

FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION (FCERA)
INVESTMENT POLICY STATEMENT (IPS)
ON
INVESTMENT POLICIES, GUIDELINES AND PERFORMANCE
AS OF FEBRUARY 2, 2022

I. TABLE OF CONTENTS

I. TABLE OF CONTENTS	1
II. INTRODUCTION	2
III. PURPOSE.....	2
IV. RESPONSIBILITIES	2
V. INVESTMENT PHILOSOPHY	4
VI. INVESTMENT OBJECTIVES.....	5
VII. MEDIUM TERM PERFORMANCE OBJECTIVES.....	6
VIII. LONG TERM PERFORMANCE OBJECTIVES.....	6
IX. ASSET ALLOCATION	6
X. GENERAL INVESTMENT GUIDELINES.....	6
XI. INVESTMENT PERFORMANCE REVIEW AND EVALUATION.....	9
XII. ADMINISTRATIVE PRACTICES.....	10
XIII. POLICY REVIEW.....	12
XIV. POLICY HISTORY.....	12
XV. SECRETARIES CERTIFICATE.....	12
APPENDIX A – STRATEGIC ASSET ALLOCATION	13
APPENDIX B – ILPA TEMPLATE AND REPORTING GUIDELINES	16

II. INTRODUCTION

The Board of Retirement (“Board”) of the Fresno County Employees’ Retirement Association (“FCERA”) administers a pension fund (“Fund”) operating primarily under the County Employee Retirement Law of 1937 (California Government Code Sections 31450, et seq.)(“CERL”). FCERA provides service and disability retirement, death and survivor benefits to the members of FCERA and their beneficiaries. Benefits are funded by employer and member contributions and investment earnings.

III. PURPOSE

- 1) The IPS is to serve as a framework for Board policy making and Fund asset allocation as authorized by applicable law. This IPS is intended to allow for sufficient flexibility in the investment process to timely capture market opportunities, while adhering to applicable standards of prudence, diligence and care in executing the investment program.
- 2) This document sets forth a set of objectives and goals regarding the investment of the Fund assets; the Board’s policy on risk/return parameters, including allocation of assets and establishment of investment guidelines; and an overall system of investment policies and practices designed to enable FCERA to meet its benefit obligations in a cost-effective manner over a long time horizon.

IV. RESPONSIBILITIES

The following parties associated with FCERA shall discharge their respective responsibilities in accordance with all applicable fiduciary standards, including: (1) in the sole interest of Plan participants and beneficiaries; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims; and in such a manner as to comply with Section 31594, 31595 and other applicable provisions of CERL and (3) by diversifying the investments so as to minimize the risk of large losses.

- 1) Board: The Board members are fiduciaries and have been entrusted by Government Code Sections 31594-31595 and other applicable law with the duty to manage the investments of the Fund. They are responsible for formulating and adopting investment policies, overseeing the Fund’s investment program, obtaining expert investment counseling and monitoring the performance of the firms engaged to invest the assets of the Fund.
- 2) FCERA Administrator and Staff: The Administrator is the public official appointed by the Board pursuant to section 31522.2 of CERL to administer FCERA’s day to day operations, including investment of the Fund, and implementing the policies and objectives of the Board. Staff is appointed pursuant to section 31522.1 of CERL to assist the Administrator in carrying out his or her duties. The duties of the Administrator and Staff under this IPS shall include:
 - a) Administering the Fund's investments in a cost-effective manner

