MILWAUKEE ERS Employes' Retirement System

City of Milwaukee
Employes' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

November 26, 2025

Mr. Jim Owczarski
City Clerk
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that an Investment Committee Meeting of the Annuity and Pension Board has been scheduled for **Thursday, December 4, 2025 at 9:00 a.m.** This meeting will be conducted via teleconference.

Special Notice: Instructions for the public on how to observe the meeting will be available on the ERS's website (www.cmers.com) prior to the meeting.

The agenda is as follows:

I. Chief Investment Officer Report.
II. Approval of Statement of Investment Policy Update.
III. Approval of Real Estate Investment Policy Statement Update.
IV. Approval of Private Equity Statement of Investment Policy Update.
V. Approval of Fixed Income Manager Search and Candidate Profile.
VI. Callan Cryptocurrency and Blockchain Education Workshop follow up.
VII. Callan 2026 Work Plan.
VIII. Due Diligence Reports.
  a. Abbott Capital.
  b. Apogem Capital.
  c. Principal Global Investors.
  d. Reams Asset Management.
IX. Informational.
  a. Callan 3rd Quarter 2025 Performance Report.

Sincerely,

Bernard J. Allen
Executive Director

BJA:jmw

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MILWAUKEE

STATEMENT OF INVESTMENT POLICY
Updated ~~May~~December 2025

THE EMPLOYES' RETIREMENT
SYSTEM OF THE CITY OF MILWAUKEE
789 N. Water Street, 3rd Floor
Milwaukee, WI 53202
(414) 286-3557

Individual manager guidelines are updated upon Annuity and Pension Board Approval

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THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

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STATEMENT OF INVESTMENT POLICY

INTRODUCTION

The Employes' Retirement System of the City of Milwaukee (the "ERS") was established to provide for the present and future retirement, disability, and death and survivor benefit payments for all city and city agency employees. All of the funds of the retirement system taken in the aggregate constitute a special trust subject to applicable local, state, and federal laws, including but not limited to sections 36-15, 36-09-1, and 36-09-6 of the Milwaukee City Charter.

The Annuity and Pension Board (the "Board") is responsible for the operation of the retirement system and making effective the provisions of the Employes' Retirement Act. The Board consists of three members appointed by the President of the Common Council, the City Comptroller ex-officio, three members elected by the present members of the Employes' Retirement System and one member elected by the retired members of the Employes' Retirement System.

RESPONSIBILITY OF THE ANNUITY AND PENSION BOARD OF THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

The Board is the trustee of the funds in the retirement system~~. The Board must use reasonable care, skill~~, and ~~caution in selecting~~one of the missions of the Board is to assure prudent investment ~~professionals.~~of the assets of the ERS. The Board is required to contract for investment management services. The Board must exercise prudence in selecting Investment Managers, but the exercise of prudence does not relieve the Board of all responsibilities. The responsibilities of the Board relating to the investment management of Fund assets include:

1. Establishing written investment objectives and guidelines governing the investment of Fund assets.

2. Using reasonable care, skill and caution in selecting investment professionals.

3. Determining the Fund's liquidity requirements, investment horizon and risk tolerance and communicating these to the appropriate parties.

4. Evaluating the performance of Investment Manager(s) and other qualified investment professionals on a systematic and regularly scheduled basis.

5. The Board and a person under contract to the ERS who invests and manages trust assets has a duty to comply with the prudent investor rule, s. 36-09-1-d and sub-unites thereof.

SCOPE OF THIS STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy reflects the investment policy, objectives, and constraints of the Employes' Retirement System of the City of Milwaukee ("ERS").

PURPOSE OF THIS STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy is set forth by the Board of the City of Milwaukee ERS in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish specific asset allocation and rebalancing procedures.
3. Establish a clear understanding for all parties of the investment goals and objectives of Fund assets.
4. Provide specific guidelines and define limitations for all Investment Managers regarding the investment of Fund assets.
5. Establish a basis for evaluating investment results.
6. Establish a framework for further review and revision of this policy.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program.

DUTIES OF FIDUCIARIES

Each member of the Board of the City of Milwaukee ERS is a fiduciary. The Investment Managers are also fiduciaries.

The Board and a person under contract to the ERS to invest and manage trust assets shall invest and manage assets as a prudent investor would by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the Board and such person shall exercise reasonable care, skill and caution. Investment and management decisions respecting individual investment assets must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the trust. A reasonable effort shall be made to verify facts relevant to the investment and management of trust assets. Assets may be invested in any kind of property or type of investment consistent with the standards set forth in the Employes' Retirement Act and the Board guidelines. A Board member or a person under contract to the ERS who invests and manages trust assets who has special skills or expertise or is named in reliance upon his or her representation that he or she has special skills or expertise has a duty to use those special skills or expertise.

To fulfill such responsibilities, the Trustees are authorized and in the case of Investment Managers, required to retain professional experts including but not limited to:

1. **Staff**: The ~~Retirement~~Investment Staff ~~("Staff"),~~, as designated by the Board is the agent of the Board. The Board does not delegate investment management responsibility through the use of its Staff. Staff duties include:

   A. Monitoring Investment Managers for adherence to contract terms, policies, and guidelines.

   B. Evaluating and managing the relationships with the Investment Consultant to ensure they are providing all necessary assistance to Staff and the Board as agreed to in service contracts~~.~~, in accordance with Board Rules and Regulations section II(c)(6)(m).

   C. Monitoring the Investment Consultant's manager search process, and conducting due diligence on any Investment Manager selected for hire by the Investment Committee that was considered and recommended to ERS by its Investment Consultant.

   D. ~~Identifying Investment Managers to withdraw funds from, and taking actions to raise~~Monitoring the Fund's cash ~~from the identified Investment Managers~~amounts. This includes ensuring the Fund has cash available to pay Fund benefits, ~~Fund~~ expenses, and ~~Fund~~ capital call commitments~~, as necessary. There are many factors to consider when deciding how much money to withdraw from Investment Managers, including but not limited to liquidity management plans that arise during stock market downturns that often result in elevated withdrawals from Fixed Income and/~~ by identifying Investment Managers to withdraw funds from. This also includes determining whether to invest contributions into cash, deposit contributions with Investment Managers, or ~~index funds, and~~some combination of both. Staff retains discretion in the planning and implementation of this ~~process. Working~~task, which includes identifying the amount to be deposited or withdrawn into or from a respective Investment Manager. Staff works within the parameters of the asset allocation ranges and structures incorporated within this Statement of Investment Policy, ~~Staff~~ strives to ~~minimize the subjectivity involved in raising funds by taking~~take actions that are consistent with the long-term risk and return objectives approved in the most recent Asset-Liability Study~~.~~, and considers factors including, but not limited to, liquidity management considerations that arise during stock market downturns that often result in elevated withdrawals from Fixed Income and/or index funds. Staff will include a report on cash activity at regularly scheduled Board meetings.

   ~~E. In the rare instance when the Fund has a cash-flow positive month (i.e. contributions are greater than cash outflows), Staff retains discretion to decide whether to invest contributions in cash with the intention of using the contributions to pay upcoming benefit payments, or to deposit funds with Investment Managers, or some combination of both. Working within the parameters of the asset allocation ranges and structures incorporated within this Statement of Investment Policy, Staff strives to minimize the subjectivity involved in the planning and implementation of this process by taking actions that are consistent with the long-term risk and return objectives approved in the most recent Asset-Liability Study. Staff will include a report on cash activity at regularly scheduled Board~~

~~meetings.~~

~~F.~~E. Restructuring the portfolio following manager terminations, changes to the Fund's strategic asset allocation targets, and changes to an asset class's structure~~, with the assistance of its Investment Consultant and Investment Manager(s).~~.

~~G.~~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.

~~H.~~G. Supporting the Board in the development and approval of the Investment Policy Statement, implementing the Policy Statement and reporting at least monthly on investment activity and matters of significance.

