STATEMENT OF INVESTMENT OBJECTIVES AND GUIDELINES

Fort Worth Employees' Retirement Fund

Revised December 14, 2016

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I. PURPOSE OF THE INVESTMENT POLICY

The purpose of this Statement of Investment Objectives and Guidelines ("Policy") is to assist the Fort Worth Employees' Retirement Fund (the "Fund") Board of Trustees ("Board" or "Trustees") in effectively supervising and monitoring the Fund's assets and investments.

In the various sections of this policy document, the Trustees define the Fund's investment program by:

- documenting the Trustees' attitudes, expectations and objectives in the investment of Fund assets;
- setting forth an investment structure for managing assets. This structure includes various asset classes, functional themes, and investment management styles that, in aggregate, are expected to produce a prudent level of diversification and investment return over time;
- providing guidelines for each investment manager portfolio that control the level of risk assumed in the portfolio and ensure that assets are managed in accordance with stated objectives; and
- setting criteria to monitor and evaluate the performance results achieved by the investment managers.

This Policy represents the Trustees' current philosophy regarding the investment of Fund assets.

II. INVESTMENT PHILOSOPHY

Funding Philosophy

The Fund's overall objective is to achieve the highest level of investment performance that is compatible with the Board's risk tolerance and prudent investment practices. Because of the long-term nature of the Fund's pension liabilities, the Trustees maintain a long-term perspective in formulating and implementing the Fund's investment policies, and in evaluating its investment performance. Based on general beliefs about the long-term investment returns available from a well-diversified portfolio, the Trustees adopted the following Total Fund Investment Objectives:

- Within the framework of prudent risk limitations, the minimum investment objective is to achieve an average long-term total rate of return which satisfies the actuarial assumed rate of return. The actuarial rate of return is set at 7.75%.
- The Fund shall also strive to achieve investment performance that exceeds the rate of inflation over time thereby providing a real rate of return.

Risk

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

- Increasing risk should be rewarded with compensating returns over time and, therefore, prudent risk taking is justifiable for long-term investors.

- Risk can be controlled through diversification of asset classes and investment approaches, as well as diversification of individual securities.
- The primary determinant of long-term investment performance is the strategic or long-term allocation of assets among various asset classes
- Relative performance of various asset classes is unpredictable in the short term and attempts to shift tactically between asset classes are unlikely to be rewarded.

Given these principles, the Fund has established a long-term asset allocation policy (specified in the Asset Allocation section of the Policy) that balances the return required to meet the Fund's objectives and the risk level that is appropriate under existing circumstances. In determining its risk posture, the Trustees have properly considered, in accordance with its fiduciary obligations and statutory requirements, the Fund's purpose and characteristics, current and projected financial condition, liquidity needs, sources of contribution, income, and general operating conditions.

Diversification

In order to achieve this real rate of return, the Fund will rely on an investment strategy utilizing an appropriate long-term, diversified asset allocation model. Diversification distributes a portfolio across many investments to avoid excessive exposure to any one source of risk. The Trustees will determine the proper allocation among asset classes and investment managers, based on advice and analysis provided by the Advisory Consultant(s) with assistance from the Investment Staff.

III. DUTIES AND RESPONSIBILITIES

Board of Trustees

The Board is responsible for overseeing the investment of the funds supporting the City and Staff retirement plans. Its primary duty is to set the asset allocation by determining the asset classes to be used and allocating a certain percentage of funds to each class. The Board follows the Prudent Investor Act of the Texas law and diversifies investments in order to achieve an optimal rate of return for a reasonable amount of risk. It is also responsible for setting an investment policy detailing the process for hiring, evaluating, and terminating investment managers. The Board has the authority to hire investment consultants, investment managers, and custodian banks to assist in the investment and oversight responsibility.

Investment Committee

The Investment Committee is established by the Board and has been delegated certain powers, duties and functions by the Board. The Investment Committee makes recommendations to the Board on investment actions; however, ultimate responsibility for investment and asset allocation decisions remains with the Board. When deemed necessary, the Investment Committee meets prior to the regular meeting of the Board to address overall investment activities. Investment Staff and the Advisory Consultant(s) brief the Committee on any topics or issues pertinent to the Fund's investment operations, and make recommendations to the Committee for appropriate courses of action.

Investment Staff

The Executive Director, with the assistance of Investment Staff, has the responsibility and authority to assist the Board and the Investment Committee in establishing investment and administrative policy and to monitor the implementation of the policies and programs established by the Board. The Investment Staff also has the responsibility to work with the Advisory Consultant and make recommendations regarding the Board's investment policy, strategy, overall portfolio monitoring and composition, and diversification of Fund investments. The Investment Staff reports to the Board on the status of the Fund and the operations of the Fund.

The Executive Director, in consultation with the Executive Committee of the Board, shall have the authority to make emergency investment decisions as necessary in situations requiring immediate action to protect the assets of the Fund. Any emergency actions taken by the Executive Director shall be communicated to the Board as soon as administratively practicable and reported to both the Investment Committee and the full Board in a stated agenda item at their next regularly scheduled or special meeting(s).

Discretionary Investment Consultant

The Discretionary Investment Consultant ("Discretionary Consultant") is hired by and serves at the pleasure of the Board of Trustees. The Discretionary Consultant makes investment decisions without seeking approval from the Board but with consideration of asset allocation, diversification, and current Total Fund exposures. The Discretionary Consultant, however, will operate within the parameters of this Policy and/or to any other policy set forth by the Board and will periodically report results to the Board. The Discretionary Consultant collaborates with the General Investment Advisory Consultant ("General Consultant" or "Advisory Consultant") on Total Fund recommendations.

Advisory Investment Consultant(s)

The Advisory Investment Consultant(s) ("Advisory Consultant"), which include the General Consultant or Specialty Consultant(s), are hired by and reports directly to the Board of Trustees. The Advisory Consultant's duty is to work with the Board, Investment Committee, and Investment Staff in the management of the investment process. This includes regular meetings with the Board to provide an independent perspective on the Fund's goals, structure, performance and managers. The Board may elect to retain one or more Advisory Consultants that specialize in specific areas of asset consulting. The Advisory Consultant will render investment advice to the Fund based on the needs and goals of the Fund regarding such matters as the Board's investment policy, strategy, overall portfolio monitoring and composition, and diversification of Fund investments. The Advisory Consultant does not have discretionary authority with respect to investments and the Board makes all final decisions regarding investments recommended by the Advisory Consultant.

