COAERS
CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

Board Approved Policy

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Investment Policy Statement (IPS)

for

City of Austin Employees' Retirement System (COAERS)

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I. STATEMENT OF POLICY

Purpose and Scope

This document is the official Investment Policy of the City of Austin Employees' Retirement System (the "System"). The policies in this document (the "Policy") have been adopted by the Board of Trustees of the System (the "Board") to establish the objectives and policies of the System's investment program. This document also articulates the policies and guidelines and procedures that are employed in the day-to-day management of System investments by Staff. No responsible party shall deviate from the terms and requirements of this policy without the prior authorization of the Board.

The purpose of the Investment Policy Statement is to assist the Board in effectively supervising, monitoring, and evaluating the investment of the System's assets by:

- Stating the System's Investment Beliefs
- Establishing the investment goals, objectives, and risk tolerance of the System
- Defining asset class allocations, targets, and ranges
- Creating oversight standards for policy implementation
- Setting performance objectives and measurement criteria

Investment Beliefs

Time Horizon - The Fund is a permanent entity with long-lived liabilities and, as such, it should strive to be a thoughtful, analytical, and patient investor that is focused on achieving successful outcomes.

Governance - Clear governance and decision-making structures that promote decisiveness, simplicity, efficiency, and accountability are effective and add value to the Fund. To the extent possible, investment decision-making should be driven by data and analysis, including the findings of relevant research on financial markets and investment management.

Risk Compensation - The Fund should seek to be well compensated for the investment risks it chooses to bear, risks that should be articulated at the time of investment and revisited regularly.

Risk Management - Risk is multi-faceted, and the appropriate level of the COAERS' portfolio risk is determined within an asset-liability context that focuses on maintaining the viability of the System.

Diversification - Diversification across asset classes and risk factors is central to the System's investment strategy, and investments that may improve the Fund's risk/return profile will be considered. Investments should be considered based on their primary role in the total Fund context, including their impact on total Fund diversification.

Strategic vs. Tactical - Given the long-term nature of the liabilities, the Fund should be a thoughtful and patient investor that focuses on long-term strategic decisions as opposed to the short-term trading of strategies.

Costs - Costs can significantly reduce net returns and therefore must be carefully measured and managed when making decisions regarding investment strategy and implementation.

Implementation - Implementation should occur passively and in public markets unless a high likelihood of success on a risk-adjusted, net-of-fees basis can be expected from other approaches.

Investment Goals & Objectives

The sole purpose of the System's investment fund ("the Fund") is to accumulate the financial reserves necessary to provide benefits to eligible members of the System and their beneficiaries. The long-term primary objective for the Fund is to attain a high level of return within an acceptable level of risk.

The Fund will pursue achievement of this goal via fiduciary best practices that:

- Ensure proper diversification of asset classes and factor exposures; and
- Maintain appropriate long-term risk and return expectations; and
- Adapt the Fund to changing market conditions, when appropriate.

The Board, with consultation, advice and assistance from the System's Investment Consultant(s) and Staff, will use the Fund's strategic asset allocation process and its effective implementation as the primary tools to achieve these goals. A primary emphasis of the management of the Fund is consistency of growth by seeking to balance the risk of inadequate long-term returns against the risk of permanent impairment of capital. Taxes shall not be a consideration except that the System's tax-exempt status should be preserved.

II. INVESTMENT POLICY IMPLEMENTATION

Investment Horizon

The Board will periodically review the portfolio's alignment with the fund's pension liabilities. The investment policy and guidelines are based on an investment horizon of 20 years. The Board will consider both intermediate-term and longer-term investment return horizons in formulating expected returns and assessing portfolio risk parameters. The System's strategic asset allocation is based on this longer-term perspective. Fluctuations of investment results in the interim should be viewed with an appropriate perspective.