H. ~~Ensuring~~Monitor the Investment Managers ~~conform to the terms of their contracts and that performance monitoring~~reporting systems to ensure they are sufficient to provide Staff with the information necessary to permit the Staff to provide the Board with timely, accurate and useful information.

I. Performing on-site (or video conference, when conditions do not allow for travel) due diligence meetings with ERS Investment Managers every two years or as required by the Board in accordance with Board Rules and Regulations section – Duties of the Chief Investment Officer.

J. With the advice of the City Attorney's Office, and outside legal counsel when the City Attorney's Office deems necessary, approve and execute ministerial Private Real Estate and Private Equity contract amendments, pursuant to MCO 36-09-1~~(d5),~~-d-5, under the following conditions:

- Use of delegated authority under this paragraph must be consistent with any Real Estate and Private Equity investment plan or strategy approved or adopted by the Board. For the avoidance of doubt, the prudent manner may not always be the quickest manner. Specific to Private Real Estate only, the use of delegated authority must be consistent with the philosophy that CMERS' ultimate goal is to transition its Real Estate portfolio to 4-5 commingled, open-end fund managers in a prudent manner;
- Delegated authority may not be used to execute any contract amendments that may be reviewed and executed within the confines of the regular Board schedule;
- Delegated authority cannot be used to execute legal documents for a new Real Estate or new Private Equity vehicle;
- Delegated authority cannot be used to agree to terms that are more disadvantageous than what's already included in the existing agreement (with the exception of term extensions mentioned in the next bullet point);
- Staff may not use delegated authority against the advice of CMERS' Investment Consultant or the City Attorney's Office;
- Staff or the City Attorney's Office will report to the Board, at the next Board meeting when possible, on actions taken under this plan (including fees);
- CMERS Executive Director may sign amendments executed under this delegation of

authority on behalf of the Board;
- Board may revoke the delegated authority at any time.

2. **Investment Consultant**: The Investment Consultant is an advisor to the Board retained to provide investment management advice and a fiduciary for the purposes of the duties assumed under the Consulting Services Agreement. The Investment Consultant will provide investment management advice concerning the investment management of fund assets. Specific responsibilities of the Investment Consultant include:

   A. Assisting in the development and periodic review of investment policy.

   B. Conducting Investment Manager searches as authorized by the Board.

   C. Providing "due diligence" reports or research on each of the Fund's Investment Managers.

   D. Monitoring the performance of the Investment Managers to provide the Board with the ability to determine progress toward the investment objectives.

   E. Communicating advice on matters of policy, manager research, and manager performance to the Board.

   F. Reviewing Fund investment history, historical capital markets' performance and the contents of this Statement of Investment Policy with all Trustees when necessary.

   G. Providing topical research and education on investment subjects that are relevant to the Fund.

   H. Providing asset/liability allocation review and specific recommendations as appropriate.

   I. Communicating with all investment related professionals retained by the Fund as required or prudent.

   J. Reviewing ~~all~~ contracts between the Fund and all Investment Managers and providing a summary of suggested changes when necessary.

3. **Investment Managers**: The Board must contract for investment management but exercise discretion in selection of Investment Managers. When selecting Investment Managers, the Board shall only consider Investment Managers recommended to ERS by its Investment Consultant. The Board may contract with Investment Managers based on an evaluation of their investment philosophy, performance and ability to complement existing portfolio styles. The Board requires any Investment Manager recommended by its Investment Consultant to disclose to ERS whether or not they utilize a placement agent. The Board delegates fiduciary responsibility to Investment Managers through Investment Manager agreements and Board guidelines. The Investment Manager acknowledges that it is a fiduciary of ERS with respect to the investment and management of the Assets. In performing its delegated functions, the Investment Manager owes a duty to the trust to exercise reasonable care to comply with the terms of the delegations as set forth in Chapter 36 of the City Charter, 36-09-1-d, 1-d-1, 1-d-3, 1-d-4 and the Board guidelines. City Charter 36-09-1d through d-8, as of July 27, 2010, are attached as an addendum.

   Each specific manager must manage Fund assets according to their role as stated in the guidelines of this Investment Policy and contracted with the Board. No deviation from this discipline is authorized unless first discussed with the Board and its Investment Consultant and written approval issued. If ERS assets are invested in collective investment funds maintained by an Investment Manager, the plan and/or trust document with respect to such collective investment funds shall be part of the guidelines and controlling in the event of a conflict with any other provision of the guidelines.

   This Statement of Investment Policy communicates policies regarding the current asset allocation strategies for the assets and the duties and obligations of Investment Managers. Each Investment Manager has full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints and philosophies as outlined in this Statement.

   Each Investment Manager is required to manage assets as a prudent investor in accordance with s. 36-09-1-d of the Charter and sub-units thereof.

   Specific responsibilities of the Investment Managers are specified in the Investment Management Agreement and Board guidelines and generally include:

   A. Exercise discretionary investment authority including decisions to buy, sell, or hold individual securities within the guidelines established in this Statement. An Investment Manager has a fiduciary duty under federal securities laws to allocate securities fairly among its various accounts. The ERS will be provided a copy of the Investment Manager's trade allocation policy and procedures and will be advised, in writing, of changes to the policy and the potential impacts on ERS' account.

B. Communicate in a timely manner any significant changes regarding economic outlook, investment strategy, or any other factors which may have an impact upon the achievement of the Fund's investment objectives.

C. Inform the Board regarding changes within the investment management organization within a timely manner (3 days): Examples include but are not limited to: changes in lead personnel assigned to manage the account and or other significant changes including ownership, ownership structure, investment philosophy.

D. Inform ERS of any significant asset value lost within 30 days due to termination or withdrawal. Significant asset value is indicated by 15% of the institutional assets under management in the strategy or 10% of the institutional assets under management of the firm.

E. Subject to such guidelines as the ERS' Board may from time to time establish, vote all proxies for securities held for the Fund so long as in the Manager's belief the result of the ballot would serve to increase the value of the investment or otherwise benefit the Fund. For additional details, refer to Section VIII, Proxy Voting Guidelines.

F. Provide timely reporting of investment activities. Each Investment Manager shall provide reports to the Board as outlined in Section VII.

G. Maintain records of security buy and sell transactions in accordance with ~~the records retention schedules and practices of the Fund's custodian~~industry standards.

H. Managers utilizing separately managed accounts must reconcile monthly accounting, transaction, and asset summary with custodian valuations, report separately on gains and losses on sales, and communicate and resolve any significant discrepancies. The month-end custodian valuations will be used to calculate rates of return for performance-reporting purposes and manager fee calculations.

~~H.~~I. Meet with the Board on an as needed basis.

Commented [SDM1]: 1.Green font was previously in Section IV under what was the SELECTION AND REVIEW OF INVESTMENT MANAGERS section. Red font is new.

4. **Custodian**: The Custodian acts in a ministerial capacity, which means that the Custodian does not assume fiduciary responsibility except as specified in the Custodial Agreement.

   In addition, the Custodian will conduct the following responsibilities:

   A. Perform regular accounting of all assets owned, purchased, or sold, as well as monitor the movement of assets into and out of the Fund accounts.

B. Provide assistance to the Fund to complete activities including, but not limited to, annual audits and transaction verifications.

C. If directed by the Board, manage a short-term income fund for investment of any cash not invested by managers.

D. The Custodian, if directed by the Board, will manage the securities lending program.

5. **Transition Managers:** The Fund at times may need to utilize the assistance of a transition manager. Staff, working with its Investment Consultant, will develop a transition manager panel, with final approval from the Board. Transition managers may be used for, but not limited to, the following:

– Rebalancing between asset classes to achieve the asset allocation target policy objectives
– Terminating and funding new asset managers

If Staff deems hiring a transition manager to be necessary, Staff will select a transition manager from the transition panel to conduct the transition, communicate with the transition manager on the goals and objects of the transition, and monitor the results of the transition. In accordance with Board Rules and Regulations section VII(G)(2)(c), Staff will be responsible for executing any contract amendments or letters of direction required by the transition manager, custodian, and investment manager, to implement the transition. Staff will be responsible for providing an update to the Board on all transition issues.