- b) Directing, managing coordinating and/or reporting on the functions of the Custodian, County Auditor, Investment Consultants, and Investment Managers, as appropriate
 - c) Evaluating and managing the relationships with the Fund's service providers to ensure that they are providing all services under the service contracts
 - d) Portfolio rebalancing, as further provided in this IPS
 - e) Managing portfolio restructuring resulting from manager changes, in close coordination with Investment Consultants, Investment Managers, and the Custodian
 - f) Organizing and/or participating in any special research required to manage the Fund more effectively and in response to any questions raised by the Board, and advising the Board on investment matters from the Administration's perspective
- 3) Investment Managers: The Investment Managers are fiduciaries delegated the responsibility of investment and re-investment of the Plan's assets in accordance with written agreements and supporting guidelines, and all applicable laws or regulations. Managers of accounts in publicly traded asset classes or traditional strategies will normally be (1) registered under the Investment Company Act of 1940, (2) registered under the Investment Advisors Act of 1940, (3) a bank, as defined in that Act, or (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of plan assets. The Board may also engage other persons or organizations authorized by applicable law or regulation to function as an Investment Manager. It is understood that special oversight and due diligence procedures may be required for Managers not registered under the above Acts.
- 4) Custodian: The Custodian shall be a qualified banking or trust company and shall be responsible for the following: (1) providing complete global custody and depository services for the designated accounts, (2) managing, if directed by the Board, a Short Term Investment Fund (STIF) for investment of cash, (3) collecting all income and principal realizable and properly report it on the periodic statements, (4) providing monthly and fiscal year-end accounting statements for the Fund, including all transactions; these should be based on accurate security values for both cost and market, (5) managing, monitoring and reporting on a Securities Lending Program if the Board elects to have one; and (6) providing such other services as it may be contractually obligated to provide. The Custodian generally acts on instruction from the Administrator or if permitted by the Board, on instructions from Investment Managers under contract to the Fund.
- 5) Investment Consultant: The Investment Consultant serves as a fiduciary to the Fund, providing independent information and recommendations directly to the Board. The Investment Consultant is charged with the responsibility of advising the Board on investment policy, asset allocation that is consistent with the Fund's investment objectives and risk tolerance, the selection, evaluation and monitoring of Investment Managers, providing reports and analyses on materials events affecting Investment Managers, preparing presentations and papers on topical issues and specific investment

projects, and providing performance analysis. The Investment Consultant will provide comprehensive asset-liability studies once every 3 to 5 years, as the Board requests. The Investment Consultant also provides advice, analytical services and technical assistance to the Administrator for implementing the Board's policies and strategic directives.

V. INVESTMENT PHILOSOPHY

The Board of Retirement of the Fresno County Employees' Retirement Association expresses the following core beliefs to help guide the Board's investment of the assets of the system:

- 1) The mission of the investment program: Satisfy all benefit obligations owed to FCERA members as they come due, and to assure the ability to accomplish that consistently over the life of the system.
- 2) Plan governance: The Board is responsible for establishing policies for administering the investment program, establishing the strategic asset allocation, and delegating responsibility to implement Board policies and strategies as appropriate. The Board will carefully monitor implementation of the program to assure compliance with Board policies and external requirements.
- 3) The time horizon of the investment program: FCERA is a long-term investor and thus manages the fund strategically based upon the long-term prospects of diversified global markets. FCERA believes in mean reversion, and that significant changes in asset allocation should be well understood and implemented only over a long period of time.
- 4) Asset allocation and diversification: Prudent asset allocation is the single most important factor contributing to the long-term success of the system. In general, FCERA favors fewer and larger investments in each asset class to avoid complexity that does not add to the risk-adjusted returns we seek. Each asset class shall be evaluated based on its cost, diversifying characteristics, risk and return expectations, and with reference to its contribution to the portfolio. The Board will set the overall design of the asset allocation across broad categories establishing appropriate subclasses and styles within the general asset allocation parameters with the input of Staff and Consultants.
- 5) Strategic & tactical decisions; rebalancing: FCERA believes that the long-term success of the program is derived from an asset allocation based on specific targets and rebalancing back to those targets using a consistent and structured process. The range of each asset class will be modest relative to target allocations to accommodate any tactical judgements without adversely impacting long-term success of the program. A separate rebalancing guide will be reviewed annually.
- 6) Implementation of the program: Active and passive management; efficiency of markets; role of private markets: It is FCERA's belief that global markets are efficient, and that passive management can provide low-cost, broad, and diversified exposure to them. FCERA favors passive management unless active management clearly demonstrates

consistently better-than benchmark performance on a net-of-fees basis. Private market investing is necessarily active, targeting higher returns with some degree of increased risk.