Performance Goals

The expected and actual investment returns of the total Fund will depend on the asset allocation targets, the mix of investment styles within asset classes, and individual manager performance. Therefore, performance goals have been set at three levels: total Fund, asset class, and individual portfolios. These performance objectives should generally be monitored over both a full market cycle and rolling 5-year periods on a risk-adjusted, net of fees basis.

Total Fund:

- Meet or exceed the actuarial assumed rate of return. Annualized investment returns should exceed the actuarial assumed rate of return.
- Meet or exceed the Passive benchmark. Annualized investment returns should exceed the passive benchmark. The passive benchmark is intended to reflect a balanced portfolio of stocks and bonds implemented via low-cost passive investable

indices. Outperformance relative to the passive benchmark should indicate that the diversification decisions through the Strategic Asset Allocation process have successfully added value.

- Meet or exceed the Policy benchmark. Annualized investment returns should exceed the Policy benchmark. The Policy benchmark is a composite of the benchmarks of the asset classes in the Strategic Asset Allocation. Returns in excess of the Policy benchmark should indicate that the implementation of the investment program as a whole is successfully adding value.

  Composition of the Passive and Policy benchmarks are detailed in Appendix 2.

Asset Class:

- Meet or exceed the asset class benchmark. Each asset class is to be benchmarked by an associated index that describes, in general terms, the opportunity set and return characteristics associated with the asset class. For certain private or more complex asset classes the index should serve as a proxy for expected returns rather than an approximation of the actual investments that will characterize that component of the portfolio.

  Asset class benchmarks are detailed in Appendix 2.

Individual Portfolios:

- Meet or exceed the mandate benchmark. Performance objectives for manager portfolios are stated in the respective investment manager agreements. Manager benchmarks will be determined by Consultant and Staff based upon the investment mandate.
- Meet or exceed median ranking in relevant peer group. Appropriate peer groups will be determined by Consultant and Staff based upon the investment mandate.

Risk Tolerance and Budgeting

The Board takes several steps throughout the investment process to identify, measure, and report on investment risk at a variety of different levels. Investment opportunities in various asset classes have differing risk and return expectations. In general, investments with higher expected returns involve a higher level of risk. The Board recognizes that some level of risk must be assumed to achieve the System's long-term investment objectives. The Board will attempt to achieve its investment return objective with an appropriate level of risk using an efficient combination of investments.

The Strategic Asset Allocation process uses risk budgeting for the Fund which provides a transparent, measurable methodology for allocating risk to various investment types in pursuit of the System's investment objectives. To ensure that the risk assumed by the Fund continues to be appropriate it will be reviewed at least annually, concurrently with an asset allocation study. A more in-depth review will be done at least every five years and coincide with the formal Asset/Liability Study. These processes should incorporate a variety of risk estimates that go beyond simple volatility measures.

Liquidity Needs

Sufficient liquidity must be maintained to pay benefits and expenses. The 2023 Asset-Liability Study indicated sufficient liquidity to invest a reasonable portion of the portfolio in illiquid investments. The liquidity horizon shall be reviewed periodically, including time(s) when asset allocations and expected return projections are revised.

Strategic Asset Allocation

The Board, with advice from Investment Consultant(s) and Investment Staff, is responsible for establishing the Strategic Asset Allocation ("SAA") process and parameters for the Fund. SAA refers to the establishment of neutral weights and suitable ranges for the appropriate asset types that determine the distribution of investments within the Fund. The SAA process will seek to optimize expected return net of fees for the Fund within the established risk budget over a long-term horizon by maintaining a highly efficient portfolio.

The current Strategic Asset Allocation targets and ranges are detailed in Appendix 1. Since the Fund is designed to benefit both current and future generations of beneficiaries, its time horizon is long. More specifically, the Board should calibrate the SAA process toward the aim of meeting the System's investment objectives and risk budget over a time horizon of twenty years or more. However, since the benefit payment obligations of the System must be met on a timely and regular basis, cash flow considerations (including the potential for a sustained period of net outflows) will generally be balanced with the long-term liability stream when setting the SAA parameters and the associated risk budget.