6. **Additional Professionals**: Additional Professionals, including but not limited to attorneys, actuaries and auditors may be retained by the Board as necessary to assist toward the prudent administration of the Fund.

Commented [SDM2]: Transition Manager references were previously in Section II under what was the INVESTMENT GOALS AND OBJECTIVES section. Language changed a little bit. Previous version was as follows:

TRANSITION MANAGER PROCEDURES

The Fund at times may need to utilize the assistance of a transition manager. The Staff working with its Investment Consultant will develop a transition manager panel, with final approval from the Board. Transition managers may be used, but not limited to, the following:

–Rebalancing between asset classes to achieve the asset allocation target policy objectives
–Terminating and funding new asset managers

If Staff and the Investment Consultant deems hiring a transition manager to be necessary, they will work to develop a mutually agreed upon transition plan. Staff will retain discretion regarding transition issues and will be responsible for executing all transition manager activity. Staff will be responsible for providing an update to the Board on all transition issues.

- SECTION II -
INVESTMENT GOALS AND OBJECTIVES

The overall investment goal is to provide participants with retirement, disability and death and survivor benefits. The purpose of the Fund establishing an investment policy is to obtain the highest return possible on Fund investments within corresponding acceptable levels of minimum investment risk and liquidity requirements in recognition of prudent person standards and compliance with applicable local, state, and federal laws governing the operation and activities of the Fund. In particular, the Fund is bound by the City of Milwaukee Charter Chapter 36.

FUNDING LEVELS AND LIQUIDITY REQUIREMENTS

The Board seeks to keep Plan benefits as well funded as possible at all times. Additionally, the Board wishes to remain as fully invested as possible at all times, while maintaining appropriate liquidity. ~~Generally, the Fund will maintain enough liquidity to meet one month of payments and expenses.~~

ASSET ALLOCATION CONSIDERATIONS

The Board implements an asset allocation policy that is predicated on a number of factors, including:

1. A projection of actuarial assets, liabilities, and benefit payments and the cost of contributions;
2. Historical and expected long-term capital market risk and return behavior;
3. An assessment of future economic conditions, including inflation and interest rate levels; and
4. The current and projected funding status

The asset allocation policy provides for diversification of assets in an effort to maximize the Fund's investment return consistent with market conditions. Asset allocation modeling identifies asset classes that the Board will utilize and the percentage that each asset class represents of the total Fund. Due to fluctuations in market values, positioning within a specific range is acceptable and constitutes compliance with the policy. It is anticipated that periodic revisions to the policy may occur and implementing such changes may require an extended period of time.

The Board's asset allocation policy is summarized on the following page. The Board, Staff and Investment Consultant will monitor and assess the actual asset allocation versus the policy and will evaluate any deviation deemed significant.

The Board will implement the asset allocation policy through the use of external Investment Managers. Assets will be invested subject to guidelines incorporated into individual investment management agreements (see SECTION VI - SPECIFIC OBJECTIVES AND GUIDELINES FOR MANAGED PORTFOLIOS).

TARGET ALLOCATIONS

The Board has determined that the following asset allocation policy is appropriate for the Fund. This allocation policy will be reviewed periodically and may be modified, if appropriate, in light of changes in the structure or goals of the Fund. The Target, Minimum, and Maximum allocations are monitored by Staff using data from the Custodian's Manager Mix Daily Data report (Daily Data), modified as necessary by Staff to incorporate performance estimates, and any other information that impacts market value estimates, that are not incorporated into the Daily Data. To calculate the numerator, each individual investment manager mandate, with the exception of the Employes' Reserve Fund, is sorted into one of the categories below, and the entire estimated market value of each respective mandate is added together for each respective category. The denominator represents the Total Market Value from the Daily Data, excluding the Employes' Reserve Fund, modified as necessary to incorporate any information that impacts market value estimates not yet incorporated into the Custodian's data.

Public Equity	**Target**	**Minimum**	**Maximum**
Domestic Equity			
Passive Large Cap	6.4%		
Active Large Cap	4.0%		
Active Mid/Small Cap	5.8%		
Total Domestic Equity	**16.2%**	~~**12.2%**~~	~~**20.2%**~~
Total International Equity	**12.6%**	~~**9.6%**~~	~~**15.6%**~~
Total Global Equity	**7.2%**	~~**3.2%**~~	~~**11.2%**~~
Total Public Equity	**36%**	**~~31~~32%**	**~~41~~40%**
Fixed Income			
Cash	1%	0%	5.0%
Passive Fixed Income	~~8.0~~7.75%		
~~Core Opportunistic~~Active Fixed Income	23.~~0~~25%		
Total Fixed Income	**32%**	**~~29~~27%**	**35%**
Real Assets			
Private Real Estate	**8.7%**		
Public Diversified Real Assets	**3.3%**	**1.3%**	**5.3%**
Total Real Assets	**12%**	**9%**	**15%**
Private Equity	**11%**	**8%**	**16%**
Absolute Return	**9%**	**6%**	**14%**

Total **100%**

TOTAL FUND PERFORMANCE REVIEW AND EVALUATION

Investment Objectives

Performance Standard	
Time Horizon	**Index**
One market cycle (rolling 5-year periods).	Exceed the return on a benchma Index net of fees.[1]

Investment Guidelines

- The investment guidelines governing each asset class/manager will together constitute the Total Fund guidelines.
- The Board is responsible for the overall asset allocation of the Fund. Each manager will be responsible for adhering to the guidelines for its portion of Fund assets only.

[1] As measured by a composite index designed to track the target asset allocation.

From: / To:	1/1/00- 4/30/06	5/1/06- 6/30/08	7/1/08– 9/30/10	10/1/10– 12/31/12	1/1/13– 12/31/13	1/1/14– 12/31/14	1/1/15– 12/31/15	1/1/16- 6/30/16	7/1/16– 12/31/16	1/1/17- 3/31/18	4/1/18– 12/31/18	1/1/19– 12/31/19	1/1/20- 3/31/21	4/1/21- 3/31/22	4/1/22- 9/30-22	10/1/22– 6/30/23	7/1/23– 6/30/25	
ACWI IMI (net)	-	-	-	-	-	-	-	56%	56%	55%	50%	47%	43%	44%	44%	44%	39%	
Bloomberg U.S. Agg.	30%	28%	28%	28%	28%	28%	28%	25%	22%	22%	25%	25%	26%	23%	23%	23%	29%	
NFI-ODCE (1 Qtr Arrears)		-	-	-	-	-	7%	7%	7%	7%	7.7%	7.7%	7.7%	9.1%	9.1%	9.7%	9.7%	
90-Day T-bill + 3%	-	-	-	-	-	-	5%	5%	8%	8%	9%	9%	10%	10%	10%	10%	7%	
Russell 3000 + 2% (1 Qtr Arrears)			-	-	-	-	-	-	-	-	-	-	10%	10%	10%	10%	12%	
15% Bloomberg U.S. TIPS / 30% S&P Global Infrastructure / 15% S&P Global Natural Resources / 25% FTSE EPRA/NAREIT Developed / 15% Bloomberg Commodity Total Return								-	-	-	-	-	-	-	3.9%	3.3%	3.3%	3.3%
35% Barclays TIPS / 20% S&P Global Infrastructure / 20% Global Natural Resources / 10% FTSE EPRA/NAREIT Developed / 15% Bloomberg Commodity Total Return							-	-	3%	3%	3.3%	3.3%	3.3%	3.9%	-	-	-	-
Russell 3000 + 3% (1 Qtr Arrears)			-	-	2%	2%	2%	4%	4%	5%	5%	8%	-	-	-	-	-	-
40% ACWI / 40% Barclays TIPS / 20% Bloomberg Commodity Total Return				-	-	-	-	3%	-	-	-	-	-	-	-	-	-	-
Russell 3000	50%	45%	45%	33%	31%	31%	28%	-	-	-	-	-	-	-	-	-	-	-
MSCI EAFE (net)	15%	20%	20%	22%	22%	22%	20%	-	-	-	-	-	-	-	-	-	-	-
ACWI (net)	-	-	-	-	-	10%	10%	-	-	-	-	-	-	-	-	-	-	-
NCREIF (NPI 1 Qtr Arrears)		-	7%	7%	7%	7%	-	-	-	-	-	-	-	-	-		-	-
MSCI World (net)	-	-	-	10%	10%	-	-	-	-	-	-	-	-	-	-	-	-	-
NCREIF (NPI)	5%	7%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Commented [SDM4]: This entire slide was previously in Section VI under what was the SPECIFIC OBJECTIVES AND GUIDELINES FOR MANAGED PORTFOLIOS section. Investment Objectives language and Investment Guidelines language changed. Previous version was as follows:

