



INVESTMENT POLICY STATEMENT

FOR

CITY OF GREENVILLE FIREFIGHTERS' PENSION FUND

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As approved by the City Council of the City of Greenville, South Carolina (the “City”), in accordance with City of Greenville Code of Ordinances, Chapter 18, Article IV, Firefighters’ Pension Fund, and Chapter 2, Article IV, Board, Commissions and Committees (together the “Code”), the City has established the Greenville Firefighters’ Pension Fund and Trust Agreement (together the “Plan”) and created a Trust Fund (the “Fund”) to hold assets on behalf of the sworn employees of the Greenville City Fire Department. This Fund provides retirement benefits for those employees who meet the age and service requirements outlined in the Plan. The Board of Trustees (the “Board”), created pursuant to the Code shall administer the Plan and Fund. The Board hereby adopts this Investment Policy Statement (“Policy Statement”) for the following purposes.

Purpose

The main investment objective of the Fund is to achieve long-term growth of Fund assets by maximizing long-term rate of return on investments and minimizing risk of loss to fulfill the City’s current and long-term pension obligations.

The purpose of this Policy Statement is to achieve the following:

1. Document investment objectives, performance expectations and investment guidelines for Fund assets.
2. Establish an appropriate investment strategy for managing all Fund assets, including an investment time horizon, risk tolerance ranges and asset allocation to provide sufficient diversification and overall return over the long-term time horizon of the Fund.
3. Establish investment guidelines to control overall risk and liquidity.
4. Establish periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.
5. Comply with fiduciary, prudence, due diligence and legal requirements for Fund assets.

Investment Authority

The City of Greenville has appointed the Board to oversee certain policies and procedures related to the operation and administration of the Fund. The Board will have authority to implement the investment policy and guidelines in the best interest of the Fund to best satisfy the purposes of the Fund. The Board will review this policy statement annually and will submit any proposed changes to City Council for review and approval in accordance with Greenville City Code, Chapter 2, Article IV, Division I, Section 2-333, Uniform Procedures and Chapter 18, Article IV, Section 18-105, Creation of trust; investment of funds. In implementing this Policy Statement, the Board believes it may delegate certain functions to:

1. An investment advisor (“Advisor”) to assist the Board in the investment process and to maintain compliance with this Policy Statement. The Advisor may assist the Board in establishing

investment policy objectives and guidelines. The Advisor will adjust asset allocation for the Fund subject to the guidelines and limitations set forth in this Policy Statement. The Advisor will also select investment managers (“Managers”) and strategies consistent with its role as a fiduciary for the Fund. The investment vehicles allowed may include mutual funds, commingled trusts, separate accounts, limited partnerships and other investment vehicles deemed to be appropriate by the Advisor and subject at all times to the Internal Revenue Code and regulations promulgated thereunder, the laws and Constitution of the state of South Carolina, and the ordinances of the city of Greenville, South Carolina (collectively, the “Applicable Law”). The Advisor is also responsible for monitoring and reviewing investment managers; measuring and evaluating performance; and other tasks as deemed appropriate in its role as Advisor for Fund assets. The Advisor may also select investments with discretion to purchase, sell, or hold specific securities, such as Exchange Traded Funds, that will be used to meet the Fund’s investment objectives. The Advisor shall never take possession of securities, cash or other assets of the Fund, all of which shall be held by the custodian. The Advisor must be registered with the Securities and Exchange Commission.

2. A custodian selected by the Board to maintain possession of physical securities and records of street name securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund.
3. A trustee appointed by the Board, such as a bank trust department, if the Fund does not have its own trustee, to assume fiduciary responsibility for the administration of Fund assets; provided, however, that if the Board shall have appointed an investment advisor, then any trustee appointed under this paragraph shall have no authority with respect to selection of investments.
4. Specialists such as attorneys, auditors, actuaries and, retirement plan consultants to assist the Board in meeting its responsibilities and obligations to administer Fund assets prudently.

In accordance with Article IV, Section 18 of the City of Greenville’s Code of Ordinance, the Board shall invest pension funds in the Fund formed and maintained for the sole benefit of the Firefighters’ Pension Fund. The director of the office of management and budget shall serve as the trustee. All investments shall be made at the direction of the Board among such investment options as are permissible under the applicable laws of the state of South Carolina and consistent with the investment policy which has been approved by the City Council.

Statement of Investment Objectives

The investment objectives of the Fund are as follows:

1. To invest assets of the Fund in a manner consistent with the following fiduciary standards:
(a) all transactions undertaken must be for the sole interest of Fund beneficiaries, and (b) assets are to be diversified in order to minimize the impact of large losses from individual investments.

2. To provide for funding and anticipated withdrawals on a continuing basis for payment of benefits and reasonable expenses of operation of the Fund.
3. To enhance the value of Fund assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.
4. Subject to performance expectations over the long-term, to minimize principal fluctuations over the Time Horizon (as defined below).
5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in this Policy Statement under the section labeled "Performance Expectations."