Asset Liability Study

At least every five years (or more frequently if warranted by a material event in either the liability structure of the Fund, the contribution policy, and/or the capital markets) the Board will conduct a formal Asset/Liability Study to review asset classes, risk-return assumptions, and correlation of returns, and implementation styles in light of the System's expected liability stream. These periodic studies will provide the primary basis for material changes to the Fund's strategic asset allocation parameters and overall risk posturing.

Rebalancing

The Board has chosen to adopt a rebalancing policy that allows rebalancing the Fund between major asset classes due to market drift. Market movements and cash draws for benefit payments may cause current Fund positioning to drift away from neutral positioning and potentially beyond the prescribed ranges in the Strategic Asset Allocation.

When a month end Custodian report shows that an asset class has drifted beyond these prescribed ranges, rebalancing shall be enacted to bring Fund positioning within the prescribed ranges while following the guidelines below. To the extent there is not sufficient liquidity to do so, such as in private market strategies, or it is otherwise not prudent to do so, Staff shall report this and any recommended actions to the Investment Committee at its next scheduled meeting.

Investment Staff is also authorized to rebalance the portfolio within the policy ranges for market drift between asset classes. Such rebalancing is only permissible to the extent that it results in positioning which is nearer to neutral and does not change positioning from an underweight to an overweight, or vice versa.

Investment Staff is responsible for developing and overseeing all portfolio rebalancing activities and is authorized to carry out these activities in accordance with this section. The Executive Director and the General Consultant shall consent in writing to Investment Staff's proposed rebalancing prior to any action taking place. All rebalancing activities permitted by this section must be authorized by the Executive Director in the form of approved instructions to the investment manager(s) and/or custodial bank.

In all cases the potential benefits of rebalancing must be weighed against the costs, including explicit transaction costs such as commissions and market impact as well as opportunity costs such as Staff time and focus. Investment Staff will report the results of rebalancing activity to the Executive Director and Investment Consultant upon completion of the rebalance. The Board shall be notified of any such changes (1) by email within one business day of initiating the rebalancing with the Custodian and/or Manager(s) and (2) in writing at the next meeting of the Investment Committee.

Phased Transitions

During times of phased transition to a new set of Strategic Asset Allocation parameters, interim rebalancing weights and procedures may be chosen until the implementation of the new parameters can be prudently completed. During the transition towards the new parameters, certain asset classes may exceed prescribed limits and will serve as either a funding source for new strategies or portfolios, or as a proxy pending implementation of certain allocations.

Currently approved phased transition guidelines adopted by the Board, if any, can be found in Appendix 4.

Investment Manager Selection

The Board, acting through its Investment Committee and with advice from its Investment Consultant(s) and Investment Staff, hires Managers to carry out its duties to implement the System's investment program. Implementation decisions should be made with particular attention to the Board's stated Investment Beliefs regarding the potential benefits of diversification and the impact of costs.

The Board supports disciplined and rigorous processes for selection, monitoring, and retention of Investment Managers. This process shall include, among other items as appropriate, mandate specification, initial diligence, onsite diligence visits, due diligence questionnaires, finalist evaluation, and approval by the Investment Committee and Board. This disciplined process shall consider both quantitative and qualitative measurements to determine whether an Investment Manager is likely to maintain a consistent philosophy and strategy, perform well on a risk-adjusted basis versus peers pursuing a similar strategy, and add value net of all costs. The Board shall maintain a Watch List for the purpose of ensuring that concerns regarding any Investment Manager with a live mandate are appropriately recognized, addressed, and resolved.

The terms, provisions, and requirements set forth in this Policy, applicable laws (which shall include US sanctions programs), relevant fund documents, and the agreement(s) executed by the Investment Manager with the System establish the requirements governing the investment of System assets.