TOTAL FUND

OBJECTIVES AND GUIDELINES

Investment Objectives

Time Horizon	Performance Standard: Universe	Index
Less than one market Cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group[1]	
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed the return on a benchmark Index by 1%.[2] Have volatility of +/-2.5% tracking error to the benchmark Index.[2]

Investment Guidelines

The investment guidelines governing each asset/class manager will together constitute the Total Fund guidelines.

The Board is responsible for the overall asset allocation for the Fund. Each manager will be responsible for adhering to the guidelines for its portion of Fund assets only.

1 As measured by a universe of similarly managed funds.

2 As measured by a composite index designed to track the target asset allocation.

Commented [SDM3]: The Time Horizon, Universe, and Index information changes were discussed at the November IC meeting.

REBALANCING PROCEDURES

~~REBALANCING PROCEDURES~~

The Fund routinely needs cash for payroll or other expenses~~,~~; has cash flows to and from real estate ~~investments, has cash flows to~~ or private equity investments; or has other cash needs as approved by the Board, required by a court order, or required by a governmental body. Cash needs ~~and~~or investment experience may ~~take the Fund~~move the Fund's investments away from the asset allocation targets, including taking one or more of the Fund's asset classes outside of the established asset allocation ~~range, requiring rebalancing activity~~ranges.

~~In order to maintain the established target asset allocation, the Fund will implement a systematic rebalancing procedure.~~ As determined necessary given ~~significant~~ cash flows or market movements, ~~the Fund~~ Staff, guided by the established ranges set forth in the Target Allocations page of this document, will determine what, if any, rebalancing activity is prudent to implement. Rebalancing activity is permitted even when the fund's asset allocations are within the established asset allocation ranges. If Staff deems rebalancing to be necessary, Staff will develop and execute a rebalancing plan. To limit the amount of ~~required~~ liquidations and associated transaction costs, ~~the Fund~~Staff will look to rebalance concurrently with liquidity requirements of the Fund~~. The Staff, in consultation with the Investment Consultant,~~ when Staff determines it makes sense to do so. Staff will retain discretion regarding rebalancing issues.

Commented [SDM5]: These changes were discussed at the November IC meeting.

- SECTION III -
SELECTION OF INVESTMENT MANAGERS

The Board of Trustees must use reasonable care, skill and caution in selecting the Investment Managers, establishing the scope and terms of the obligations of fiduciary responsibility and periodically reviewing the Investment Manager's actions in order to monitor performance in conjunction with the terms of the delegation. When selecting Investment Managers, the Board shall only consider Investment Managers recommended to ERS by its Investment Consultant that have disclosed whether or not they utilize a placement agent. The Board may contract with Investment Managers based on an evaluation of their investment philosophy, performance and ability to complement existing portfolio styles. ~~Based on the established ranges set forth above, Staff~~

Accordingly, when selecting investment managers, the Board will ~~determine what, if any, rebalancing activity is required. If Staff deems rebalancing to be necessary, they will provide~~employ a competitive search process, including the ~~-~~following steps or such other steps as the Board determines in the situation:

1. Formulation of specific investment manager search criteria that reflect the requirements for the investment manager role under consideration.
2. Identification of qualified candidates from the manager search database maintained by the Investment Consultant ~~with written recommendations from which Staff.~~
3. Analysis of qualified candidates in terms of:
   - Quantitative characteristics, such as GIPS-compliant composite return data, risk-adjusted rates of return and relevant portfolio characteristics.
   - Qualitative characteristics, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
   - Organizational factors, such as type and size of firm, ownership structure, client-servicing capabilities, ability to obtain and retain clients, and fees.
4. ~~1.~~Selection and interview of finalist candidates based on a due diligence report prepared for the Committee by the Investment Consultant ~~will develop a mutually agreed upon rebalancing plan. Staff will be responsible for executing all rebalancing activity~~summarizing the analysis described above.

The Investment Manager has a duty to the Board to exercise reasonable care to comply with the terms of the delegations. To be considered by the Board for engagement, Investment Managers must:

1. Be a registered investment advisor or a "bank" exempt from registration under the Investment Advisers Act of 1940, and be recognized as demonstrating experience over a number of years in the management of institutional, tax-exempt assets within a defined investment capacity.

~~**TRANSITION MANAGER PROCEDURES**~~

~~5.~~4. ~~The Fund at times may need to utilize the assistance of a transition manager. The Staff working with its Investment Consultant will develop a transition manager panel, with final approval from the Board. Transition managers may be used, but not limited to, the following:~~

Commented [SDM6]: Green font at top paragraph did not change.

Section IV was previously called "SELECTION AND REVIEW OF INVESTMENT MANAGERS." In this proposed update, SELECTION OF INVESTMENT MANAGERS is given its own section and becomes SECTION III.

Commented [SDM7]: This is new language.

Commented [SDM8]: Previous version was as follows:

The Investment Manager has a duty to the Board to exercise reasonable care to comply with the terms of the delegations. All Investment Managers must:

Commented [SDM9]: Point 1 here did not change. Was previously within Section IV, which was called "SELECTION AND REVIEW OF INVESTMENT MANAGERS."

- ~~Rebalancing between asset classes to achieve the asset allocation target policy objectives~~
- ~~Terminating and funding new asset managers~~

~~If Staff and the Investment Consultant deems hiring a transition manager to be necessary, they will work to develop a mutually agreed upon transition plan. Staff will retain discretion regarding transition issues and will be responsible for executing all transition manager activity. Staff will be responsible for providing an update to the Board on all transition issues.~~

Commented [SDM10]: These references were modified and moved to Section I. See side by side comparison on page 8 of this document.

