INVESTMENT POLICY STATEMENT

For the

Firefighters' Retirement System of Louisiana

Approved
March 14, 2013

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EXECUTIVE SUMMARY

Planning Time Horizon:	10 to 30 years
Return Objective:	The primary long-term objectives of the Plan are to achieve a return equal to or greater than the actuarial return assumption (6.9%) and to maintain asset growth above the rate of inflation.
Risk Tolerance:	Conservative to Moderate. Preservation of capital, capital appreciation, and funding ratio stability are important to the Plan. The long-term investment horizon of the Plan enables it to tolerate short-term fluctuations in value.
Evaluation Benchmark:	Total return to exceed a weighted Policy Index comprised of 21.5% S&P 500; 5.5% Custom SMID Cap Benchmark (70% DJ Completion / 30% Russell 2500); 11.0% MSCI ACWI ex US; 4.0% MSCI Emerging Markets; 10.0% MSCI ACWI; 23.0% Bloomberg Barclays Aggregate; 2.0% Barclays US TIPS; 2.0% Custom EMD Index (50% JPM EMBI Global Diversified / 50% JPM GBI-EM Global Diversified); 5.0% Custom MSFI Index (75% Bloomberg Global Aggregate / 25% Bloomberg Global High Yield); 9.0% Cambridge Associates Private Equity; 4.0% NCREIF ODCE; 3.0% Cambridge Associates C|A US Infrastructure Index;

Plan assets are invested exclusively for the benefit of our members. The targets are to be maintained by allocating cash flows on a long-term basis. When possible, future inflows and spending will be anticipated and considered when rebalancing. When changes in the target mix or market action causes the actual asset mix to deviate from the target mix, assets may be shifted among investment manager accounts as specified by the Board of Trustees (Board). A formal asset-liability study should be conducted at least every five years to determine the long-term targets. Annually, the target allocations are to be reviewed for reasonableness in relation to significant economic and market changes or to changes in FRS' long-term goals and objectives.

INTRODUCTION

Plan Description

The Firefighters' Retirement System ("FRS" or "the Plan") was established on January 1, 1980, by Act No. 434 of 1979 to provide retirement allowances and benefits to firefighters and other employees of municipalities, parishes, and fire protection districts of this state. FRS has the power and privileges of a corporation and is granted statutory authority to transact business in its corporate name, including but not limited to investment of its cash, securities, and other property. FRS is administered by a ten-member board of trustees ("Board") with statutory powers set forth in L.R.S. 11:2251 et seq., and specifically L.R.S. 11:2260. The board is comprised of: two PFFA representatives, a fire chiefs' representative, two mayoral appointees of the Louisiana Municipal Association, the chairman of the House of Representatives Committee on Retirement, the chairman of the Senate Committee on Retirement, a FRS retiree, the state treasurer, and the commissioner of administration. The board's investment authority is set forth in Louisiana law, including but not limited to L.R.S. 11:261 et seq. and L.R.S. 11:2261. One of the duties of the board is to develop investment policies to govern the management of the Plan's assets, which helps assure that the prudent growth of those assets will provide for the Plan's obligations to its members and beneficiaries. This written Investment Policy Statement is a product of that duty.

Overview and Purpose

Plan assets are invested exclusively for the benefit of our members. The purpose of this Investment Policy Statement ("Policy" or "IPS") is to assist the Board in effectively supervising, monitoring and evaluating the investment of FRS assets. The objectives, policies, and procedures outlined in this document were created as a general framework and guide for the management of the Plan, and the statements contained in this document are intended to provide sufficient flexibility to the Board in the investment process. Accordingly, this Investment Policy Statement:

1. Makes a clear distinction between the responsibilities of the Board and the service providers hired to help implement the Plan's Investment Policy—the investment consultant, the investment managers, and the bank custodian/trustee.
2. Describes the Plan's risk tolerance, as defined by the asset classes that are considered allowable investments and the percentage allocations to each asset class.
3. Sets forth the criteria to be placed on diversification of portfolio investments.
4. Describes the investment practices that apply to the individual portfolios managed by each of the investment managers.
5. Provides rate-of-return objectives and criteria that may be used to monitor and evaluate the performance results achieved by the investment managers.
6. Establishes effective communication procedures between the Board and the investment managers, investment consultant, and bank custodian/trustee.
7. Creates a formal review process for reviewing this Investment Policy Statement.

The Board intends that the Plan will comply with all applicable laws, rules, and regulations from various local, state, and federal entities that may have an impact on FRS assets.

Provisions within this document are intended to be additive to contractual agreements established with the Plan's service providers (e.g., investment managers, custodians, consultants, etc.). In the event that the Investment Policy Statement is in conflict with the terms of a vendor contract and FRS provides written consent for waiver of such conflict, the terms of the vendor contract will prevail.

This Investment Policy Statement has been arrived at upon careful consideration by the Board of the financial implications of a wide range of policies and describes the prudent investment process that the Board deems appropriate for achieving the financial objectives of the Plan.

Exclusive original jurisdiction for any dispute regarding the interpretation or application of the provisions of this Investment Policy Statement shall be the 19th Judicial District Court, East Baton Rouge, Louisiana, without regard to the principle of conflicts of laws with any other state or jurisdiction.

Objectives

Investments will be made for the sole interest of the participants and beneficiaries of the Plan. Accordingly, the assets of the Plan shall be invested in accordance with these objectives:

1. To ensure funds are available to meet current and future obligations of the plan when due.
2. To earn an investment return greater than the Actuarial Assumed Rate of Return (6.9% as of July 1, 2021).
3. To earn a risk-adjusted rate of return that, over a 10-year market cycle, is equal to or above the median plan of the public pension plan universe.
4. To invest the assets in a cost-effective manner.

Time Horizon

For purposes of planning, the time horizon for investments is long-term. Capital values fluctuate over shorter periods, and the Plan recognizes that the possibility of capital loss does exist. The Board has adopted a long-term investment horizon in order to carefully weigh the probability and duration of investment loss against the long-term potential for investment gains. Fund assets will be invested in a prudent manner to ensure diversification of investment risks and opportunities.

Risk Tolerance

The Board recognizes that risk must be assumed to achieve the Plan's long-term investment objectives. The Board also understands that the nature of financial instruments and markets in which it invests involves some interim fluctuations in market value and rates of return. The Board's risk tolerance is Conservative to Moderate, defined by its desire to preserve capital in volatile investment environments and to improve or maintain its current funding ratio level. The Board will aim to diversify assets across asset classes and investment managers to maintain an appropriate level of risk to meet these objectives.