- 7) Investment risks: FCERA believes risk taking should be prudent, intentional, and commensurate with expected returns over time. A diversified portfolio should be designed to balance risk and reward across volatile markets. Market risks should be compensated. Operational and external risks (such as governance, reputational, regulatory and compliance risks) should be mitigated to avoid adverse impacts on the system's financial well-being. As the system's funded status improves, the Board believes that it may be prudent to consider slightly lower risk and return targets.
- 8) Liquidity needs: The Board believes that its diversified investment portfolio will generate regular and sufficient cash flow to meet its benefit payment obligations to members for the foreseeable future. Under extreme circumstances liquidity is essential and as such, the Board believes in holding a minimum balance of 2% actual cash, which will be routinely overlaid as either fixed income or equities to maintain target weights.
- 9) Costs and manager performance: Costs need to be commensurate with demonstrated outperformance on a manager-by-manager basis. The Board will continue to monitor and negotiate terms and fees to preserve the greatest net return on its investments.
- 10) Relationship to funded status and contribution rates: FCERA believes that prudent management of the investment portfolio will improve the system's funded status and thus enable the Board to reduce employer contributions to the system over time. The goals of the investment program shall include seeking to reduce the level of unfunded liabilities that must be funded from employer contributions.

VI. INVESTMENT OBJECTIVES

The Investment Objectives of the Fund shall be:

- 1) Funding Benefits: to earn a long-term rate of return that will support the obligation to pay all promised benefits.
- 2) Long-Term Growth of Capital: To emphasize long-term growth of principal while avoiding excessive downside risk. To the extent it is prudent, short-term volatility will be tolerated to the extent it is consistent with the volatility of a comparable risk benchmark.
- 3) Preserving Purchasing Power: To achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of assets.
- 4) Maintaining Adequate Liquidity: To assure that funds are available to meet near-term benefit obligations and administrative and investment expenses of the Fund.
- 5) Long-term Perspective: The Investment Objectives for this Fund will be for the asset value, exclusive of contributions or withdrawals, to grow over the long run and earn, through a

combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the medium term (3 years) and long term (5 years), net of fees.

VII. MEDIUM TERM PERFORMANCE OBJECTIVES

- 1) Total Fund performance compounded over a 3-5 year term is expected to exceed the compounded return of a custom index reflecting the asset class benchmarks and allocation weights as specified in Appendix A.
- 2) “Active” Investment Managers are expected to exceed their respective assigned benchmark returns.
- 3) For purposes of Total Fund valuation, Private Equity, Private Credit, and Closed End Real Estate performance will be lagged by one quarter and neutralized.

VIII. LONG TERM PERFORMANCE OBJECTIVES

- 1) The total Fund’s long-term performance objective is to meet or exceed the actuarial assumed rate of return as set by the Board from time to time.

IX. ASSET ALLOCATION

- 1) The Board adopts and implements an asset allocation policy that is predicated on a number of factors, including: (1) An actuarial valuation of the Fund’s assets and liabilities, including funded status, contributions and benefit payments; (2) historical and expected long-term capital market risk and return characteristics; (3) an assessment of future economic conditions, including inflation and interest rate levels; and (4) the current and projected funded status of the plan.
- 2) Appendix A contains the Strategic Asset Allocation targets along with the allowable ranges and shall serve as the guideline for maintaining Fund investment allocations.

X. GENERAL INVESTMENT GUIDELINES

The Board intends to allow the Investment Managers full discretion, subject to the terms of this IPS, the applicable agreement(s) and guidelines with FCERA, and applicable law.