~~**_- SECTION III -_**~~

~~**_GUIDELINES FOR ACTIVELY MANAGED FUND ASSETS_**~~

~~Each Investment Manager within the Fund will be chosen for a specific discipline and will be required to adhere to these general investment guidelines.~~

~~**1. Risk Aversion**: Investment Managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the return of the portfolio under management is commensurate with the level of risk that is assumed within any given discipline.~~

~~1. **Fully Invested**: The Board has adopted a long term Asset Allocation Policy and grants Investment Managers discretion over assets within the portfolios they manage. The Board has set specific guidelines concerning the allowable levels of cash that may be maintained in each actively managed portfolio (Section VI). The Board will closely monitor the use of cash by any manager. If a manager believes that a change in its specific guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.~~

~~2.~~1. ~~**Investment Discipline Objectives**: Each separately managed portfolio will have specific guidelines and objectives established by the Board. Investment Managers are expected to adhere to the investment discipline for which they were hired. Managers will be evaluated for adherence to their stated investment discipline.~~

~~Specific investment goals and constraints for each Investment Manager shall be incorporated as part of this Statement in Section VI: SPECIFIC OBJECTIVES FOR INDIVIDUALLY MANAGED PORTFOLIOS. Each manager shall receive a written statement outlining specific goals and constraints as approved by the City of Milwaukee Retirement System.~~

~~The goal of each Investment Manager, over the investment horizon, shall be to:~~

~~A. Exceed the market index, or blended market index, selected and agreed upon by the Board that most closely corresponds to its style of investment management.~~

~~B.~~A. ~~Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified.~~

~~The Investment Managers are charged with the responsibility of maintaining their portfolios in compliance with the investment guidelines. The Investment Manager is expected to identify policy items that may have an adverse impact on performance and to initiate discussion with the Staff regarding possible modification of such policies. Under no circumstances shall an Investment Manager take an action that causes the portfolio to be in conflict with the guidelines without prior written consent of the Board. If there is a deviation from the guidelines because of an Investment Manager's action, the manager will be reviewed by the Board at the next meeting following notification of the deviation. If there is a deviation from the guidelines because of a change in the market value of an Investment Manager's portfolio or a particular holding, or a change in quality rating of a particular holding, the Investment~~

~~Manager shall take action that is prudent and appropriate to the intended purpose of the portfolio. If for any reason a portfolio deviates from the guidelines, the Investment Manager is responsible for reporting the deviation from the guidelines to the Board and its Investment Consultant in writing within 3 business days of when the deviation occurred. The Investment Manager is required to give this notice even if they have taken immediate action to correct the deviation. The Investment Manager will explain the deviation from the guidelines and suggest appropriate action. Within 30 days after receiving notification of a deviation from the investment policy guidelines, the Board will respond to the manager's recommendation and will direct appropriate action. Depending upon the circumstances, the consequences of deviating from the investment policy guidelines could range from an Investment Manager merely explaining what caused the deviation to occur, to the manager's termination.~~

~~3.~~1. ~~**Commingled Funds**: In circumstances where the Fund is invested in a commingled vehicle, the Investment Manager will be held to the investment performance standards and guidelines set forth in the goals and guidelines of the commingled vehicle. For voting of proxies, commingled fund managers will use their master trust agreement proxy voting policy standards, however, reporting of proxy voting activity will be in accordance with ERS' policy. Brokerage decisions, including commission recapture, will be made according to the master trust document of the commingled investment vehicle.~~

~~4.~~1. ~~**Brokerage and Execution of Transactions**: Investment Managers with authority over fund assets must use sound professional judgment in conducting each transaction to obtain the best possible unit price and terms of execution and to work in the best interest of the Fund.~~

~~Additionally, the Fund may utilize commissions generated on securities to obtain performance evaluation and other investment related services and benefits for the Fund.~~

~~(Please see Section IX: POLICY AND GUIDELINES FOR BROKERAGE SERVICES)~~

Commented [SDM11]: These references were modified and moved to Section VI. See side by side comparison on pages 19, 22, and 23 of this document.

~~- SECTION IV -~~
~~SELECTION AND REVIEW OF INVESTMENT MANAGERS~~

~~The Board of Trustees must use reasonable care, skill and caution in selecting the Investment Managers, establishing the scope and terms of the obligations of fiduciary responsibility and periodically reviewing the Investment Manager's actions in order to monitor performance in conjunction with the terms of the delegation. When selecting Investment Managers, the Board shall only consider Investment Managers recommended to ERS by its Investment Consultant that have disclosed whether or not they utilize a placement agent. The Board may contract with Investment Managers based on an evaluation of their investment philosophy, performance and ability to complement existing portfolio styles. The Investment Manager has a duty to the Board to exercise reasonable care to comply with the terms of the delegations. All Investment Managers must:~~

1. ~~Provide the Board with a written agreement to invest within the guidelines established in the Investment Policy Statement.~~

2. ~~Provide the Board with proof of liability and fiduciary insurance coverage.~~

~~3.~~1. ~~Be a registered investment advisor or a "bank" exempt from registration under the Investment Advisers Act of 1940, and be recognized as demonstrating experience over a number of years in the management of institutional, tax-exempt assets within a defined investment capacity.~~

~~4.~~2. Adhere to investment style, concepts and principles for which they ~~were retained, including, but not limited to, developing portfolio strategy, conducting research, constructing buy, sell, and hold lists and purchasing and selling securities~~are being considered.

3. Offer services in exchange for fees that are competitive with industry standards for the product category.

Commented [SDM12]: The references here were moved to Section III. See page 13 of this document.

Commented [SDM13]: This was removed from document.

Commented [SDM14]: This was moved to Section VI of this document. See page 22 of this document "Carry Appropriate Insurance."

Commented [SDM15]: This reference remains and now is within Section III SELECTION OF INVESTMENT MANAGERS (showing up on page 13 of this document).

Commented [SDM16]: This reference was modified as shown here and now is within Section III SELECTION OF INVESTMENT MANAGERS.

Commented [SDM17]: Green font in point 3 here did not change. This reference now is within Section III SELECTION OF INVESTMENT MANAGERS.

- SECTION IV -

~~5.~~1. ~~Offer services in exchange for fees that are competitive with industry standards for the product category.~~

~~6. Execute all transactions for the benefit of the Fund with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the Fund. For additional details, refer to Section IX: POLICY AND GUIDELINES FOR BROKERAGE SERVICES.~~

~~I.~~A. ~~Reconcile monthly accounting, transaction, and asset summary with custodian valuations, report separately on gains and losses on sales, and communicate and resolve any significant discrepancies. The month-end custodian valuations will be used to calculate rates of return for performance-reporting purposes and manager fee calculations.~~

~~7. Maintain frequent and open communication with the Board and its Staff on all significant matters, including but not limited to changes in the Investment Manager's outlook, strategy, and portfolio structure, changes in ownership, structure, any changes involving key decision makers and significant client losses.~~

Commented [SDM18]: This reference did not change. Is now within Section III SELECTION OF INVESTMENT MANAGERS and can be found on page 17 of this document.

Commented [SDM19]: This was removed from document.

Commented [SDM20]: This was modified and moved to Section I of this document. See page 7 of this document within Duties of Fiduciaries..Investment Managers.

Commented [SDM21]: This was removed from document.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Specific investment goals and constraints for each Investment Manager shall be incorporated as part of this Statement in Section VI: SPECIFIC OBJECTIVES FOR INDIVIDUALLY MANAGED PORTFOLIOS. Each manager shall receive a written statement outlining specific goals and constraints as approved by the City of Milwaukee Retirement System.

The goal of each Investment Manager, over the investment horizon, shall be to:

A. Exceed the market index, or blended market index, selected and agreed upon by the Board that most closely corresponds to its style of investment management.

B. Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified.

Commented [SDM22]: The green font here did not change. This language was previously in Section III under what was the GUIDELINES FOR ACTIVELY MANAGED FUND ASSETS section. It is now within SECTION IV of this document which is labeled "INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION."

Performance reports generated by its Investment Consultant and ~~Custodian~~Staff, using custodial data, shall be compiled quarterly and communicated to the Board for review. The investment return of total portfolios, as well as asset class components, will be measured against performance benchmarks, appropriate for each portfolio, as adopted by the Board. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this Statement. The Board reserves the right to terminate a manager at its discretion for any reason including, but not limited to, the following:

1. Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.

3. Significant changes to the investment management organization, including but not limited to loss of key personnel.

4. Evidence of illegal or unethical behavior by the investment management firm.

5. Lack of willingness to cooperate with reasonable requests by the Board and/or Staff for information, meetings, or other material related to its portfolios.

6. Loss of confidence by the Board in the Investment Manager.

7. A change in the Fund's asset allocation program that necessitates a shift of assets to another sector or asset class.

Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters and other factors that may impact their ability to achieve the desired investment results.

