

JACKSONVILLE POLICE & FIRE PENSION FUND

STATEMENT OF INVESTMENT POLICY

I. Introduction.

The Jacksonville Police and Fire Pension Fund (the “Fund”) is a contributory defined benefit pension plan established under Section 401(a) of the Internal Revenue Code, as amended. The Fund was closed to new entrants on October 1, 2017. Pursuant to Article 22 of the City of Jacksonville Charter (“City Charter”), the Fund is administered by the Jacksonville Police and Fire Pension Board of Trustees, a body politic and corporate (the “Board”), which has the fiduciary responsibility for the Fund’s administration, investment of its assets, and the management of its operations. The purpose of the Fund is to provide long-term benefits to the Fund’s participants and their beneficiaries. In recognition of its responsibility, the Board has adopted this Statement of Investment Policy (the “Policy”).

II. Purpose.

- A. The purpose of this Policy is to establish and communicate a clear understanding of the objectives and guidelines established by the Board regarding the investment and administration of the Fund’s assets. It is intended to provide the Board, the Fund’s Treasurer, the Fund Administrator and investment staff, the Financial Investment Advisory Committee (the “FIAC”), the investment consultant, the investment managers, and the custodian bank a clear and accurate understanding of all investment objectives, investment policies, guidelines and limitations.
- B. It is the intention of the Board that this Policy be designed to allow sufficient flexibility in the investment oversight process in order to capture appropriate investment opportunities, ensure adequate capital and liquidity is available to pay benefits and expenses when due, establish a meaningful basis to evaluate effectiveness of investment strategy, and set reasonable parameters to manage risk in the investment of Fund assets.
- C. This Policy shall be adhered to by the Board, FIAC, the Fund’s staff and the Fund’s service providers unless otherwise approved in writing by the Board. A set of Investment Manager Instructions (“Manager Instructions”) shall be developed by the Fund’s investment consultant and approved by the Board for separate account managers. Such Manager Instructions shall contain the benchmark by which the manager’s performance is measured, any internal account restrictions or limitations, and any necessary exceptions to this Policy.

- D. The Board and FIAC shall review this Policy at least annually and may periodically amend this Policy in accordance with the City Charter to assure its provisions remain relevant and accurately guides the Fund's investment process.

III. Governing Law and Fiduciary Standards.

- A. Investment in the Fund's assets is subject to Chapter 18615, Laws of Florida, Acts of 1937, as amended; Sections 175.071, 185.06, 112.661, 215.47 and 518.11 of the Florida Statutes; Article 22 of the City of Jacksonville Charter; Section 121 of the City of Jacksonville Ordinance Code, any judicial rulings pertaining to any of the above, and any ordinances or rules promulgated thereunder.
- B. Funding of the Fund is subject to Section 112.64(6) of the Florida Statutes and City of Jacksonville Ordinance 2017-257-E ("Ordinance"). Section 112.64(6) authorized the application of proceeds of a Pension Liability Surtax to reduce the unfunded liability of the Fund. The Pension Liability Surtax will begin no later than January 1, 2031, or immediately following the expiration of "The Better Jacksonville ½-cent Sales Tax" and remain in effect no longer than 30 years, but is eligible for termination prior to 30 years if the Fund becomes fully funded. The Ordinance outlines the application of the Surtax for the Fund. Specifically the Ordinance requires recognition of the present value of the future Surtax proceeds received in calendar years 2031 through 2060 to offset the Fund's Unfunded Actuarial Accrued Liability. This results in a reduction in the City of Jacksonville's contributions to the Fund in fiscal years 2018 through 2030. Further, City of Jacksonville Ordinance 2017-259-E authorizes a Minimum Liquidity Ratio to prevent insolvency of the Fund in the event of financial stress. Should the ratio of investable assets/annual benefit payments drop below 5.0 in any given year, the City shall contribute a minimum of \$110 million or the amount needed to bring the ratio up to 5.0.
- C. This Policy is intended to complement applicable governing law; if at any time this Policy is found to be in conflict with such governing law, the applicable governing law shall prevail.
- D. The Board acknowledges its fiduciary responsibilities as articulated in Section 112.656, Florida Statutes. Further, although the Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") does not apply to the Fund as a governmental retirement plan, in accordance with F.S. 112.661(4), it hereby also incorporates the fiduciary provisions of the Employee Retirement Income Security Act ("ERISA"), as amended, at 29 U.S.C. s. 1104(a)(1)(A)-(C), such that the Board, FIAC, the Fund's staff and the Fund's service providers shall discharge their responsibilities in the same manner as if the Fund were governed by the aforementioned fiduciary responsibilities of ERISA.

- E. The Board is governed by the “Prudent Investor Rule,” which is codified in Section 518.11, Florida Statutes.

IV. Responsibilities and Duties.

- A. The Board, FIAC, the Fund’s staff and the Fund’s service providers under contract to the Fund shall exercise judgment with the care, skill, and diligence under the circumstances then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of institutional investment portfolios entrusted to it; not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

- B. Board. The Board has responsibility for the administration and management of the Fund. In addition, the Board has sole authority and responsibility for the investment of Fund assets. Members of the Board are fiduciaries of the Fund. Board duties include, but not limited to:
 - 1. Comply with all applicable fiduciary and ethical training requirements;
 - 2. Comply with all applicable periodic public disclosure requirements;
 - 3. Approve a Statement of Investment Policy and provide direction in the implementation of such Policy; however, the Board delegates to the Fund’s Administrator the responsibility for the implementation and administrative oversight of such Policy;
 - 4. The Board shall not select any investment manager without first obtaining the advice and recommendation of the FIAC and taking such into account along with any other information available. The Board may request advice and recommendation from the FIAC regarding the selection of any other professional service provider. Nothing shall prohibit the Board from immediately removing any investment manager, custodian, investment consultant or other financial advisor when, in the opinion of the Board, such action is necessary to safeguard the Fund from loss.
 - 5. Approve permitted asset classes, target asset allocation and permissible ranges, manager allocations, and asset rebalancing after consideration of FIAC advice and recommendations related thereto;
 - 6. Monitor the Fund’s investment program including regular review of investment performance, effectiveness of investment strategy in the achievement of objectives, investment costs, and regulatory compliance;
 - 7. Review and approve as necessary any actuarial valuation, assumptions, funding, liability projections, or other actuarial-related information;
 - 8. Review and approve as necessary any audits;
 - 9. Establish general administrative rules and procedures for the effective and efficient administration of the Fund’s operations; and
 - 10. Annually review this Policy.