Investment Guidelines

In accordance with City of Greenville Code of Ordinances, Chapter 18, Article IV, Firefighters' Pension Fund, all investments shall be made at the direction of the Board among such investment options as are permissible under the applicable laws of the state of South Carolina and consistent with the investment policy which has been approved by the City Council.

Within this section of the Policy Statement, several terms will be used to articulate various investment concepts. The descriptions are meant to be general and may share investments otherwise considered to be in the same asset class. They are as follows¹:

"Growth Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on capital appreciation. Investments within the Growth Assets category can include income and risk mitigating characteristics, so long as the predominant investment risk and return characteristic is capital appreciation. Examples of such investments or asset classes are, subject to Applicable Law: domestic and international equities or equity funds, private or leveraged equity, certain real estate investments, and hedge funds focused on equity risk mitigation or equity-like returns.

"Income Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on income generation. Investments within the Income Assets category can include capital appreciation and risk mitigating characteristics, so long as the primary investment risk and return characteristic is income generation. Examples of such investments or asset classes, subject to Applicable Law: fixed income securities, guaranteed investment contracts, certain real estate investments, and hedge funds focused on interest rate risk mitigation or income investment-like returns.

¹ It is recognized that as of the date of adoption of these investment guidelines, some of the examples set forth within each asset class are not currently permitted under Applicable Law. However, this document is drafted in such a manner as to provide flexibility and to allow for nimble action should there be a change in Applicable Law.

"Real Return Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on real returns after inflation. Investments within the Real Return category, subject to Applicable Law, can include inflation protected securities and certain real estate investments.

Time Horizon

The Fund's investment objectives are based on a long-term investment horizon ("Time Horizon") of five years or longer. Interim fluctuations should be viewed with appropriate perspective. The Board has adopted a long-term investment horizon such that the risks and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Liquidity and Diversification

In general, the Fund may hold some cash, cash equivalent, and/or money market funds for near-term Fund benefits and expenses (the "Fund Distributions"). Remaining assets will be invested in longer-term investments and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

Asset Allocation

The Board believes that to achieve the greatest likelihood of meeting the Fund's investment objectives and the best balance between risk and return for optimal diversification, assets will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal to or greater than the Fund's target rate of return over the long-term, as described in the section titled "Performance Expectations".

<u>Asset Classes*</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Growth Assets		
Domestic Equity	26% - 66%	46%
International Equity	0% - 39%	24%
Other	0% - 10%	0%
Income Assets		
Fixed Income	10% - 50%	30%
Other	0% - 10%	0%
Real Return Assets	0% - 10%	0%
Cash Equivalents	0% - 10%	0%

* For important investment restrictions, see "Limitations on Managers' Portfolios" in the IPS section titled: Guidelines for Portfolio Holdings.

The Advisor and each Manager will be evaluated against their peers on the performance of the total funds under their direct management.

Rebalancing Philosophy

The asset allocation range established by this Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside Policy Statement ranges. When allocations breach the specified ranges, the Advisor will rebalance the assets within the specified ranges. The Advisor may also rebalance based on market conditions.

Risk Tolerance

Subject to investment objectives and performance expectations, the Fund will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon.

Performance Expectations

Over the long-term, five years or longer, the performance objective for the Fund will be to achieve an average total annual rate of return that is equal to or greater than the Fund's actuarial discount rate. Additionally, it is expected that the annual rate of return on Fund assets will be commensurate with the then prevailing investment environment. Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks, peer universe comparisons for individual Fund investments and blended benchmark comparisons for the Fund in its entirety.

Selection of Investment Managers

The Advisor shall prudently select appropriate Managers to invest the assets of the Fund. Managers must meet the following criteria:

- The Manager must provide historical quarterly performance data compliant with Global Investment Performance Standards (GIPS[®]), Securities & Exchange Commission (“SEC”), Financial Industry Regulatory Agency (“FINRA”) or industry recognized standards, as appropriate.
- The Manager must provide detailed information on the history of the firm, key personnel, support personnel, key clients, and fee schedule (including most-favored-nation clauses). This information can be a copy of a recent Request for Proposal (“RFP”) completed by the Manager or regulatory disclosure.
- The Manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The investment professionals making the investment decisions must have a minimum of three (3) years of experience managing similar strategies either at their current firm or at previous firms.

- Where other than common funds such as mutual funds or commingled trusts are utilized, the Manager must confirm receipt, understanding and adherence to this Policy Statement and any investment specific policies by signing a consent form provided to the Manager prior to investment of Fund assets.

Guidelines for Portfolio Holdings

Direct Investments by Advisor

Every effort shall be made, to the extent practical, prudent and appropriate, to select investments that have investment objectives and policies that are consistent with this Policy Statement (as outlined in the following sub-sections of the “Guidelines for Portfolio Holdings”). Assets invested by the Advisor in a money market mutual fund or local government investment pool managed by the Advisor require the specific approval of the Board prior to their purchase. However, given the nature of the investments, it is recognized that there may be deviations between this Policy Statement and the objectives of these investments.

