's risk profile could deviate from historical norms due to market events and/or active portfolio positioning. The primary risk measures regularly monitored will include:

1. Volatility: annualized standard deviation of Fund returns
2. Equity Beta: sensitivity of Fund returns to stock market returns
3. Risk Adjusted Returns: Sharpe Ratio or similar measures of Fund returns per unit of risk
4. Downside Performance: can include down market capture, downside risk, stress tests, or drawdown measures
5. Liquidity: the liquidity of the Fund including, but not limited to, marketability of investments and plan cash flows

With the exception of liquidity, the risk measures will be evaluated by comparison to the TRS Policy Index, as outlined in performance benchmark section of this policy, and peer group results over similar time periods.

Diversification

In order to achieve this real rate of return, the Board will rely on an investment strategy utilizing an appropriate long-term, diversified asset allocation model. Diversification distributes a portfolio across many investments to avoid excessive exposure to any one source of risk. Investors generally diversify their portfolios along the following attributes: asset classifications (stocks, bonds, real estate, private equity, and short-term investments), geography, industries, and maturity sectors. Other considerations in asset allocation modeling should take into account the purpose of the System, the size and financial condition of the fund, and general business conditions. The factors mentioned here are not intended to be limiting; rather, they are outlined as a general indication of the importance of diversification to proper asset allocation. Under such an allocation, the System's assets may be invested by some combination of internal and/or external managers. The Board will determine the proper allocation among asset classes, based on advice and analysis provided by Staff and/or an External General or Asset Class Consultant(s).

Formal Review Schedule

The Board recognizes that even though the System’s investments are subject to short-term volatility, it shall maintain a long-term investment focus. This prevents ad-hoc revisions to the philosophy and policies in reaction to either speculation or short-term market fluctuations. In order to preserve this long-term view, the Board has adopted the following formal review schedule:

Formal Review Agenda Item	Formal Review Schedule
Total Fund Performance	At least quarterly
Asset Allocation Policy	At least every three years
Asset Class Structure	At least annually
Investment Policy	At least annually
Investment Consultant Review	At least annually
Investment Manager Performance Review	At least annually
Custodian Review	At least annually

IV. Role Definitions

TRS is one of the larger public pension funds in the United States, as such its operational requirements are complex. The Board relies heavily on both Internal Staff and external contractors in order to properly administer the System and implement its investment strategies. Because of the number of parties involved, their roles as fiduciaries must be clearly identified to increase operational efficiency, to ensure clear lines of responsibility, and to reduce or eliminate duplication of effort.

Board of Trustees

The Board has the responsibility of establishing and maintaining broad policies and objectives for all aspects of the System's operation. The Board is responsible for prudent investment and expenditure of the System's funds and assets. Specifically with regard to investments, the Board takes action upon recommendations that come from its Investment Committee. The Board also approves actuarial assumptions, certifies contribution rates and determines policies pertaining to the administration of the plans and benefits under its jurisdiction and responsibility.

Investment Committee

The Board establishes the Investment Committee and elects the Chair and Vice-Chair of the Committee ("Chair" and "Vice Chair"). The Committee makes recommendations to the Board on investment actions including, but not limited to, the following topics:

1. All Board approved policies related to the Investment Program including:
 - The Investment Policy, Exhibits and/or Appendices
 - Rebalancing Policy
 - Manager Hiring & Termination Policy
 - Brokerage Policy
 - Proxy Voting Policy
 - Securities Class Action Litigation Policy
2. The Asset Allocation Policy and Asset Class Structure/Tactical Plans
3. Performance Benchmarks
4. The Master Trustee/Custodian ("Custodian") Relationship
5. The Securities Lending Program
6. Investment Manager Relationships
7. Consulting Relationships(s)
8. Other Service Providers

The Committee meets prior to the regular meeting of the Board to address overall investment activities. Staff and Consultant(s) brief the Committee on any topics or issues pertinent to the System's investment operations and results, and make recommendations to the Committee for appropriate courses of action. It is anticipated that the Chair will be an active participant in Staff/Consultant deliberations and will, as time permits, communicate regularly with the Chief Investment Officer and Investment Staff to monitor Staff's execution of the investment program and to review in advance matters to be presented by the Investment Committee to the Board. The Chair and, in the event the Chair is absent or unavailable the Vice Chair, will also be

responsible for reviewing, as necessary, investment actions to ensure Staff recommendations are consistent with previously established Board policies and/or directives. Generally, it is expected that the Committee will review these issues in relation to Board-established policies and adherence to internal decision procedures.

Chief Investment Officer

The Chief Investment Officer (“CIO”) is appointed by and serves at the pleasure of the Board. The CIO is responsible for planning, organizing, and administering the investment operations of the System under broad policy guidance and direction from the Board. The CIO, with assistance of Investment Staff, monitors the performance of the investment portfolio; ensures that funds are invested in accordance with Board policies; communicates with the Board, its Officers and the Investment Committee Chair and Vice Chair; studies, recommends, and implements policy and operational procedures that will enhance the investment program of TRS; and ensures that proper internal controls are developed to safeguard the assets of the System. In fulfilling these investment responsibilities, the CIO relies heavily on the Internal Investment Staff and Consultant(s).

Internal Investment Staff

The Internal Investment Staff reports directly or through their supervisors to the Chief Investment Officer (“CIO”). The Internal Investment Staff provides external investment manager monitoring, may provide internal investment management and provides consulting services to the Board and Director. In the course of the CIO’s normal functions, the CIO will work directly with the Board, Investment Committee and its Chair and/or Vice Chair. The frequency and content of reports to the Board are based on the requirements of the Investment Policy as well as directives from the Board and/or its Investment Committee.

The primary functions of the Internal Investment Staff include analyzing and rebalancing the overall asset allocation of the System and its portfolio structure; implementing the decisions of the Board; providing technical advice in the selection and monitoring of the external managers; serving as a liaison to the investment community; and informing and advising the Board on financial, economic and socio-political developments that may affect the System’s investments.

The Internal Investment Staff also works closely with the External Investment Consultant(s). Recommendations to the Investment Committee will generally be developed jointly by the Staff and Consultant with advice to the Chair and the Investment Committee. Once an item is identified as a potential agenda item, Staff and Consultant begin working together on the issue. If one group has more expertise in the particular area than the other, that party may do the majority of the work. In most if not all cases, however, any analysis or recommendation that is made to the Committee will be developed jointly and agreed to or approved by all parties.

Recommendations from staff are the responsibility of and developed by Staff Oversight Committees. All Oversight Committees are governed by policy and procedures documents which are typically reviewed annually. These governing documents are designed to ensure a prudent and consistent decision making process.

External Investment Consultant(s)

The Consultant is hired by and reports directly to the Board of Trustees. The Consultant's duty is to work with the Board, Investment Committee and its Chair, and Staff in the management of the investment process. This includes regular meetings with the Board to provide an independent perspective on the Fund's goals, structure, performance and managers. In the course of the Consultant's normal functions, the Consultant will work directly with the Staff to review asset allocations and performance and make recommendations to the Board as appropriate. The Consultant will assist Staff and the Committee with external investment manager selection and will promptly inform the System and discuss the impact of material changes taking place within any current Manager's organization or investment process. The Board may elect to retain one or more Consultants that specialize in specific areas of asset consulting. Performance of Investment Consultant(s) will be subject to annual review by the Investment Committee as well as prior to contract renewal.

The relationship between the Staff and Consultant is structured based on the concept of "checks and balances." It is expected that the majority of recommendations made to the Board will be jointly developed and supported by Staff and Consultant. However, given the degree of qualitative analysis involved in the decision-making process, it is possible that opinions of these two groups may differ on certain issues in which case the Chair shall be apprised so that he/she can provide guidance, after which the Chair shall communicate with other members with respect to said matters. Staff and Consultant should, in most cases, professionally resolve differences of opinion prior to presentation of formal recommendations.

External Investment Managers

The external Investment Managers ("Managers") serve at the pleasure of the Board. The Staff and Consultant will provide the Managers with explicit written directions detailing their particular assignments. They will select, buy, and sell specific securities or investments within the parameters specified by Staff and Consultant and in adherence to this Investment Policy or to other policies set forth by the Board. Managers will construct and manage investment portfolios that are consistent with the investment philosophy and disciplines for which the Board hired them. Certain Managers may also, at the direction of the Board, engage in a Securities Lending program. Discretion is delegated to the Managers to carry out these investment actions. Managers will provide performance reporting to the Staff utilizing standardized reporting formats and at intervals specified by Staff.