- C. Fund Administrator. The Fund Administrator is responsible for implementation of the Policy along with all other Board guidance and directives. The Administrator's duties include, but not limited to:
1. Manage and direct all administrative, personnel, budgeting and support functions;
 2. Provide the Board and FIAC with monthly and quarterly reports regarding administration of the Fund and investment of Fund assets including those of the investment consultant;
 3. Develop a system of internal controls to safeguard Fund assets; and
 4. All other duties as directed by the Board.
- D. FIAC. The FIAC has the responsibility to provide advice to the Board. Members of the FIAC are fiduciaries of the Fund. FIAC duties include, but are not limited to:
1. Comply with all applicable fiduciary and ethical training requirements;
 2. Comply with all applicable periodic public disclosure requirements;
 3. Provide advice to the Board on: financial matters; actuarial practices and assumptions; investment strategy and policy; selection of any investment manager, custodian, investment consultant, actuary or auditor; such other matters as requested by the Board;
 4. Comply with all other requirements in Chapter 121, Part 5, Ordinance Code.
- E. Fund Treasurer. The Treasurer of the City shall be the treasurer for the Board and shall give such bond as prescribed by Board.
- F. Fund Finance Manager. The Fund Finance Manager is responsible for the reconciliation of bank statements relating to the Fund's investment in the City's Pooled Cash, the administration of certain wire transfers and ACH payments, and the issuance of stop pays and replacements.
- G. Investment Consultant. The investment consultant's responsibility is to provide investment advice and recommendations to the Board and FIAC and assist the Fund Administrator and staff in the implementation of this Policy, Board and FIAC directives, and management of the investment process. This includes meeting regularly with the Board, FIAC and the Fund's Administrator and staff to provide information, market perspective, and evaluation as to the Fund's objectives, investment policies, investment structure and investment performance as part of the overall development, implementation and monitoring of a diversified investment portfolio. The investment consultant shall be a Registered Investment Adviser under the Investment Advisers act of 1940, as amended, and shall be a fiduciary with regard to its investment advice and recommendations. Investment consultant duties include, but are not limited to:
1. Recommend appropriate actions which will enhance the probability of achieving Fund

- objectives and mitigate risk, including use of various asset classes, implementation of investment strategy, changes in investment policy, and changes in investment managers or other service providers;
2. Assist the Board and FIAC in developing appropriate asset mixes through the development of regular asset-liability studies and asset allocation reviews;
 3. Assist the Board and FIAC in deploying an appropriate asset mix through the development of specific investment strategies and supporting policies;
 4. Recommend to the Board and FIAC rebalancing actions necessary to meet liquidity needs, take advantage of market opportunities or to protect capital;
 5. Provide comprehensive and regular evaluations of the investment results of the Fund and its individual asset managers in light of this Policy;
 6. Notify the Board and FIAC of changes in the structure, personnel, ownership, or process of managers serving the Fund and recommend corrective action when necessary;
 7. Conduct searches for investment managers and other service providers as necessary and making recommendations for such positions;
 8. Disclosing potential conflicts of interest as they become known;
 9. Providing ad hoc investment research and other support as may be necessary to support the board's educational and informational needs;
 10. Monitor compliance with this Policy by all investment managers;
 11. Provide advice with respect to transitions from terminated investment managers to replacement managers; including the recommendation of transition management services;
 12. Monitor the custodian with respect to its functions and make recommendations with respect to custodial services;
 13. Monitor any securities lending program implemented by the Board and make recommendations as necessary;
 14. Negotiate, monitor and report investment management fees to the Board and FIAC and offer recommendations for improvement thereon; and
 15. Review annually this Policy and recommend any necessary changes to the Board and FIAC.
- H. Investment Managers. The Board shall select competent, experienced professional investment managers to manage Fund assets. All investment managers shall be Registered Investment Advisers under the Investment Advisers Act of 1940, as amended, unless exempt from such registration and specifically permitted by the Board. The Board delegates to its investment managers full investment discretion regarding all assets placed under their control. Subject to this Policy and relevant Manager Instructions, investment managers have full authority to manage assets, including the purchase, retention, and sale of securities in amounts and proportions that are reflective of the investment manager's respective investment strategies. The investment managers' acceptance of responsibility to manage Fund assets will constitute an acceptance of this Policy and any Manager Instructions. The duties of investment managers include but are not limited to:
1. Acknowledge receipt of this Policy and any applicable Manager Instructions and acceptance of fiduciary duty with respect to the management of Fund assets under their control;
 2. Invest Fund assets according to this Policy, any applicable Manager Instructions, and the investment discipline, mandate or style for which the manager was retained;

3. Inform the Board and investment consultant on a timely basis of: significant changes in investment strategy or asset allocation; significant changes in ownership, organizational structure, financial condition or professional staffing of the firm or investment product utilized; deviations from this Policy and applicable Manager Instructions or the need therefore; and any regulatory actions, investigations, significant trading errors, or lawsuits alleging breach of fiduciary duty.
 4. Meet with the Board, FIAC or investment consultant at least annually in person or via teleconference to review: firm developments, investment performance, performance attribution, portfolio structure and investment/market outlook;
 5. Provide the Board, FIAC, and Investment Consultant with quarterly reports containing such information as may be required to adequately monitor positions and risk in the manager's portfolio.
 6. Vote proxies in the economic best interest of the Fund's assets, keep accurate records of such proxy voting and provide written reports to the Fund upon request;
 7. Execute all transactions on the best price, best execution basis which is normally interpreted to mean best-realized price, net of fees and expenses. The Board, at its discretion, may direct any separate account manager to execute trades through one or more commission recapture or directed brokerage programs for the purpose of reducing trading costs.
 8. Investment managers are prohibited from having custody of the assets under their control, executing trades through brokers affiliated with their firm or the investment consultant, or paying any fees or compensation to the investment consultant.
- I. Custodian. The Board shall retain a qualified, third-party, custodian bank or trust company responsible for the safekeeping, trade settlement, valuation, and accounting of Fund assets. The duties of the custodian include but are not limited to:
1. Safekeeping of all Fund assets under a trust or custodial arrangement; collect all income, dividends and principal realizable and properly reporting same;
 2. Provide the Fund, investment consultant and investment manager monthly reports of all Fund assets based on fair market value, a listing of all transactions, and accounting of all assets along with consolidated annual reports;
 3. Settle all purchases and sales of securities and other related transaction by investment managers;
 4. Sweep all investment manager and Fund accounts daily into a cash management account and manage such account in safe, liquid, interest-bearing investments in accordance with this Policy;
 5. Reconcile cash balances with investment managers and make cash disbursements as directed by the Fund Administrator;
 6. Distribute proxies to investment managers; and