Account Performance Measurement

In measuring the performance of an account, a total return concept is applied. This means that the returns customarily include the income generated from the assets under management during the measurement period as well as the change in asset value. When securities are bought or sold, the trade date values are used. The income generated by fixed income securities is to be measured on an accrual basis rather than on a cash basis. Performance is usually measured according to the CFA Institute Standard, which utilizes a time-weighted measurement method to minimize the impact that contributions and withdrawals have on portfolio returns.

DISTINCTION OF RESPONSIBILITIES

Board of Trustees

The Firefighters' Retirement System Board of Trustees shall be responsible for the overall management of the assets of the Plan. The Trustees shall approve the Investment Policy Statement ("Policy" or "IPS") and provide overall direction in the execution of the IPS. The Trustees shall review and approve or disapprove investment recommendations that fall within the purview of the Board prior to their execution. The Trustees may also review and recommend investment policy changes, deletions, or additions. The Trustees shall review, on an annual basis, investment results in relationship to investment expectations and actuarial assumptions and experience to determine if future changes are needed to either the IPS or the implementation of the IPS.

Investment Committee

The primary role of the Investment Committee is to develop and administer the investment policy. Other responsibilities of the Investment Committee are as follows:

1. To recommend to the full Board the appropriate levels of risk and return for the Plan.
2. To recommend to the full Board, with the assistance of its Investment Consultant, an investment manager structure (including the number and types of investment managers) and to recommend to the full Board the hiring and discharging of investment managers.
3. To recommend to the full Board the investment limitations that should apply (if any) to the portfolios managed by investment managers.
4. To monitor and evaluate the performance results achieved by the investment managers.
5. To establish effective communication procedures between the Plan's administrative staff, the investment managers, the investment consultant, the bank custodian/trustee, and the Investment Committee.
6. To monitor and control investment expenses.

Investment Consultant

The primary role of the Investment Consultant, pursuant to its contract with the Plan, is to provide objective, third-party advice, including, but not limited to:

1. Assisting the Board in making well-informed and well-educated decisions regarding the investment of the Plan's assets.
2. Assisting the Board in the development of investment policy objectives and guidelines that reflect the Board's tolerance for risk and rate-of-return objectives.
3. Assisting the Board in the development of an investment manager structure that provides adequate diversification with respect to the number and types of investment managers.
4. Assisting the Board in the identification of appropriate market benchmarks and manager "style groups" against which each investment manager shall be evaluated.
5. Assisting the Board in manager searches and selection of investment managers to implement the Plan's investment policy.
6. Assisting the Board in monitoring each investment manager. This includes the ongoing monitoring of (i) total fund and individual investment manager performance on a

quarterly basis, which includes rate of returns results and compliance with FRS investment guidelines and Board policies and directives; (ii) the impact of investment managers' decisions on the asset allocation including advising the Board as to possible advantageous changes in the allocation strategy; (iii) each investment manager's conformance to its represented investment style, and (iv) organizational developments at each investment manager through due diligence monitoring of all FRS portfolio managers.

Investment Managers

All Investment Managers ("Managers") retained by the Plan will be recognized by the United States Securities and Exchange Commission (SEC) with two exceptions: 1) the exception of those alternative investment managers, which may be exempt from SEC registration requirements according to the Investment Advisers Act of 1940 and 2) the exception of collective investment funds that are bank administered trusts, which are also exempt from SEC registration (as the federal regulatory and supervisory responsibilities for fiduciary activities of national banks is the responsibility of the Office of the Comptroller of the Currency). Registration with the Financial Industry Regulatory Authority (formerly known as the National Association of Securities Dealers) is required of any broker-dealer affiliated with an investment manager that manages money on behalf of FRS. Managers will adhere to the code of ethical standards and conduct of the CFA Institute (formerly known as the Association for Investment Management and Research).

Alternative Investment manager categories include, but are not limited to, managers of real assets (e.g., timberland, farmland, infrastructure, and commodities), hedge funds (e.g., macro, managed futures, merger arbitrage, distressed, convertible arbitrage, volatility arbitrage, fixed income arbitrage, long/short equity, market neutral and fund of hedge funds), real estate, risk parity, global tactical asset allocation, and private equity (e.g., venture capital, LBOs, mezzanine debt, and distressed debt).The duties and responsibilities of each investment manager are set out in each respective Investment Management Agreement, including, but not limited to, these general requirements:

1. Manage Plan assets under its supervision in accordance with the guidelines and objectives contained in this Investment Policy Statement and consistent with each investment manager's stated investment philosophy and style as presented to the Board.
2. Meet or exceed the manager-specific benchmarks, net of all fees and expenses, expressed herein over various and appropriately measured time periods.
3. Complying with all provisions pertaining to the investment manager's duties and responsibilities as a fiduciary as set forth in L.R.S. 11:264 et seq. and all other applicable laws. Plan assets should be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent institutional investor, acting in like capacity and familiar with such matters, would use in the investment of Plan assets.
4. Exercise investment discretion in regard to buying, managing and selling assets held in the portfolio, subject to any limitations contained in the manager's Investment Management Agreement ("IMA") and this Investment Policy Statement ("IPS").
5. Communicate with the Board, administrative staff, and investment consultant in a timely manner (according to the Communications guidelines contained in this policy) and in writing regarding all significant changes pertaining to the portfolio it manages or the firm itself including but not limited to a) substantive changes in investment strategy and

portfolio structure, b) significant changes in ownership, organizational structure, financial condition or professional staffing, c) litigation or violation of securities regulations, and d) significant account losses or growth of new business.

6. Make reasonable efforts to preserve the principal of funds provided to them, but preservation of principal shall not be imposed on each individual investment. It is understood that the dual goals of preservation of principal and capital appreciation will cause fluctuations in the investment managers' portfolios and the total value of the Plan.
7. The interests of Plan participants and beneficiaries with respect to their retirement income shall remain the primary consideration for evaluation of any particular investment opportunity.
8. Disclose all conflicts and potential conflicts of interest.
9. Meeting with the Board as needed upon request of the Board.
10. Communicate with the Board, administrative staff, and investment consultant in a timely manner and in writing regarding any violation of their Investment Management Agreement guidelines or any of the guidelines contained in this IPS.
11. Initiate written communication with the Board when the manager believes that this IPS is inhibiting performance and/or should be altered for any valid reason. No deviations from the guidelines and objectives established in the Investment Management agreement and this IPS are permitted until after such communication has occurred and the Board has approved such deviation in writing.