- SECTION V -
DEFINITIONS

1. **"The Fund"** shall mean the Employes' Retirement System of the City of Milwaukee Fund.

2. **"Annuity and Pension Board"** shall refer to the governing Board of Trustees established to administer the Fund as specified by applicable ordinance.

3. **"Fiduciary"** shall mean any entity or person who exercises any discretionary authority or discretionary control respecting management of the Fund or exercises any authority or control respecting management or disposition of the Fund's assets, or renders investment advice for a fee or other compensation, direct or indirect, with respect to monies or property of the Fund, or has any discretionary authority or responsibility in the administration of the Fund.

4. **"Investment Consultant"** shall mean any entity or person employed to provide advisory services, including advice on investment objective and/or asset allocation, manager search, and performance monitoring.

5. **"Investment Manager"** shall mean any individual, or group of individuals, employed to manage the investment of Fund assets.

6. **"Broker-Dealer"** shall mean any entity or person in the business of effecting securities transactions for its own account and/or of others and registered as such with the Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc.

~~7. **"Market Cycle"** shall be a time period that includes a significant market decline from peak to trough and a sustained market increase significantly above the previous peak. Within the stock and bond markets, a complete cycle usually has a span of 4 to 6 years but can be shorter or longer. Observing performance over a market cycle allows the Board to analyze the results without biasing the results in favor of managers that might outperform during certain sub-periods. If a market cycle should take place within a shorter time period, additional time may still be needed to assess the value added of the manager.~~

7. **"Staff"** shall mean the Chief Investment Officer and the investment team under the Chief Investment Officer's direct supervision.

Commented [SDM23]: This was removed from document.

Commented [SDM24]: This is new language.

CONCLUSION

This Statement is a working document structured to accomplish long term and short term planning. Investment Managers and other fiduciaries are invited to contact the Fund or its Investment Consultant with any questions about the interpretation or application of any provisions. This Statement of Investment Policy will be reviewed ~~annually~~regularly. All changes will be communicated to all appropriate parties in writing.

Please address reports, correspondence and communications to:

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
David M. Silber, Chief Investment Officer
789 N. Water Street
3rd Floor
Milwaukee, WI 53202
(414) 286-3557

Please address all manager fee bills to:

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
~~Bernard (Jerry) Allen~~Patrick McClain, Executive Director
789 N. Water Street
3rd Floor
Milwaukee, WI 53202
(414) 286-3557

- SECTION VI -
SPECIFIC OBJECTIVES AND GUIDELINES FOR MANAGED PORTFOLIOS

INVESTMENT OBJECTIVES AND GUIDELINES

The Board expects to receive results from the Investment Managers that are consistent with the policies included herein. The following sections outline the specific objectives and guidelines established for each asset and management category. These objectives and guidelines will provide a basis for evaluating the effectiveness of each Investment Manager and the overall investment program over time.

Each Investment Manager within the Fund will be chosen for a specific discipline and will be required to adhere to these general investment guidelines.

1. **Risk Aversion**: Investment Managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the return of the portfolio under management is commensurate with the level of risk that is assumed within any given discipline.

2. **Fully Invested**: The Board has adopted a long-term Asset Allocation Policy and grants Investment Managers discretion over assets within the portfolios they manage. The Board has set specific guidelines concerning the allowable levels of cash that may be maintained in each actively managed portfolio (Section VI).

3. **Carry Appropriate Insurance:** Provide the Board with proof of liability and fiduciary insurance coverage.

4. **Separately Managed Accounts**: Each separately managed portfolio will have specific guidelines and objectives established by the Board. Investment Managers are expected to adhere to the investment discipline for which they were hired. Managers will be evaluated for adherence to their stated investment discipline.

   The Investment Managers are charged with the responsibility of maintaining their portfolios in compliance with the investment guidelines as described in Section VI. The Investment Manager is expected to identify policy items that may have an adverse impact on performance and to initiate discussion with the Staff regarding possible modification of such policies. Under no circumstances shall an Investment Manager take an action that causes the portfolio to be in conflict with the guidelines without prior written consent of the Board. If there is a deviation from the guidelines because of an Investment Manager's action, the manager will be reviewed by the Board at the next meeting following notification of the deviation. If there is a deviation from the guidelines because of a change in the market value of an Investment Manager's portfolio or a particular holding, or a change in quality rating of a particular holding, the Investment Manager shall take action that is prudent and appropriate to the intended purpose of the portfolio. If for any reason a portfolio deviates from the guidelines, the Investment Manager is responsible for reporting the deviation from the guidelines to the Board and its Investment Consultant in writing within 3 business days of when the deviation occurred. The Investment Manager is required to give this notice even if they have taken

Commented [SDM25]: This first sentence and Risk Aversion section in green font did not change. This language was previously in Section III under what was the GUIDELINES FOR ACTIVELY MANAGED FUND ASSETS section.

Commented [SDM26]: Fully Invested references were previously in Section III under what was the INVESTMENT GOALS AND OBJECTIVES section. Language changed a little bit. Previous version was as follows:

Fully Invested: The Board has adopted a long term Asset Allocation Policy and grants Investment Managers discretion over assets within the portfolios they manage. The Board has set specific guidelines concerning the allowable levels of cash that may be maintained in each actively managed portfolio (Section VI). The Board will closely monitor the use of cash by any manager. If a manager believes that a change in its specific guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.

Commented [SDM27]: Insurance references were previously in Section IV under what was the SELECTION AND REVIEW OF INVESTMENT MANAGERS section. Language changed a little bit. Previous version was as follows:

All Investment Managers must:

Provide the Board with proof of liability and fiduciary insurance coverage.

Commented [SDM28]: Green font did not change. Bold label in Red font was changed from "Investment Discipline Objectives" to "Separately Managed Accounts."

This language was previously in Section III under what was the GUIDELINES FOR ACTIVELY MANAGED FUND ASSETS section.

immediate action to correct the deviation. The Investment Manager will explain the deviation from the guidelines and suggest appropriate action. After receiving notification of a deviation from the investment policy guidelines, the Board will respond to the manager's recommendation and will direct appropriate action. Depending upon the circumstances, the consequences of deviating from the investment policy guidelines could range from an Investment Manager merely explaining what caused the deviation to occur, to the manager's termination.

5. **Commingled Funds**: In circumstances where the Fund is invested in a commingled vehicle, the Investment Manager will be held to the investment performance standards and guidelines set forth in the goals and guidelines of the commingled vehicle. For voting of proxies, commingled fund managers will use their master trust agreement proxy voting policy standards, however, reporting of proxy voting activity will be in accordance with ERS' policy. Brokerage decisions, including commission recapture, will be made according to the master trust document of the commingled investment vehicle.

6. **Brokerage and Execution of Transactions**: Investment Managers with authority over fund assets must use sound professional judgment in conducting each transaction to obtain the best possible unit price and terms of execution and to work in the best interest of the Fund.

   Additionally, the Fund may utilize commissions generated on securities to obtain performance evaluation and other investment related services and benefits for the Fund.

   (Please see Section IX: POLICY AND GUIDELINES FOR BROKERAGE SERVICES)

7. **Private Equity; Real Estate; Absolute Return Managers**: In circumstances where the Fund is invested in a Private Equity, Real Estate, or Absolute Return investment vehicle, the Investment Manager will be held to the investment performance standards and guidelines set forth in the goals and guidelines of the respective vehicle.

BOARD RESTRICTIONS

- No transaction that is prohibited under the Uniform Prudent Investor Act promulgated by the National Conference of Commissioners on Uniform State Laws (1994) and the Restatement of Trusts 3d (City of Milwaukee Charter, Chapter 36-09-1-d-7).

- No unauthorized investment under the Wisconsin Statutes.

- ~~Prohibited~~For separately managed accounts, prohibited investments include mortgage interest only (IO), principal only (PO), inverse floaters or other CMO derivatives that have uncertain or volatile duration or price movement.