- 1) Private Markets Investments: Allocations to illiquid asset classes such as private equity/credit, infrastructure, and real estate cannot be altered meaningfully from quarter-to-quarter as they can be for publicly traded securities such as equities and bonds. Capital is committed to these asset classes over a multi-year period to ensure appropriate diversification of risks across vintage years and strategy type. Capital is drawn down for these investments on a staggered basis as investment opportunities present themselves. The capital invested in these asset classes and returns thereon are returned over time as earnings are realized on the investments or they are liquidated. As a result,

once committed, the Board has only limited control over allocations to these asset classes in the short-term.

The Investment Consultant will conduct regular commitment pacing studies to ensure that the capital committed to these asset classes approximate the target allocation as closely as practicable, with due consideration to diversification by type and vintage year. FCERA Staff will periodically forecast capital calls and distributions from private market investments to better manage the liquidity of the Fund. As these investments mature it is expected that allocations to these asset classes will be within the ranges specified in Appendix A.

- 2) Liquidity: The Administrator and Staff are charged with assuring sufficient liquidity to timely fund benefit payments and pay administrative and investment expenses while minimizing transaction and market opportunity costs. Cash flow forecasting and portfolio rebalancing activities will incorporate liquidity considerations, and the Administrator will regularly apprise the Board of related actions or plans, and seek input from the Board and/or the Investment Consultant, as needed.
- 3) Rebalancing: The objective of portfolio rebalancing is to mitigate the risk exposure of the Fund when asset allocations deviate from policy targets due to capital market environments, manager performance, or capital flows. Portfolio rebalancing shall be conducted in order to meet the following objectives:
 - a) Maintain the long-term strategic asset allocation and risk targets as set forth in Appendix A. In meeting this objective, the costs associated with rebalancing must be balanced against the need to maintain the desired strategic allocation targets.
 - b) To satisfy liquidity needs and properly stage asset moves required for significant portfolio adjustments due to investment mandate changes that are either underway or anticipated due to a Board-approved change to the target asset allocation.
 - c) To add value to the overall portfolio through the use of tactical actions, the aim of which is to take advantage of uncommon market pricing opportunities caused by significant market dislocations.
 - d) The Administrator, in conjunction with the advice of the Investment Consultant, is responsible for executing all rebalancing activities, seeking as needed, guidance from the Investment Consultant and the Board.

In order to minimize the need for physical rebalancing, the Board has retained an overlay manager to implement synthetic rebalancing.

- 4) Proxy Voting: Voting of proxies in stocks held by the Fund will be done in a manner which is in the best financial and economic interests of the Fund and its beneficiaries by those best able to make such assessments. While the Board reserves the right to vote proxies at its discretion, it will generally delegate such decisions to its Investment Managers. Investment Managers must exercise due diligence in ascertaining the facts and circumstances of the matter being voted on. Investment Managers are required to report their proxy voting activities to the Administrator on an annual basis. The Board may engage a proxy-voting service to assist it in prudently exercising its rights.
- 5) Environmental, Social and Governance Investing: The Board may consider investing in, or divesting from, investments that are expected to accrue benefits in the area of economic development, environment, health, corporate governance and other social or moral issues. However, these investment determinations must satisfy applicable “costlessness” standards, including that their expected risk adjusted returns and associated costs shall not be more costly to the Fund than comparable investment actions absent the expected environmental, social or corporate governance characteristics.
- 6) Trading and Execution: Investment Managers shall use their best efforts to obtain execution of orders through responsible brokerage firms at the most favorable prices and competitive commission rates. California law limits and requires disclosures regarding prime brokers and “soft-dollar” transactions and Investment Managers are expected to comply with the law. Recognizing the primary importance of best execution, an Investment Manager may accept the instructions of the Board to place transaction orders with a particular broker-dealer firm provided that such instruction is in writing and contains the Board's representation that such instructions are permitted by the Fund's underlying instruments, are in the interests of FCERA participants and beneficiaries, and will not result in a violation CERL.
- 7) Transition Management: Transition Management is a useful tool to mitigate transition costs and manage market exposure risks associated with certain changes to the Fund's asset allocation. It is the responsibility of the Investment Consultant to advise the Administrator and the Board which transitions are appropriate candidates for Transition Management. FCERA Staff, in conjunction with the advice of the Investment Consultant, have the authority to select the Transition Management vendor and manage the transition process. Following any transition event, FCERA Staff will provide an update report to the Board detailing performance relative to objectives and any other pertinent details.
- 8) Securities Lending: The Board may authorize the execution of a Securities Lending Program to be performed by the Custodian in conformance with the Custodial Agreement. The program will be monitored and reviewed by the Administrator and FCERA Staff, with particular attention to the liquidity, duration and risk characteristics of the associated collateral pool. Securities lending is intended primarily to offset costs of custody; secondly as a means to efficiently deploy idle security holdings of the Fund to obtain incremental gains thereon. The Board does not deem securities lending to be an