Custodian

The Custodian is selected by, and serves at the pleasure of, the Board. The Custodian(s) will collect income and safekeep all cash and securities, and will regularly summarize these holdings, along with both their individual and collective performance, for Staff's review. The Custodian will provide data and performance reports to the Staff and Consultant at intervals specified by the System's written policy or contract. In addition, a bank or trust depository arrangement will be utilized to accept and hold cash flow prior to allocating it to the Investment Managers, and to invest such cash in liquid, interest-bearing instruments. The Board authorizes asset allocation guidelines; in order to maintain these targets, Staff will direct the Custodian to allocate cash and/or securities to the System's Investment Managers as necessary. The Custodian may also,

at the direction of the Board, engage in a Securities Lending program. In the event additional securities lending agents are utilized by the System, the custodian will fully cooperate and provide additional or necessary reporting requested by the System.

Office of Legal Counsel

The role of the Office of Legal Counsel is to perform draft document review and provide legal advice on issues, as necessary, to protect the interests of the System. The Office of Legal Counsel does not review or approve investment decisions. The Office of Legal Counsel reviews business terms for proper form and legality. However, Legal Counsel review does not extend to aspects of business terms that require investment or financial expertise. The following documents and issues will be brought to the attention of the Office of Legal Counsel:

- Any document that the Executive Director is requested to sign.
- New investment management agreements, marked to identify any changes to the approved IMA master.
- Contracts with investment service providers.
- Letter agreements and side letters with any investment manager or investment service provider.
- Requests for proposals.
- Amendments to investment management agreements.
- Amendments to contracts with investment service providers.
- Nondisclosure and confidentiality agreements.
- Amendments to letter agreements and side letters.
- Revisions to the approved IMA master.
- Revisions to investment policies.
- Termination letters.
- Any matter that Investment Staff wishes to assign to outside counsel excluding routine matters for which the CIO may directly interact with outside counsel.
- Disclosure by any current or potential investment manager, or discovery of any lawsuit, SEC investigation, or other legal, administrative, or investigatory proceeding involving a current or potential investment manager or any of the manager's key personnel.
- Correspondence to or from any investment manager or investment service provider concerning actual or potential litigation or legal issue.
- Any material violation by an investment manager or investment service provider of any terms or obligations in a contract with the System that comes to the attention of Investment Staff excluding violations of investment parameters.

V. Consultant Notification Process

A professional relationship between the Consultant and the internal investment and management staff is essential to the successful completion of the tasks involved in the investment management process. Together, the Staff and Consultant prepare and present reports on investment performance and the results of manager due diligence meetings, as well as recommend investment opportunities for the System.

As noted in Section IV, a significant amount of qualitative judgment must be employed in the investment management process, hence the concept of “checks and balances.” This concept provides the foundation for the Board’s assurance that the recommendations and information it receives from Staff and Consultant are, in their collective professional opinions, in the best interest of the System. As an additional safeguard, the Board charges both the Staff and the Consultant with the responsibility of monitoring the implementation of its policies. It is the Board’s position that it is imperative for the Consultant to have the independence and ability to inform the Trustees in the event of any concerns related to System investment activity. Accordingly, the Board directs the Consultant to provide written notification of concerns or issues along with recommendations to the CIO, Director, Board Chair and Board as appropriate.

VI. Implementation

The Board recognizes that the complex investment processes of TRS require a substantial amount of daily attention. It is clear that the Board and Committee, meeting periodically, cannot oversee the day-to-day operations of the investment function. In order to promote operational efficiency in the implementation of its Investment Policy, the Board has employed various parties to carry out these duties. The efficiency of operations is critically dependent on the proper delegation and coordination of clearly defined assignments among the various parties listed in Section IV of this document.

This Investment Policy is written with the intent of providing a broad operational outline, or reference point, for implementing the investment philosophy and practices of TRS. Properly structured, a policy document of this nature should require little revision over time. Technical details such as asset allocation and manager structure assumptions, investment manager parameters, and cost management have been intentionally omitted from this document, due to the volume and complexity of these issues. These details will be maintained by TRS's Investment Staff and available to the Board as requested.

VII. Asset Allocation and Rebalancing Strategy

The System's asset allocation policy is intended to reflect, and be consistent with, the return objective and risk tolerance expressed in this Investment Policy Statement. It is designed to provide the highest probability of meeting or exceeding the System's objectives at a controlled level of risk that is acceptable to the Board. In establishing its risk tolerance, the Board considered its ability to withstand short- and intermediate-term volatility in investment performance and fluctuations in financial condition of the plan.

The Board has approved a broad, four asset class structure focused on the underlying risk profiles of the investment universe. The four classes (equity, income, real assets and diversifying strategies) are then further broken down based on the underlying characteristics (e.g. public equity vs private equity). In determining the appropriate strategic allocation among these asset classes, the Board, with assistance from Staff and Consultant, examined the historical and projected risk and return of the approved asset classes as well as the correlation among these asset classes. The Board also considered the expected impact of investment performance on the liabilities of the System for a range of reasonable investment policies. Based on its determination of the appropriate risk tolerance for the System, and its long-term return expectations, the Board has authorized the following Strategic and Interim Asset Allocation Policy:

Asset Allocation Policy Mix (Percent of total Fund)	Long-term	Interim
Equity	52%	52%
Public Equity	37%	37%
Private Equity	15%	15%
Real Assets	18%	18%
Real Estate	16%	16%
Other Real Assets	2%	2%
Diversifying Strategies	4%	5%
Income	26%	25%
Global Income	26%	23%
Short - Term	0%	2%
Total TRS	100%	100%

The target allocation will be reviewed annually for reasonableness relative to significant economic and market changes or to changes in the System's long-term goals and objectives. A formal asset allocation study should be conducted at least every three years to verify or amend the targets.

Strategic Allocation Rebalancing Policy

Rebalancing is the term that describes the periodic movement of funds from one asset or asset class to another for the purpose of realigning the assets with the asset allocation target. A rebalancing strategy is an important element of asset allocation policy. Systematic rebalancing will help ensure the Board’s approved asset allocation is maintained and related return/risk attributes are experienced over the long term. However, excessively tight ranges and frequent rebalancing can lead to unnecessary transaction costs.

The Board has chosen to adopt a rebalancing policy that is governed by allocation ranges rather than time periods. The ranges, specified in the table below, are a function of the volatility of each asset class and the proportion of the total fund allocated to the asset class. While the allocation to all asset classes remains within these limits, TRS Staff will first use cash flow, as available, to maintain the overall allocation as close as possible to the target. When an asset class violates the lower or upper limits, the public market fund may be actively rebalanced back to the target.

Relative to the broader risk-focused four class structure, the following rebalance ranges apply:

Strategic Allocation Rebalance	Lower Limit	Target Allocation	Upper Limit
Equity	42%	52%	62%
Public Equity	27%	37%	47%
Private Equity	12%	15%	18%
Real Assets	15%	18%	21%
Real Estate	13%	16%	19%
Other Real Assets	1%	2%	3%
Diversifying Strategies	3%	4%	10%
Income	21%	26%	33%
Global Income	21%	26%	31%
Short-Term	0%	0%	4%

When any one of the public market asset classes hits a trigger point, the entire fund may be rebalanced back to asset class target allocations with the understanding that it may be impractical to return certain less liquid classes precisely to target in the short term. Accordingly, qualitative considerations (e.g., transaction costs, liquidity needs, investment time horizons, etc.) will be considered in determining the potential timing and extent of rebalancing within private market portfolios.

Staff is responsible for developing and implementing a rebalancing plan that is appropriate for existing market conditions, with a primary objective of minimizing transaction costs and portfolio disruptions. Staff shall advise the Chair and/or Vice Chair in advance of proceeding with any rebalancing activity that occurs outside of the Board authorized limits. In the event an allocation trigger point is not reached, Staff may still make minor changes among asset classes and within individual asset classes, as needed, to more effectively implement the program and to maintain

proper exposure to the Board-approved asset allocation and asset class portfolio structures. Staff will report the results of all rebalancing activity to the Investment Committee at the regular meetings.

Asset Class Rebalancing Range

Establishing a rebalancing range allows Staff to implement modest position variances relative to policy targets in order to control risk, adjust to market opportunities, and/or minimize fund transaction costs. The Board allows Staff the ability to rebalance public markets asset classes within the ranges indicated in this policy and tactical plans.

VIII. Investment Manager Structure

The Board will authorize strategic decisions regarding the portfolio structure. The Board authorizes Staff to utilize external investment managers and implement a diversified investment strategy across asset classes. Staff and Consultant determine the structure within each asset class, which is established in asset class tactical plans or annual reviews and subsequently approved by the Board. One or more investment managers can be utilized to implement each component of the mandate structure. Staff may adjust the manager structure weightings for the purpose of risk control, cost control or performance improvement. All revisions to the manager and mandate structure are subject to approval of the applicable Staff Oversight Committee.