- ~~No~~For separately managed accounts, no assets shall be invested in restricted (lettered) stock or in private placements. This restriction is not meant to preclude purchases of securities issued under SEC Rule 144a. Rule 144a allows trading among qualified institutional investors within a segment of the private placement market.

Commented [SDM29]: Previously said:

"Within 30 days after receiving notification of a deviation from the investment policy guidelines,"

Commented [SDM30]: Green font did not change. This language was previously in Section III under what was the GUIDELINES FOR ACTIVELY MANAGED FUND ASSETS section. The first sentence previously said:

"The Investment Managers are charged with the responsibility of maintaining their portfolios in compliance with the investment guidelines."

Commented [SDM31]: This did not change. This language was previously in Section III under what was the GUIDELINES FOR ACTIVELY MANAGED FUND ASSETS section.

Commented [SDM32]: This did not change. This language was previously in Section III under what was the GUIDELINES FOR ACTIVELY MANAGED FUND ASSETS section.

Commented [SDM33]: This is new language.

DERIVATIVES

A derivative is broadly defined as a financial instrument whose value, usefulness and marketability, is derived from or linked to the value of an underlying security, commodity, or index that represents either direct ownership of an asset or direct obligation of an issuer. Investment ~~managers~~Managers may use derivatives traded on a recognized derivatives exchange for hedging and efficient portfolio management purposes subject to compliance with the following specific guidelines at all times.

a) Futures

- ~~Shall~~Treasury futures contain embedded leverage, and may create leverage in portfolios where their usage is permitted. This usage is governed by account specific guidelines.
- For separate account managers using futures other than treasury futures, futures shall never be used for leverage purposes.
- ~~The~~With the exception of absolute return and hedge fund strategies, as well as certain limited partnership vehicle strategies, the effective economic exposure to any asset class after allowing for the impact of short futures positions shall never be negative.

Commented [SDM34]: Futures section previously as follows:

a)Futures
- Shall never be used for leverage purposes.
- The effective economic exposure to any asset class after allowing for the impact of short futures positions shall never be negative.

~~*b) Options*~~

- ~~Call options may be purchased only as long as there is sufficient cash available to meet the exercise price or as part of a call spread.~~
- ~~Put options may be purchased only to the extent that the corresponding physical asset is held in the portfolio or as part of a put spread.~~
- ~~Writing of options is prohibited.~~

Commented [SDM35]: This was removed from document. Incorporated into the new paragraph below Over-the-counter derivatives that states:

- For separate account managers whose guidelines allow the purchase of securities denominated in a foreign currency, forward contracts may be used at the manager's discretion to enable the purchase or sale of securities denominated in a foreign currency, or to hedge currency exposure. No other use of forward contracts is allowed, unless permitted by an Investment Manager's account specific guidelines. In the rare instance where an account with a domestic mandate comes into possession of a foreign security, the separate account Investment Manager is allowed to use forward contracts to enable the disposition of said security.

~~c)~~b) Reporting

- ~~All~~ Separate account managers shall report derivative positions and transactions ~~shall be separately and explicitly identified~~ in the Investment Manager's monthly or quarterly reporting. ~~Each time the Investment Manager undertakes a derivative transaction they shall highlight it in the first written report afterwards and explain the rationale for the transaction.~~

~~d)~~c) Over-the-counter derivatives not traded on a recognized exchange can only be used with prior specific written consent of the Board.

- ~~Forward contracts may be used at the manager's discretion to hedge currency exposure.~~

- For separate account managers whose guidelines allow the purchase of securities denominated in a foreign currency, forward contracts may be used at the manager's discretion to enable the purchase or sale of securities denominated in a foreign currency, or to hedge currency exposure.

No other use of forward contracts is allowed, unless permitted by an Investment Manager's account specific guidelines. In the rare instance where an account with a domestic mandate comes into possession of a foreign security, the separate account Investment Manager is allowed to use forward contracts to enable the disposition of said security.

Commented [SDM36]: This is new language.

Note that certain fixed income managers ~~employing absolute return/alternative return strategies~~ may ~~make extensive use of derivatives. The ability to use derivatives is~~ be allowed to buy and sell treasury futures and/or sell index credit default swaps, as specified in ~~the~~their individual ~~manager~~ guidelines.

~~TRANSITION MANAGER~~

~~Permission is granted to~~ In addition, transition managers have permission to use futures on financial contracts~~,~~ and forward currency contracts~~, and Exchange Traded Funds~~ in the management of portfolio transitions and in the management of portfolio rebalancing activity, according to the above-referenced Derivatives Guidelines. The use of these instruments by transition managers for these purposes will typically begin and end in short periods of time.

Commented [SDM37]: Previous language as follows:

Permission is granted to transition managers to use futures on financial contracts, forward currency contracts, and Exchange Traded Funds in the management of portfolio transitions and in the management of portfolio rebalancing activity, according to the above-referenced Derivatives Guidelines. The use of these instruments by transition managers for these purposes will typically begin and end in short periods of time.

~~**TOTAL FUND**~~

~~**OBJECTIVES AND GUIDELINES**~~

~~**Investment Objectives**~~

~~Time Horizon~~	~~Performance Standard~~	
	~~Universe~~	~~Index~~
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in upper 50% of a Peer Group.[1]~~	
~~One market cycle (rolling 5-year periods).~~	~~Rank in upper 40% of a Peer Group.[1]~~	~~Exceed the return on a benchmark Index by 1%.[2] Have volatility of +/- 2.5% tracking error to the benchmark Index.[2]~~

Absolute return and hedge fund strategies, as well as certain limited partnership vehicle strategies, may make extensive use of derivatives, including but not limited to, equity index futures, equity index swaps, commodity futures, currency forwards, options, futures, options on futures, warrants, equity swaps, total return swaps, credit default swaps, notional principal contracts, caps, collars, floors and forward rate agreements, structured notes and other financial or derivative instruments. The ability to use derivatives is specified in the individual manager guidelines.

Commented [SDM38]: This was modified and moved to Section II of this document. See page 11 of this document within INVESTMENT GOALS AND OBJECTIVES...TOTAL FUND PERFORMANCE REVIEW AND EVALUATION.

Commented [SDM39]: Previous language as follows:

Note that managers employing absolute return/alternative return strategies may make extensive use of derivatives. The ability to use derivatives is specified in the individual manager guidelines.

Manager: **Northern Trust**
Role: **Passive Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
~~Less than one market cycle (rolling 3-year periods).~~	~~Not Applicable~~	
One market cycle (rolling 5-year periods).	Not Applicable	Track the performance of S&P 500 Index within 10 basis points

Commented [SDM40]: The changes between here and page 45 of this document were discussed at the November IC meeting.

Investment Guidelines

- The portfolio will be invested in a sufficient number of stocks, which in aggregate fairly represent the S&P 500 Index.
- Eligible investments for the portfolio shall be limited to units of the NTGI – QM Collective Daily S&P 500 Equity Index Fund – Lending.

- Cash will be held to a minimum.

- The portfolio will be rebalanced as necessary – selling issues that are removed from the Index and purchasing new issues added to the Index.

- Derivatives may be used to equitize cash.

Manager: BlackRock
Role: Passive Index Value Domestic Equities

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
~~Less than one market cycle (rolling 3-year periods).~~	~~Not Applicable~~	
One market cycle (rolling 5-year periods).	Not Applicable	Track the performance of Russell 1000 Value Index within 10 basis points

Investment Guidelines

- The portfolio will be invested in a portfolio of equity securities with the objective of fairly approximating as closely as practicable the capitalization weighted total rate of return of that segment of the U.S. market for publicly traded equity securities as represented by the Russell 1000 Value Index.

- Eligible investments for the portfolio shall be limited to units of the BlackRock Russell 1000 Value Fund.