Bank Custodian/Trustee

The bank custodian/trustee is hired by, and is responsible to, the Plan. The primary responsibilities of the bank custodian/trustee are to:

1. Provide adequate safekeeping services, cash-management services, administrative support, accounting services, risk management, and data processing capabilities.
2. Settle securities transactions on time.
3. Collect income when due.
4. Provide prompt, accurate proxy administration.
5. Manage a securities-lending program, if FRS elects such service.
6. Make sure that all available cash is invested.
7. Prepare accurate and timely investment reports including monthly statements reporting the value of all assets at cost and market and monthly statements reporting all portfolio transactions by each investment manager.
8. Prepare a quarterly summary of brokerage commissions paid on transactions by investment managers.
9. Calculate timely and accurate rates of return.
10. File all relevant class action suits on behalf of FRS unless instructed otherwise.

Vendor/Agent Limitation

Any person or juridical entity acting on behalf of or in the interest of FRS, whether as agent, mandatary, or in any other capacity, is prohibited from entering into a compromise or referring a matter to arbitration or to execute any document that purports to bind FRS to participation in any arbitration or mediation, without first receiving express written permission from FRS. The form of any such written permission shall be set forth in a stand-alone document addressing only that subject matter and shall not be included as a provision in a document that addresses multiple subject matters. Any document purporting to authorize arbitration or mediation involving FRS or on behalf of FRS shall be signed and dated by the FRS Executive Director. Any failure to satisfy the form requirements set forth herein shall render null, void, and of no force or effect, any such purported authorization for arbitration or mediation.

GENERAL INVESTMENT POLICIES AND GUIDELINES

Asset-Allocation Guidelines

The Board establishes asset-allocation policies to reflect, and be consistent with, the investment objectives expressed in this Investment Policy Statement. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide the greatest probability of meeting or exceeding the Plan's return objectives at the lowest possible risk.

The Board considered the risk, reward and volatility of securities markets in establishing the risk tolerance for the Plan. The Board also reviewed the long-term characteristics of various asset classes, focusing on balancing risk with expected return. On the basis of the Board's time horizon and risk tolerance, the following asset-allocation guidelines have been established:

	Long-Term Target Allocation	**Allocation Range**
Large Cap U.S. Equities	21.5%	16.5% - 26.5%
Small to Mid Cap U.S Equities	5.5%	0.0% - 10.5%
International Equities	11.0%	6.0% - 16.0%
Emerging Markets Int'l Equities	4.0%	0.0% -8.0%
Global Equities	10.0%	5.0% - 15.0%
Total Equity	**52.0%**	**42.0% - 62.0%**
Core Fixed Income	23.0%	18.0% - 28.0%
US TIPS	2.0%	0.0% - 4.0%
Emerging Market Debt	2.0%	0.0% - 4.0%
Multisector Fixed Income	5.0%	0.0% - 10.0%
Total Fixed Income	**32.0%**	**22.0% - 42.0%**
Private Equity/Private Debt	9.0%	2.0% - 12.0%
Real Estate	4.0%	0.0% - 8.0%
Real Assets	3.0%	0.0% - 4.0%
Total Alternatives	**16.0%**	**6.0% - 26.0%**
Global Tactical Asset Allocation (GTAA)	0.0%	0.0% - 6.0%
Total Global Asset Allocation (GAA)	**0.0%**	**0.0% - 6.0%**

Rebalancing of Asset-Allocation Guidelines

One essential component of a strategic asset-allocation policy is the development and use of rebalancing ranges for the target allocation. The rebalancing ranges are shown in the above table.

The Investment Consultant shall prepare quarterly reports reviewing the actual asset-allocation percentages, demonstrating whether the lower or upper limits have been violated. Said reports shall be reviewed with the Board as part of the Investment Consultant's quarterly review. The actual allocation will be rebalanced based upon “trigger point” rebalancing. If, on a quarterly basis, the upper or lower limit is breached the asset class will be reviewed and rebalanced back to the strategic allocation, unless under the circumstances at that time rebalancing should be deemed inappropriate by the Board. The Board will consider market conditions and transaction costs, as well as any other relevant factors when rebalancing.

Diversification Emphasis
Investment managers shall place emphasis on broad portfolio diversification, unless under the circumstances it is not prudent to do so. The investment managers are given full discretion to manage the assets under their supervision subject to the limitations and responsibilities of their individual Investment Management Agreements and the guidelines of this IPS.

GASB Statement No. 67 requires pension plans to identify any one organization, other than those issued or guaranteed by the U.S. Government, that represent 5 percent or more of the pension plan’s fiduciary net position. The Plan defines the term “organization” as an individual security rather than a manager, mutual fund, partnership, or other commingled vehicle.

Investment Manager Guidelines
Full discretion, within the parameters of the Investment Management Agreement and the Policy guidelines described herein, is granted to the investment managers regarding the selection of securities, and the timing of transactions.

Compliance with all Investment Management Agreement terms and IPS guidelines must be monitored by the investment managers on a regular basis (monthly or more frequently when market conditions warrant) and based on then current market values. Securities that, at purchase, would move the portfolio out of compliance with these guidelines, based on the investment manager’s most recent valuation, may not be purchased.

In the event that a manager’s portfolio moves out of compliance with the terms of the Investment Management Agreement and/or policy guidelines (as identified in the investment manager’s regular review of the portfolio), through market conditions or other changes outside the control of the manager, the manager must bring the portfolio composition back into compliance within 30 days. Investment managers must provide to the Board a written report describing in detail any and all non-compliance extending beyond 30 days within 48 hours of the 30-day violation period. Included in this report, the manager also must provide information concerning the manager’s planned course of action to return to compliance with the IMA and IPS, as well as the timing of such action. If the investment manager wishes to remain out of compliance beyond 30 days, the manager must make a written request to the Board for a compliance waiver.

Derivatives Guidelines
The derivatives policy guidelines contained herein identify and allow common derivative investments and strategies which are consistent with applicable laws and the IPS and requires investment managers to petition the Board in writing for the inclusion of any additional derivative instruments and strategies. These guidelines also require investment managers to follow certain controls, documentation and risk management procedures.