III. INVESTMENT ROLES & RESPONSIBILITIES

The System's investments are held in trust for the exclusive benefit of its members, beneficiaries, and retirees and may not be diverted under any circumstances. This "exclusive benefit" rule shall be strictly followed when making, implementing and monitoring investment decisions. Specific care should also be taken to structure the System's investment relationships to maximize alignment of interests while mitigating conflicts of interest and agency problems.

Specific duties and responsibilities are set forth below for the parties that are established to act as fiduciaries regarding the investment program for the Fund in achieving its objectives.

Board of Trustees

The Board has the fiduciary responsibility of overseeing the management of the Fund and the associated investment process. In fulfilling this responsibility, the Board will establish, maintain, and require compliance with this policy and its stated objectives. Trustees are tasked primarily with setting the overall risk/return preferences, and weighing total portfolio return against a properly constructed policy benchmark.

Within this framework, the Board will select, retain, monitor, and evaluate the Investment Consultant(s), Investment Managers, Custodian (as defined herein), and other parties to serve the goal that actual results meet the objectives.

At its discretion, the Board may delegate authority for strategic and operational aspects of the Fund to Staff and Consultant(s), though it may not delegate overall responsibility for the program.

Investment Committee

The Investment Committee is chartered to assist the Board of Trustees in fulfilling its fiduciary oversight responsibility for the management of the System's investments. Duties of the Investment Committee may include, but are not limited to:

- formulating and recommending to the Board the overall investment policies of the System,
- establishing and recommending to the Board investment guidelines in furtherance of those policies, all of which shall be subject to approval by the Board,
- monitoring investment performance relative to the strategic objectives and compliance with relevant investment risk guidelines set forth in policy,
- recommending to the Board service providers for professional services for investment management, investment consulting, and custodial banking, and
- monitoring the management of the Fund for compliance with relevant investment policies and guidelines.

Professional Staff

The Executive Director, the Chief Investment Officer, the Chief Financial Officer, and other Investment Staff will constitute the System's Professional Staff ("Staff"). Staff is responsible for rendering to the Board objective, competent, professional investment advice that is free from conflicts of interest. Staff will make recommendations to the Board regarding the Fund and will be responsible for implementing both Board decisions and applicable portions of this policy.

Investment Staff

Investment Staff is hired by the Executive Director and required by the Board to provide professional investment analysis and support, to exercise a standard of care consistent with fiduciary duty, and to maintain the integrity of the investment program. Investment Staff support the investment program at the strategic and operational levels through the establishment of appropriate policies and procedures. Investment Staff is also responsible for implementation and maintenance of analytical tools to measure and monitor risk as further described in this policy and internal procedures.

Investment Staff will advise the Board regarding the development of this policy and its implementation and aid in selection and monitoring of all Managers, Consultants, Custodians and other service providers related to the investment function.

Investment Consultant(s)

The Board may obtain the services of one or more qualified firms or individuals to assist and advise the Board and Staff regarding the structure, strategy, management, and investment of the Fund (a "General Investment Consultant"). The General Investment Consultant is hired by, and reports to, the Board to render objective, competent, professional advice and assistance that is free from conflicts of interest and to work with the Board and Staff regarding the investment process. This responsibility includes meeting regularly with the Board to provide perspective on the Fund's goals, strategy, structure, and risk as well as the progress toward fulfilling the Fund's long-term objectives.

The General Investment Consultant will advise, consult and work with the Board, Investment Committee and Investment Staff to develop and maintain a well-diversified portfolio of investments for the Fund. Fund positioning and performance will be reviewed regularly, and recommendations will be made as appropriate. The General Investment Consultant will assist the Board with all functions related to the investment of Trust assets and will inform the Board promptly of material changes to portfolio investments. Within this process, a General Investment Consultant assumes fiduciary responsibility for advice given regarding the management of the investment process. A General Investment Consultant will perform its duties and obligations in conformance with generally accepted industry standards and its contract with the System.