In order to implement this strategy, External Investment Managers will be given specific tactical roles within the overall strategic investment plan. Depending on their assignments, the Managers may be judged on some or all of the following criteria: (i) consistency of philosophy, style, and key personnel, (ii) performance relative to an appropriate index or proxy group, and (iii) ability to add incremental value after costs. Staff and Consultant will be responsible for implementation of this strategy, supervision of the Managers, performance monitoring and reporting. Updates will be provided to the Board (i) based on the schedule outlined in Section III, (ii) as requested by the Board, its Investment Committee or its Chair, and (iii) as deemed necessary by Staff and Consultant.

In order to adequately diversify the roster of investment managers, the System has established ten percent of the total fund as the maximum percentage of assets allowed under management by a single active investment management firm, including a parent and any wholly or partially owned affiliates, subsidiaries, or joint venture firms. Deviations above ten percent caused by market fluctuations will not result in an automatic withdrawal of funds from the manager. However, the manager will not be eligible to receive additional funds resulting from rebalancing or from a new mandate as long as the asset level remains above ten percent.

IX. Investment Manager Hiring Guidelines

Introduction

The Trustees of the Teachers' Retirement System ("TRS") have established the following guidelines for hiring external investment managers. In establishing these guidelines, it is the Board's intention to assure all interested parties that decisions made in carrying out these actions occur in a full disclosure environment characterized by competitive selection, objective evaluation, and proper documentation. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of plan participants and beneficiaries.

Clearly Defined Objectives

Any action to hire a manager should be based on one or more of the following observations:

- Identification of a new asset class or investment strategy which has been approved in advance by the Board.
- A need for diversification of styles within an existing asset class.
- A need to replace an investment manager terminated by the System or pending termination.
- A need to retain additional managers in order to reach an asset class target.
- A superior alternative to an incumbent has been discovered.

Search and Selection Process

The selection of new investment managers will adhere to a consistent process to ensure an open and competitive manager universe, proper evaluation and due diligence of all candidates, and selection of candidates that are best able to demonstrate the characteristics sought in a specific search. The intent of this process is identical for both the public and private markets yet, recognizing the specific characteristics of these markets, there are some implementation differences in the search process. The process includes the following steps:

1. Establish Investment Manager Selection Criteria

Investment manager searches may be initiated by Staff seeking to optimize the investment portfolio under the guidance of the applicable Staff Oversight Committee and Board-approved asset allocation and portfolio structure. In either event, the initial step in every manager search process will be formulation of specific manager search criteria that establish the qualifications for the manager's role. For public market searches (for the purposes of this section, the "public markets" asset classes are defined as U.S. equities, international equities and global income), Staff, working with the Consultant, will prepare a written candidate profile that lists specific requirements for each search. The profile will specify quantitative factors such as minimum assets under management minimum track record, and other risk or return objectives deemed necessary. The profile may also specify qualitative factors including, but not limited to, size and tenure of professional staff, investment strategy and process, or organizational stability.

Specific manager search criteria will also be established within the small and mid-cap public equity segment. However, recognizing the unique differences and competitiveness of this

particular segment, Staff will continuously monitor the investment manager universe for attractive candidates.

In the private markets, the development of an annual tactical plan establishes the criteria, investment strategy and allocation targets. Staff, working with the Consultant, will prepare the tactical plan for presentation to the Committee at the beginning of each fiscal year. Over the course of the tactical plan period, Staff and Consultant will work prudently to identify managers/funds available in the marketplace that will best position the TRS portfolio to its intended private market strategic and allocation targets.

2. Identify qualified candidates

The second step is identifying investment organizations and products that meet the search criteria. In public markets searches, the manager search database maintained by the Investment Consultant will serve as the pool from which candidates will be selected. Prior to the database screening, investment managers may request to participate in the search and Board and Staff members may request that specific managers be included in the search. However, to be included in a search, investment managers not currently in the Consultant's database must submit a completed questionnaire to the Consultant prior to the specified screening date. All investment managers in the Consultant's database that offer an appropriate product and meet requirements for asset size and track record will be selected for review. Staff and Consultant staff will then review the candidate list to eliminate any products that fail to meet qualitative screens.

Within the small and mid-cap public equity segment, Staff and the Consultant will formally screen the full manager universe as needed given small cap structure considerations. All managers in the database or having submitted questionnaires to the Consultant prior to that date will be screened for consideration.

In the private markets, managers and funds will be opportunistically reviewed as they are available in the market. All investment opportunities will be reviewed relative to the System's annual tactical plan, as well as on the quality of the investment manager's team, process and strategy. Staff will eliminate any products that fail to meet the System's qualitative requirements and/or do not adequately fit into a strategic allocation defined in the annual tactical plan. While the typical search activity within private assets is related to identification of limited partnership interests in private markets funds, this identification process also applies to private asset separate account managers.

3. Solicit Proposals from Qualified Candidates

In public market searches, Staff working with the Consultant may send a Request for Proposal ("RFP") or Request for Information ("RFI") to the candidates identified in the initial screening process. Responses will be submitted to Staff and Consultant within a reasonable time frame specified in the RFP. Similarly, in private markets searches, Staff may send a detailed questionnaire to candidates identified in the initial screening process. Responses will be submitted to Staff and thoroughly reviewed in the course of due diligence.

4. Final Recommendation and Selection

Based on the candidate responses, Staff and Consultant will recommend managers to the applicable Staff Oversight Committee for final approval. Documentation to the applicable Oversight Committee will include a timeline of the search process, a summary of that process, and confirmation that the search was conducted in accordance with TRS policy. Within the public markets asset classes, Staff and Consultant, with the approval of the applicable Staff Oversight Committee, will select manager(s) to be hired and for initial funding, including source of funds. Allocations should be consistent with the Board-approved asset allocation and portfolio structure. In choosing the investment managers, Staff and Consultant will favor those firms that, based on quantitative and qualitative factors, appear to have the highest probability of success over the next three to five years and appear to be best prepared to work successfully with the Board, Staff and Consultant. At the meeting immediately following funding, Staff and Consultant will provide the Investment Committee an update on search activity, along with necessary reports related to the search, including a selection/compliance checklist confirming adherence to Board-approved policies.

Recognizing the opportunistic nature of the private market vehicles and the varied nature of fund-raising cycles, Staff will present a candidate to fill a specific allocation within the private equity, real estate, private debt, and diversifying strategies tactical plan(s) to the applicable Staff Oversight Committee for final approval. Candidates will be selected such that, based upon both qualitative and quantitative consideration, the fund possesses the highest probability of success over the life of the investment. Any finalist firm successfully passing due diligence review and fee and contract negotiations may be presented to the applicable Staff Oversight Committee. With approval and in compliance with all provisions of the applicable tactical plan (including any specified funding limits), staff is authorized to implement the recommendation. At the next scheduled meeting of the Investment Committee following the commitment, staff will provide the Committee any necessary reports related to the commitment and when requested a selection/compliance checklist confirming adherence to Board-approved policies.

Finally, the System's alternative investment relationships will often present opportunities for co-investment alongside fund investments. When these investments are complementary to the portfolio, it is advantageous to the System to participate in these opportunities as they provide return enhancement at lower fee structures. Co-investment opportunities are typically presented to TRS staff from existing alternative investment managers. Staff conducts their own separate due diligence on each co-investment opportunity with final approval granted by the applicable Staff Oversight Committee.

Note that any recommendation falling outside Board-approved policies will be presented to the Investment Committee for consideration (e.g. investment strategies or recommendations outside the specified areas of an asset class, tactical plan, or established funding limits).

It is also anticipated that Staff will present Investment Managers (particularly larger and/or key relationships) to the Investment Committee or Board on a routine basis. Given their importance to the overall investment program, these managers will be asked to present on items such as the

specific performance of their mandate, or in an educational capacity to represent their expert views of current market conditions or industry segments.

Competitive Environment

All efforts should be conducted in an open and competitive environment in order to assure that qualified service providers are identified, with consistent expectations and actual results for comparison. In cases where multiple providers exist, a meaningful sample of qualified service providers may be considered and evaluated in relationship to one another. It is acknowledged that other than when hiring passive index managers, many of the criteria considered in evaluating potential investment managers will be subjective. Although cost shall always be a factor considered when evaluating investment managers, it is to be anticipated that only in rare circumstances will cost be the controlling consideration.

Proper Documentation and Full Disclosure

When overseeing reviews of the delegated hiring of external investment services provided by Staff, the primary focus of the Investment Committee and Board shall be on whether decisions followed established processes and procedures in the Pension Code, administrative rules and this Investment Policy. Toward this end, the Chair and Committee members may request the written supporting documentation to assure the greatest possible disclosure of all relevant issues, including the investment search process, investment sourcing and related due diligence. In evaluating a hiring decision, Staff, Consultant and the applicable Staff Oversight Committee should review documentation to ensure that the search process was fair, and that the screening process was consistently applied. Potential service providers or candidates may, at the pleasure of the Board or upon the recommendation of Staff and Consultant, be asked to make a formal presentation at any time. All documents required to complete an investment transaction in any asset class shall be negotiated in final form and approved by the Staff Oversight Committee. Any exception due to pending negotiation shall be fully disclosed to the Investment Committee and reflected in any related Board resolution.