External Investment Managers

The External Investment Managers ("Managers") are selected by, and serve at the pleasure of, the Board. The Board will retain Managers that specialize in the use of particular asset classes. The Investment Staff and the Advisory Consultant will provide the Managers with explicit written directions detailing their particular assignments. Managers have full discretion to select, buy, and sell securities or investments within the parameters specified in this Policy and within the investment management agreement between the Board and the Manager. Managers will construct and manage investment portfolios that are consistent with the investment philosophy and disciplines for which they were hired.

Custodian

The Custodian is selected by, and serves at the pleasure of, the Board. The Custodian(s) will collect income and safe keep all cash and securities, and will regularly summarize these holdings, along with performance, for Investment Staff's review. The Custodian will provide data and performance reports to the Investment Staff and the Advisory Consultant at intervals specified by the Fund's written policy or contract. In addition, a bank or trust depository arrangement will be utilized to accept and hold cash prior to allocating it to Managers, and to invest such cash in liquid, interest-bearing instruments.

The Custodian shall ensure that any idle cash not invested by Managers shall be invested daily via an automatic sweep to a Short Term Investment Fund (STIF) managed by the Custodian or by others on behalf of each Manager.

Each of the bodies and entities in this section are fiduciaries to the Fund and must act prudently, and in accordance with Section 802.203 of the Texas Government Code, the applicable provisions of the Texas Trust Code and any other related laws of the State of Texas as those laws apply to the fiduciary duties of municipal public pensions. These fiduciaries must also avoid conflicts of interests and may not engage in transactions on behalf of the Fund for the purpose of benefiting other parties unrelated to the Fund.

IV. ASSET ALLOCATION STRATEGY

Asset Class Policy Targets and Ranges

The Fund's asset allocation policy is intended to reflect and be consistent with the return objective and risk tolerance expressed in this Policy. It is designed to provide the highest probability of meeting or exceeding the Fund's objectives at a level of risk acceptable to the Board.

Specific asset class target allocations, and their acceptable allocation ranges, can be found in Appendix A to this Policy.

Rebalancing

Because the asset classes do not move in concert, allocation deviations will occur through normal market activity.

Specific rebalancing procedures can be found in Appendix A to this Policy.

V. INVESTMENT RETURN OBJECTIVES AND BENCHMARKS

Total Fund Performance Objectives[1]

The Trustees adopted the following comparative objectives for the Total Fund:

A. The Fund (gross of fees) should rank in the fiftieth (50th) percentile or better compared to a nationally recognized universe of other Public Funds of similar size measured over a minimum period of five (5) years.
B. The Fund's overall annualized total return (net of fees), calculated relative to an asset allocation target policy index, measured over a minimum of five (5) years, should exceed the return that would have been achieved if the Fund had been fully invested according to the approved target allocation (the "Target Benchmark").
C. The Fund's overall annualized total return (net of fees), calculated relative to the actual collective asset class mix of the Fund measured over a minimum of five (5) years, should exceed the returns that would have collectively been achieved if the Fund had been fully invested in a weighted average of the appropriate indices (the "Dynamic Benchmark").

The Trustees approved the following policy indices for calculating the Target Benchmark and Dynamic Benchmark:

- Morgan Stanley Capital International All Country World Index (Net) + 3%
- Morgan Stanley Capital International All Country World Index (Net)
- BofA Merrill Lynch 3 Month U.S. Treasury Bill Index + 3%
- Bloomberg U.S. Aggregate Bond Index
- Consumer Price Index + 4%
- BofA Merrill Lynch 3 Month U.S. Treasury Bill Index

[1] These are only investment objectives for the Fund. Failure to meet any of the listed objectives is not an indication that the Board is not in compliance with its fiduciary duty.

Thematic Asset Class Objectives

1. **High Growth**

The following performance goals have been established for the Fund's high growth segment:

- Short Term: The high growth segment total return should exceed the total return of an implementation benchmark based on the benchmarks of the underlying managers over a period of three (3) to five (5) years.

- Long Term: The high growth segment total return should exceed the total return of the Morgan Stanley Capital International All Country World Index (Net) + 3% over a period of five (5) years or longer.

- The individual Manager's total return should perform at the fiftieth (50^{th}) percentile or better compared to a nationally recognized universe of managers possessing a similar style over a minimum period of five (5) years.

- The individual Manager's total return should exceed the total return of an appropriate index for a specific manager mandate over a minimum period of five (5) years.

- Performance objectives for the real estate strategies included in this segment are stated in Appendix B: Real Estate Portfolio Investment Guidelines.

- Performance objectives for the private equity strategies included in this segment are stated in Appendix C: Private Equity Portfolio Investment Guidelines.

- Performance objectives for the absolute return strategies included in this segment are stated in Appendix D: Absolute Return Strategy Portfolio Investment Guidelines.

2. **Growth**

The following performance goals have been established for the Fund's growth segment:

- Short Term: The growth segment total return should exceed the total return of an implementation benchmark based on the benchmarks of the underlying managers over a period of three (3) to five (5) years.

- Long Term: The growth segment total return should exceed the total return of the Morgan Stanley Capital International All Country World Index (Net) over a period of five (5) years or longer.

- The individual Manager's total return should perform at the fiftieth (50^{th}) percentile or better compared to a nationally recognized universe of managers possessing a similar style measured over a minimum period of five (5) years.

- The individual Manager's total return should exceed the return of an appropriate index for a specific manager mandate over a minimum period of five (5) years.

Performance objectives for the real estate strategies included in this segment are stated in Appendix B: Real Estate Portfolio Investment Guidelines.

- Performance objectives for the absolute return strategies included in this segment are stated in Appendix D: Absolute Return Strategy Portfolio Investment Guidelines.

3. Diversification

The following performance goals have been established for the Fund's diversification segment:

- Short Term: The diversification segment total return should exceed the total return of an implementation benchmark based on the benchmarks of the underlying managers over a period of three (3) to five (5) years.

- Long Term: The diversification segment total return should exceed the total return of the BofA Merrill Lynch 3 Month U.S. Treasury Bill Index + 3% over a period of five (5) years or longer.

- The individual Manager's total return should perform at the fiftieth (50^{th}) percentile or better compared to a nationally recognized universe of managers possessing a similar style over a minimum period of five (5) years.

- The individual Manager's total return should exceed the total return of an appropriate index for a specific Manager mandate over a minimum period of five (5) years.

- Performance objectives for the absolute return strategies included in this segment are stated in Appendix D: Absolute Return Strategy Portfolio Investment Guidelines.

4. Capital Preservation

The following performance goals have been established for the Fund's capital preservation segment:

- Short Term: The capital preservation segment total return should exceed the total return of an implementation benchmark based on the benchmarks of the underlying managers over a period of three (3) to five (5) years.

- Long Term: The capital preservation segment total return should exceed the total return of the Bloomberg U.S. Aggregate Bond Index over a period of five (5) years or longer.