The Board may also hire one or more qualified firms or individuals to assist and advise the Board regarding specialized mandates such as selection of managers and/or investments (a "Specialized Investment Consultant"). The Specialized Investment Consultants are hired by, and report to, the Board to work closely with Staff in all aspects of managing the specialized investment portfolio including its relationship to the Fund as a whole.

It is imperative that Consultants maintain their independence in advising the Board. Consultants have the responsibility to promptly inform the Board in the event of any concerns related to investment activity. If any Consultant learns of a material issue regarding deviation from prudence, objectivity, policy or parameter adherence or any other matter of concern involving the investment program, the Consultant has a fiduciary duty to express that concern in writing to the Executive Director and CIO, Board Chair, and Investment Committee Chair while also recommending any action to be taken as deemed necessary. The Consultant shall also contact the full Board if it concludes that further immediate action is required and is beyond the authority granted to the Executive Director or

Investment Staff. In any event, all such material matters will be reported to the Board at its next scheduled meeting.

Investment Managers

Except for direct investments, investments for the Fund shall be made and managed by one or more investment managers ("Managers") who meet the requirements of Sections 802.203(d) and 802.204, Texas Government Code. Managers will construct and manage a portfolio of investments (the "Portfolio") consistent with the investment philosophy and strategy they are hired to implement in compliance with this policy and/or any agreement(s) they execute with the System. Investment Managers shall provide quarterly reporting in a format as requested by Investment Staff.

Legal Counsel

The Board may retain one or more attorneys and/or law firms to serve as investment counsel for the purpose of assisting the Executive Director and investment staff with legal matters related to the investment operations of the System. Such matters may include the review and negotiation of contracts and other investment documentation related to external investment service providers or investment managers and handling any litigation related to investment operations.

Custodian(s)

Custodian bank(s) ("Custodian" or "Custodians") will maintain custody of the cash, securities, commingled funds and other investments of the Fund. The Custodian(s) will be responsible for safekeeping, clearing and settling securities as appropriate for the accounts they are assigned. The Custodian(s) will regularly value, list and summarize these holdings for review by the Board, Staff and Consultant(s). In addition, a bank or trust depository arrangement with the Custodian(s) may be utilized to invest cash in liquid, interest-bearing instruments.

A Master Custodian will be designated to accurately record all transactions affecting the Fund. The audited entries from the Master Custodian shall constitute the official book of record for the Fund. All Custodians will be directed to provide timely and accurate information to the Master Custodian.

IV. FIDUCIARY CONDUCT

An investment fiduciary includes, but is not limited to, a person who exercises discretionary authority or control in the investment of the assets of the Fund or who renders, for a fee, advice for the Fund. The term investment fiduciary includes but is not limited to the members of the Board, the Fund Administrator, the investment staff, the investment consultants, and investment managers. An investment fiduciary shall discharge his or her duties exclusively in the interest of the participants in the System and their beneficiaries in accordance with the fiduciary standards set forth in Section 802.203 of the Texas Government Code and other applicable law.

In adopting this Policy, the Board requires all Trustees, Investment Consultants, and Staff involved in the investment of Fund assets to make all investment decisions in the best interest of the System and to abide by the System's Ethics Policy.

V. OPERATIONAL GUIDELINES

Asset Class Guidelines

To ensure that the Strategic Asset Allocation is implemented in a way that broadly represents the risk/return profile and exposures desired by the Board, guidelines for each major asset class have been adopted in Appendix 3. These guidelines lay out the broad-based guidelines that Investment Staff and Investment Consultant(s) shall follow in implementing these strategies and in making recommendations to the Investment Committee and/or Board.

In addition to these guidelines, Investment Consultant(s) and Investment Staff shall adopt internal guidelines and/or policies to oversee the implementation of each asset class. These guidelines should, where appropriate, include considerations for absolute and relative risks, desired exposures, liquidity, leverage, diversification, counterparties, and fees, among other items.