investment strategy per se. The design, management and oversight of this activity shall reflect these policies.

- 9) Manager Concentration: The Board's intention is to diversify the portfolio not only with respect to asset classes and investment strategies, but to also diversify across Investment Managers. The objective of this policy is to mitigate the operational risk associated with one Investment Manager overseeing a large portion of the Plan's assets. Accordingly, no single Investment Management organization will be permitted to manage more than 15% of the Plan's assets, either in one strategy or across multiple strategies or products. This restriction does not apply to passively managed index fund investments.

XI. INVESTMENT PERFORMANCE REVIEW AND EVALUATION

- 1) The Board shall review the investment results of the Fund at least on a quarterly basis. Performance comparisons will be made against the various benchmarks established for the Fund and each Investment Manager as set forth in this IPS and the Investment Manager Agreements.
- 2) The Board, with the assistance of the Investment Consultant, shall periodically evaluate developments affecting each Investment Manager. This evaluation should include: changes in ownership, personnel turnover, adherence to investment style and philosophy, relative peer performance, co-investor confidence and any other qualities that the Board deems appropriate. This evaluation should also include an assessment as to whether each Investment Manager has operated within the parameters established by the consultant and reported to the Board on a quarterly basis.
- 3) The Board shall hold each Investment Manager accountable for the performance of the assets over which the manager exercises discretion or control. If an Investment Manager fails to accomplish its investment objectives over a market cycle (typically at least five years), the Board may notify the Investment Manager in writing that it has failed to accomplish its performance objectives and that the Board has placed them on probation. The Board will continue to monitor the investment results until it determines whether removal of probation or termination of the Investment Manager is warranted. To assist in the evaluation, the Board will maintain a "Manager Review Report". This report will include the following "flags" that will be monitored on an ongoing basis:
 - a) Manager has underperformed the benchmark index more than half the time over the last 20 quarters.
 - b) Manager has returned less than 105% of the benchmark index over a three-year period (110% for equity managers).
 - c) Manager has underperformed the 50th percentile in the appropriate style universe in more than two of the last five years of consecutive returns.

- d) Manager's Sharpe Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.
- e) Managers Information Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.
- f) Manager experiences non-performance related issues including personnel turnover, changes in investment philosophy or drift, excessive asset growth, change in ownership, or any other reason that raises concern.

The Board reserves the right to terminate Investment Managers at any time, with or without cause, in the best interests of the Fund.

- 4) Each Investment Manager shall disclose to the Board all major changes in its organization, operations, or investment philosophy as soon as possible, but not later than fourteen (14) days following the change. Each Investment Manager shall disclose to the Board any legal, regulatory or other actions affecting its business or operations as soon as possible, but not later than seven (7) days following knowledge of the action. All Investment Managers who are registered investment advisors must present updated SEC ADV-2 forms on an annual basis to the Board, within thirty (30) days of filing the forms with the Securities Exchange Commission.
- 5) The Board has approved a Placement Agent Disclosure Policy in compliance with California law. Each Investment Manager shall comply at all times with all of the provisions of the Placement Agent Disclosure Policy.