- The individual Manager's total return should perform at the fiftieth (50^{th}) percentile or better compared to a nationally recognized universe of managers possessing a similar style over a minimum period of five (5) years.

- The individual Manager's total return should exceed the total return of an appropriate index for a specific Manager mandate over a minimum period of five (5) years.

5. Inflation

The following performance goals have been established for the Fund's inflation segment:

- Short Term: The inflation segment total return should exceed the total return of an implementation benchmark based on the benchmarks of the underlying managers over a period of three (3) to five (5) years.

- Long Term: The inflation segment total return should exceed the total return of the Consumer Price Index + 4% over a period of five (5) years or longer.

- The individual Manager's total return should perform at the fiftieth (50^{th}) percentile or better compared to a nationally recognized universe of managers possessing a similar style over a minimum period of five (5) years.

- The individual Manager's total return should exceed the total return of an appropriate index for a specific Manager mandate over a minimum period of five (5) years.

- Performance objectives for the real estate strategies included in this segment are stated in Appendix B: Real Estate Portfolio Investment Guidelines.

6. Liquidity

The total cash and equivalents return should exceed the total return of the BofA Merrill Lynch 3 Month U.S. Treasury Bill Index over a period of five (5) years or longer.

<u>VI. RESPONSIBILITIES OF PUBLIC MARKET MANAGERS</u>

The duties and responsibilities of each of the Managers retained by the Trustees include:

1. Registration as an investment advisor under the Investment Advisers Act of 1940. The Manager must remain a registered investment advisor throughout the contractual term.

2. Managing the assets in accordance with the Policy guidelines and objectives as set forth in the investment management agreement between the Manager and the Fund.

3. Acknowledging in writing to the Trustees the Manager's intention to comply with this Policy as it currently exists or as modified in the future.

4. Exercising full investment discretion within the guidelines and objectives stated herein. Such discretion includes decisions to buy, hold or sell securities in amounts and proportions reflective of the Manager's current investment strategy and compatible with investment objectives.

5. Promptly informing Investment Staff and Consultant regarding all significant matters pertaining to the investment of the plan assets, for example:

    - changes in investment strategy, portfolio structure and market value of managed assets;

- the Manager's progress in meeting the investment objectives set forth in this document; and,
- significant changes in the ownership, affiliations, organizational structure, financial condition, professional personnel staffing and clientele of the investment management organizations.

6. Initiating written communication with the Trustees whenever the Manager believes that this Policy should be altered. No deviation from guidelines and objectives should take place until after such communication has occurred and the Trustees have approved such deviation in writing. Managers are expected to be familiar with the holdings guidelines expressed in Appendix F of this document.

7. The Trustees formally delegate full authority to each Manager for exercising all proxy and related actions of the assets assigned. Each Manager shall promptly vote all proxies and related actions in a manner consistent with the long-term interests of the Fund and its Participants and Beneficiaries. Each Manager shall keep detailed records of all said voting of proxies and related actions and will comply with all regulatory obligations related thereto.

8. Each Manager shall utilize the same due care, skill, prudence and diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity, as a fiduciary, and fully familiar with such matters would use in like activities for like plans with like aims, while maintaining appropriate diversification to avoid the risks of large losses, in accordance and compliance with all applicable laws, rules and regulations from local, state, federal and international political entities as pertaining to fiduciary duties and responsibilities.

9. Periodic presentations to the Trustees (and its designated Advisory Consultant) that include exhibits, written material, etc. . Please refer to Section X for a description of the presentation and reporting requirements.

10. The Trustees shall use the Advisory Consultant to: (1) assist in appraising performance, (2) to provide performance comparison data with other retirement plans, several capital market indices, and to other Managers, (3) assist in evaluating Manager style discipline and peer comparisons, (4) assist in strategic planning and management of the plan, and (5) other factors the Trustees deem appropriate. Managers are required to support and assist the Advisory Consultant with their fullest cooperation.

11. Authorized Uses of Derivatives

    Investment managers shall not purchase securities on margin, sell short, use individual stock options, puts, calls, or trade in futures contracts, unless specified in the investment management agreement entered into by the Fund and the investment manager.

12. Liquidity and Marketability Restrictions

    From the Fund's perspective, liquidity and marketability are a function of a Manager's aggregate holdings in a particular security. A Manager shall not buy or hold a security for the

Fund portfolio if the aggregate holdings among all of that Manager's other accounts in that same security would restrict the Manager's ability to expeditiously liquidate the position at any time.

If, from a Total Fund perspective, the collective holdings among all Fund Managers accounts in the same security would restrict all Managers' collective ability to expeditiously liquidate their respective positions in that security, the Fund retains the sole right to limit any Manager's holding of any security in the Fund in order to prevent the potential for the Fund's collective liquidation and market risk.

13. Usage of Cross Asset Segment Investment Guideline Restrictions

When a Manager's holdings include Fund assets outside of their primary assigned asset segment assignment (e.g.: a primary domestic equity manager also holds some cash equivalents or fixed income securities), the guidelines stated herein for the non-primary asset segment shall fully apply to the Manager, in addition to the primary assigned asset segment guidelines.

14. Diversification Restrictions

Except for criteria noted elsewhere in this Policy and in specific written contracts with each Manager, the appropriate and reasonable diversification of securities by such factors as geography, region, sovereign risk, native currency, quality, coupon, country, maturity, industry, duration, and sector is within the full discretion and responsibility of the Managers.

15. Fund Asset Utilization Restrictions

All Fund assets, in any form, shall be solely and exclusively: (a) settled, (b) held in custody, and (c) safe kept only with custodians designated by the Trustees at their sole discretion. To the extent that the Trustees invest a portion of the Fund's assets in commingled vehicles or institutional mutual funds, then the investment guidelines of the fund will be adopted as the Fund's guidelines.

16. Transaction Agent Assignment Restrictions

Assignment of specific brokerage firms, dealers, financial institutions, and other transaction execution agents to all Managers shall be the sole responsibility of the Fund. From time to time, the Trustees at their sole discretion may specify certain broker/dealers with which to execute investment transactions.

VII. MONITORING, EVALUATION AND REVIEW

On a timely basis, but not less than four times a year, the Trustees will review actual investment results achieved by each Manager (with a perspective toward rolling three-year and five-year time horizons) to determine whether:

- the Managers performed in adherence to the investment philosophy and policy guidelines set forth herein,

- the Managers performed satisfactorily when compared with:

    - the objectives set forth in Appendix A, as a primary consideration;
    - their own previously stated investment style;
    - other investment managers, both in asset class and in style group;
    - several different market indices.

The Trustees may appoint investment consultants to assist in the on-going evaluation process. The consultants selected by the Trustees are expected to be familiar with the investment practices of other similar retirement plans and will be responsible for suggesting appropriate changes in the Fund's investment program over time.