For managers not deemed by the Board as alternative investment managers, the following derivative guidelines are to be adhered to, unless prior written approval from the Board has been granted. Alternative investment manager categories include, but are not limited to, managers of real assets (e.g., timberland, farmland, infrastructure, and commodities), hedge funds (e.g., macro, managed futures, merger arbitrage, distressed, convertible arbitrage, volatility arbitrage, fixed income arbitrage, long/short equity, market neutral and fund of hedge funds), real estate, risk parity, global tactical asset allocation, and private equity (e.g., venture capital, LBOs, mezzanine debt, and distressed debt).

Allowed Use of Derivatives

- **Hedging.** To the extent that the non-derivative component of a portfolio is exposed to clearly defined risks and to the extent that derivative contracts exist that can be used to reduce those risks, investment managers are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures, subject to the documentation requirements listed later.
- **Creation of Asset and/or Asset Class Exposures.** Investment managers are permitted to use derivatives to gain exposure to assets and asset classes if such exposure would be allowed if created with the underlying assets.
- **Management of Country and Asset Allocation Exposure.** Managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for this purpose.

Prohibited Uses of Derivatives

Any use of derivatives not listed above is prohibited for managers that are not deemed by the Board as alternative investment managers without prior written approval of the Board. Investment managers are encouraged to solicit in writing such approval, if they believe the list of allowable derivative instruments is too restrictive. By way of amplification, it is noted that the following uses of derivatives are prohibited by investment managers of traditional asset classes, unless permission is specifically granted in writing:

- **Leverage.** Derivatives shall not be used to magnify exposure to an asset, asset class, interest rate, or any other financial variable beyond which would be allowed by an investment manager's IMA or the IPS guidelines if derivatives were not used.
- **Unrelated Speculation.** Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable, unless such exposures would be allowed by an investment manager's IMA or the IPS guidelines if created with non-derivative securities.

Risk Control and Documentation Guidelines for All Managers

The following risk control and documentation requirements are to be adhered to by all investment managers (i.e., managers of traditional and alternative investment asset categories).

Transaction Risk Control Procedures and Documentation Requirements

For each over-the-counter derivative transaction (defined as a privately negotiated and traded contract that derives value from underlying assets, interest rates, currency rates, or indices - including but not limited to swaps, forward rate agreements, and exotic options), except foreign exchange forward contracts, investment managers are required to obtain at least two competitive bids or offers.

For all derivative transactions, investment managers should maintain appropriate records to support that all derivative contracts used are employed for allowed strategies.

Portfolio-Level Risk Control Procedures and Documentation Requirements

- **Counter Party Credit Risk:** Managers are required to measure and monitor exposure to counter party risk resulting from over-the-counter derivatives activities. Moreover, investment managers are required to report a summary report of counter party risk exposure semi-annually to FRS with data as of March 31 and September 30 each year ("the assessment date"). The report is due 30 calendar days from the assessment date. The report must contain the following items: (1) each instance of exposure that represents greater than 5% of the manager's total portfolio value, (2) the specific legal entity that is counterparty to the transaction, and (3) the nature of the relationship with the counterparty (i.e. prime broker, master repurchase agreement). Any manager who has multiple contracts with one counterparty may net the exposure to that particular counterparty as long as it is the same legal entity.
- **Ongoing Monitoring of Risk Exposures.** The duration and other risk exposure limits specified in the Investment Management Agreement and Policy guidelines are expected to be satisfied on an ongoing basis. Thus, managers must monitor changing risk exposures. Non-compliance must be reported as stated in the Investment Manager Guidelines section of this policy. Fixed income managers investing in mortgage-related fixed income securities should pay particular attention to the changing duration of those securities, and should anticipate potential changes in duration at the time those securities are purchased. This is to ensure that the interest rate and prepayment rate changes do not inadvertently move the portfolio out of compliance.

Additional Restricted Transactions

(A)(1) The restricted transaction of this Subsection shall apply to: (a) Any investment consultant entity providing investment consulting services to FRS and (b) Any investment advisory entity providing investment advisory services to FRS.

(2) As a fiduciary, entities must give priority to investments made on behalf of clients over those that benefit the entities' own interests or the interests of its employees. Entities must have industry standard compliance controls related to personal investing, allocation of investment opportunities, and allocation of orders to mitigate the potential for conflicts of interests in investing on behalf of clients. Examples of controls include but are not limited to preclearing of trades, blackout periods, use of restricted lists, pro-rata allocations, trade aggregations, and regular reviews of trade allocations. The entities' Code of Ethics and other policies relating to compliance controls must be made available to FRS upon request.

(3) The provisions of Subsection (A) may be waived as to any requesting party by affirmative action of the FRS Board of Trustees, provided a record vote of such action is promptly recorded in the FRS minutes.
(B) The investment consulting entity shall agree, as a condition of being retained by FRS, to provide notice to the FRS Board of Trustees whenever an employee of the investment consulting entity is in violation of this policy. Notice shall be provided within forty-eight hours of any violation or by the date of the next Board meeting, whichever comes first. The investment consulting entity shall also provide information concerning the entity's planned course of action to return to compliance with this policy and the timing of any such action.

Investment Practices

Cash Equivalents

1. In accordance with Louisiana R.S. 11:2261, the System may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana or of the United States, provided that the bank is a fiscal agent of the state and approved by the Board of Trustees.
2. Temporary cash may be invested in cash equivalent securities defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Eligible investments include Treasury bills, commercial paper, money market funds, stable NAV investment pools, or custodial bank short-term investment funds.

Domestic and Non-U.S. Equity Managers:

1. Domestic and non-U.S. investments include common and preferred stocks of companies domiciled both within the U.S. and outside the U.S. that trade on U.S. or foreign exchanges and over-the-counter. This asset class includes American Depository Receipts (ADRs), securities convertible into common stocks, and derivative financial instruments that create equivalent exposures.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by terms of the manager's IMA and the spirit and intent of guidelines contained in this Policy.
3. The equity portfolio is to be managed on a total return basis; that is, equities should be selected by investment managers on the basis of their anticipated return from the combination of dividends and market appreciation.
4. Unless otherwise stated in the respective Investment Management Agreement, decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and the other tools employed by active managers are left to the manager's discretion, subject to the standards of fiduciary prudence as set out in L.R.S. 11:264 et seq. and all other applicable laws, and subject to restrictions stated in the respective manager's IMA and in this Policy.
5. The purchase of stocks in foreign companies which are publicly traded securities may be held by each domestic equity investment manager in proportions which each manager shall deem appropriate, up to 10% of the investment manager's portfolio at market value.

