



DATE: December 2, 2021  
 SUBJECT: Investment Policy Statement  
 TO: Members of the Board  
 FROM: Joseph W. Sheva, CPA, FRM *SPUS*  
 Director - Risk and Compliance

The following summarizes the Board's discussed IPS revisions at the October Board meeting. Sections for revision are VI. Asset Allocation and VII. Performance Objectives as presented in greater detail below.

As shown in the IPS, the current asset allocation ("Current AA") will remain in effect until the completion of the transition to the New AA. The Board will determine a date for the full transition to the New AA high level exposures (Equity, Fixed Income, Real Asset, etc.) to be completed. The transition for private asset classes to the new target allocation is expected to occur over time through revised pacing schedules. Any over (under) weights to private asset classes will result in an under (over) weight to the corresponding public market asset class.

#### VI. Asset Allocation:

ASSET CLASS	TARGET ALLOCATION		
	Current	New	Changes
<b>Equity Exposure</b>	<b>39.00%</b>	<b>48.00%</b>	<b>9.00%</b>
<b>Public Equity:</b>	<b>27.00%</b>	<b>36.00%</b>	<b>9.00%</b>
U.S. Equity	11.00%	21.00%	10.00%
Non-U.S. Equity:	16.00%	15.00%	-1.00%
<b>Private Equity:</b>	<b>12.00%</b>	<b>12.00%</b>	<b>0.00%</b>
<b>Fixed Income Exposure</b>	<b>35.00%</b>	<b>34.00%</b>	<b>-1.00%</b>
<b>Public Fixed Income</b>	<b>27.00%</b>	<b>28.00%</b>	<b>1.00%</b>
Investment Grade	8.00%	12.00%	4.00%
Credit-Related	4.00%	6.00%	2.00%
Inflation Protected	15.00%	10.00%	-5.00%
<b>Private Fixed Income</b>	<b>8.00%</b>	<b>6.00%</b>	<b>-2.00%</b>
Private Credit	8.00%	6.00%	-2.00%
<b>Real Asset Exposure</b>	<b>28.00%</b>	<b>26.00%</b>	<b>-2.00%</b>
<b>Public Real Assets</b>	<b>17.00%</b>	<b>14.00%</b>	<b>-3.00%</b>
Infrastructure	4.00%	5.00%	1.00%
Commodities	10.00%	5.00%	-5.00%
Real Estate	3.00%	4.00%	1.00%
<b>Private Real Assets</b>	<b>11.00%</b>	<b>12.00%</b>	<b>1.00%</b>
Infrastructure	4.00%	5.00%	1.00%
Real Estate	7.00%	7.00%	0.00%
<b>Absolute Return</b>	<b>8.00%</b>	<b>0.00%</b>	<b>-8.00%</b>
<b>Net Leverage</b>	<b>-10.00%</b>	<b>-8.00%</b>	<b>2.00%</b>
<b>Cash</b>	3.00%	3.00%	0.00%
<b>Explicit Leverage</b>	<b>-13.00%</b>	<b>-11.00%</b>	<b>2.00%</b>
	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

## VII. Performance Objectives

The following are the changes to the Policy Benchmark.

The changes to the Target Asset Allocation noted above are shown at a higher level, useful in establishing tolerance bands for asset classes, while the Policy Benchmark has more granularity to clearly communicate the overarching return expectations, along with a significant amount of the risk appetite, of the Target Asset Allocation.