VIII. PLACING MANAGERS ON "WATCH LIST" STATUS

A manager retention decision is very important to the continued success of a pension fund's investment strategy. The Watch List Policy applies to liquid Managers in the following asset classes: high growth, growth, diversification, capital preservation, and inflation. The watch list should not necessarily lead to any needed action but rather is intended to place a manager under increased scrutiny based on failure to meet quantitative or qualitative standards.

Quantitative Factors Resulting in Watch List Additions

A number of factors may contribute to a Manager's over- or under-performance at any given time such as - market dynamics, investment skill, and/or pure chance. Given this uncertainty, it is unwise to mandate termination purely for lagging performance at any specific point. The following represent guidelines to be used in making a recommendation to the Investment Committee or Board with regard to placing a public market asset Manager on the Watch List:

Test 1 If the Manager's rolling, five-year return (net of fees) falls below the rolling, five-year benchmark return for three (3) consecutive quarters.

Test 2 If the Manager's rolling, five-year return (net of fees) for three (3) consecutive quarters ranks in the bottom third of the Advisory Consultant's peer group universe.

At the discretion of the Investment Committee or Board, a Manager may be included on the Watch List based on these criteria and placed on the Watch List at any time.

Once a Manager is placed on the Watch List for performance reasons, the Investment Committee will be notified by the Advisory Consultant and/or Investment Staff and performance will be closely monitored and scrutinized. All of the qualitative criteria will be reviewed and an explanation of the underperformance will be required from the Manager. Additional actions could include Investment Staff meetings with the Manager and a formal re-interview of the Manager by the Board.

The manager will be closely monitored during the Watch List period and remain under close scrutiny until the Advisory Consultant, Investment Staff, and Investment Committee or Board agree that the quantitative and qualitative criteria for removal from the Watch List have been satisfied. Generally, one period of a rolling, five (5) year return above the benchmark or above the bottom third of the Advisory Consultant's peer group universe following placement on the Watch List will be required for a Manager's removal from the Watch List for performance reasons. The observation process will at this point begin again.

Qualitative Factors Resulting in Watch List Additions

A significant and potentially adverse event related, but not limited, to any of the following qualitative issues or events, will be considered a reason to add the Manager to the Watch List. Examples include, but are not limited to, these events:

- Violation of investment guidelines
- Deviation from stated investment style and/ or shifts in the firm's philosophy or process
- Turnover of one or more key personnel
- Change in firm ownership or structure
- Significant loss of clients and/or assets under management
- Significant and persistent lack of responsiveness to client requests
- Litigation
- Failure to disclose significant information, including potential conflicts of interest
- Chronic violations of the Fund's Investment Policy
- Any other issue or situation of which the Investment Staff, the Advisory Consultant and/or Committee/Trustees become aware that is deemed material.

Should any of these events occur, the recommended courses of action are similar to those contained in the preceding section (Quantitative Factors Resulting in Watch List Additions). After an assessment of the nature of the problem or potential problem, the Investment Committee should then make a determination as to the appropriate course of action at the meeting after notification.

Because of the subjective nature of qualitative analysis, both additions and removals should be handled by the Advisory Consultant, Investment Staff and the Board on a case-by-case basis.

IX. USE OF COMMINGLED AND MUTUAL FUND VEHICLES

The Trustees may choose to invest in mutual funds, commingled funds, partnerships, exchange-traded funds, or other pooled vehicles if they are invested substantially in a manner consistent with guidelines stated in this Policy. However, the Trustees recognize that such investments will be ultimately governed by the vehicle's established guidelines and restrictions, as outlined in the prospectus, subscription agreements, or other offering documents prepared by the investment manager.

X. REPORTING REQUIREMENTS

General Consultant Reporting

The Fund's General Consultant will provide quarterly reports to the Trustees which, at a minimum, will review the following information about each Manager and the Total Fund:

- Overview of the most recent quarter and year-to-date investment indicators;
- Total Fund asset allocation;
- Attribution of investment return (income, capital appreciation or loss);
- Performance results by individual manager and Total Fund compared to appropriate benchmarks.

Specialized Consultant Reporting

The Fund's Specialized Consultant(s) will provide at least semi-annual reports to the Trustees, which at a minimum, will review the following information about each Manager and the Total Program:

- Overview of the most recent quarter and year-to date investment indicators;
- Performance results by individual manager and Total Program compared to appropriate benchmarks.

Investment Manager Reporting

Each Manager will provide the Investment Staff and the Advisory Consultant with a quarterly report of their activity no later than thirty (30) days after the end of a quarter. Each report will contain the following information:

- Beginning asset value at cost and market.
- Ending asset value at cost and market. New contributions should be separately identified. Asset listings should include appropriate information on each equity security position to include name, number of shares, dividend yield, cost, market, current gain or loss and industry or sector. Debt security information should include name, position size, cost, market, coupon, maturity, rating, yield, current gain or loss. (The Global REIT manager report will include a country allocation breakdown rather than an industry/sector summary.)
- Securities sold and purchased during the quarter.
- Quarterly, year-to-date, and since-inception performance results.
- Written discussion of most recent quarterly results and near-term investment strategy.
- Brokerage fees for the quarter and year-to-date by brokerage firm utilized, including average cents-per-share and total commission dollars expended.

- The name and responsibility of key personnel, if any, who have been hired or terminated from the organization. The Manager is to provide verbal and written notice to Investment Staff within ten days from the date a key person is hired or terminated.

APPENDIX A: THEMATIC ASSET CLASS POLICY TARGET ALLOCATIONS, RANGES AND REBALANCING

The Fund's asset allocation policy is intended to reflect, and be consistent with, the return objective and risk tolerance expressed in this Policy. It is designed to provide the highest probability of meeting or exceeding the Fund's objectives at a controlled level of risk that is acceptable to the Board.

The Trustees have reviewed the investment program for the Fund and have developed a long-term strategic asset allocation plan. The review included projections that were based on long-term capital market behavior and the Fund's financial and demographic characteristics. The financial implications of a wide range of investment alternatives (conservative to aggressive) were evaluated.