Private Markets Specific Guidelines

Given the unique characteristics of private markets strategies, the Board has adopted a Private Markets Strategic Plan to govern the selection, monitoring, performance reporting and guidelines of these strategies. The Private Markets Strategic Plan, which is incorporated into the Investment Policy Statement here by reference, shall be reviewed annually for appropriateness and shall also include a pacing plan to guide allocation decisions.

Use of Derivatives

The only authorized uses of derivative instruments are to efficiently manage portfolios and risk and to implement investment strategies authorized by this Policy more effectively. The following derivative instruments are allowable: futures, forwards, swaps, structured notes, and options. Managers may only engage in derivatives transactions that are consistent with their investment guidelines as well as applicable laws and regulations.

Cash Management

As a mature pension plan, cash disbursements of the System are expected to exceed cash receipts for the medium term. As such, sufficient funds must be made available for transfer from the System's investments to meet the operating needs of the System. On at least a quarterly basis, Staff will project the cash flow needs of the System based on the amount budgeted for administrative expenses and projected benefit payments, including retiree payroll. Cash draws should generally be made from asset classes and individual portfolios that are overweight relative to their strategic neutral weight, with those funds then transferred to the System's cash account at the Custodian Bank. Each quarter Staff will provide to the Board via the Investment Committee a report detailing all cash movements from the prior quarter that are related to investment program operations.

Securities Lending

The Board may select a Securities Lending Agent(s) to generate incremental income by making term loans of eligible securities. Any such program shall not inhibit the trading activities of Managers and should not run counter to the investment strategy of the Fund overall.

Securities Litigation

As a large institutional investor, the Fund frequently holds securities that are the subject of individual and class action securities litigation. The Custodian and other parties (the "Claims Processor") may be appointed by the Board to monitor such lawsuits, report to the Executive Director and Investment Staff, and file notice of claim or other necessary documentation. The Claims Processor shall notify Managers of any potential or pending legal action.

In its role as a fiduciary, the Board may, with the advice and assistance of the System's General Counsel, determine that the Fund should pursue litigation where it has been harmed due to securities fraud or other bad acts. The Board has set a "Threshold Value" to determine when the estimated financial loss to the System may warrant pursuing lead plaintiff status in a class action or separate prosecution of claims. The Threshold Value is defined as an estimated financial loss that exceeds 0.03% of Fund assets as of the most recent quarter end. In most cases, the Funds' interest in securities litigation claims will be adequately addressed solely through participation as a class member, rather than taking a lead plaintiff role in such litigation.

Proxy Voting

Proxy voting is generally delegated to Investment Managers and will be authorized via the Manager's contract to represent COAERS prudently on issues of corporate governance regarding the portfolio. Records of proxy votes will be maintained by the Managers and submitted to Investment Staff on request or at specified intervals. In representing the System, external managers and proxy voting agents are to consider only those pecuniary factors that relate to the economic value of System investments and are not to subordinate the interests of the System's participants and beneficiaries to unrelated objectives. Investment Staff will provide a proxy voting summary report for separately managed accounts to the Executive Director, on an annual basis as soon as practical after fiscal year-end.

VI. REPORTING, EVALUATION AND REVIEW

Performance

Regular performance evaluation of the Fund by the Board is designed to monitor the effectiveness of the investment process in meeting the long-term objectives of the System. The purpose is to test the continued validity of the associated decisions and to prompt a review of underperformance or excessive risk. All performance measurement should be based on total returns, net of fees, adjusted for risk, as measured over a sufficient time period to reflect the benefits of any active decisions (typically a minimum of three years and preferably over five or more years and/or a full market cycle).