Defining Expectations

In the case where a manager is hired within a public markets search, the search process document shall include, but may not be limited to, the following:

1. a summary of performance criteria considerations,
2. the absolute and relative risks inherent in the manager's approach,
3. staff's qualitative assessment, and
4. identification of relevant comparative measures such as benchmarks and/or peer samples.

Staff and Consultant shall incorporate the relevant factors related to expectations of the manager into the executed Investment Management Agreement.

For private markets investments, the Committee will be presented with due diligence documentation that will include, but may not be limited to, the following:

1. a full description of the firm, fund and key partners,
2. terms and conditions of the fund,
3. an analysis of the key concerns and/or risks inherent in the investment, and
4. the suitability of the investment within the System's tactical plan and investment portfolio.

Similar to public markets investments, Staff shall incorporate all relevant factors related to expectations of the manager into the executed Partnership and Subscription Agreements.

Board Reporting and Monitoring

After a manager is selected, the Staff and Consultant will regularly monitor the manager's results versus expectations. The System's Staff and Consultant will conduct periodic due diligence meetings with the outside organizations and are responsible for collaboration on relevant issues and reporting to the Board on any material events regarding an investment manager.

Oversight responsibilities within private market relationships include active participation on fund Advisory Boards (when TRS holds a seat on such Boards), periodic portfolio reviews, and appropriate attendance at partnership annual meetings.

Placement Fees

The System does not permit the payment of third-party placement, marketing, solicitor's, finder's, consulting, or any other contingent fee in relation to the procurement of a TRS investment.

X. Investment Manager Retention Analysis

Introduction

Manager retention decisions have the same potential impact on returns as do the initial selection of the manager and should be afforded the same degree of attention. As in the search process, a discipline is needed which will minimize the probability of retaining an underperforming manager that continues to underperform or terminating a currently underperforming manager just before a period of very strong performance.

The following framework for Investment Manager Retention Analysis allows for the identification of existing and potential problems and outlines how and when TRS should address specific issues and events thereby avoiding untimely or ad-hoc decisions that may adversely impact fund returns. This policy will apply to all of TRS's external managers, except where otherwise noted, and is intended to accomplish these objectives:

- foster a long-term approach to manager evaluations,
- provide a logical and statistically valid framework for manager skill evaluation,
- promote timely and appropriate responses to actual and potential performance issues, and
- provide flexibility to allow application across all asset classes, management styles, and market environments.

Monitoring and Evaluation Process

The framework for retention analysis relies on a formal performance reporting process that includes:

- Monthly performance reports from Custodian to the Staff. These reports will detail the individual performance of managers and the overall performance of the fund.
- Quarterly performance reports from the investment managers to Staff. These reports will utilize a standardized reporting format specified by the System for its public markets separate accounts.
- Regular reports from the Staff and Consultant to the Investment Committee at regular Committee meetings.

The formal performance reports are supplemented by qualitative analysis that is generated in the course of regular, on-going contact between the investment managers, TRS Staff and the Consultant. Generally, that contact takes the following form:

- The annual review process within public markets and diversifying strategies mandates will include a meeting (in person, videoconference, or teleconference as needed) and shall typically be held no less than annually.² Each meeting will include a review of the investment manager's performance, current investment strategy, and other issues related to the manager's organization, personnel, or investment process. If performance or organizational

² Meetings with Passive Managers are generally held biennially rather than annually.

issues arise for a specific manager, Staff may be in contact with the manager on a regular basis until the issues are resolved.

- The Consultant will participate in many of the Staff scheduled manager meetings and will meet with managers at others times during the year in the normal course of their monitoring process.
- The Investment Committee or its Chair, the Staff, and/or the Consultant may call any investment manager to appear before the Board at any time during the fiscal year.

Watch List and Termination Guidelines

Quantitative Factors Resulting in Watch List Additions and Recommended Actions

As stated earlier, a number of factors may contribute to a manager's over- or under-performance at any given time - market dynamics, investment skill, and/or pure chance. Given this uncertainty, it is unwise to mandate termination purely for lagging performance at any specific point. The following represents the guideline used for placing a public market manager on the Watch List:

- if the manager's rolling, three-year return (net of fees) plots below the rolling, three-year benchmark return for two (2) consecutive quarters

Once a manager is placed on a Watch List, the Staff Oversight Committee will be notified, and performance will be closely monitored and scrutinized. Additional actions could include Staff meetings with the manager or a formal re-interview of the manager. A recommended course of action from Staff and/or Consultant must be made to the Staff Oversight Committee at the meeting following inclusion on the Watch List. The manager shall remain on the Watch List subject to a subsequent recommendation by Staff and Consultant as to the manager's ongoing relationship. Generally, one period of rolling, three-year return plots above the benchmark line following placement on the Watch List will result in the manager's removal from that list. The observation process will at this point begin again.

Qualitative Factors Resulting in Watch List Addition and Recommended Actions

In-depth qualitative analysis is conducted on potential investment managers during the System's systematic manager search process. This analysis covers areas such as style, philosophy, process, personnel, and organizational structure. Similar analysis will be employed on an ongoing basis during the contract period with each manager, whether passive or active.

A significant and potentially adverse event related, but not limited, to any of the following qualitative issues or events will be considered a reason to add the manager to the Watch List. Watch List additions will be reported to the applicable Staff Oversight Committee at its next regular meeting. If the issue is considered serious enough, a special meeting of the Staff Oversight Committee may be requested for review and action. Examples include, but are not limited to, these events:

- significant changes in firm ownership and/or structure,
- loss of one or more key personnel,
- significant loss of clients and/or assets under management,
- shifts in the firm's philosophy or process,
- significant and persistent lack of responsiveness to client requests,
- when applicable, the downgrading of the investment strategy by the applicable asset class consultant
- chronic violations of TRS's Investment Policy or Parameters, or
- any other issue or situation of which the Staff, Consultant and/or Committee become aware that is deemed material by them.

After an assessment of the nature of the problem or potential problem, the applicable Staff Oversight Committee should then make a determination as to the appropriate course of action at the meeting after notification. Possible responses include, but are not limited to, these:

- no action,
- placement on a Watch List,
- immediate Staff meetings with the manager,
- formal interview of the manager,
- initiation of a Comprehensive Review, or
- termination.

Because of the subjective nature of Qualitative Analysis, each situation should be handled on a case-by-case basis. It should be noted that transition costs should be considered as an element of termination decisions.

Conclusion

This Framework provides guidelines that are useful in determining the conditions under which a contract relationship between an investment manager and TRS should be called into question. In addition, circumstances are depicted in which Staff and/or the Board of Trustees may elect to terminate a manager for cause (all of TRS's public market investment manager contracts may be terminated, with or without cause, immediately upon notification).

A manager retention decision is very important to the continued success of a pension fund's investment strategy. As such, it should not be taken lightly nor should it be made with blind reliance on quantitative or qualitative guidelines. The ultimate decision rests in the collective judgment of the applicable Staff Oversight Committee, by granted authority of the Board of Trustees, following consultation with the responsible Staff and/or the Consultant. **Nothing contained in this Investment Manager Retention Policy mandates retention or termination of an investment manager.**

XI. Investment Manager Termination Guidelines

Introduction

From time to time it will be necessary for the System to terminate a contractual relationship with an Investment Manager and these actions must be viewed in the context of a business decision. Due to the sensitivity of this issue, the Board has established the following guidelines to assist in making these termination decisions. In establishing these guidelines, it is the Board's intention to assure all interested parties that decisions made in carrying out these actions occur in a full disclosure environment characterized by competitive bidding, objective evaluation, and proper documentation. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of plan participants and beneficiaries.

Clearly Defined Objectives

Any action to terminate a manager should be based on one or more of the following primary criteria:

- significant changes in firm ownership and/or structure,
- loss of one or more key personnel,
- significant loss of clients and/or assets under management,
- shifts in the firm's philosophy or process,
- significant and persistent lack of responsiveness to client requests,
- changes in TRS's investment strategy eliminating the need for a particular style or strategy,
- chronic violations of TRS's Investment Policy or Parameters,
- unsatisfactory investment performance,
- identification of a new asset class or approach which has been approved in advance by the Board,
- a need for diversification of styles within an existing asset class, or
- a superior alternative to an incumbent has been discovered.

Prior to the termination decision, the primary and other relevant considerations shall be identified and described. An evaluation covering the quantitative and qualitative issues to be considered will be developed for each case and the relative importance of each evaluation area will be determined. Documentation regarding any such action should include, but is not limited to, the following items:

- a full description of the reason for the action, including the specific elements serving as the basis for the evaluation and identification of the relevant issues from the System's perspective,
- the assumptions made in the evaluation, if any,
- the results considered and/or qualitative issues upon which the action was based, and
- an objective discussion of the risks, costs, and expected benefits is also to be included if appropriate to the subject matter.