6. The purchase of stocks in U.S companies which are publicly traded securities may be held by each non-U.S. equity investment manager in proportions which each manager shall deem appropriate, up to 10% of the investment manager's portfolio at market value.
7. Each actively managed equity manager may hold some investment reserves of cash but with the understanding that performance will be measured against its fully invested equity benchmark. It is expected that each manager will remain essentially fully invested at all times. For purposes of this IPS, the term "essentially fully invested" means no more than 5% of the investment manager's portfolio shall be held in cash. It shall be the responsibility of each manager, however, to notify the Board in writing of any intention to raise its allocation to cash above 10% prior to implementing the allocation, should it believe that market conditions warrant such action.

Domestic Fixed-Income Managers:

1. Domestic fixed income investments may include U.S. Government and Federal Agency obligations, U.S. Treasury Inflation Protection Securities (TIPS), corporate bonds, debentures, commercial paper, certificates of deposit, yankee bonds, mortgage-backed securities and other domestically issued fixed income instruments deemed prudent by the investment managers. The fixed income guidelines below also apply to high yield and bank loan managers unless otherwise specifically noted.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by terms of the manager's IMA and the spirit and intent of guidelines contained in this Policy.
3. Unless otherwise stated in this document, decisions as to individual security selection, currency hedging, turnover, number of industries and holdings, and the other tools employed by active managers are left to the manager's discretion, subject to the standards of fiduciary prudence as set out in L.R.S. 11:264 et seq. and all other applicable laws, and subject to restrictions stated in the respective manager's IMA and in this Policy..
4. The overall average quality of each domestic fixed-income investment manager's portfolio shall be rated A or higher. Non-rated issues or issues below investment grade (below BBB) may be purchased, provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of A or higher. The combined allocation to non-rated issues or issues below investment grade (below BBB) may not exceed 15% of each manager's portfolio.
5. The overall average duration (interest rate sensitivity) of each domestic fixed-income manager's portfolio shall not differ from that manager's passive benchmark by more than two years.
6. No single holding may account for more than 5% of the market value of each domestic fixed-income manager's portfolio. No more than 10% of each domestic fixed income manager's portfolio may be invested in any one issuer. However, obligations of the U.S. Government or a U.S. Government agency may be held without limitation.
7. Each actively managed fixed income manager may hold some investment reserves of cash but with the understanding that performance will be measured against its fully invested fixed income benchmark. It is expected that each manager will remain essentially fully invested at all times. For purposes of this IPS, the term "essentially fully invested" means no more than 5% of the investment manager's portfolio shall be held in cash. It shall be the responsibility of each manager, however, to notify the Board in

writing of any intention to raise its allocation to cash above 10% prior to implementing the allocation, should it believe that market conditions warrant such action.

8. The Plan may hold cash or other short-term instruments in order to fund benefit and other administrative payments. These holdings will be counted as part of the overall fixed income allocation percentage, as there is no explicit allocation to short-term investments.

Emerging Market Fixed Income Managers:

1. Emerging market fixed income investments may include debt securities of the U.S. government, U.S. non-government, non-U.S. governments, and non-U.S. non-government entities, and other issued fixed income instruments deemed prudent by the investment managers.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by terms of the manager's IMA and the spirit and intent of guidelines contained in this Policy.
3. Unless otherwise stated in this document, decisions as to individual security selection, currency hedging, turnover, number of industries and holdings, and the other tools employed by active managers are left to the manager's discretion, subject to the standards of fiduciary prudence as set out in L.R.S. 11:264 et seq. and all other applicable laws, and subject to restrictions stated in the respective manager's IMA and in this Policy.
4. No single corporate issuer shall constitute more than 5% of emerging markets fixed income manager's portfolio's value, as determined at the time of purchase, and net exposure to corporate issuers will not represent more than 50% of the portfolio value, as determined at the time of purchase.
5. Net exposure to any single currency, other than the base currency (US dollars) shall not represent more than 25% of the portfolio value, as determined at the time of purchase.
6. The overall average quality of each emerging markets fixed-income investment manager's portfolio shall generally be rated investment grade (BB) or higher. Credit ratings for issues will be the highest of Moody's, Standard & Poor's, or Fitch's long-term ratings. Non-rated issues may be purchased, provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of investment grade (BB) or higher.
7. The overall average duration (interest rate sensitivity) of each emerging market fixed income manager's portfolio shall not differ from that manager's passive benchmark by more than two years.
8. Emerging market fixed income investment managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to prudently improve portfolio risk-adjusted return rather than lever portfolio risk exposure. Currency contracts may be utilized in the settlement of securities transactions.
9. Each actively managed global and emerging market fixed income manager may hold some investment reserves of cash but with the understanding that performance will be measured against its fully invested fixed income benchmark. It is expected that each manager will remain essentially fully invested at all times. For purposes of this IPS, the term "essentially fully invested" means no more than 5% of the investment manager's portfolio shall be held in cash, excluding cash used to collateralize forward currency contracts. It shall be the responsibility of each manager, however, to notify the Board in writing of any intention to raise its allocation to cash above 10% (excluding cash used to

collateralize forward currency contracts) prior to implementing the allocation, should it believe that market conditions warrant such action.

Multisector Fixed Income Managers:

1. Multisector Fixed Income (MSFI) investments are defined as primarily long-only investments across global fixed income sectors designed to express the investment managers' best ideas across the global fixed income opportunity set with at least monthly liquidity. The System will view the multisector fixed income allocation as a "return seeking" component of its fixed income portfolio and a complement to its core fixed income allocation.
2. Multisector fixed income investments may include debt securities of the U.S. government, U.S. non-government, non-U.S. governments, and non-U.S. non-government entities, including but not limited to US Treasuries, non-US sovereign debt and currency, high yield corporate bonds, bank loans, CLOs emerging markets debt, preferred stock, and other issued fixed income instruments, including fixed income-related derivatives, deemed prudent by the investment managers (within established commingled fund guidelines).
3. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by terms of the manager's IMA and the spirit and intent of guidelines contained in this Policy.
4. Unless otherwise stated in this document, decisions as to individual security selection, currency hedging, turnover, number of industries and holdings, and the other tools employed by active managers are left to the manager's discretion, subject to the standards of fiduciary prudence as set out in L.R.S. 11:264 et seq. and all other applicable laws, and subject to restrictions stated in the respective manager's IMA and in this Policy.