The Trustees elected to employ six broad and distinct thematic asset classes in the portfolio:

High Growth	Capital Preservation
Growth	Inflation
Diversification	Liquidity

Return, risk and diversification assumptions were established for each, and efficient portfolios of the six asset classes were identified. As a result, commitment to the thematic asset classes listed in the table below will be made to ensure diversification. Based on its determination of the appropriate risk tolerance for the Fund, and its long-term return expectations, the Board has chosen the following Strategic Asset Allocation Policy:

Asset Class	Target	Minimum	Maximum
High Growth	22.0%	15.0%	29.0%
Growth	44.0%	35.0%	53.0%
Diversification	10.0%	5.0%	15.0%
Capital Preservation	15.0%	13.0%	17.0%
Inflation	8.0%	5.0%	11.0%
Liquidity	1.0%	0.0%	2.0%

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

Because the thematic asset classes do not move in concert, allocation deviations will occur through normal market activity. The implementation of a rebalancing policy is delegated to the Fund's Investment Staff, with the expectation that it will be assessed no less frequently than quarterly and will make allowances for illiquid investments that cannot reasonably be rebalanced on a regular basis.

When close to target, cash flows will be deployed in a manner that returns the portfolio to its target commitments.

APPENDIX B: REAL ESTATE PORTFOLIO INVESTMENT GUIDELINES

1. Investment Guidelines

It is the Trustees' objective that the Real Estate Investment allocation should be strategic in nature and that, over the long term, inclusion of real estate investments should provide the following benefits to the total portfolio:

- Lower total portfolio risk through greater diversification;
- Provide cash flow through distributed income;
- Provide growth through appreciation;
- Serve as a hedge against unanticipated inflation; and
- Provide an opportunity to enhance total portfolio returns through higher total return investments.

Due to the illiquid nature of private real estate and the resulting unpredictability of cash flows, there may be times when the Real Estate Investment allocation is above or below its target weighting, which will cause the other asset classes to be over or under-weighted versus their targets.

Diversification by investment style is desired with an objective to allocate according to the following targets:

Investment Style	Lower Range	Target	Upper Range
Core	20%	30%	50%
Non-Core	35%	60%	75%
Public Real Estate Securities	0%	10%	15%

Given the illiquid nature of private real estate, unfunded capital commitments should be taken into account when reviewing the Real Estate Investments portfolio relative to the above-stated target allocations and ranges.

With regard to the **Private Real Estate** allocation, global diversification is desired. The guidelines for diversification between United States located real estate and internationally located real estate are as follows:

Region	Policy Range
United States	At least 50%
International	Up to 50%

Diversification by property type is also desired. The guidelines for **Private Real Estate** property type diversification are as follows:

Property Type	**Policy Range**
Office*	Up to 50%
Retail	Up to 50%
Industrial	Up to 50%
Multifamily**	Up to 50%
Hotel	Up to 30%
Other	Up to 50% (in aggregate)

*****Inclusive of specialty office investment types (e.g. medical office)
******Inclusive of specialty multifamily investment types (e.g. student housing and seniors housing)

The Trustees desire to maintain a moderately-leveraged real estate portfolio in order to maximize returns to the total portfolio over the long term. The Trustees have approved a target leverage profile of less than fifty percent (50%) for the Real Estate Investment allocation, calculated on a loan-to-value (LTV) basis.

2. Portfolio Objectives

The Real Estate Investment portfolio returns shall be calculated adding realized and unrealized capital appreciation gains and losses plus income. The performance objective of the real estate portfolio is to achieve a total return, on a net-of-fees basis, over rolling ten-year periods in excess of the weighted average of the NCREIF Fund Index-Open Diversified Core Equity ("NCREIF-ODCE") and the FTSE EPRA/NAREIT Developed Rental Index, for the private real estate portfolio and public real estate portfolio, respectively, provided that the real estate portfolio maintains an acceptable level of risk.

The Real Estate Investment portfolio shall be measured utilizing an internal rate of return ("IRR"), multiple of invested equity, and a time-weighted rate of return calculations.

It is expected that the Real Estate Investment portfolio will employ multiple strategies. Some real estate investments will have dual investment objectives of capital appreciation and income generation, while other real estate investments may focus primarily on income generation. Other real estate investments may not provide any meaningful predictable cash flow and will be dependent upon non-recurring events, such as the disposition of assets, to generate realized capital appreciation returns.

Each investment in the Real Estate portfolio will be assigned to one of the following Total Fund thematic asset classes: high growth, growth, or inflation. The purpose of bucketing the Real Estate portfolio into different thematic asset classes is to better align the role of each investment with the objective of the respective thematic asset class. It is expected that each investment in the Real Estate portfolio will adhere to the same objective as the thematic asset class to which it has been assigned.

APPENDIX C: PRIVATE EQUITY PORTFOLIO INVESTMENT GUIDELINES

1. Objective

The Discretionary Consultant will develop and maintain a private equity portfolio that will seek to generate attractive risk adjusted returns.

2. Benchmark

The Fund's public benchmark for private equity is the Wilshire 5000, plus 300 basis points.

3. Investment Guidelines

A. Private Equity Allocation Target

The Discretionary Consultant will manage the private equity portfolio in a reasonable manner to reach and maintain the Fund's targeted private equity allocation. The Fund is working towards the targeted allocation and expects to do so in a reasonable and disciplined manner over time.

B. Eligible Investments

The portfolio will be comprised of interests in pooled investment vehicles (typically limited partnerships) covering the broad spectrum of private equity investments including:

- Corporate Finance / Buyout
- Special Situations (including Mezzanine, Distressed Debt and Secondaries)
- Venture Capital (including Multi-stage, Early, Late and Growth)

On behalf of the portfolio, the Discretionary Consultant may acquire a portion of the interests in the secondary market from original investors who seek liquidity prior to the scheduled maturity of the partnership investment.

The Discretionary Consultant may not invest in the following areas:

- Real Estate focused funds

The Discretionary Consultant will not invest the portfolio in any partnership managed by or affiliated with the Discretionary Consultant without the prior consent of the Fund.

The Discretionary Consultant will keep the Fund's Investment Staff apprised of all potential and current investments in the private equity portfolio.

Fund's Legal Requirements. Due to the unique nature of private equity investments, all private equity entry documents and any accompanying side letters will be reviewed by the General Counsel to determine if the entry documents are sufficient for the Fund's legal requirements and needs. A private equity investment may not be made if certain legal requirements cannot be satisfied and the Fund is not willing to assume the legal exposure.

C. Investment Categories

The Discretionary Consultant will seek to prudently diversify the portfolio across sub-sectors, in keeping with the broad ranges as outlined below. As the Fund rebalances the portfolio, the Discretionary Consultant will work towards compliance with these targeted ranges over the long-term.

Sub-Sector	Target Range
Corporate Finance/Buyout	40% - 80%
Special Situations	10% - 40%
Venture Capital	5% - 20%

D. Geographic Focus

The Discretionary Consultant will seek to build a geographically diverse portfolio by investing in partnerships globally. The broad geographic diversification limits are set forth below:

Geography	Target Range
North America	40% - 80%
Western Europe	20% - 50%
Asia/Rest of World	5% - 20%

E. Exposure Limits

Single Partnership:

- Minimum commitment of $5 million
- Maximum commitment of $25 million
- Maximum exposure of 20% of partnership's total commitments
- Maximum of 40% of total annual commitments to any one partnership

Commitments outside these ranges are permitted with prior Fund approval.