Given the importance of making timely and prudent investment decisions related to managers of concern, Staff and Consultant, with the approval of the applicable Staff Oversight Committee, may initiate termination of any manager that is deemed to no longer fit within the System's asset allocation and specific asset class structure. To ensure the appropriateness of such decisions, specific documentation will be presented to the Oversight Committee detailing the rationale for such activity.

In the event of termination, Staff and Consultant, with the approval of the Staff Oversight Committee, will transition assets from the terminated manager to the successful finalist of an investment manager search, rebalance to other TRS investment managers, assign the assets to passive index management, or utilize proceeds to facilitate cash requirements. A report shall be provided to the Investment Committee and Board.

Proper Documentation and Full Disclosure

When reviewing the documentation regarding the termination of an external investment service provider, the primary focus of the Investment Committee shall be on ensuring that the Board will be able to satisfy any interested party that decisions were well reasoned, thoroughly considered, and prudent. Toward this end, the Chair, Vice-Chair and Committee members may request the written supporting documentation to ensure disclosure of all relevant issues. In evaluating a termination decision, Staff, Consultant and the Committee should review documentation to ensure that the evaluation process was fair and consistently applied. Candidates for termination may, at the pleasure of the Committee or upon the recommendation of Staff and Consultant, be asked to make a formal presentation to the Staff and/or Committee prior to a termination decision, but any such meeting shall not be permitted to delay any action the Board deems appropriate.

XII. Transition Management

Definitions

Transition management is defined as the professional management of trading out of one portfolio of marketable securities (“legacy” portfolio) and into another portfolio of marketable securities (“target” portfolio), while controlling for the timeliness of trades, explicit and implicit costs, and market exposure relative to a predetermined benchmark. Transition management includes, but is not limited to, the termination and hiring of investment managers. It also may apply to rebalancing between asset classes, large cash contributions/withdrawals to and from a manager and strategy changes within the fund. Transition management is most commonly utilized in domestic equity, international equity, and certain global income portfolios.

The implementation shortfall, which correctly captures both implicit and explicit costs, is generally used to measure transition events. This is the difference in the return between a hypothetical portfolio, in which positions are established at the prevailing price when the trade decision is made, and the transitioning portfolio’s actual return. Explicit costs are the direct costs of trading, primarily consisting of brokerage commissions and exchange fees and taxes. Implicit costs, by contrast, represent indirect trading costs such as the bid/ask spread, market impact (i.e. the effect trading has on market prices) and the opportunity cost (i.e. effect of market movements over the time it takes to execute a trade).

Objective

Transitions are an important and inevitable element of portfolio management. The optimal method to use in executing a transition may vary significantly from one transition to another based on the types of assets involved and the timeframe in question. Generally, the System’s objective in a manager transition is to implement the change in a cost-effective, timely manner while maintaining the appropriate market exposure. Efforts should be made to minimize implementation shortfall, rather than any single cost component.

Transition Manager Pool Selection Process

TRS staff will manage the transition manager pool selection process. The System’s transition manager pool consists of Staff Oversight Committee approved transition managers. To be considered for inclusion in the transition manager pool, transition managers must complete the TRS Transition Management Request for Proposal. Proposals will be evaluated based upon the criteria outlined in the RFP, which may include: quality and completeness of the response, ability to fulfill the requirements of the scope of services, and the qualifications and experience of the firm. TRS reserves the right to reject any and/or all proposals prior to the execution of a contractual agreement. The transition manager pool will be reevaluated as needed.

Transition Manager Assignment / Scope of Services

The criteria for choosing a transition manager to execute a transition will vary, just as the circumstances and types of portfolios being transitioned will vary. TRS does not use the same metrics in evaluating a transition manager when rebalancing from global income to large cap equity as when changing international equity managers with similar mandates.

In selecting a transition manager for a given event, TRS staff will evaluate among other factors each transition manager's total cost estimate, as well as the proposed trading timeframe and implementation strategy. TRS staff will also consider each transition manager's capabilities and experience in the relevant securities markets.

In most instances transition management services will be executed by a transition manager in the System's approved transition manager pool. However, in some instances TRS staff may believe it is more appropriate for one of the System's investment managers to provide these services.

All transition manager assignments require the written approval of the Executive Director or designee. Prior to engaging in a transition, the Form of Transition Notice must be signed by the selected transition manager and TRS.

The transition manager's scope of services may include but are not necessarily limited to the following.

- A. Trading securities from the legacy portfolio(s) to the target portfolio(s). These trading services could encompass multiple asset classes and multiple managers across all capitalization range.
- B. Minimizing tracking error and maintaining asset class or benchmark exposure.
- C. Utilizing derivatives and ETFs when deemed appropriate.
- D. Reporting the outcome and results of the transition. The report shall include relevant statistics, including cost and full trading/transaction reports.

Performance Measurement Reporting

The transition manager shall provide a post-trade analysis to the System detailing the specific costs of the transition, including explicit and implicit costs. An evaluation will be made for each transition based on the transition's cost effectiveness and implementation efficiency.

Staff will provide to the Investment Committee, on an annual basis, a summary report of all transition activity occurring over the course of the fiscal year.

Liquidation of Other Assets

The System may, from time to time, receive stock distributions from its private equity managers as well as other miscellaneous securities distributions from private asset managers. These distributions will be liquidated in an orderly manner to maximize value. Staff may, at its discretion, utilize either the distributing broker or another transition manager, if such managers offer more efficient liquidation of distributed securities. Selection of another broker requires the concurrence of the Executive Director or designee.

The System may, from time to time, receive foreign currencies such as foreign tax reclaims. These foreign currencies will be converted to U.S. dollars in an orderly manner to maximize value. Typically, the System's Custodian will provide the currency conversion services, unless Staff believes selection of another broker would be more advantageous to the System. Selection of another broker requires the concurrence of the Executive Director or designee.

XIII. Performance Benchmarks

Real Return Objective

The most important investment return objective to be considered when evaluating the System's performance is measured by a comparison of the fund's return to the real rate of return that must be achieved in order for TRS to meet its benefit obligations. While it is not critical to perform this comparison over shorter time periods (one to five years) the fund's returns relative to its Real Rate of Return Objective over longer time periods (5 to 30 years) should be closely monitored. Based on recommendations by its Actuarial Consultant, the Board has adopted the following real return objective:

TRS's Real Rate of Return Objective is to achieve a total return of at least 4.50 percent per annum in excess of the inflation rate.³

Asset Allocation Benchmarks

Another important return objective to be considered when evaluating the fund's performance is measured by a comparison of the fund returns to a set of Asset Allocation Policy Benchmarks (hereinafter referred to as the "Policy Index"). The Policy Index should represent the broad investment opportunities of each asset class in which TRS has chosen to invest. The returns of the Policy Index should be used as reference points against which the Board of Trustees, Staff and the Asset Consultant compare the fund's total asset class returns. In situations in which the Board makes decisions to strategically overweight/underweight certain areas and/or to manage a portion of the assets actively, then this comparison should not be made to draw conclusions over time periods of less than a full economic cycle. However, if over a full economic cycle favorable results are not experienced, every effort should be made to determine if the strategic decisions remain justified given current information. Based on recommendations by Staff and Consultant, the Board has selected the following Policy Index:

ASSET CLASS	POLICY INDEX	PERCENT OF TOTAL BENCHMARK
Public Equity	MSCI ACWI Investable Market Index	37%
Global Income	Bloomberg Barclays Aggregate Index (Hedged)	26%
Real Estate	TRS Real Estate Index	16%
Private Equity	Russell 3000 Index + 3.00%	15%
Other Real Assets	CPI + 5.00%	2%
Diversifying Strategies	T-Bills + 4.00%	4%
Short-term Investments	ICE BoAML 91-day T-Bill Index	0%
	TRS Policy Index	100%

³ The real rate of return is the rate by which long-term total return exceeds the long-term inflation rate. The Board employs an Actuarial Consultant for purposes of determining an appropriate inflation rate to be used in calculating TRS's pension obligations. The current assumed inflation rate is 2.50 percent per annum.

Again, recognizing the prudence of making measured movement toward long-term policy targets, the Board has set the following interim Policy Index:

ASSET CLASS	POLICY INDEX	PERCENT OF TOTAL BENCHMARK
Public Equity	MSCI ACWI Investable Market Index	37%
Global Income	Bloomberg Barclays Aggregate Index (Hedged)	23%
Real Estate	TRS Real Estate Index	16%
Private Equity	Russell 3000 Index + 3.00%	15%
Other Real Assets	CPI + 5.00%	2%
Diversifying Strategies	T-Bills + 4.00%	5%
Short-term Investments	ICE BoAML 91-day T-Bill Index	2%
	TRS Policy Index	100%

This short-term Policy Index will be reviewed and adjusted as the System makes appropriate progress toward its long-term investment targets.