7. Provide all other custodial services not listed above that are necessary for the efficient safekeeping, valuation or administration of Fund assets.
8. Maintain its status as a “qualified public depository” as defined in Section 280.02, Florida Statutes, which depository with regard to assets of the Fund shall conform to and be bound by all of the provisions of Chapter 280, Florida Statutes.

V. Investment Objectives:

A. General Investment Objectives.

1. The general investment objective of the Fund is to preserve the purchasing power of the Fund’s assets and earn a reasonable real rate of return over the long-term while minimizing, to the extent reasonable, the short-term volatility or losses. In broad terms, the board seeks to ensure over the life of the Fund that an adequate level of assets are available to fund benefit payments payable to the Fund’s participants and beneficiaries at the time they become due. In meeting this objective, the Board seeks to achieve a high level of investment return consistent with a prudent level of risk.
2. To achieve these general objectives, the Board seeks to create a well-diversified portfolio of equity, fixed income, real estate, and private equity and debt, real assets, money market and other permissible investments.

B. Specific Investment Objectives and Return Goals.

1. The primary investment objective of the Board is to maximize the probability of achieving an investment return that satisfies the actuarial rate of return assumption for the Fund’s investment portfolio (currently 7%), net of fees, subject to a prudent level of risk. As this is a long-term objective and investments are subject to short-term volatility, the main investment focus of the Board is the expected long-term return and associated expected volatility of the Fund as a whole over a long-term investment time horizon.
2. In addition to the absolute investment objective, relative return goals are described as follows:
 - a. To earn a total rate of return at the total Fund level, net of fees, over a market cycle which exceeds the return of a Policy Index. The Policy Index for the Fund is defined as an index constructed of the returns of the broad market indices representing each asset class in which the Fund is invested, each weighted to reflect the Fund’s target asset allocation as adopted by the Board. The Policy index may change from time to time as the asset allocation target or permissible asset classes change, as periodically approved by the Board.
 - b. To earn a total rate of return at the total Fund level, net of fees, over a market cycle which exceeds the median return in a representative performance universe of other, similarly managed investment portfolios.
 - c. To earn a total rate of return at the asset class level, net of fees, over a market cycle that exceeds a representative broad market index or indices representing each asset class in which the Fund is invested.
 - d. The investment goals of each active investment manager are to achieve an annualized total rate of return, net of fees, over a market cycle that exceeds an appropriate broad

- market index and rank above median in a comparative performance universe reflecting the manager's investment style.
- e. The investment goal of each passive investment manager is to achieve an annualized total rate of return, gross of fees, over a market cycle that matches the underlying broad market index while minimizing tracking error to that index.
 - f. Rolling 3 to 5 year periods shall be used in the measurement of performance to evaluate the achievement of the above-referenced investment goals.

VI. Authorized Investments.

- A. Under the applicable elements of Section 215.47 (1)-(6), (8), (9), (11) and (17), Fund assets may be invested:
 1. Without limitation in U.S. government and agency securities, various full faith and selected state and municipal securities, various savings accounts and CD's of banks and S&L's, prime quality commercial paper and bankers acceptances, prime quality negotiable CD's issued by domestic or foreign financial institutions denominated in U.S. dollars, various short-term investment funds, various mutual funds and similar investment products comprised of U.S. government, agency and instrumentality securities, and repurchase agreements collateralized by U.S. government securities.
 2. With no more than 25% in various investment grade state and municipal securities, certain FHA and VA notes, certain CMO's, certain group annuity contracts, certain interests in real property and related personal property with provision for equity and income participation, investment grade foreign fixed income obligations, fixed income obligations of the government of Israel, dollar-denominated obligations issued by foreign governments and corporations, and asset-backed securities not otherwise described herein.
 3. With no more than 80% in domestic equities (common stock, preferred stock, and convertible bonds) listed under major exchanges, and domestic corporate bonds.
 4. With no more than 25% in corporate obligations and securities of foreign corporations and entities, not including US dollar-denominated securities listed and traded on US exchanges.
 5. With no more than 5% in any other form of investment, provided that such investment plans are presented to the FIAC for recommendation to the Board.
 6. Transactions involving the purchase and sale of certain futures and options.
- B. Notwithstanding the permitted investments described above which are authorized under Section 215.47, Florida Statutes, Section 22.04 (b)(2) of the Jacksonville City Charter states that "investments in fixed real estate assets shall not exceed 20 percent of the assets of the plan, at cost."
- C. The City of Jacksonville created Section 121.116 of the Ordinance Code authorized the Board to invest in alternative investments, alternative investment vehicles and portfolio positions as

defined in the Section. These include private equity, private debt, venture capital, and natural resources strategies. Further, the Section prohibits investment in hedge funds but allows any investment made by the City of Jacksonville General Employee Pension Fund or Correctional Officers Pension Fund.

- D. Investments not listed in this Policy are expressly prohibited. Should the Fund have investments that either exceed the applicable limit or do not satisfy the applicable investment standards, such excess or investment not in compliance with this Policy may be continued until such time as it is economically feasible to dispose of such investment. However, no additional investment may be made in the investment category which exceeds the applicable limit, unless specifically authorized by law or local ordinance.