The General Investment Consultant shall provide to the Board via the Investment Committee a written summary of the Fund's performance each quarter. This report shall include a comparison to performance goals as well as the investment performance ranking of other appropriate peer group(s). The Consultant will conduct an in-depth performance attribution analysis, which will quantify the extent to which specific allocations, strategies, and/or managers added or detracted from overall Fund performance.

Risk

At least annually, Investment Consultant(s) and Investment Staff shall collaboratively provide a risk report to the Board via the Investment Committee. This report shall contain a variety of

risk reporting items and should describe context for whether the risks taken by the Fund were appropriate in measure and compensation.

Items included in this report shall be both backwards looking (ex-post) and forward looking (ex-ante), where possible. At a minimum, this report should include volatility, tracking error, value at risk, correlations, beta, Sharpe Ratio, Information Ratio, portfolio characteristics and contribution to risk at the Total Fund and asset class levels.

VII. INTERPRETATION, REVIEW AND REVISION OF POLICY

It is intended that this policy and all addenda hereto be construed and administered such that they comply with all applicable federal and state laws and regulations, as such may be amended from time to time to reflect best practices for prudent investors. The Executive Director is authorized to approve variances from the policies set forth herein in furtherance of such compliance. The Executive Director is also authorized to update this policy for strictly administrative items subject to approval by the General Counsel. Any variance approved for compliance with law shall be approved by General Counsel, Investment Counsel, or Tax Counsel as appropriate. The Executive Director shall report any such variances or updates to the Board at its next meeting via the Investment Committee.

All previous System investment policies and objectives are superseded by this document. The Board will formally review this Policy at least annually to determine whether it remains appropriate in light of the Board's investment philosophy and objectives. This document will also be reviewed periodically and updated as necessary to reflect changes in the capital markets and to reflect best industry practices for prudent investors. Any revisions to this document will be promptly supplied to the appropriate parties in written form.

APPENDICES

1. Strategic Asset Allocation

Asset Class	Minimum	Neutral	Maximum
Global Equities	38%	45%	52%
Private Equity	5%	8%	10%
Real Assets	12%	15%	19%
Private Credit	7%	10%	13%
Fixed Income	18%	21%	28%
Cash & Equivalents	0%	1%	10%

2. Benchmarks

Policy Benchmark

The Policy benchmark is a blended benchmark consisting of Asset Class benchmarks held at neutral Strategic Asset Allocation weights.

Passive Benchmark

Asset Class	Benchmark	Weight
Global Equities	MSCI ACWI IMI Net Index	60%
Global Fixed Income	Bloomberg Global Aggregate Bond Index	40%

Asset Class Benchmarks

Asset Class	Benchmark
Global Equities	MSCI ACWI IMI with USA Gross (Net) Index
Private Equity	Burgiss Global PE Funds Index
Real Assets	Blended weighted average of primary composite benchmarks
Private Credit	LSTA Leveraged Loans Index +200 bps
Fixed Income	Bloomberg US Aggregate Bond Index
Cash & Equivalents	Bloomberg US Treasury Bills 1-3 Month Index

Real Assets Composite*	Benchmark
Real Estate	NCREIF ODCE Net EWA
Infrastructure	Burgiss Global Infrastructure Funds Index
Gold	Bloomberg Gold Subindex Total Return

**Real Assets composite benchmarks are given pro-rata weights based on actual allocation weights on a monthly basis.*

3. Asset Class Guidelines

Global Equities:

Region	Min	Neutral	Max
US Equities	-5%	Weight in ACWI IMI	+5%
DM Equities	-5%	Weight in ACWI IMI	+5%
EM Equities	-5%	Weight in ACWI IMI	+5%

Minimum and maximum ranges to be used for Market Drift rebalancing.
Percentages expressed relative to Global Equities exposure.

Fixed Income:

Fixed Income Strategy Type	Min	Max
Core Mandates	60%	100%
Plus Mandates	0%	40%

Percentages expressed relative to Fixed Income exposure.