Limitations on Managers’ Portfolios

EQUITIES

Section 11, Article X of the Constitution of the State of South Carolina provides that a municipality, county, special purpose district, or public service district of the State of South Carolina which provides firefighting services and which administers a separate pension plan for its employees performing this service may invest and reinvest the funds in such plans in equity securities traded on a national securities exchange as provided in the Securities Exchange Act of 1934 or a successor act or in equity securities quoted through the National Association of Securities Dealers Automatic Quotations System or similar service.

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

Domestic Equities. Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager and reviewed by the Advisor.

International Equities. The overall non-U.S. equity allocation shall only consist of American Depository Receipts (ADRs), or equity securities traded on a domestic securities exchange, and should include a diverse global mix that is comprised of the equity of companies from multiple countries, regions and sectors.

FIXED INCOME

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization (“NRSRO”).

As outlined in Title 6, Chapter 5 of South Carolina Code of Laws, all fixed income investments are restricted to the following:

1. Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
3. (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
6. Repurchase agreements when collateralized by securities as set forth in this section.

OTHER ASSETS (ALTERNATIVES)

Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, real estate and commodities, when deemed appropriate and permitted under Applicable Law. The total allocation to this category may not exceed 20% of the overall portfolio. Prior to adding an allocation to any of these asset classes, the Advisor shall receive approval from the Board. These asset classes, if or when deemed appropriate, must also meet the investment guidelines outlined in Title 6, Chapter 5 of South Carolina Code of Laws.

CASH EQUIVALENTS

Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

Portfolio Risk Hedging

Portfolio investments designed to hedge various risks including volatility risk, interest rate risk, etc. are allowed to the extent that the investments are not used for the sole purpose of leveraging Fund assets. One example of a hedge vehicle is an exchange traded fund (“ETF”) which takes short positions.

Prohibited Investments

Except for purchase within authorized investments, securities having the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, or private placements (with the exception of Rule 144A securities). Further, derivatives, options, or futures for the sole purpose of direct portfolio leveraging are prohibited. Direct ownership of real estate, natural resource properties such as oil, gas or timber and the purchase of collectibles is also prohibited.

Safekeeping

All assets of the Fund shall be held by a custodian approved by the Board for safekeeping of Fund assets. The custodian shall produce statements on a monthly basis, listing the name and value of all assets held, and the dates and nature of all transactions in accordance with the terms in the Custodial Agreement. Investments of the Fund not held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts. Investments and portfolio securities may not be loaned.

Control Procedures

Review of Investment Objectives

The Advisor shall review annually and report to the Board the appropriateness of this Policy Statement for achieving the Fund's stated objectives and to ensure it remains consistent with the liability assumptions outlined in the most recent actuarial valuation. It is not expected that this Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in this Policy Statement.

Review of Investment Performance

The Advisor shall report on a quarterly basis to the Board to review the investment performance of the Fund. In addition, the Advisor will be responsible for keeping the Board advised of any material change in investment strategy, Managers, and other pertinent information potentially affecting performance of the Fund.

The Advisor shall compare the investment results on a quarterly basis to appropriate peer universe benchmarks, as well as market indices in both equity and fixed income markets. Examples of benchmarks and indexes that will be used include the Russell 3000 Index for broad U.S. equity strategies; S&P 500 Index for large cap U.S. equities, Russell 2000 Index for small cap U.S. equities, MSCI ACWI ex-U.S. Index for broad based non-U.S. equity strategies; MSCI Europe, Australasia, and Far East (EAFE) Index for developed markets international equities, Barclays Capital Aggregate Bond Index for fixed income securities, and the U.S. 91 Day T-bill for cash equivalents. The Advisor will work with Board to select the most appropriate benchmark for each major asset class. The categories "Other" will be benchmarked against appropriate indices depending on the specific characteristics of the strategies and funds used.

Voting of Proxies

The Board recognizes that proxies are a significant and valuable tool in corporate governance. The voting rights of individual stocks held in separate accounts or collective, common, or pooled funds will be exercised by the investment managers in accordance with their own proxy voting policies. The voting rights of funds will be exercised by the Advisor.

Selecting Investment Service Providers

The Board will prudently select an investment advisor and other investment-related service providers based on their expertise relative to the investment service they seek to provide.

In general, the selection of an investment advisor will entail the following:

- A competitive bidding process as utilized and approved by the City of Greenville Finance Department. The standard by which any and all selection procedures are determined should not impede the Fund's ability to compete in the marketplace for high quality investment services.
- A thorough due diligence process which establishes an understanding of and comfort level with the investment advisor's capabilities, organization, track record, public fund client expertise and investment philosophy.

The Board and City Manager shall have the sole responsibility for authorizing the appointment and removal of the investment advisor.

Adoption of Investment Policy Statement

Any changes and exceptions to this Policy Statement will be made in writing and adopted by the Board and approved by City Council by way of Resolution pursuant to Section 18-105 of the City Code. Once adopted, changes and exceptions will be delivered to each Manager, as appropriate, by the Advisor.

Approved by the City of Greenville Firefighters’ Pension Fund Board of Trustees:

Member

Member

Date

Date

Member

Member

Date

Date