VII. Asset Allocation

A. General.

1. The Board believes that the level of risk assumed in the Fund is a function, in large part, of the Fund's asset allocation. The proportion of assets allocated for equity investments is the most important determinant of the volatility of future returns. As indicated by long-term historical data, the risk of equity ownership has been rewarded with a higher rate of return and is necessary in the current market environment to fully fund future liabilities.
2. The Fund's investments shall be invested in a diversified portfolio which may be composed of equity securities (both domestic and international), fixed income securities (both domestic and international), diversifying assets (such as real estate or alternative assets, as permitted by statute or ordinance) and cash equivalent securities.
3. Based on its determination of the appropriate risk posture for the Fund, and its long-term return expectations, the Board with recommendations from the FIAC and investment consultant has established asset-mix guidelines for the Fund based on market values. The asset allocation is a strategic asset allocation. The long-term target allocation percentage and permitted range for each asset class shall be based upon the most recent asset-liability study performed by the investment consultant, generally every 5 years, or periodic asset allocation review, as adopted by the Board. Both the target allocations and permitted ranges should be adhered to under normal circumstances. However, because the target allocations and permitted ranges are long-term in nature, periodically the asset mix may fall outside the target or range. Dollar-cost-averaging, portfolio transition or other cases where the Board determines deviation from the target or range is in the best interest of the Fund are permitted exceptions. This in no way should be considered tactical asset allocation or market timing and is not viewed as such by the Board.
4. The Board, in consultation with the FIAC and investment consultant, is responsible for broad asset allocation decisions. A manager's cash holdings can disrupt this position and therefore under normal circumstances should be limited to five percent (5%) of its portfolio market value.
5. Until such time as the Board changes the broad asset class targets, a routine rebalancing of the various portfolios back within permitted allocation range shall be implemented as

necessary. When market experience moves the portfolio allocation outside a range of +/- 5% around the target allocation at month end, the Fund Administrator or investment staff in conjunction with the Investment Consultant will recommend to the FIAC and Board any necessary action to rebalance back toward the target allocation. Managers considered to be underperforming their benchmarks, undergoing personnel or ownership change or for other reasons in the best interests of the Fund, may be excluded from receiving additional assets in any rebalancing.

6. The investments of the Fund shall be diversified so as to minimize the impact of large losses under any individual asset class or investment style.

B. Target Asset Allocation, Permitted Allocation Ranges, and the Policy Index.

1. The Fund's current target asset allocation, permitted allocation ranges and Policy Index are shown in Appendix A.

VIII. Investment Guidelines.

A. General.

1. The Fund Administrator, in consultation with the FIAC and investment consultant, is responsible for developing periodic recommendations for consideration by the Board regarding the various asset classes, investment styles and individual portfolio policies and guidelines which are to be formally reflected in the goals and objectives of this Policy. Once adopted by the Board, the Administrator shall manage the implementation of the Policy and the guidelines reflected therein. The Administrator shall manage any guidelines for the selection and retention of investment managers as well as all external contractual relationships in discharging the fiduciary responsibilities of the Board. All asset classes and investment styles shall be invested to achieve or exceed, on a net of fee basis, the return for their respective benchmarks over a market cycle measured over rolling three to five year periods of time.
2. No investment manager shall be permitted to purchase the securities of the investment management organization for inclusion in the portfolio of the Fund. This prohibition shall additionally extend to the securities of the parent organization or subsidiaries of the investment management firm.

B. Cash Equivalents Guidelines/Restrictions.

1. Permissible Cash Equivalent Securities for the Fund include:
 - a. Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof and having a prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization, provided such savings accounts and certificates of deposit are secured in the manner prescribed in Chapter 280.
 - b. Bonds issued by the Florida State Improvement Commission, Florida Development

Commission, Division of Bond Finance of the Department of General Services, or Division of Bond Finance of the State Board of Administration.

- c. Notes, bonds, and other obligations of agencies of the United States.
 - d. Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.
 - e. Time drafts or bills of exchange drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, which are accepted by a member bank of the Federal Reserve System and are of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
 - f. Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
 - g. Short-term obligations not authorized elsewhere in this section to be purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.
 - h. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
2. Notwithstanding the above list of securities that are eligible for investment by the custodian bank, the investment managers may invest only in the following short-term investment vehicles:
- a. The money market or STIF provided by the custodian bank.
 - b. Direct obligations of the United States Government or its agencies with a maturity of one year or less.
 - c. Repurchase agreements which are fully collateralized by direct obligations of the United States Government.
 - d. Commercial Paper issued by United States corporations which has a maturity of 270 days or less and that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's, subject to a limit of no more than \$5 million by any single issuer.
 - e. Bankers Acceptances issued by prime money center banks, subject to a limit of no more than \$5 million in any single bank.

C. Equity Guidelines/Restrictions.

1. Domestic common stock and preferred stocks are permitted for domestic equity portfolios. No one equity holding in the Fund's portfolio shall represent more than 5% of the outstanding common stock of any one company.
2. No equity holding of any one company in the Fund's portfolio shall represent more than 5% of the assets of the Fund measured on the basis of market value.

3. Exchange Traded Funds (ETF's) may be used and held in domestic equity portfolios but are limited to 5% of a manager's portfolio.
4. American Depository Receipts (ADR's) and foreign-domiciled companies that are traded on United States exchanges are permitted investments for domestic equity managers; however, the combined amount of such securities shall be limited to 15% of a domestic equity manager's portfolio. This authorization is subject to the collective use of foreign-domiciled companies and international securities (through international equity managers) operating within the overall 25% limitation of the total Fund assets measured on the basis of market value. Notwithstanding these guidelines with respect to individual domestic equity managers, the Board shall issue directives to such individual domestic equity managers for the liquidation of a portion of their holdings in foreign domiciled companies in the event that the Trustees conclude that the overall limitation of 25% is in peril of being exceeded.
5. There shall be no investment in foreign securities within the portfolios of investment managers who are hired and assigned to manage domestic portfolios (except within the constraints described above). There shall be no: investment in venture capital, commodities, financial futures or options (other than covered call options), letter stocks, private placements (except those issued under Rule 144a with such securities being limited to 15% of a manager's portfolio measured at market value), short selling, purchases on margin, puts, calls, or hedging, or other specialized investment activity without the prior approval of the Board.
6. Corporate obligations and securities of a foreign corporation or a foreign commercial entity are permissible in international equity portfolios but shall not exceed 25% of the Fund, not including US dollar-denominated securities listed and traded on a US exchange. American Depository Receipts and Global Depository Receipts are also permissible in international equity portfolios.
7. Convertible preferred stocks may be purchased so long as the common stocks underlying them meet the required equity standards.
8. Convertible bonds shall not be considered as an appropriate equity substitute.
9. The equity investment managers are permitted to sell covered call options.
10. All securities purchased shall be fully negotiable and marketable unless prior approval is secured by the Board. An illiquid investment is generally recognized as an investment for which a recognized market is not available or for which there is no consistent or generally accepted pricing mechanism.
11. In order to achieve the desired level of quality and liquidity of the portfolio, all domestic equity purchases (other than private equity mandates) are limited to stocks registered or listed on a United States national exchange, (i.e. New York Stock Exchange, American Stock Exchange and the NASDAQ Over the Counter Market) and whose corporation conforms to the periodic reporting requirements under the Securities Exchange Act of 1934.