Private Equity/Debt Managers:

1. The investment objective of the private equity/private debt portfolio is to enhance the overall risk-return profile of the Plan's total portfolio, primarily by achieving high long-term returns through investing in privately held investment strategies with the potential for net of fees returns higher than those available through investable public equity alternatives and by diversifying investments within the private equity/private debt portfolio. It is understood that during the early years of each fund's life, investment returns may be zero or even negative after considering expenses.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by the fund's legal documents and side letters and the spirit and intent of guidelines contained in this Policy.
3. Private equity and private debt investment managers may use leverage, however portfolio investments may only be made in investment vehicles that provide limited liability and protect the Plan from losses exceeding the invested capital. Investment managers will not make material changes to their use of leverage within their portfolios without receiving prior written consent from the Board.
4. Capital calls and distributions will clearly delineate the following: investment capital, fees, recalled capital, return of capital, gains/(losses), and carried interest.

5. FRS' initial capital commitment to a partnership/fund shall not exceed 25% of the total committed capital of that partnership/fund.
6. Those partnerships/funds where the general partner is contributing at least 1% of the total fund are preferred.

Real Estate Managers:

1. The investment objective of the real estate portfolio is to enhance the risk/return profile of the Plan's total portfolio primarily by providing a low correlation to equities and fixed income markets and diversification benefits to the overall portfolio.
2. Real estate categories, as defined herein, may include domestic and foreign income producing properties (e.g., office, hotel, commercial, residential, industrial, etc.), raw land, and other real estate related opportunities.
3. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by the fund's legal documents and side letters and the spirit and intent of guidelines contained in this Policy.
4. Real estate investment managers may use leverage, however portfolio investments may only be made in investment vehicles that provide limited liability and protect the Plan from losses exceeding the invested capital. Investment managers will not make material changes to their use of leverage within their portfolios without receiving prior written consent from the Board.
5. Capital calls and distributions will clearly delineate the following: investment capital, fees, recalled capital, return of capital, gains/ (losses), and carried interest.
6. FRS initial capital commitment to a partnership/fund shall not exceed 25% of the total committed capital of that partnership/fund.
7. Those partnerships/funds where the general partner is contributing at least 1% of the total fund are preferred.

Real Assets – Inflation Protection Investment Managers:

1. The investment objective of employing real asset strategies is to hedge against unexpected inflation and provide diversification benefits to the overall portfolio. Real assets are intended to provide inflation-adjusted, inflation-hedged, or positive "real" return. The inflation protection provided can help the overall investment portfolio meet liabilities during periods of rising inflation.
2. Real asset categories, as defined herein, may include (but are not limited to) private and publicly traded infrastructure investments, timber investments, agriculture investments, commodities (including Commodity Trading Advisor pools), public and private global natural resources-related equity investments (including extraction and/or transportation of energy, extraction and/or transportation of metals, and Master Limited Partnerships requiring 90% or more of gross income from qualified natural resource activities), and/or diversified, multi-strategy funds that invest both long and short in some or all of the real asset categories listed herein.
3. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled portfolio will be governed by

the Investment Management Agreement or Limited Partnership Agreement and the spirit and intent of guidelines contained in this Policy.

4. Real asset investment managers may use leverage, however, portfolio investments may only be made in investment vehicles that provide limited liability and protect the Plan from losses exceeding the invested capital. Investment managers will not make material changes to their use of leverage within their portfolios without receiving prior written consent from the Board.
5. FRS initial capital commitment to a partnership/fund shall not exceed 25% of the total committed capital of that partnership/fund.
6. Those partnerships/funds where the general partner is contributing at least 1% of the total fund are preferred.

Risk Parity and Global Tactical Asset Allocation (GTAA) Managers:

1. The investment objective of employing risk parity and/or GTAA strategies is to give investment managers the ability to invest across traditional and non-traditional asset classes in order to further diversify the Plan, control risk and increase return. Risk parity and global asset allocation are not asset classes but are investment approaches that provide broadly diversified exposure to multiple asset classes.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by the Investment Management Agreement and the spirit and intent of guidelines contained in this Policy.
3. To the extent deemed necessary by the managers in order to achieve the performance objectives of the portfolio, each risk parity and GTAA manager may use active or passive underlying portfolios. Due to the global nature of these mandates, managers are expected to be evaluating and/or investing in non-U.S. instruments, to include derivative investments allowing for market exposure or risk mitigation (e.g., index futures and currency forwards). The use of derivative investments will be governed by each manager’s Investment Management Agreement and the derivatives guidelines included in this policy.
4. Risk parity and GTAA investment managers are allowed, where the manager has the ability to invest in, but is neither limited by nor required to hold, domestic, international and emerging equities, bonds and real assets. Managers may employ a global tactical asset allocation strategy that can change the asset class composition of the portfolio at any time as market conditions dictate, subject to restrictions stated in the respective manager's Investment Management Agreement and this policy.
5. Risk parity and GTAA managers may use leverage, however portfolio investments may only be made in investment vehicles that provide limited liability and protect the Plan from losses exceeding the invested capital. Investment managers will not make material changes to their use of leverage within their portfolios without receiving prior written consent from the Board.

Proxy Voting Guidelines

Investment managers have responsibility for voting corporate proxies. With respect to the voting of proxies for issuers of securities in the Plan, the Board requires the managers, as Plan fiduciaries, to vote proxies in a manner that is in the Plan’s best financial and economic interest and requires the managers to monitor and evaluate (at least annually) any proxy voting outsourced to a third party. Each investment manager is required to submit written summary reports (including a summary of associated research and analysis) to the Board upon request advising of the manner in which each proxy was voted during the preceding period specified in the request.