XII. ADMINISTRATIVE PRACTICES

- 1) Communication and Reporting of Investment Managers: The Investment Managers are responsible for frequent and open communication in writing with the Board on all significant matters pertaining to investment policies and the management of the Fund's assets. Each Investment Manager must include a copy of their individual portfolio guidelines along with the quarterly report. Investment Managers are required to advise the Board in writing of any violation or any need for changes to the portfolio guidelines.
- 2) Compensation of Investment Managers: Each Investment Manager retained by the Fund shall be compensated quarterly by a formula contained in the Investment Manager Agreement. No Investment Manager retained by the fund shall receive a payment of commission or other fees on a particular investment transaction. Further, each Investment Manager must disclose to the Board any indirect compensation received in addition to its fees as a result of servicing the Fund.
- 3) Brokerage Disclosure: Each Investment Manager retained by the Fund shall provide a written quarterly report detailing the name of each brokerage institution which received commissions from the Fund as the result of the discretionary trading authority bestowed upon the Investment Manager by the Board. Investment Managers shall provide to the

Board a commission report detailing the name of the brokerage firm, the number of shares, average cost per share traded, and the commissions paid.

- 4) Fiduciary Responsibility: Each Investment Manager is expected to agree in writing that they are subject to and performing their duties consistent with the full responsibilities of a fiduciary under CERL and appropriate federal and state laws. Each Investment Manager shall maintain in full force and effect the levels of insurance and bonding required by their Investment Manager Agreements.

- 5) Specific Disclosures regarding Fees and Expenses: California Assembly Bill 2833 (AB2833) requires a public pension or retirement system to require limited partnerships, limited liability companies or similar legal structures (hereafter referred to as Alternative Investment Vehicles – AIVs) to make specific disclosures regarding fees and expenses, for contracts entered into, extended, renewed, or amended on or after January 1, 2017. Consistent with requirements relating to public records, the plan must disclose, at least annually, the information received in connection with the AIVs at an open public meeting. The intent of AB2833 is to increase the transparency regarding the character and amounts of fees paid by a public pension fund to AIVs. The following information is required by each AIV:
 - a) The fees and expenses that the retirement system pays directly to the AIV, the fund manager, or related parties subject to the agreement.
 - b) The pro rata share of fees and expenses not included in paragraph (a) that are paid from the AIV to the fund manager or related parties.
 - c) The public fund’s pro rata share of carried interest distributed to the fund manager or related parties.
 - d) The public fund’s pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the AIV to the fund manager or related parties.
 - e) Any additional information described in Government Code 6254.26 subdivision (b)

“Alternative Investments” means an investment in a private equity fund, venture fund, hedge fund or absolute return fund.

“Alternative Investment Vehicle” means the limited partnership, limited liability company or similar legal structure through which a public investment fund invests in an alternative investment.

“Carried Interest” means a share of the profits of a private equity fund that is due to the fund manager or general partner.

“Fund Manager” means the general partner, managing manager, advisor or other person or entity with primary investment decision-making authority

All AIV managers with new, renewed, extended, amended contracts on or after January 1, 2017 will be required to comply with the disclosure requirements. FCERA will request all existing AIV managers voluntarily comply with the disclosures. FCERA encourages AIV managers utilize the Institutional Limited Partners Association (ILPA) Reporting Template provided in Appendix C.

XIII. POLICY REVIEW

The Board shall review this Investment Policy Statement at least every three (3) years, ensuring it remains relevant and appropriate. This Policy may be amended from time to time by majority vote of the Board.

XIV. POLICY HISTORY

The Board of Retirement approved and adopted this policy on June 1, 2011, March 19, 2014, June 3, 2015, November 2, 2016, June 7, 2017, August 2, 2017, September 5, 2018, September 2, 2020, and February 2, 2022.

XV. SECRETARIES CERTIFICATE

I, Donald Kendig, the duly appointed Secretary of the Fresno County Employees' Retirement Association, hereby certify the adoption of this Policy.