These policy benchmarks, once determined, allow the System to be judged (1) by its performance relative to broad market indices, (2) by its long-term performance relative to its actuarial assumptions, and (3) by its performance relative to other public pension systems as a reference point of oversight. Policy benchmarks will be reviewed and reaffirmed for suitability as part of the tactical plan or annual review for each asset class.

There may be short-term variations from these objectives; the Board believes, however, that over the long term (market cycle to market cycle), these goals should be attainable. In the short term, individual Managers will not be measured against the aggregate fund objective nor against the real rate of return target outlined above. Managers may be evaluated using these criteria or standards:

1. against appropriate market indices on both a risk-adjusted and nominal basis;
2. against peers within their style groups;
3. on adherence to their stated investment styles; and
4. on adherence to this Investment Policy and compliance with their established parameters.

Staff and Consultant are responsible for implementation of the investment strategy, supervision of the System's Managers, performance monitoring and reporting. Updates will be provided to the Board (i) based on the schedule outlined in Section III, (ii) as requested by the Board, its Investment Committee or its Chair, and (iii) as deemed necessary by Staff and Consultant.

XIV. Custodial Credit Risk

Pursuant to the Illinois Pension Code 40 ILCS 5/16-179, the Board of Trustees has statutory authority to be the trustee of the reserves created under Article 16 of the Pension Code. Pursuant to 40 ILCS 5/16-181, the Board may deposit TRS trust funds with one or more banks, savings and loan associations, or trust companies. This policy addresses how TRS will handle custodial credit risk.

Credit risk is the risk that an issuer or other counterparty to an investment transaction will not fulfill its obligations. Custodial credit risk is the risk that, in the event of a financial institution failure, TRS would not be able to recover the value of deposits or investments in the possession of an outside party. To minimize this risk, TRS takes the following measures:

1. Perform due diligence for custody financial institutions and advisors with which TRS will do business and appropriately document business relationships with these service providers.
2. Provide investment parameters for the investment vehicles discussed in section XIV and further detailed in the specific Investment Manager Agreements.
3. Conduct an annual review of the financial condition of the custodian. If the review produces cause for concern, the Board of Trustees will determine appropriate action.
4. Endeavor to have all investments held in custodial accounts through an agent, in the name of custodian's nominee⁴, or in a corporate depository or federal book entry account system. For those investment assets held outside of the custodian, TRS will follow the applicable regulatory rules.
5. Require the custodian to meet the following requirements:
 - The custodian or its sub-custodians will provide safekeeping of all TRS securities in segregated accounts that reflect the holdings of TRS; the custodian will not commingle TRS securities with the custodian's own securities.
 - Monthly reports will be provided/made available by the custodian.

⁴ Registered owner of a stock or bond if different from the beneficial owner, who acts as holder of record for securities and other assets. Nominee ownership simplifies the registration and transfer of securities.

XV. General Investment Restrictions and/or Guidelines

- Leverage used with any investment strategy will be consistent with the discipline for which the Board hired the Manager. Use of leverage will be controlled as appropriate in the Manager's investment parameters, and will be subject to review by Staff, Consultant, and/or Investment Committee.
- Assets may be held in commingled funds and/or privately managed separate accounts. Exposure through commingled funds shall be evaluated on a case-specific basis through analysis of the fund's "offering document." Upon review by the Staff and Consultant, the "offering document" becomes the specific investment guidelines for that allocation.
- All investments made shall be subject to the type, quality, and diversification restrictions established by the Illinois Pension Code [40 ILCS 5].
- No investment or action pursuant to an investment may be taken unless expressly permitted by this Policy. Exceptions may be made subject to prior review by and express written authorization from the Board. In the event that any exception is discovered which has not been specifically authorized, the Staff will immediately provide to the Board a detailed explanation of the exception and action being taken to remedy the situation.
- If the Board elects to participate in a securities lending program, one or more Managers may be retained to lend investment securities of the fund. Cash collateral received from securities borrowers will be deposited upon receipt in an approved short-term investment vehicle or vehicles. The Agent may lend financial securities (including but not limited to U.S. and non-U.S. equities, corporate bonds and U.S. and non-U.S. government securities). This Agent shall have full discretion over the selection of borrowers (the System does reserve the right to prohibit any borrower) and shall continually review the creditworthiness of potential borrowers through extensive analysis of publicly available information and any other material available to them. All loans shall be fully collateralized. Securities on loan should be marked-to-market on a daily basis to assess adequacy of collateralization. The Agent shall provide periodic performance reports to the Staff and Consultant. The Securities Lending program should in no way inhibit the portfolio management activities of the other Managers of the System.
- Cash equivalents held by Managers can be disruptive to the allocation process. Managers are therefore expected to be fully invested at all times in the types of securities for which they have responsibility. Exceptions include the brief periods between the sale and purchase of securities, specific authorization granted to a Manager, or a direct allocation made by the System to a cash or low duration mandate.
- The Board is responsible for establishing and maintaining the Rebalancing Process outlined in Section VII. This process outlines the timing and method by which the portfolio is to be rebalanced. Based on this process, it will be necessary to periodically rebalance the portfolio

as a result of market value fluctuations. The Board has delegated the operational rebalancing responsibilities to Staff to be implemented in accordance with the Board approved process.

- The System is exposed to currency risk through its investment program. Over long periods of time, currency movements do not add significant returns to the portfolio. The Board may authorize Staff to hedge this risk or seek return from this risk by employing active currency management. TRS utilizes unhedged benchmarks and does not require its Managers to hedge the currency exposure in their portfolios.

XVI. Performance Monitoring

Performance reviews are a critical part of the portfolio management process. The Board will rely on its External Investment Managers, Consultant(s), Custodian, and Staff to provide periodic performance reviews.

Managers: shall, as directed by Staff, provide periodic performance reports utilizing a standardized reporting format for public market separate accounts. Managers may provide their standard performance information in a different format as supplemental information only, at their discretion. Managers may be asked to make periodic performance presentations to Staff, the Consultant and/or the Board.

Custodian: shall, as directed by Staff, provide periodic performance reports to Staff and Consultant. These reports shall detail the individual performance of Managers and the overall performance of the fund. If the System elects to engage in securities lending with the Custodian, the Custodian shall report the results of any securities lending activities undertaken during the reporting period.

Consultant: shall provide quarterly performance reports to Staff and the Board at its regular meetings. In preparing these reports, the Consultant will rely upon asset values and performance calculations reported by the Custodian.

Staff: shall be responsible for ensuring that performance reports are received in a timely manner from these parties and will provide continual supervision of external performance reporting on the portfolio. Staff will work with the Consultant to complete a detailed performance measurement booklet on a quarterly basis. The executive summary will, at a minimum, include information for the most recently available one-, three-, and five-year periods.

XVII. Proxy Voting

Active voting of proxies is an important part of the Board's investment program. Managers will be required to establish a proxy-voting program in coordination with System Staff and are required to vote proxies in the interests of the Members of the System. Records of proxy votes shall be maintained by the Managers and submitted to Staff and /or external service providers on request or at specified intervals.

Staff will monitor the proxy voting practices of the System's external Investment Managers. External service providers may be retained by the Board to assist Staff in its monitoring efforts. This monitoring will be coordinated with each Manager to reasonably assure the Staff that Managers are fulfilling their fiduciary responsibilities with respect to proxy voting.

Staff will provide a proxy voting summary report to the Board on an annual basis as soon as practical after fiscal year-end (June 30). At a minimum, the summary report will contain, for each applicable Manager, the number of ballots cast, the number of issues voted upon, and percent of issues voted with management, against management and designated as abstaining. Staff also publishes on the TRS website an annual fiduciary report addressing, in part, how the System manages its proxy voting responsibility.

In those instances where Staff votes proxies (when assets are in transition, for example), proxy votes will be cast with management unless the Executive Director directs otherwise.

XVIII. Brokerage Expense Management

As part of its fiduciary responsibility to the Members of the System, it is important that the Board maintain a prudent policy pertaining to brokerage commissions paid on securities transactions. This Policy supersedes any prior Brokerage Policy. The Board hereby delegates discretion over placement and execution of securities transactions to its Managers subject to the following considerations.

Brokerage Commissions

It is the intention of the Board that all securities transactions be affected through brokerage firms consistent with best execution principles as outlined in the Investment Management Agreement with each Manager. TRS requires that its equity managers closely scrutinize brokerage costs, which vary with investment styles and philosophies as some transactions are more or less difficult to execute than others.

TRS's equity managers will, upon request, be required to provide Staff with a report showing all brokerage transactions effected on behalf of the System. The Custodian shall also provide brokerage information to Staff.