Brokerage Policy

Each investment manager shall attempt to obtain the best net price and the most favorable execution of each purchase and sale transaction. In selecting a broker-dealer for a particular transaction, each manager shall obtain "best execution", considering such factors as execution capabilities required by a transaction, cost, speed, efficiency, confidentiality and other factors, including the provision of research or other services or products to the investment account or to other accounts serviced by the manager, provided that manager shall comply with applicable portions of the Securities Exchange Act and the Soft Dollar Standards adopted by the CFA Institute. The Plan may enter into commission recapture agreements and may instruct a manager in writing to direct the Plan's brokerage commissions. The objective of any commission recapture/directed brokerage agreement is to serve the interests of the Plan's members and beneficiaries by achieving both commission cost savings and "best execution". Commission recapture/directed brokerage services may be utilized, where feasible, to defray costs and benefit the Plan's members and beneficiaries, subject to each investment manager's "best execution" efforts. No execution of sales, purchases or other trades of account assets shall be effected through a parent organization, subsidiary organization, or related entity of a manager, unless prior written approval from the FRS Board has been obtained. The definitions of a parent organization, subsidiary organization and a related entity are the same as those found in the United States Internal Revenue Code. Commissions shall be reported in accordance with the requirements of the Investment Management Agreement.

Securities Lending

FRS may engage in securities lending. During those times when the Board engages in securities lending, the Board desires that the Securities Lending Program be run in a manner that generates incremental income within a high-quality investment program that safeguards the return of principal, maintains adequate daily liquidity, ensures diversification, and tightly controls exposure to fluctuating interest rates.

The securities lending process shall be transparent to the Plan's investment managers. "Marking to market" shall be performed daily by the lending agent, and the required collateral shall be maintained diligently. The asset/liability management of loans and investments (gap management) shall be performed consistently and with the proper application of prudence as set forth in L.R.S. 11:264 et seq. and all other applicable laws. The duration of loans and assets (gap positions) shall be reported by the lending agent to the Plan's Chief Investment Officer and Executive Director on a quarterly basis. The lending agent shall perform ongoing credit analysis of all participating brokers (borrowers) and establish concentration limits for Board approval. Securities lending reports shall be provided quarterly by the lending agent to the Plan's Chief Investment Officer and Executive Director. Such reports shall provide details of the investment instruments utilized and the appropriate breakdown of revenues.

Manager-Selection Procedures

In selecting investment managers, the Board will:

1. Retain "prudent experts" (a bank, insurance company, or investment advisor as defined by the Registered Investment Advisers Act of 1940).
2. Follow a due-diligence process so as to avoid selecting managers on an ad-hoc basis.
3. The due-diligence process, at a minimum, will involve analyzing investment manager candidates in terms of certain:
    a. **Qualitative Characteristics**, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
    b. **Quantitative Characteristics**, such as CFA Institute-compliant composite return data, risk-adjusted rates of return (e.g., Sharpe Ratios), and certain portfolio characteristics, such as R^2 in relation to an appropriate market index.
    c. **Organizational Factors,** such as type and size of firm, ownership structure, client-servicing capabilities, record of gaining and keeping clients, and fees.
4. Use industry recognized databases for screening purposes and ensure an unbiased and objective search process.

RATE-OF-RETURN OBJECTIVES

Time Horizon

The Board acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time periods.

Recognizing that short-term fluctuations may cause variations in the total portfolio's performance, the Board requires each investment manager to develop long-term investment strategies consistent with the guidelines contained in this Investment Policy Statement. A minimum of a five-year moving time period reflects the emphasis on the long term. However, this five-year moving average shall not be the sole determinant of any decision.

Performance Objectives

The Board has determined that it is in the best interest of the Plan that performance objectives be established for the total portfolio and each investment manager. It is clearly understood that these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Investment Policy Statement. The Board acknowledges that investment styles come in and go out of favor depending on economic and capital-market conditions. Accordingly, the Board has established style group comparisons as shorter-term performance objectives to be applied over rolling three-year time periods.

Asset Category	**Performance Index Target**	**Peer Group Universe/Style Benchmark**
Total Portfolio	Policy Index[1]	Public Pension Funds (>$1B)
Large Cap U.S. Equities	S&P 500	Large Cap Core
Small to Mid Cap U.S. Equities	70% DJ US Completion / 30% Russell 2500	Small/Mid Cap Core
International Equities	MSCI EAFE / MSCI ACWI ex US	Core International
Global Equities	MSCI ACWI	Core Global
Emerging International Equities	MSCI Emerging Markets	Emerging Markets
Domestic Core Fixed Income	Bloomberg Aggregate	Core Fixed Income
Domestic TIPS	Bloomberg US TIPS	US TIPS
Emerging Market Debt (Blended Currency)	50% JPM EMBI Global Diversified / 50% JPM GBI-EM Global Diversified	EM Debt (Blended)
Multisector Fixed Income	75% Bloomberg Global Aggregate / 25% Bloomberg Global High Yield	Global Multi Sector Fixed Income
Private Equity/Debt	Cambridge Associates Private Equity Index	Private Equity
Real Estate	NCREIF ODCE	Core Real Estate

[1]The Policy Index will consist of 21.5% S&P 500; 5.5% Custom SMID Cap Benchmark (70% DJ Completion / 30% Russell 2500; 11.0% MSCI ACWI ex US; 4.0% MSCI Emerging Markets; 10.0% MSCI ACWI; 23.0% Bloomberg Aggregate; 2.0% Bloomberg US TIPS; 2.0% Custom EMD Index (50% JPM EMBI Global Diversified / 50% JPM GBI-EM Global Diversified); 5.0% Custom MSFI Index (75% Bloomberg Global Aggregate / 25% Bloomberg Global High Yield); 9.0% Cambridge Associates C|A Private Equity Index; 4.0% NCREIF ODCE; 3.0% Cambridge Associates C|A US Infrastructure Index.

Real Assets	C|A US Infrastructure Index	Real Assets
Global Asset Allocation	60% MSCI World (Net) / 40% CITI WGBI	Global TAA
Cash	90-Day U.S. T-Bills	Cash Equivalents

Performance Guidelines

The Board retains the discretion to terminate contractual relationships with an investment manager for any reason, in accordance with the terms of each manager's Investment Management Agreement. Some grounds that the Board may consider for termination of an investment manager may include, but are not limited to the following criteria:

1. **Extraordinary Events (Organizational Issues)**
   Extraordinary events which may be evaluated prior to a termination decision include such things as--
   a) Ownership changes
   b) Key personnel departures
   c) Significant changes in the investment philosophy or the investment process
   d) Litigation or other regulatory matters
   e) Failure to comply with stated investment guidelines
   f) A change in the Plan's asset allocation

2. **Long-Term Performance in Relation to Appropriate Market Index**
   Long-term performance standards measure a manager's since-inception performance and trailing five-year returns in relation to the market index that the manager is measured against. Each active manager is expected to consistently generate a return premium in excess of the manager's Performance Index Target listed in the above Performance Objectives section.