4. Annual Plan

The Discretionary Consultant will maintain an Annual Plan, which will be reviewed and updated each year, as appropriate. The Annual Plan reviews the Fund's progress towards reaching and/or maintaining the private equity allocation target. The Annual Plan also outlines the annual commitment pace and may provide detailed sub-sector and geographic targets, as well as any other relevant portfolio developments or information deemed necessary.

The Annual Plan will be reviewed with and approved by the Fund's Investment Staff each year, as part of the annual strategic planning process.

APPENDIX D: ABSOLUTE RETURN STRATEGY PORTFOLIO INVESTMENT GUIDELINES

1. Purpose

The purpose of the Fund's Absolute Return Strategy Program ("Program") is to provide general guidelines to assist the Advisory Consultant(s) retained by the Fund and the Investment Staff in carrying out the goals and objectives set forth herein.

This document outlines policies to be used in the evaluation of the Fund's investments in the Program Strategies, as defined below, and in the identification and selection of Program Managers.

The Program is designed to enable the Fund to achieve the highest competitive risk-adjusted returns. Recognizing that capital markets change over time, this document will be revised and updated periodically to reflect these changes. Amendments to the Program must be approved by the Board.

Each Fund/Manager in the Program will be assigned to one of the following Total Fund thematic asset classes: high growth, growth, or diversification. The purpose of bucketing the Program into different thematic asset classes is to better align the role of each Fund/Manager with the objective of the respective thematic asset class.

2. Definitions

Program Strategies - Program strategies differ from traditional investment strategies in that the former derive a particular return from the skill of the Program Manager, whereas the latter derive a return that captures a risk premium associated with a particular asset class/sub-class (e.g. Domestic Large Cap Equities). While there are many different Program strategies available, the Fund categorizes the various Program strategies into four broad classes defined below (section 3).

Program Fund - any commingled investment vehicle organized to implement the Program Strategies of a Program Manager. Such commingled vehicle may be organized as either a US-based or foreign-based limited liability vehicle such as a Limited Partnership (LP), Limited Liability Company (LLC), Public Limited Company (PLC), Corporation, etc.

Program Manager - any company or individual which, by contractual agreement, the Fund allocates capital to be invested in Program Strategies. The capital invested in Program Strategies will typically be invested via a commingled fund investment structure, but may also be invested via a separate or managed account. The Fund shall not retain authority over the particular investment decisions of individual managers.

3. Program Strategy Classes

The Program will be composed of strategies broadly grouped into four categories, as follows:

A. Relative Value Strategies

Relative Value strategies seek to earn excess returns by identifying mispricing in particular securities without taking broad asset class directional risk, i.e. “market risk”. Representative strategies would include convertible arbitrage, fixed income arbitrage and equity market neutral strategies.

B. Event Driven Strategies

Event Driven strategies identify securities that can benefit from extraordinary transactions or events such as restructurings, takeovers, mergers, spin-offs, and bankruptcies. Representative strategies would include merger arbitrage and distressed investing.

C. Long/Short Equity Strategies

Long/Short Equity strategies attempt to earn excess returns through selected net market exposures, long or short, and security selection. Representative strategies would include regional and global long/short and sector specialists.

D. Opportunistic and Directional Strategies

Such strategies include shifting from directionally biased to non-directionally biased portfolios. Representative strategies would include Global Tactical Asset Allocation (GTAA), CTA and Global Macro.

It is expected that the Fund will access and diversify among these strategies directly and through multi-strategy fund vehicles employing a combination of strategies across the classes.

4. Goals and Objectives

A. General

The Program is composed of diverse alternative strategies which are intended to contribute to long-term investment performance, diversify the broad asset class base of the portfolio and reduce overall portfolio volatility. It is expected that the Program will produce excess returns or alpha compared to a cash benchmark and that the Program will compare favorably to returns earned from tactical alternatives to direct implementation. It is expected that each Fund/Manager in the Program will adhere to the same objective as the thematic asset class to which it has been assigned. The Program should also have constrained moderate exposure to equity and bonds.

The Advisory Consultant, with input from Investment Staff, is to maintain flexibility in creating the Program in order to capitalize on changes in the markets and newer, emerging opportunities. The Fund Investment Staff will control allocations to Program strategies, styles, managers and Program Funds, according to a rebalancing discipline (see below) taking into account current conditions and anticipated changes in the markets.

B. Diversification

It is expected that the Program investments will be diversified, as possible, by strategy, style, manager type, as well as geographic and economic regions, in order to avoid undue concentration in any one category or exposure. However, in constructing the portfolio, consideration will also be given to minimizing the potential impact on the Program of cyclical changes in the economy and capital markets.

C. Risk Management

The Advisory Consultant and Investment Staff will emphasize the evaluation of risk and return in the analysis of appropriate Program strategies and the managers of such strategies.

Portfolio performance and composition will be monitored and managed such that additional active strategies may be implemented and/or existing strategies terminated from time to time in order to improve the overall risk-adjusted performance of the Program.

The Advisory Consultant will recognize the role of manager selection in creating risk in the Program and shall perform due diligence in making initial selections.

D. Liquidity Management

The Program will not generally be considered as a short term liquidity source. However investment guidelines may stipulate certain criteria in relation to the liquidity profile.

E. Rebalancing

The Advisory Consultant and Investment Staff will regularly monitor the strategy exposures, manager weightings and net systematic exposures of the Program. A rebalancing of the Program is dependent upon current market conditions and expectations for the future and is therefore fundamentally discretionary.

5. Responsibility of the Advisory Consultant

The Board may retain an Advisory Consultant to assist the Investment Staff with the investments in the Program Strategies. The Advisory Consultant shall perform the functions and duties as set forth in the contractual agreement with the Fund. Such duties may include, but are not limited to:

- Recommending strategic and tactical allocation ranges to implement the Program Strategies approved by the Board;
- Initial due diligence on Program Funds identified by the Investment Staff or the Advisory Consultant for potential investment;
- Recommending underlying Program Funds following such due diligence;
- Risk evaluation and portfolio risk exposure reporting on potential and existing Program Funds;
- The monitoring of qualitative information relevant to the markets, the managers or the funds of the Program;
- The monitoring of existing investments in Program Strategies through continued due

diligence and/or other means; and

- Assistance with any and all performance and other reporting required or requested by the Fund.