Soft Dollars

The Board recognizes that "Soft Dollar" Commissions are allowed under Section 28(e) of the Securities and Exchange Act of 1934 (commonly referred to as the 'Safe Harbor' provisions). The Board requires its Managers to provide accounting of any soft dollar transactions involving securities of the System. These reports shall be provided on a quarterly basis to Staff and shall include the number of shares traded, dollar amount of soft dollar commissions, the brokerage firms to which they were directed, and an explanation of the goods or services received. The System will no longer employ internal soft dollar accounts for vendor payments; however, the Board recognizes that external Managers are allowed the use of soft dollars with Managers continuing to fulfill required disclosures to TRS Staff. All soft dollars generated under this section of the Investment Policy shall be the property of the System.

Managers are expected to work diligently in the effective management of the System's commission expenses. As part of its compliance monitoring efforts, Staff will report chronic or material violations of either the letter or the intent of this Brokerage Policy to the Board. Also, Staff shall provide the Board with an annual summary of brokerage activity including that of directed brokerage.

XIX. Sustainability Policy Statement

TRS shall include material, relevant, and decision-useful sustainability factors that will be considered by the Board, within the bounds of financial and fiduciary prudence in evaluating investment decisions. These factors consist of but are not limited to:

- Corporate governance and leadership factors
- Environmental factors
- Social Capital factors
- Human capital factors
- Business model and innovation factors

In addition, TRS's efforts will include prudently integrating the following:

- Periodic evaluation of sustainability factors to ensure the factors are relevant to the TRS investment portfolio and the evolving marketplace; and
- Periodic monitoring of investment managers to encourage implementation of the aforementioned factors.

Annually, the System also publishes on its website a fiduciary report generally addressing how the System considers sustainability factors, as defined in the Illinois Sustainable Investing Act, when managing its investment portfolio, pursuant to 40 ILCS 5/16-189. Specifically, the fiduciary report addresses the following: (1) the System's strategy as it relates to consideration of sustainable investment factors; (2) the process for regular assessment across the total portfolio of potential effects from systemic and regulatory risks and opportunities, including, but not limited to, sustainability factors on the System's assets; (3) how the System's investment managers integrate sustainability factors into their investment decision-making processes; (4) the System's proxy voting activities and management; and (5) the System's corporate engagement and other stewardship activities.

XX. Improving Access to the TRS Investment Process

This policy on utilization of minority and female-owned Investment Managers and broker/dealers is intended to memorialize existing policy direction from this Board to the Staff. As a consequence of this policy direction, Staff has successfully increased utilization percentages and amounts expended on a consistent basis since Fiscal Year 2000.

To achieve continued utilization increases, this policy establishes progressive and measurable utilization guidelines that reflect our historic commitment and future vision.

The term MWBE "minority, women business enterprise" (MWBE) will be used for all firms as defined in the Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act. On an annual basis, the Board will assess the effectiveness of the procedures established by which these objectives are to be met, unless circumstances warrant more frequent review.

Allocations of the System's assets to MWBE Investment Managers will be made in accordance with the fiduciary standards under which the Fund operates. Broker/dealer transactions completed with MWBE firms on behalf of the System must be completed at rates fully competitive with the market.

MWBE Broker/Dealer Utilization

Annually, each public markets Investment Manager retained by the System shall establish a MWBE broker/dealer utilization objective that shall be consistent with the System's commitment to including all segments of the economic community. For Fiscal Year 2024, the objective shall be:

35.0% domestic equities, 17.0% international equities; 17.0% global income

On a quarterly basis, each Manager shall report on the progress towards attaining the adopted objective. Each report shall include all transactions involving or impacting a MWBE broker/dealer, whether by direct transaction, step-out, referred transactions, or any other means which provide economic benefit to a MWBE broker/dealer.

Investment Staff shall monitor the progress towards objectives, initiate necessary contact with Managers as required, and report their findings and conclusions to the Board. Investment Managers may be requested to appear before the Board, any Trustee designated by the Board, or Staff to discuss compliance with this policy. Managers may also become eligible for the System's Watch List based upon compliance with this policy.

At the time of becoming a search finalist, upon initial retention, and periodically as appropriate, all public markets Managers shall be provided written notice of the System's brokerage goals and expectations.

MWBE Investment Manager Utilization

As a result of the System's commitment to the selection and retention of qualified MWBE

investment managers, assets managed by MWBE firms have increased to over 20% of the trust fund. Recognizing that additional increases are desirable and can be achieved as manager searches are conducted, the objective for Fiscal Year 2024 is 22% of the total fund.

In compliance with Public Act 96-0006, the Board will also establish diversity goals for both assets under management by and manager fees paid to MWBE investment firms within the System's broad asset classes. Separately and also in accordance with Public Act 96-0006, TRS staff will present to the Board as a finalist the best and most qualified MWBE firm for all of the System's public investment manager searches. Any candidate presenting as a finalist must still meet the minimum criteria as specified in the search profile.

Investment Staff shall monitor the progress towards objectives and report to the Board semi-annually. In addition to a utilization analysis, Staff shall report on significant steps taken to achieve the stated objectives.

Transition Management

Prior to the award of a contract for transition management services, the Chief Investment Officer shall ascertain the transition manager's proposed utilization of MWBE broker/dealer services and determine that the proposal is consistent with the System's utilization objectives.

Trustee Oversight

To ensure that all Trustees are aware of the System's efforts and achievements, the Investment Committee will review utilization of MWBE brokers/dealers and Investment Managers. The Chair shall be responsible for interfacing with the Consultant as necessary regarding the inclusion of MWBE firms in manager searches.

XXI. Emerging Managers Program

Introduction

The Trustees of the Teachers' Retirement System ("TRS") have established the following guidelines for management of the TRS Emerging Managers Program ("Program"). In establishing these guidelines, it is the Board's intention to assure all interested parties that decisions made in carrying out these actions occur in a full disclosure environment characterized by objective evaluation and proper documentation. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of plan participants and beneficiaries.

Clearly Defined Objectives

The adoption of an Emerging Managers Program focuses on the development of long-term relationships between TRS and growing investment management organizations. The objectives of the Program include:

- Investment in promising younger, growing investment managers that currently have smaller asset bases and developing track records;
- Access to firms that, while possessing a marketable investment philosophy or process, have not dedicated marketing resources to identifying themselves to plan sponsors and the investment consultant community;
- Ability to better utilize minority- and female-owned investment managers, as well as Illinois-based investment managers.

In May 2005, the TRS Board approved a commitment of \$500 million for the creation of an Emerging Managers Program. At the time of commitment, this represented approximately 1.5% of the total Fund, with funding from the domestic large cap index fund. The Program represents a total commitment of up to \$1 billion from the total fund. The Program will apply to both public and private markets asset classes, with evaluation criteria based on the specific asset class of each investment. Overall, the Program is intended to create meaningful long-term relationships with emerging investment managers with the objective that the superior performers will, at some time, progress into a full TRS investment allocation⁵.

Search and Selection Process

The selection of emerging investment managers for participation in the Program will be accomplished from the following steps:

1. Identification of emerging investment managers

Initially, Staff will maintain information on a universe of identified emerging investment managers. The process is intended to be ongoing, with manager profiles added and performance information updated as necessary. Qualified investment managers will be encouraged, at any

⁵Assignment to a full TRS investment mandate implies movement outside of the Program and into the overall portfolio allocation. These mandates are typically much larger assignments and are critical components to the TRS investment portfolio's positioning with regards to asset class and overall investment style diversification.

time, to submit detailed information with the relevant specifics of the firm's organization and investment products. The standardized informational questionnaire will be made available to all firms through TRS's web site, or as requested from Staff.

2. Analysis for qualified candidates

The second step is identifying emerging investment organizations and products that meet TRS criteria. Periodically, TRS Staff will review the information on all identified emerging investment managers. Staff will search for emerging managers possessing a strategy or process that appear to be well positioned for an allocation within the TRS investment portfolio.

3. Solicit additional information from qualified candidates

Once identified as a promising candidate, Staff will request further information relating to the manager's organization, investment philosophy, investment process, key personnel, risk controls, performance history and fee structure.

4. Due diligence

Following review of a candidate's detailed information, Staff will conduct a meeting with the firm's management team. As necessary, Staff will conduct due diligence to review, among other things, the depth of the firm's personnel, internal policies, technological resources, risk management capabilities and compliance monitoring. Any available analysis from the Consultant will also be included in the due diligence process.

5. Final Recommendation and Selection

Based on analysis of Staff and Consultant, Staff will recommend managers to the applicable Staff Oversight Committee for final approval. In choosing the finalists, Staff will favor those firms that, based on quantitative and qualitative factors, appear to have the highest probability of success over the next three to five years and appear to be best prepared to develop into a full TRS investment mandate outside of the Program. With approval, staff is authorized to implement the recommendation. At the next scheduled meeting of the Investment Committee following the commitment, staff will provide the Committee with necessary reports related to any commitment, including a selection/compliance checklist confirming adherence to Board-approved policies.