	Benchmark Policy Weights		
	Current	New	Change
<b>Equity Exposure</b>	<b>39.00%</b>	<b>48.00%</b>	<b>9.00%</b>
<b>Public Equity:</b>	<b>27.00%</b>	<b>36.00%</b>	<b>9.00%</b>
S&P 500 TR Index (75%), S&P MidCap 400 TR Index (12.5%), S&P Small Cap 600 TR Index (12.5%)	11.00%	21.00%	10.00%
MSCI ACWI ex USA IMI with Developed Market Currencies (25% Hedged to USD) Net TR Index	12.50%	0.00%	-12.50%
MSCI ACWI ex USA IMI with Developed Market Currencies (50% Hedged to USD) Net TR Index	0.00%	14.50%	14.50%
MSCI Emerging Markets IMI Net TR Index	3.50%	0.50%	-3.00%
<b>Private Equity:</b>	<b>12.00%</b>	<b>12.00%</b>	<b>0.00%</b>
Burgiss TR, one-quarter lagged <sup>2</sup>	12.00%	12.00%	0.00%
<b>Fixed Income Exposure</b>	<b>35.00%</b>	<b>34.00%</b>	<b>-1.00%</b>
<b>Public Fixed Income:</b>	<b>27.00%</b>	<b>28.00%</b>	<b>1.00%</b>
<b>Investment Grade</b>			
Bloomberg Barclays US Aggregate Bond TR Index	1.00%	4.00%	3.00%
Bloomberg Barclays GDP Global Aggregate Bond Developed Market ex US TR Index (Hedged to USD)	0.00%	0.00%	0.00%
Bloomberg Barclays U.S. Long Treasury TR Index	7.00%	8.00%	1.00%
<b>Credit-Related</b>			
J.P. Morgan GBI-EM Broad Diversified Index (34%), J.P. Morgan EMBI Global Diversified Index (33%), ICE BofAML EM Corporate Plus Index (Hedged to USD) (33%)	2.00%	2.00%	0.00%
Bloomberg Barclays US Corporate High Yield Bond Index	2.00%	4.00%	2.00%
<b>Inflation Protected</b>			
Bloomberg Barclays US Government Inflation-Linked Bond All Maturities TR Index	12.00%	10.00%	-2.00%
Bloomberg Barclays World Government ex US Inflation-Linked Bond All Maturities TR Index (Hedged to USD)	3.00%	0.00%	-3.00%
<b>Private Fixed Income:</b>	<b>8.00%</b>	<b>6.00%</b>	<b>-2.00%</b>
<b>Credit-Related</b>			
S&P LSTA Leveraged Loan TR Index + 200bps	8.00%	6.00%	-2.00%

## Continued

	Benchmark Policy Weights		
	Current	New	Change
<b>Real Asset Exposure</b>	<b>28.00%</b>	<b>26.00%</b>	<b>-2.00%</b>
<b>Public Real Assets:</b>	<b>17.00%</b>	<b>14.00%</b>	<b>-3.00%</b>
<b>Infrastructure</b>			
Alerian Midstream Energy TR Index	0.00%	0.00%	0.00%
FTSE Developed Core Infrastructure 50/50 Net TR Index (Hedged to USD)	4.00%	5.00%	1.00%
<b>Commodities</b>			
Bloomberg Commodity TR Index	3.00%	2.50%	-0.50%
Bloomberg Gold TR Subindex	7.00%	2.50%	-4.50%
<b>Real Estate</b>			
FTSE EPRA/NAREIT Developed, Net TR Index (Hedged to USD)	3.00%	4.00%	1.00%
<b>Private Real Assets:</b>	<b>11.00%</b>	<b>12.00%</b>	<b>1.00%</b>
<b>Infrastructure</b>			
FTSE Developed Core Infrastructure 50/50 Net TR Index (Hedged to USD), one-quarter lagged	4.00%	5.00%	1.00%
<b>Real Estate</b>			
NFI and Burgiss TR, one-quarter lagged <sup>3</sup>	7.00%	7.00%	0.00%
<b>Absolute Return</b>	<b>8.00%</b>	<b>0.00%</b>	<b>-8.00%</b>
HFRI Fund of Funds Conservative Index + 100bps	8.00%	0.00%	-8.00%
<b>Net Leverage</b>	<b>-10.00%</b>	<b>-8.00%</b>	<b>2.00%</b>
<b>Cash</b>			
ICE BofAML 0-3 Month US Treasury Bill Index	3.00%	3.00%	0.00%
<b>Financing Cost of Leverage<sup>6</sup></b>			
ICE LIBOR 3 Month Index	-13.00%	-11.00%	2.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

A redlined and clean copy of the above within the IPS have been included in the Board package.

Please contact me at 717-720-4632 with any questions.