6. Program Strategic Guidelines

The Advisory Consultant, with assistance from Investment Staff, shall formulate Strategic Guidelines setting forth the objectives of the Program with respect to annualized return, risk, and diversification. These guidelines will include broad target ranges for the allocations to the four strategy classes. The Strategic Guidelines will be approved by the Board. The Advisory Consultant and Investment Staff may, from time to time, recommend revisions to the Strategic Guidelines based upon an evaluation of existing and emerging market conditions and expectations for performance.

7. Program Annual Tactical Plan

With the assistance of the Advisory Consultant, Investment Staff shall formulate an annual work plan aimed at achieving program objectives (the “Tactical Plan”). This plan is an implementation vehicle and will be presented to the Board.

The objectives for the Program form the basis for annual tactical allocations among Program funds. The allocations in the Tactical Plan shall consist of percentage allotments, within the Strategic Guideline ranges, to each of the four strategy classes. Acceptable ranges will be specified around each tactical allocation. The Advisory Consultant and Investment Staff will consider performance expectations, compliance with guidelines and anticipated market conditions in determining the optimal allocations to each Strategy for the current period.

The actual allocation to a Strategy may deviate from the targeted range as a result of changes in investment circumstances and performance. Investment Staff shall review such deviations and determine whether the current weighting is advantageous or the allocation needs to be adjusted to target.

8. Program Fund Selection

The Advisory Consultant shall screen the relevant universe of Program Funds for potential investments, creating a list of such candidates for due diligence. The Advisory Consultant shall perform due diligence on candidate Program Funds with assistance from the Investment Staff, and the Advisory Consultant and Investment Staff will provide the Board with a finalist candidate for investment. The Advisory Consultant will provide Investment Staff with appropriate documentation reflecting the Advisory Consultant’s due diligence with respect to each finalist Program Fund.

In recommending an approved candidate to the Board, the Advisory Consultant, with assistance from Investment Staff, will provide the Board with a summary of the due diligence materials and recommendations prepared by Investment Staff and the Advisory Consultant. The Fund’s legal counsel shall review the potential investment for compliance with the laws, statutes, rules and regulations governing the Fund. The Fund’s legal counsel shall examine all the Program Fund’s offering documents, subscription agreement and side letter agreements, if any.

The Board will review and evaluate all materials provided by the Advisory Consultant and Investment Staff regarding a recommended Program Fund and will approve the appointment of the Program Fund subject to this review.

Investment Staff will negotiate the terms of the investment to be undertaken.

9. Program Monitoring

Investment Staff will meet on-site with all current Program Funds on an “as needed” basis. Investment Staff will update its due diligence reports as a result of these meetings. Accordingly, Investment Staff shall review the Program Fund regarding the monitoring, controls, and procedures employed to limit the risks associated with the particular strategy. Following such visit, Investment Staff shall prepare a written report to the Board highlighting the Program Fund's performance and any changes in strategy, organization or investment outlook since the investment was approved. Investment Staff will also discuss investment performance and other issues with each Program Fund periodically via telephone during the course of the year. These conversations will be appropriately documented. Adverse developments within a Program Fund will be communicated to the Board promptly along with Investment Staff and the Advisory Consultant recommendations for corrective action.

The Advisory Consultant shall perform on-site visits on each existing Program Fund on an annual basis at least. The Advisory Consultant shall provide a detailed written report on the outcome of the due diligence meeting to Investment Staff within a reasonable time frame following the due diligence visit. The Advisory Consultant shall also provide written quarterly reports on each current Program Fund. These quarterly reports will include information on the aggregate performance of the Program Strategies in which the Fund is invested, individual performance for each Program Fund, the current economic environment impacting Program Strategies, economic forecast and outlook for the particular strategies, and any recommendations for specific action.

Each Program Fund shall provide the following reports to Investment Staff and the Advisory Consultant in connection with the investments made by the Fund in the particular investment vehicle:

A. Monthly Net Asset Value (NAV) for the investment reflecting the number of units held by the Fund and the value of such units;
B. Open Protocol Report provided to Advisory Consultant and the Fund;
C. Performance Letter - on at least a semi-annual basis -- the Program Fund must provide a letter that discusses the performance of the Fund's investment during the preceding months;
D. Annual Audited Financial Statements for the investment; and
E. Report, in a timely manner, on material developments in the Program Fund which may impact the Fund's relationship and/or investment performance. Examples of such material impacts might include, but are not limited to, regulatory actions and investigations, loss of key investment personnel and other executive personnel

including personnel responsible for finances of the organization, changes in ownership structure, changes in investment processes, unusual client losses in type or magnitude, involvement in "incompatible" activities, changes in the direct investments of Principals, and changes in compensation structure or changes in the estimated capacity for the particular strategy or strategies.

A Program Fund that does not provide the required reports set forth shall be subject to redemption.

10. Termination of a Program Fund

Based upon information gathered regarding a particular Program Fund, Investment Staff and the Advisory Consultant may determine that the investment is no longer appropriate for the Program. Termination may be indicated by shortfalls in any material item as listed in 9 above or by unusual style drift, underperformance or excessive draw-downs, or other analytical considerations with respect to the strategy or Fund. Investment Staff and the Advisory Consultant shall provide the board with a written analysis supporting termination in a timely manner.

11. Program Watch List (Watch List)

Whilst not an absolute requirement, prior to termination a Program Fund may be put on a 'Watch List.' A Fund may be added to the Watch List for shortfalls in any material item as listed in 9 above or by unusual style drift, underperformance or excessive drawdowns, or other analytical considerations with respect to the strategy or Fund. In such cases, Investment Staff will document the reasons for concern. Such funds will receive greater scrutiny which may at Investment Staff's discretion include requests for further information, conference calls and onsite visits with the manager. A manager may stay on the Watch List for any period of time until the documented reasons for concern have been reconciled or corrected or the Fund is terminated.

12. Program Strategies: Scheduled Reports

Performance Benchmarks

The performance of individual Program Funds may be benchmarked against a series of benchmarks including cash benchmarks (i.e. T-Bills or LIBOR), selected market indexes, as indicated, and, where appropriate, a style index (e.g. HFRI Equity Market Neutral Index.)

Performance Reporting

Each quarter, the Advisory Consultant, in collaboration with Investment Staff, will prepare a report that compares the performance of the Program Funds against the benchmarks for the preceding quarter, year-to-date and annualized periods. The report shall provide the current allocation to each strategy and to each Program Fund. The report will also provide a synopsis of the performance of each active Program Fund and a list of Program Funds currently schedule for subscription or redemption, if any, as well as such subscription/redemption activity in the preceding quarter.