12. Permissible equity investment vehicles shall include equity separate accounts, commingled vehicles, index funds, and mutual funds consisting of those common stocks, preferred stocks, and convertible securities described above.
13. The equity investment managers are encouraged to limit both explicit trading costs (e.g. commissions) and implicit costs (e.g. market impact). Targeting low average commission costs, use of crossing networks and transacting equity trades through commission recapture agents with which the Board has an agreement are all permissible ways to limit explicit costs. However, all such security transactions shall be executed only on a “best price and execution basis” (as defined by ERISA Technical Release Number 86-1) and when in the best interest of the Fund. This brokerage policy is designed to assist the Trustees in providing a cost-effective commission rebate vehicle to return excess commissions to the Fund.

D. Fixed Income Guidelines/Restrictions.

1. The following are permissible investments:
 - a. Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.
 - b. State bonds pledging the full faith and credit of the state and revenue bonds additionally secured by the full faith and credit of the state.
 - c. Bonds of the several counties or districts in the state containing a pledge of the full faith and credit of the county or district involved.
 - d. Bonds issued or administered by the State Board of Administration secured solely by a pledge of all or part of the 2-cent constitutional fuel tax accruing under the provisions of s. 16, Art. IX of the State Constitution of 1885, as amended, or of s. 9, Art. XII of the 1968 revised State Constitution.
 - e. Bonds issued by the State Board of Education pursuant to ss. 18 and 19, Art. XII of the State Constitution of 1885, as amended, or to s. 9, Art. XII of the 1968 revised State Constitution, as amended.
 - f. Bonds issued by the Florida Outdoor Recreational Development Council pursuant to s. 17, Art. IX of the State Constitution of 1885, as amended.
 - g. Notes, bonds, and other obligations of agencies of the United States.
 - h. The following are limited to 25% or less of the Fund:
 - i. Bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of this state, if the obligations are rated investment grade by at least one nationally recognized statistical rating organization.
 - ii. Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.
 - iii. Mortgage securities which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal

- National Mortgage Association, and the Federal Home Loan Mortgage Corporation.
- iv. Fixed-income obligations not otherwise authorized by this section issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities, if the obligations are rated investment grade by at least one nationally recognized rating service.
 - v. A portion of the funds available for investment pursuant to this subsection may be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.
 - vi. Obligations of agencies of the government of the United States, provided such obligations have been included in and authorized by the Florida Retirement System Defined Benefit Plan Investment Policy Statement established in Section 215.475, Florida Statutes.
 - vii. United States dollar-denominated obligations issued by foreign governments, or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.
 - viii. Asset-backed securities not otherwise authorized by this section.
- i. Not more than 80% of the Fund may be invested in interest-bearing obligations with a fixed maturity of any corporation or commercial entity within the United States.
 - j. Not more than 25% of the Fund may be invested in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the Board.
- i. Unless permitted by the Board, all securities purchased for the portfolio must have an investment grade rating of BBB- or better (investment grade) from a nationally recognized rating service (i.e. Moody's, Standard & Poor's, or Fitch), subject to the limitations below. For an issue with a split rating, the lower quality designation will govern. In the event of a downgrade below BBB- or its equivalent after the time of purchase, the Investment Manager shall be required to dispose of the security at the earliest beneficial opportunity. Any purchase of below investment grade rated debt securities may only be made with the prior written permission of the Board.
 - ii. No purchase may be made which would cause a holding to exceed 5% of the issuer's outstanding fixed income securities.
 - iii. No more than 5% of the Fund's portfolio shall be invested in the securities of any single issuer, with the exception of the United States Government and its agencies and instrumentalities, which carry no limit.
 - iv. Convertible bonds may be purchased up to 10% of the value of the manager's fixed income portfolio; however, such investments should be liquidated at the time of conversion so as to avoid a fixed-income Investment Manager from carrying equity securities in the fixed-income portfolio.
 - v. There shall be no investment in foreign bonds (with the possible exception of bonds issued by the State of Israel were contractually authorized) within the portfolios of investment managers who are hired and assigned to manage domestic core

portfolios, without the prior written permission by the Board. In addition, there shall be no short selling or other specialized investment activity or investments in futures or options without the prior approval of the Board.

- vi. Yankee Bonds are permitted investments; however, such securities shall be limited to 5% of an investment manager's portfolio unless permitted in writing by the Board.
- vii. Closed-end bond funds may be purchased; however, such purchases shall be limited to 10% of an investment manager's portfolio. In addition, the investment manager's holdings in any single closed-end bond fund may not exceed 10% of the amount of such closed-end bond fund.
- viii. Collateralized Mortgage Obligations (CMO's) are acceptable provided they meet the following criteria unless otherwise permitted by the Board in writing:
 - a). Backing by the full faith of the U.S. Government or an Agency thereof, or that are rated AAA by a major rating service.
 - b). A volatility rating by Fitch Investors Services in the low to moderate category (VI, V2, or V3) or characteristics consistent with such ratings.
 - c). Limited to PAC (Planned Amortization Class), NAC (Non-Accelerated Securities), VADM (Very Accurately Defined Maturity) securities, or sequential CMO's.
- ix. Investments in Commercial Mortgage Backed Securities (CMBS) are permitted, provided they are rated AAA by a major rating service and the total value of all CMBS investments shall not exceed 15% of the market value of the total fixed income portfolio unless permitted by the Board.
- x. All securities purchased shall be fully negotiable and marketable. An illiquid investment is generally recognized as an investment for which a recognized market is not available or for which there is no consistent or generally accepted pricing mechanism.
- xi. Structured notes may not be held in the fixed income portfolio without the written permission of the Board.
- xii. Permissible investment vehicles shall include fixed income separate accounts, commingled vehicles, index funds and mutual funds consisting of those fixed income securities listed above.