Core mandates are those which are benchmarked to and represent the general characteristics of the Bloomberg US Aggregate Bond Index.
Plus mandates may include public markets strategies in US High Yield, Bank Loans, Emerging Market Debt, and Multi-Asset Credit.

Cash & Equivalents:

Cash Strategy Type	Min	Max
Foreign Currency Mandates	0%	25%

Percentages expressed relative to Cash & Equivalents exposure.
Minimum and maximum ranges only to be used for Market Drift rebalancing.

4. Phased Transition Guidelines

Recently the Board adopted a Strategic Asset Allocation which includes new private markets exposures in Private Equity, Private Credit, and Real Assets and eliminates exposure to Multi-Asset and US Equal Weighted strategies:

Asset Class	Prior Neutral	Current Neutral	Change
Global Equities	56%	45%	-11%
Private Equity		8%	8%
Real Assets	15%	15%	
Private Credit		10%	10%
Fixed Income	21%	21%	
Cash & Equivalents	1%	1%	
Multi-Asset	7%		-7%

Given the expected time required over several years to build out these exposures, the Board has adopted the below interim guidelines for benchmarking and the Strategic Asset Allocation:

- The Policy Benchmark shall consist of the Asset Class benchmarks held at actual allocation weights, reweighted monthly, instead of the Neutral Strategic Asset Allocation weights.
- The Global Equities Asset Class and US Equities composite shall be benchmarked by the below, reweighted monthly, until such time as the US Equal Weighted exposure is eliminated:

Global Equities Asset Class

Regional Exposure	Benchmark	Weight
US Equities	US Equity Spliced Benchmark	US Region Weight within MSCI ACWI IMI Index
Developed Markets Equities	MSCI World ex USA IMI Index (Net)	DM ex US Region Weight within MSCI ACWI IMI Index
Emerging Markets Equities	Emerging Markets IMI Index (Net)	EM Region Weight within MSCI ACWI IMI Index

US Equity Spliced Benchmark

Constituent	Weight
MSCI USA Equal Weight Index (Gross)	MSCI USA EW Index Fund's weight as a % of total US Equity
MSCI USA IMI Index (Gross)	100% - MSCI USA EW Index Fund's weight as a % of total US Equity

- The Real Estate and Infrastructure Composites in Real Assets shall be benchmarked by the below, which consists of underlying strategy type benchmarks at actual allocation weights, reweighted monthly:

Real Estate Composite

Strategy Type	Benchmark
Private Markets	NCREIF ODCE (Net) (EWA)
Public Markets	US REITs Completion Index

Infrastructure Composite

Strategy Type	Benchmark
Private Markets	Burgiss Global Infrastructure Funds Index
Public Markets	Dow Jones Brookfield Global Infrastructure Index (Net)

- The below minimum and maximum Strategic Asset Allocation minimums and maximums shall apply:

Asset Class	Minimum	Maximum
Global Equities	38%	63%
Private Equity	0%	10%
Real Assets	12%	19%
Private Credit	0%	13%
Fixed Income	15%	28%
Cash & Equivalents	0%	10%

These Phased Transition guidelines shall stay in effect until such time as the Board approves their removal from this Policy.

5. Other Portfolio Guidelines

Except as explicitly approved by the Board the following guidelines shall apply:

- In active strategies no more than 20% of the System's investments shall be managed on a permanent basis by a single investment firm.
- The System's investments shall not permanently constitute more than 20% of any firm's assets under management within the asset class managed for the System.
- Less liquid assets, defined as those with expected liquidity of less frequent than quarterly, shall not constitute more than 40% of Fund assets
- The Fund shall not have more than 3% of its investments at market value in the securities of any one corporation
- The Fund shall not own more than 5% of any class of voting securities of any one public corporation
- The Fund shall not represent more than 20% of a single commingled investment vehicle, based on market values.
- The Custodian(s) shall maintain a credit rating of at least A+ or equivalent