February 2, 2022

Date of Action:


By: Retirement Administrator

APPENDIX A – STRATEGIC ASSET ALLOCATION

APPENDIX A – STRATEGIC ASSET ALLOCATION

The enclosed table reflects FCERA’s long-term strategic asset allocation targets, and permissible ranges associated with each asset class. This asset allocation is the culmination of a comprehensive asset-liability study, last conducted in 2021, as well as subsequent asset allocation analysis in 2019 and 2020.

Appendix A: FCERA Strategic Asset Allocation

Asset Class	Style/ implementation	Target	Min.	Max	Style Benchmark/Asset Class Benchmark
Domestic Large Cap	Passive (75% target)	17			MSCI US
Domestic Large Cap	Value - active	3			Russell 1000 Value
Domestic Large Cap	Growth - active	3			Russell 1000 Growth
Domestic Small Cap	Core-active	6			MSCI US Small Cap
Total Domestic Equity		29	21	36	MSCI US Equity
International Large	Passive (50% target)	7			MSCI World Ex-US
International Large	Value - active	4			MSCI EAFE Value
International Large	Growth - active	4			MSCI EAFE Growth
Emerging Markets	active	6			MSCI EM IMI
Total International Equity		21	17	26	MSCI ACWI ex-US
Total Public Equity		50	38	57	MSCI ACWI
US Fixed Income	Core - hybrid	11			BBgBarc US Aggregate
US Fixed Income	Impact oriented	1			BBgBarc US Securitized
Multi-Sector Credit	High Yield, Bank Loans, EM Debt	10			40% BBgBarc US HY, 40% S&P/LSTA Lev. Loan, 20% JPM EMBI
Total Fixed Income		22	17	25	Custom (weighted average of style BMs)
Real Assets	Open-ended core	4			
Real Assets	Closed-end V.A./Opp	4			
Real Assets	Global Infrastructure	4			
Total Real Assets		12	6	16	NCREIF ODCE Net
Private Equity	Closed-end funds	8			Russell 2000 1 Qtr lagged
Private Credit	Closed-end funds	8			BBgBarc US HY 1 Qtr. Lagged
Total Alternatives		16	7	21	Neutralized Performance
Total Portfolio		100			Weighted Average of Asset Class Benchmarks

Transitions & Interim Policy Targets:

Note that the portfolio may differ from these target weights as a result of past asset allocation changes whereby it was either not feasible to affect the change immediately, or it was determined that, due to market conditions, it was most appropriate to make the change gradually. Some specific instances of this include:

- The Portfolio's asset allocation target prior to the 2018 asset-liability study was 36% public market equities. As a result of the asset-liability study, the long-term target for public equities was increased to 49%, but the transition was made using a glidepath, which reached the endpoint target at the end of 2020.
- The Board elected to divest from Hedge Funds in 2019. The long-term policy target was adjusted to reflect this change, but the underlying liquidity of the Hedge Fund portfolio did not allow for immediate full redemption.
- The Portfolio's fixed income exposure was restructured during 2020 and 2021 to increase exposure to higher-quality core fixed income and decrease exposure to liquid credit. The timing of this transition is dependent on market conditions and is being managed by FCERA staff in conjunction with advice from the Investment Consultant.

In such cases, the portfolio may be managed to an Interim Policy Benchmark which reflects the current asset allocation targets incorporating the aforementioned conditions. In all cases the interim policy benchmark will be within the asset class ranges specified herein. The Investment Consultant & FCERA Staff will be responsible for monitoring the Interim Policy Benchmark & targets; portfolio exposures will be managed to The Interim Policy (if applicable) in conjunction with the assistance of the Overlay Manager.

APPENDIX B – ILPA TEMPLATE AND REPORTING GUIDELINES

APPENDIX B – ILPA TEMPLATE AND REPORTING GUIDELINES

FCERA recommends using the Institutional Limited Partners Association (ILPA) reporting template. The template and template guidance are available directly from ILPA.org. Please download directly from ILPA to obtain the most current version of the template.

Available here: <https://ilpa.org/reporting-template/get-template/>