E. Real Estate Guidelines/Restrictions.

1. Permissible real estate investments are considered to include certain interests in real property and related personal property, including mortgages and related instruments on commercial or industrial real property, with provisions for equity or income participation or with provisions for convertibility to equity ownership; and interests in collective investment funds as well as infrastructure assets. Associated expenditures for acquisition and operation of assets purchased under this provision or of investments in private equity or other private investment partnerships or limited liability companies shall be included as a part of the cost of the investment.
 - a. The title to real property acquired under this paragraph shall be vested in the name of the respective fund.
 - b. For purposes of taxation of property owned by any fund, the provisions of s. 196.199(2) (b) do not apply.

- c. Real property acquired under the provisions of this paragraph shall not be considered state lands or public lands and property as defined in Chapter 253, and the provisions of that chapter do not apply to such real property.
2. When deemed appropriate by the Board, real estate investment may be made in any legally permissible real estate investment vehicles, including, but not limited to, individual property investments, joint ventures, commingled funds, real estate investment trusts (REIT's), limited partnerships and limited liability companies, in an amount up to 15% of the Fund.
3. The Board will seek to diversify its real estate portfolio by property type (multi-family residential, industrial, office, retail, etc.), property location (geographic region), and strategy (core diversified, value-added, opportunistic).
4. As real estate investments, in general, are intended to provide a steady and predictable level of income, low volatility of total return and a low correlation to other asset classes. Leverage is limited to 35% at the portfolio level for core investments and 70% at the portfolio level for value-added /opportunistic, at cost.

F. Alternative Investments Guidelines/Restrictions

The Board of Trustees is authorized to invest and reinvest the assets of the Pension Fund in any lawful investment as provided in applicable provisions of s.112.661, 175.071, 185.06, 215.47, Florida Statutes, and, is further authorized to invest in alternative investments, alternative investment vehicles and portfolio positions, as those terms are defined in this section. The long-term role of alternative investments is to provide additional assets classes and active strategies whose risk and return profiles are meaningfully different than those held in traditional assets, thus providing diversification benefits along with the potential for higher returns and inflation protection. The long-term nature of private investments and vintage year diversification shall be emphasized so that the Fund, as a long-term investor, may properly take advantage of the private negotiation of transactions and the illiquidity premium associated with such investments.

1. Investments in hedge funds are prohibited.
2. No investment shall be permitted except pursuant to a written investment policy adopted by the Board of Trustees as provided in chapter 112, part VII, Florida Statutes. In accordance with Section 121.116, Ordinance Code, prior to the adoption of any change in asset allocation or the introduction of a new asset class, the Board of Trustees shall give 10 days' written notice of the meeting at which the proposed change shall be considered to the City Council Finance Committee.
3. For the purposes of this section, the following terms have the following definitions:
 - a. "Alternative investment" means an investment by the Board of Trustees in private equity funds which includes all of the private equity sub-strategies, including buyout, growth capital, venture capital, distressed investing, private debt/mezzanine debt, private real assets/natural resources/energy, venture fund, or a direct investment in a portfolio company through an investment manager or general partner.

- b. "Alternative investment vehicle" means the limited partnership, limited liability company, or similar legal structure or investment manager through which the Board invests in a portfolio company.
 - c. "Portfolio Company" means a corporation or other issuer, any of whose securities are owned by an alternative investment vehicle or the Board and any subsidiary of such corporation or other issuer.
 - d. "Portfolio positions" means individual investments in portfolio companies which are made by the alternative investment vehicles.
 - e. "Proprietor" means an alternative investment vehicle, a portfolio company in which the alternative investment vehicle is invested.
 - f. Prior to investment in any alternative investment or alternative investment vehicle, the Board shall develop and adopt specific guidelines pertaining to such investments.
- 4. The Board of Trustees is authorized to make the same investments the General Employee Pension Fund or the Correctional Officers Pension Fund are permitted to make, provided this Policy is revised to comply with such investment accordingly.
 - 5. The private investment portfolio in aggregate will be diversified over the long-term by having broad exposure across the strategies listed above. Further, diversification by vintage year, industry group, strategy, and geography shall be emphasized. Use of leverage in any strategy and any "lock-up" periods shall be fully disclosed and appropriate given the underlying strategy.
 - 6. Each private investment shall be invested and diversified according to investment's legal documentation. Accordingly, at the composite level, no limitations shall be imposed on any single partnership, strategy or investment.
 - 7. Private investments are expected to produce a dollar-weighted return (internal rate of return or "IRR") that exceeds a public market equivalent ("PME") dollar-weighted return of a market index appropriate for the strategy over the term of the investment. Where possible, peer comparisons shall be made using statistically valid performance universes with the expectation that performance will rank above median in vintage year periods.

G. Commingled and Mutual Fund Guidelines / Restrictions:

The Board recognizes and accepts that commingled and mutual fund investments will be dictated by the investment policies and guidelines of those funds and that no additional constraints may be imposed on them. The decision to invest Fund assets in any commingled or mutual fund will only be made by the Board of Trustees after a thorough review of the policies and/or prospectuses or other governing documents of those funds and after it has been determined that those policies are appropriate and generally consistent with the investment objectives of the Fund.

H. Investment Management Fees

The Board and FIAC shall review investment management fees on an annual basis. As part of such fee review, the investment consultant shall provide perspective and opinion as to the reasonableness of such fees. Where investment managers are retained both by the City of Jacksonville Police and Fire Pension Fund and the City of Jacksonville Retirement System, the Board shall make every effort to aggregate assets between the two for purposes of corresponding fee calculation.

I. Emerging Investment Manager and Brokerage Firm Policy

1. The Fund's current Emerging Investment Manager and Brokerage Firm Policy is shown in Appendix B.

J. Economically Targeted Investments and Socially Responsible Investments.

The Fund may consider various investment programs that are occasionally referred to as economically targeted investments (e.g. investments providing collateral benefits) or socially responsible investments. However, such considerations shall be based solely upon the expected return and risk characteristics of an investment approach and its impact on the success of the program as a whole. In order for such programs to receive consideration, they must address three basic minimum requirements:

1. Investments designated with below-market rates of return or other concessionary terms may not be acceptable if they compromise the Fund's risk-return standards and conflict with the Trustee's fiduciary responsibilities. Investments must yield an expected rate of return commensurate with the recognized level of risk of the investment.
2. Investments must meet the diversification and credit standards established by the Fund.
3. Asset strategies should anticipate the cash needs of the Fund.