APPENDIX E: FUND ASSET CLASS GUIDELINES

Fund Asset Class Guidelines

Following are general guidelines and objectives established for the Fund asset classes and for each Manager retained by the Board. Individual Manager guidelines are designed to be consistent, in aggregate, with the Total Fund asset allocation guidelines and investment objectives set forth in this Policy. Each Manager will operate under a formal contract that delineates its responsibilities and appropriate performance expectations, and that includes a formal set of investment guidelines and administrative requirements for management of each portfolio.

A. Domestic Equity

Each equity Manager is expected to adhere to the following general guidelines:

- Equity holdings in any one company (including common and preferred stock, convertible securities and debt) should not exceed ten (10%) of the market value of the manager's allocation without the consent of the Trustees.

- Equity holdings in any one industry (as defined by manager's respective style and capitalization benchmark) should not exceed fifty percent (50%) of the market value of the manager's allocation. **The exception to this policy is any sector specific strategy approved by the Board.**

- Cash and cash equivalents should not exceed ten percent (10%) of the Manager's allocation of assets.

- No purchase shall be made by Manager which would cause a holding to exceed 5% of the issue outstanding.

B. International Equity

Each international equity Manager is expected to adhere to the following minimum guidelines:

- Equity holdings in any one company and all of its subsidiaries and affiliates (including equities, convertible securities and debt) should not exceed ten percent (10%) of the market value of the manager's allocation without the prior written consent of the Trustees.

- Equity holdings in any one industry should not exceed fifty percent (50%) of the market value of the Manager's allocation. **The exception to this policy is any sector specific strategy approved by the Board.**

- Cash and cash equivalents should not exceed ten percent (10%) of the Manager's allocation.

- The Manager may enter into foreign exchange contracts on currency provided that: (a) such contracts have a maturity of one year or less, and (b) use of such contracts is limited solely and exclusively to hedging currency exposure existing within the Manager's portfolio. The intent is to dampen portfolio volatility and prevent currency loss. There shall be no direct foreign currency speculation or any related investment activity.

- The Manager may purchase or sell currency on a spot basis to accommodate specific securities settlements.

C. Fixed Income

Each fixed income Manager is expected to adhere to the following guidelines:

- The diversification of securities by maturity, quality, sector, coupon and geography is the responsibility of the Manager.

- The exposure of each Manager's portfolio to any single security other than a security backed by the full faith and credit of the U.S. Government or any of its instrumentalities should be limited to 10% of the Manager's allocation measured at market value.

- No purchase shall be made by a fixed income Manager which would cause a holding, excepting securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities, to exceed 5% of the issue outstanding.

- Futures, and options, and/or swaps are permitted for purposes of managing duration, yield curve, and sector risk, and as a substitute for cash securities.

- Not more than 5% of a Manager's portfolio, valued at market, shall be invested in certificates of deposit, time deposits, bankers acceptances, commercial paper, or related investments of a single issuer financial institution or financial institution holding company family.

- Managers may enter into currency forward contracts with counterparties that have a short-term credit rating of at least A-1 or P-1. Managers may enter into netting agreements with these counterparties.

- Counterparties for other OTC derivatives (e.g., swaps and repos) must have a long-term rating from S&P of at least BBB.

D. Cash and Equivalents

Although Managers will be retained for their expertise in a certain investment segment, it is expected that from time-to-time each will have some cash and equivalents in their portfolios as a result of discretionary asset allocation decisions. Any idle cash not invested by the Managers shall be invested daily via an automatic sweep STIF managed by the custodian. It is the Fund's objective to have no idle cash at any time in any Manager's portfolio.

E. Pooled Vehicles

The Trustees may invest a portion of the Fund's assets in commingled vehicles or institutional mutual funds if those investments are invested substantially in a manner consistent with the guidelines stated within this Policy. However, the Trustees recognize that such investments will be ultimately governed by the vehicle's established guidelines and restrictions, as outlined in the prospectus, subscription agreements, or other offering documents prepared by the investment manager.

APPENDIX F: INVESTMENT MANAGER TRANSITIONS

In the event of the need to perform transition management activities (including, but not limited to, the transfer of the management of assets from one investment management firm to another, exposure management during funding or de-funding of an investment management mandate, or the like), Investment Staff, with advice from the General Consultant, will determine the most efficient and prudent manner to perform such transition, including determining whether to use a Transition Manager, the legacy Investment Manager(s) or the target Investment Manager(s) to effect the contemplated asset restructuring.

1. If it is determined the Fund will use a Transition Manager, Investment Staff will select a Transition Manager from the Board's pre-approved list of Transition Managers after review of pre-trade analysis submitted by the Transition Managers, as well as each Transition Manager's pre-trade fee estimate and expertise for the asset class(es) to be transitioned.

2. Investment Staff is authorized to engage a Transition Manager on the Board's pre-approved list of Transition Managers under the terms of a master agreement executed with each Transition Manager.

3. Following the completion of each transition event, Investment Staff will report to the Board on the results of the selection process, the estimated costs of the transition, and the actual costs of the transition.

4. On a periodic and as-needed basis, Investment Staff and General Consultant will provide analysis and a written opinion to the Board as to the status of the Board's preapproved list of Transition Managers, the qualifications and performance of its members, and other relevant information.

APPENDIX G: SECURITIES LENDING

A. Objective

The objective of the securities lending program is to generate incremental income from overnight and certain term loans of securities in the portfolio, subject to guidelines described herein, utilizing a high-quality and reasonably conservative cash collateral re-investment program that safeguards the return of principal and maintains adequate daily liquidity to support trade settlement activity and portfolio restructuring activities.

B. Lending Agent

The Fund may contract with a securities lending agent ("the Agent") to establish, manage and administer a securities lending program. The Agent or its parent organization must be experienced in the operation of a fully secured securities lending program. The Agent facilitates lending the Fund's domestic and international equity and fixed income securities in return for collateral consisting of cash, U.S. government securities and irrevocable letters of credit issued by banks independent of the borrower.

C. Program Guidelines

1. Collateralization and Eligible Collateral

Cash collateral is to be invested in government securities, bank and corporate notes, bank certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, commercial paper and asset backed securities. The contract with the Agent specifies guidelines for allowable investments, maturities, and diversification. The Fund does not have the ability to pledge or sell collateral securities without borrower default. The Agent will collect and maintain proper overcollateralization as follows:

a. Domestic (United States domiciled and Non-US domiciled issued in US dollars) securities: Initial Margin of 102%
b. International (non-United States domiciled) securities: Initial Margin of 105%

2. Cash Collateral Reinvestment Guidelines

Cash collateral may be reinvested through a pooled fund managed by the Agent or through a separately managed account structure. Investment Staff will evaluate and may recommend the use of a commingled pool considering the benefits of liquidity that a pool structure offers in conjunction with its investment objectives, guidelines, restrictions, and strategy. Such analysis will also consider transparency of the investment process and internal controls.