3. **Shorter-Term Performance in Relation to Appropriate Style Group and/or Style Benchmark**
   Shorter-term performance standards incorporate a trailing time period of three years. Each manager will be measured against the median return of a peer group of managers with similar investment styles. Each active manager is expected to consistently generate a return in excess of the median return of the appropriate style group and/or the style benchmark (if applicable).

Watch List

The Watch List is a mechanism used by the Board to express its general discomfort with or declining confidence in an investment management firm. Watch List status for a manager indicates that qualitative or quantitative issues (including, but not limited to those categories listed in the Performance Guidelines section of this Policy) have surfaced which may or may not undermine the long-term viability of the product, but which are not considered serious in the near-term. Close monitoring is appropriate until the issues are resolved.

Based on criteria that are indicators of legitimate relationship and investment performance issues, both qualitative and quantitative criteria of the Investment Manager shall be monitored on an ongoing basis. Examples of issues that may trigger an automatic due diligence review, which may lead to placement on the Watch List include, but are not limited to:

- Changes or potential changes in key personnel
- Changes or potential changes in ownership
- Modifications to the investment philosophy or investment process
- Litigation or regulatory matters
- Changes or potential changes in risk controls
- Substantial reduction in consistency of long-term performance relative to an appropriate market index
- Substantial reduction in consistency of short-term performance relative to an appropriate market index

The investment consultant will recommend to the Investment Committee those firms to be placed on or removed from the Watch List based on the above criteria established by the Board. In the event that a manager is placed on the Watch List, the Board will notify the manager and request a written response from the manager addressing all relevant issues. The Board may, at any time, request an in-person presentation by a representative of the investment manager's investment team for a summary of the issues that triggered the Watch List status and for an explanation of the manager's planned course of action to address those issues. The Watch List Policy does not limit the Board's ability to retain or terminate an investment manager.

COMMUNICATIONS

Traditional Investment Manager Reporting Requirements

Each investment manager is required to provide FRS and its investment consultant with periodic investment information as required by their respective Investment Management Agreement and this IPS. Generally these are as follows:

Quarterly (due no later than the 21st calendar day following quarter end)

1. Time-weighted rates of return for the quarter, YTD, and since inception.
2. Performance commentary that attributes both good and bad elements of quarterly performance to the sources of return.
3. Strategy statement that describes the portfolio strategies currently in place and the manager's reasons for implementing them.

Monthly (due no later than the 5th business day following month end)

1. Estimated preliminary time-weighted rate of return for the month

Monthly (due no later than the 10th business day following month end)

1. Asset listings that contain descriptions of all securities held in the portfolio.
2. Finalized time-weighted rate of return calculated for the month.

Event Driven (due no later than the 1st business day following the event)

1. All significant changes pertaining to the portfolio it manages or the firm itself including but not limited to a) substantive changes in investment strategy and portfolio structure, b) significant changes in ownership, organizational structure, financial condition or professional staffing, c) litigation or violation of securities regulations, and d) significant account losses or growth of new business.

Alternative Investment Manager Reporting Requirements

Upon request, each alternative investment manager must provide the FRS Board, administrative staff, and investment consultant access to all corporate documents. Each alternative investment manager is required to provide FRS and its investment consultant with periodic investment information as required by their respective Investment Management Agreement and this Policy. Generally these are as follows:

Private Investment Fund Quarterly Requirements, unless otherwise provided for in the Investment Management Agreement (due no later than the 90th calendar day following quarter end)

1. Balance sheet, period end schedule of investments, statement of operations, statement of cash flows, Partners' Capital Account Statement.
2. Summary management discussion and analysis.

Event Driven (due no later than the 1st business day following the event)

1. All significant changes pertaining to the portfolio it manages or the firm itself including but not limited to a) substantive changes in investment strategy and portfolio structure, b)

significant changes in ownership, organizational structure, financial condition or professional staffing, c) litigation or violation of securities regulations, and d) significant account losses or growth of new business.

Board and Investment Committee Meetings

Any investment manager (traditional and alternative) may be invited to make presentations at Board or Investment Committee meetings at the cost of the investment manager. The agenda for such meetings typically will include, but is not limited to, the following:

1. Review of investment manager's strategies and objectives, investment style, and compliance to guidelines that apply to management of portfolio.
2. Discussion of investment performance and risk - current quarter, YTD, and since inception - in relation to a mutually agreed upon market index. Discussion of investment strategies that have helped and hurt performance.
3. Discussion of recent and material developments at investment manager's organization - ownership, organizational structure, financial condition, outstanding litigation, investment philosophy and investment decision-making process, professional staff, and client-servicing program.

Investment Consultant Reporting Requirements

The investment consultant is required to provide the Board with periodic investment information for portfolio monitoring purposes. Generally these are as follows:

Monthly (due in advance of the Meeting)

1. A review of the current investment market environment
2. An executive summary of total Plan and individual investment manager performance relative to relevant market indices and goals stated in this Investment Policy Statement.

Quarterly (due in advance of the Meeting)

1. A review of the current investment market environment.
2. The Plan's actual asset allocation relative to its target asset allocation.
3. The Plan's return relative to its Policy Index and other public pension funds.
4. The Plan's risk adjusted returns relative to the Policy Index and other public pension funds.
5. Individual asset class performance relative to the benchmark.
6. Individual investment manager returns relative to their stated benchmarks.
7. Any reportable events affecting any of the Plan's investment managers.
8. The Plan's portfolio risk (including but not limited to traditional risk measures such as standard deviation and Sharpe ratio) and portfolio characteristics compared to appropriate benchmarks.

Event Driven (due no later than the 1st business day following the event)

Organizational developments that address any changes to the consultant's organization or changes to the assigned consulting team.

REVIEW PROCEDURES

The Board and its investment consultant customarily make a formal review of this Investment Policy Statement annually. Any modifications to this Investment Policy Statement made by the Board will be provided to the investment managers prior to implementation.

The FRS board has formally adopted this IPS, effective 5/8/25. This IPS shall apply prospectively, and all prior FRS Investment Policy Statements are hereby superseded.

5/8/25
(Date)

Board of Trustees of Firefighters' Retirement System (FRS):

By: Cecil Perry Juelich
(Authorized Signature)