K. Securities Lending.

Authorized investments may be loaned to securities dealers, provided the loan is collateralized by cash, letters of credit, or United States Government securities having a market value of at least 100% of the market value of the securities loaned. Specifically, domestic securities shall have an initial minimum collateralization requirement of 102% while international securities shall have an initial minimum collateralization requirement of 105% of market value. The Fund shall ensure that sound risk management practices are instituted by the securities lending agent bank to address the various risk elements of the Fund's securities lending program. The risk elements to be addressed include counterparty risk (including credit risk and collateral risk), operational risk (of the agent bank), collateral reinvestment risk (investment or interest rate risk), and market risk.

IX. Performance Measurement.

A. The investment performance of Fund assets will be measured by an independent performance measurement firm, usually the investment consultant and evaluated on a monthly or quarterly basis to determine whether:

1. The Total Fund, asset classes and investment managers performed in adherence to the investment policy guidelines set forth herein.
2. The investment managers have employed the investment philosophy or style of investing that they were hired to perform.

3. The Total Fund, asset classes, and investment managers performed satisfactorily when compared to the objectives identified in this Statement, in addition to the returns generated by similarly managed funds.

B. Long-Term Evaluation.

The measurement period for the long-term evaluation of investment performance will be rolling three to five year periods and thereby approximating a complete market cycle.

C. Benchmark Comparisons.

The Board shall establish performance standards for each investment manager in each asset class and investment style. Such performance standards or benchmark comparisons shall be reduced to writing and shall be included within the investment advisory agreement executed between the Board and the investment manager. Said performance standards shall be reviewed on not less than an annual basis.

The investment returns generated on the various categories of pension assets shall be compared against the following benchmarks, indicators and peer groups. In addition to the evaluation of investment returns, the level of risk assumed by the total Fund and the individual portfolios will be examined.

1. Total Fund:
 - a. The Policy Index
 - b. A database of similarly managed funds (as measured by the investment consultant).
 - c. The actuarial interest assumption for the rate of return.
2. Asset Class:
 - a. The Russell 3000 Index for the overall composite performance of domestic equities.
 - b. The MSCI AC World ex-US Index for the overall composite performance of international equities.
 - c. The Bloomberg Barclays Universal Index for the overall composite performance of the fixed income portfolio.
 - d. The NCREIF Property Index - ODCE for Core and Core Plus real estate investments.
 - e. The average 90 - Day Treasury Bill Rate for cash equivalents.
 - f. Appropriate alternative investment indices.
 - g. Specialized indices where the application of one or more of the above is not appropriate.
3. Investment Managers:
 - a. Appropriate broad market style indices reflecting each manager's style mandate.
 - b. A peer database of equity managers employing a similar investment style.
 - c. Specialized indices where the application of one or more of the above is not appropriate.
4. Alternative Investment Managers.
 - a. Appropriate alternative investment indices.

D. GIPS Standards

All investment performance analyses and results shall conform to the GIPS (formerly AIMR) Standards.

X. Reporting Requirements.

A. General Reporting Requirements.

The Board directs the Administrator to coordinate the preparation of monthly, quarterly and annual reports on the investment performance of the Fund by the Board's independent investment consultant and to prepare:

1. An annual investment report of the Fund to the Division of Retirement and the governing body of the unit of local government.
2. An annual financial report of the Fund's general operations as presented with the report from the independent auditor.
3. A monthly report of investment actions taken.
4. A monthly report of the commission recapture and securities lending programs, if any.
5. Special investment reports pursuant to Section 215.47(6) Florida Statutes.
6. Special studies as directed by the Board.

B. Quarterly Investment Managers Report.

Each investment manager employed by the Fund shall prepare and submit a quarterly report on investment and related activities to the Board, FIAC, Fund Administrator and staff, and the investment consultant within forty-five days after the end of each calendar quarter. Such reports should contain the following information:

1. An analysis of investment holdings including cost and market value.
2. An analysis of securities purchased/sold including gains and losses realized.
3. Investment performance and attribution.
4. An analysis of portfolio characteristics (i.e. by sectors, industries, etc.).
5. Market outlook/economic forecast and market strategy.
6. Any change in the organization or the investment philosophy or strategy to be employed.
7. A report of commission costs, brokers utilized and all portfolio directed brokerage activities.
8. A report of proxy voting activities.
9. Any significant changes in personnel or ownership of the firm.

C. Annual Investment Manager Presentations.

Each investment management organization is expected to be available to send a representative, at least annually, at a date and time to be designated by the Board or FAIC, to present a written report of the investment results for the prior quarter. The presentation should generally cover the written quarterly report described above. The actual frequency and schedule of presentations to be made in person by individual investment management organizations shall be determined by the Board or FAIC who shall direct the attendance of such organizations by invitation.

D. Monthly and Quarterly Investment Performance Evaluation.

1. The Board and FAIC shall review the investment activities and investment performance of the Fund, asset classes, and each portfolio manager on a regular basis to assure compliance with the goals, objectives, and guidelines contained in this Statement of Investment Policy. The Fund's investment consultant shall assist in interpreting investment results and assessing investment manager performance.
2. The investment consultant shall be available to attend each monthly meeting of the Board and shall prepare and present at such meetings a monthly flash report, in writing, analyzing the performance of each investment manager. Such monthly presentations may be accomplished by conference call or video conferencing. Reports of quarterly, annual and multi-year performance shall also be compiled by the investment consultant as appropriate. Within such reports, the investment consultant shall advise the Board as to the relative performance of the Fund as a whole, each asset class composite, and each investment manager as compared to the various benchmarks which are generally accepted in the investment marketplace.
3. Investment performance will be compared using a statistically valid universe provided by the investment consultant as authorized by the Board. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this Policy.
4. While the Board intends to fairly evaluate the portfolio performance, it reserves the right to change investment managers, without liability except for the payment of current charges, for any reason which in the exercise of the Board's discretion is deemed sufficient, including but not limited to those stated below.
 - a. Change of Board's investment philosophy;
 - b. Poor results;
 - c. Failure to meet stated performance goals;
 - d. Failure to meet Board's communication and reporting requirements;
 - e. Deviation from the stated investment philosophy or style for which the investment management firm was hired;
 - f. Change of decision-making personnel or ownership of the investment management firm; or
 - g. Regulatory action or litigation.