Initial Funding

Staff recommendations for a specific initial funding amount are made to the applicable Staff Oversight Committee. A number of factors will be considered when making an allocation recommendation, including:

- asset class and general diversification of the Emerging Manager Program
- product strategy and long-term fit within the TRS investment program

- risk/return profile of the product
- size and depth of firm, including long-term plan for institutionalization of firm

Recognizing the importance of a diversified program, the Program does not affect the broad long-term allocation targets of the total Fund. The intent of the Program is to develop long-term relationships with promising emerging managers that may, in the future, occupy full TRS mandates, therefore the Program is exempt from systematic rebalancing activity. Additional funding or withdrawals of capital from the Program or its participating managers will be based on continued analysis by Staff and Consultant, with formal recommendations presented to the Staff Oversight Committee as appropriate.

Proper Documentation and Full Disclosure

When overseeing reviews of the delegated hiring of an external investment service provider, the primary focus of the Investment Committee and Board shall be on whether decisions followed established processes and procedures in the Pension Code, administrative rules and this Investment Policy. Toward this end, the Chair and Committee members may request the written supporting documentation to assure disclosure of all relevant issues. In evaluating a hiring decision, Staff, Consultant and the applicable Staff Oversight Committee should review documentation to ensure that the basis for the recommendation was fair, and that the screening process was consistently applied. Potential service providers or candidates may, at the pleasure of the Committee Board or upon the recommendation of Staff and Consultant, be asked to make a formal presentation to the Committee at any time.

Defining Expectations

In the case where a manager is hired, the search process document shall include, but may not be limited to, the following:

1. a summary of performance criteria considerations,
2. the absolute and relative risks inherent in the manager's approach,
3. staff's qualitative assessment, and
4. identification of relevant comparative measures such as benchmarks and/or peer samples, and proposed fee structure.

Staff and Consultant shall incorporate the relevant factors related to expectations of the manager into the executed Investment Management Agreement.

Board Reporting and Monitoring

After a manager is selected to the Program, Staff will regularly monitor the manager's results versus expectations. Staff will conduct periodic due diligence meetings with the outside organizations and may provide the Board with reports summarizing the assessments made. All material events regarding an investment manager will be communicated to the applicable Staff Oversight Committee and, when deemed necessary, to the Board.

Program Funding: Graduation/Termination

Based on a manager's performance within the Program, combined with demonstrated development of the investment manager organization, staff may recommend graduation of a mandate into the TRS investment portfolio. The recommendation and related due diligence will be presented to the applicable Staff Oversight Committee for consideration and approval. In the event of a graduation, the Emerging Manager Program shall be "reimbursed" by the amount equal to the initial funding of the investment manager.

Similarly, in the event of a termination of a mandate from the Emerging Manager Program. In the event of termination, unless otherwise stated the Program shall be reimbursed by an amount equal to the initial funding of the investment manager.

Note that investments in private markets can differ from investments in the public asset classes due to the longer commitment period. In these cases, staff will provide a recommendation regarding graduation/termination to the applicable Staff Oversight Committee within two to five years from the initial investment. Based on the Staff Oversight Committee approval, the investment will be removed from the Program and reimbursement to the Program shall be completed as specified above.

Termination Guidelines

As with all TRS investment managers, there will be instances in which it will be necessary for the System to terminate a contractual relationship with an Investment Manager. The same guidelines for managers within the Program will exist to assist in making these termination decisions. Specifically, any action to terminate a manager should be based on one or more of the following primary criteria:

- significant changes in firm ownership and/or structure
- loss of one or more key personnel
- significant loss of clients and/or assets under management
- shifts in the firm's philosophy or process
- significant and persistent lack of responsiveness to client requests
- changes in TRS's investment strategy eliminating the need for a particular style or strategy
- violations of TRS's Investment Policy or Parameters
- unsatisfactory investment performance
- identification of a new asset class or approach which has been approved in advance by the Board
- a need for diversification of styles within an existing asset class

Additionally, due to the nature of the Program, it may be necessary at some point to terminate a relationship given the inability of a manager to develop to the point that they might manage a full TRS investment mandate. The objective of the Program is intended to be a catalyst for the development of emerging investment managers. To the extent that an investment manager does not show the development characteristics necessary to manage a full institutional mandate, allocations within the Program should be redirected to other managers showing those characteristics.

Prior to the termination decision, the primary and other relevant considerations shall be identified, described, and ranked by importance. An evaluation covering the quantitative and qualitative issues to be considered will be developed for each case and the relative importance of each evaluation area will be determined. Documentation regarding any such action should include, but is not limited to, the following items:

- a full description of the reason for the action, including the specific elements serving as the basis for the evaluation and identification of the relevant issues from the System's perspective
- the assumptions made in the evaluation, if any
- the results considered and/or qualitative issues upon which the action was based
- an objective discussion of the risks, costs, and expected benefits is also to be included if appropriate to the subject matter

Consistent with other termination guidelines, Staff and Consultant, with the approval of the applicable Staff Oversight Committee, may initiate termination of any public markets emerging manager meeting the System's Watch List criteria or for any other immediate concern(s) as specified above. In the event of termination, Staff, with the approval of the Staff Oversight Committee, will transition assets from the terminated manager to the successful finalist of a manager search, other TRS investment managers, passive index management, or cash accounts. A report shall be provided to the Investment Committee and Board at the meeting immediately following termination and transition.

XXII. Recovery of Investment Losses

It is the policy of the Board of Trustees of the Teachers' Retirement System to pursue recovery of investment losses in keeping with its fiduciary duties to the System.

Class Action Securities Litigation

When the System has sustained investment losses that may be recoverable through class action securities litigation, the System will participate as a member of the class. In accordance with industry practice, the System's master trustee or other appointed designee (Designee) is responsible for filing all US claims and other documents on behalf of the System to ensure that the System receives its pro rata share of any recovery. In the event the Designee cannot file on behalf of the System, Staff will work with litigation counsel to determine the appropriate course of action.

The Designee will provide the System with its most current class action procedures and will follow such procedures on behalf of the System. The Designee's class action procedures include reviewing various information sources for notification of class action suits, identifying transactions within the class period for the security involved and determining account eligibility, loading eligible accounts into the Designee's class action system, and preparing and filing a proof of claim and supporting documentation.

Investment Staff will monitor the Designee's compliance with its class action procedures. Staff will review all notices and information concerning potential or pending class action litigation that are received in the System's offices to ensure the case is included on the Designee's system. Staff will report periodically to the Board on recoveries realized as a result of class action participation.

This policy does not preclude the Board from seeking the System's appointment as a lead plaintiff or from initiating independent securities litigation in a given instance, if the Board determines that active involvement will add significant value either in the specific case or on a long-term portfolio-wide basis and will not adversely impact the System. The Board's decision to pursue active involvement will be made in consultation with the Chair, the Executive Director, the Investment Staff, the Office of Legal Counsel, outside counsel, and such other professional advisors as the Board deems appropriate.

Bankruptcy

In the event System assets are involved in or subject to a bankruptcy or similar proceeding, the investment manager responsible for the affected assets will notify the System of the proceeding and take appropriate steps to ensure that the System will receive any distribution or other relief to which it is entitled. Investment Staff will monitor performance of the master trustee's and the investment manager's respective duties in this regard and report to the Board quarterly any bankruptcy involving System assets or to which System assets are subject.

Originally adopted by the Board of Trustees on April 7, 2000; amended March 2001; amended May 16, 2002; amended August 16, 2002; amended December 6, 2002; amended February 21, 2003; amended May 23, 2003; amended June 10, 2003; amended August 15, 2003; amended February 20, 2004; amended April 2, 2004; amended May 25, 2004; amended August 10, 2004; amended October 29, 2004; amended December 10, 2004; amended February 18, 2005; amended May 20, 2005; amended August 12, 2005; amended September 26, 2005; amended November 4, 2005; amended December 8, 2005; amended May 19, 2006; amended May 18, 2007; amended October 26, 2007; amended April 11, 2008; amended June 19, 2008; amended May 21, 2009; amended June 18, 2009; amended June 24, 2010; amended December 9, 2010; amended June 24, 2011; amended August 23, 2012; amended December 11, 2012; amended February 22, 2013; amended June 20, 2013; amended June 24, 2014; revised December 31, 2014 to reflect all Board actions to date; amended June 30, 2015; revised December 31, 2015 to reflect all Board actions to date; amended July 1, 2016; revised January 1, 2017 to reflect all Board actions to date; amended July 1, 2017; amended December 15, 2017; amended January 1, 2018; amended May 25, 2018; amended June 14, 2019; amended December 31, 2019; amended July 1, 2021; amended January 1, 2022; amended July 1, 2022; amended December 31, 2022; amended December 12, 2023.

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