XII. Other.

A. Annual Audit.

It is the policy of the Board of Pension Trustees to retain an independent Certified Public Accountant for the preparation of an annual financial report.

B. Asset Values.

The market value of the assets for accounting purposes, actuarial purposes, payment of investment managers, and for purposes of measuring investment performance shall be based upon the market value assigned by the custodian bank.

C. Written Contracts.

Each investment manager shall enter into a written contract with the Board unless a pooled account governed by its own prospectus or trust document, so the following applies. Each contract shall include an acknowledgment by the investment manager that it is familiar with applicable provisions of the Ordinance Code and the provisions of Florida Statutes. Contracts shall also provide that the investment manager shall make no purchases of securities that are prohibited by law and, in the event such a purchase is made, shall make the Fund whole for any loss incurred in the divestiture of said investment. Said contract shall also provide that the laws of Florida shall govern and that venue for any legal action shall be in Duval County, Florida. Said written contract shall also provide that in the event legal action is necessary by the Fund to enforce said contract that the investment manager shall, in the event the Fund prevails, reimburse the Fund for its reasonable costs and attorney's fees. Each contract shall set forth with specificity the fees charged by the investment manager to the Fund. All investment manager contracts shall further set forth that the investment manager is registered as an Investment Advisor under the Investment Advisors Act of 1940, (unless exempted from such registration due to the investment manager being a bank as defined in the Act or a qualifying insurance company or for other reasons that may be approved by the Trustees on a case by case basis) and is qualified by law to engage in the management of the assets which are the subject of the contract. All written contracts shall be executed by the Chairman and Secretary of the Fund and attested by the Fund Administrator. The Statement of Investment Policy adopted by the Board shall be attached to each Investment Manager contract and incorporated by reference.

D. Master Repurchase Agreements

All approved institutions and dealers transacting repurchase agreements are required to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

E. Continuing Education

Pursuant to Section 112.661, Florida Statutes, all Board of Trustee members are required to perform continuing education in matters relating to investments and the Board's responsibilities to the Fund.

F. Board Approval Date.

The general structure of the Fund's Statement of Investment Policy described herein was approved, by the action of the Board on November 18, 1999. Minor modifications to the Policy were enacted by the action of the Board on March 16, 2000, and August 16, 2000. Additional modifications to the Investment Policy Statement were adopted by the Trustees on May 20, 2004. Major modifications to the Statement of Investment Policy were adopted by the Board on June 16, 2009, and December 20, 2012. The Policy was amended by the Board on August 12, 2016, to adopt actions taken by the Board in 2015 and 2016. The current Policy was adopted by the Board on _____. Pursuant to F.S. 112.661(16) and the City Charter, the effective date of this Policy, and any amendment thereto, shall be the 31st calendar day following the filing date with the City of Jacksonville as the plan sponsor.

G. Review Schedule.

Periodic Review	Action/Task
Every 5 Years	Conduct Asset-Liability Study
Annual	Review Statement of Investment Policy Review Manager Fees, Brokerage Review Manager Benchmarks Manager Presentation to Board, FIAC or Investment Consultant Independent Audit
Quarterly	Review Investment Performance Report Distribution of required manager, administrative reports
Monthly	Distribution of required investment, manager, administrative reports Distribution of custodian valuation/accounting reports Commission recapture, brokerage reporting as necessary

Appendix A

The target asset allocation shown below was adopted by the Board on June 15, 2018 pursuant to an asset-liability study. The target asset allocation is composed of the following asset classes and target allocations. Target allocation percentages are based on the market value of the Fund's assets and represent the Board's strategic asset allocation policy.

<u>ASSET CLASS</u>	<u>TARGET</u>	<u>PERMISSIBLE RANGE</u>
DOMESTIC EQUITIES	37%	32%-42%
Large Cap	31%	
Small-Mid Cap	6%	
INTERNATIONAL EQUITY	20%	15%-25%
Developed Markets Large Cap	12%	
Developed Markets Small Cap	2%	
Emerging Markets	6%	
PRIVATE INVESTMENTS	10%	0%-15%
FIXED INCOME	20%	15%-25%
Core	4%	
Core Plus	15.5%	
Cash	0.5%	
REAL ASSETS	13%	8%-18%
Core Real Estate	10%	
MLPs	3%	

The Policy Index used for benchmark performance comparisons is currently composed of the following elements:

- 37% Russell 3000 Index
- 20% MSCI AC World ex-US Index
- 10% Private Investments Composite/Blended Strategy Index
- 19.5% Bloomberg Barclays Universal Index
- 10% NCREIF Fund Index – ODCE
- 3.0% S&P MLP Index
- 1% US 90 Day T-Bills

Appendix B

The Emerging Investment Manager and Brokerage Firm Policy shown below was adopted by the Financial Investment and Advisory Committee on May 17, 2019. The Board of Trustees directed the FIAC and the Investment Consultant to include qualified emerging investment managers and brokers in its selection process:

- The Investment Consultant include an emerging manager (as defined by Wilshire's diversity and inclusion policy) in every public securities manager search conducted where products are available that fit the Fund's mandate.
- The Investment Consultant will identify and report utilization of emerging managers in the monthly flash reports.
- The Investment Consultant refer the Custodian's roster of preferred emerging brokerage firms (as defined by Northern Trust's diversity and inclusion policy) to investment managers within the Fund's portfolio. Northern Trust has assured the FIAC that its fiduciary standard is to provide the best execution and cost. These eight firms were gathered through an RFI and through advertisements across numerous publications. Firms were visited and made presentations before being chosen and meet the same fiduciary standard. This list of brokers will change as Northern Trust's roster evolves.
- The Investment Consultant and/or the Fund's Finance Manager will track the utilization of emerging brokers in the Fund's separately managed accounts via Northern Trust's online system and report this information to the FIAC semiannually for review.
- The Investment Consultant and/or the Fund's Finance Manager will track the utilization of emerging brokers in the Fund's comingled accounts via direct contact with individual investment managers and report this information to the FIAC semiannually for review.