- Cash will be held to a minimum. We aim to keep the equitized cash balance in the fund to less than 1%, although the percentage at any point could be higher.

- Futures and other derivatives may be used to invest all or any portion of the Fund in one or more futures contracts or other similar assets for the purpose of acting as a substitute for investment in securities. The fund will always have an equitized cash position.

Manager: Dimensional Fund Advisors
Role: Active Large Capitalization Value Domestic Equities

ACCOUNT SPECIFIC INVESTMENT GUIDELINES

Investment Approach

The investment objective of the Account is to achieve long-term capital appreciation. The Manager's investment approach for the Account is to capture the return and diversification benefits of securities of large U.S. companies, as determined from time to time by the Manager, that the Manager determines to be value stocks and anticipates a weighted average total market capitalization generally lower than the benchmark. The Manager does not provide any guarantee with regard to the performance of the Account or that any investment objective will be successfully achieved.

Benchmark

Russell 1000 Value Index

Authorized Investments

- The Account may invest in any of the following:
  - Common Stocks, preferred stocks, convertible securities, warrants, rights and other securities with equity characteristics, as determined by the Manager
  - Depository receipts including "ADRs", "EDRs", "NVDRs" and "GDRs" (whether the underlying company is listed or unlisted) and foreign listings
  - Futures contracts and options on futures contracts for U.S equity securities and indices. These contracts may be used to adjust market exposure based on actual or expected cash inflows to or outflows from the Account. The Account does not intend to sell futures contracts to establish short positions in individual securities or to use derivatives for purposes of speculation or leveraging investment returns.
  - Participation notes
  - Real estate investment trusts ("REITs")
  - Exchange Traded Funds ("ETFs")
  - Securities received in connection with corporate actions from time to time
  - Cash and cash equivalents

Investment Guidelines

- Appropriate investments consist of authorized investments as noted above.
- At time of purchase, investment in any one company should not exceed 5% of the Account.

- At time of purchase, investments in any one industry as defined by 6-digit GIC should not exceed 25% of the value of the Account's total assets.
- The Manager is expected to maintain an invested position with no more than 10% of the Account invested in fixed income, cash or cash equivalents, except after cash inflows or prior to expected outflows.
- Under normal circumstances, at least 80% of the Account will be invested in securities of large cap U.S. companies.
- Under normal circumstances, the weighted average total market capitalization of the Account should not exceed 150% of the weighted average total market capitalization of the Russell 1000 Value Index.

Additional Considerations

The Manager may consider a company's size, value, and/or profitability relative to other eligible companies when making investment decisions for the Account. The Manager may adjust the representation in the Account of an eligible company, or exclude a company, after considering such factors as free float, momentum, trading strategies, liquidity, profitability, and other factors that the Manager determines to be appropriate, given market conditions. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value. In assessing profitability, the Manager may consider different ratios, such as that of earnings or profits from operations relative to book value or assets. The criteria the Manager uses for assessing value or profitability are subject to change from time to time.

Manager: **Polen Capital Management**
Role: **Active Large Capitalization Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	**Performance Standard**	
	Universe	**Index**
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in upper 50% of a Peer Group.[1]~~	
One market cycle (rolling 5-year periods).	Rank in upper ~~45~~40% of a Peer Group.[1]	Exceed (after fees) the S&P 500 Index.

Investment Guidelines

- Appropriate investments consist primarily of common and preferred stocks and/or convertible securities. Convertible securities may represent up to 5% of the portfolio market value.
- Holdings in any one company should not exceed the greater of 10% of the portfolio or 3% over the S&P 500 Index weighting, measured at market value
- Holdings in one economic sector, based on the GICS sector classifications, should not exceed greater than 60% of the market value of the portfolio.
- The manager is expected to maintain a fully invested position at all times with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Holdings may include up to 20% American Depositary Receipts (ADRs) and/or foreign securities traded on US exchanges, or in the OTC market, measured at market value.
- Permissible investments also include exchange traded funds, mutual funds, and real estate investment trusts (REITs).
- The following investment vehicles are not allowed:
  - Commodities, commodity contracts, related futures or options
  - Illiquid securities
  - Venture capital investments
  - Short sales
  - Direct investments in oil, gas or other mineral exploration or developments
  - Margin transactions
  - Direct investments in real estate or interests in real estate
  - Section 144A Securities

[1] As measured by the Callan Large Cap Broad Equity Peer Group.

Manager: **EARNEST Partners**
Role: **Active Mid Capitalization Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard: Universe	Performance Standard: Index
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in upper 50% of a Peer Group.[1]~~	
One market cycle (rolling 5-year periods).	Rank in upper ~~45~~40% of a Peer Group.[1]	Exceed (after fees) the Russell Mid Cap Index ~~+ 2%.~~.

Investment Guidelines

- Appropriate investments consist primarily of common and preferred stocks and/or convertible securities. Convertible securities may represent up to 5% of the portfolio at market value.
- Holdings in any one company should not exceed 7% of the portfolio, measured at market value.
- Holdings in one economic sector should not exceed the greater of 30% of the portfolio or 200% of the Index weighting, measured at market value.
- The manager is expected to maintain a fully invested position at all times with no more than 10% of the portfolio in fixed income, cash equivalents or Exchange Traded Funds. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Holdings may include up to 10% American Depository Receipts (ADRs), measured at market value.
- Holdings may include Real Estate Investment Trusts (REITs) at a level of up to 1.2 times the proportion of REITs in the Russell Mid Cap Index.

[1] As measured by the Callan Mid Cap Equity Peer Group.

Manager: **Dimensional Fund Advisors**
Role: **Active Small Capitalization Value Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard: Universe	Performance Standard: Index
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in upper 50% of a Peer Group.[1]~~	
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the Russell 2000 Value Index ~~+ 2%.~~.

Investment Guidelines

- Appropriate investments consist of common and preferred stocks and cash equivalents.
- Holdings in any one company should not exceed 5% of the portfolio measured at cost; 10% measured at market value.
- Holdings in one industrial sector should not exceed the greater of 30% of the portfolio or 150% of the Index weighting, measured at market value.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- At least 80% of the portfolio will be invested in small capitalization companies.
- Holdings may include up to 10% American Depository Receipts (ADRs), measured at market value.

[1] As measured by the Callan Small Capitalization Value Equity Peer Group.

Manager: **Brandes Investment Partners**
Role: **Active International Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in the upper 50% of a Universe.[1]~~	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI EAFE Index ~~+~~ .[2] ~~%.~~

Investment Guidelines

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 5% over the Index weighting, measured at market value.
- Adequate diversification by sector, country and currency block should be maintained.
- Japan's and the United Kingdom's combined weighting is limited to their combined benchmark weighting plus 15% while Canada's is limited to 12%. Other countries' maximum is the greater of the benchmark plus 10% or 200% of the benchmark weighting.
- A maximum of 30% of the portfolio may be invested in non-EAFE markets. Canada is not counted towards this 30% limitation.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Foreign currency forward contracts are permitted for defensively hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.
- Warrants are not to exceed 20% of the portfolio value.

[1] As measured by the Callan International Equity Peer Group.
[2] MSCI EAFE is the Morgan Stanley Capital International Europe, Australasia and the Far East

~~**Manager: William Blair Institutional Management**~~
~~**Role: Active International Equities**~~

~~**Objectives and Guidelines**~~

~~**Investment Objectives**~~

~~**Time Horizon**~~	~~**Performance Standard**~~	
	~~**Universe**~~	~~**Index**~~
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in the upper 50% of a Universe.[1]~~	
~~One market cycle (rolling 5-year periods).~~	~~Rank in the upper 40% of a Universe.[1]~~	~~Exceed (after fees) the MSCI ACWIxUS[2] Index + 2%.~~

~~**Investment Guidelines**~~

- ~~Holdings in any one company should not exceed the greater of 7% of the portfolio or 5% over the Index weighting, measured at market value.~~
- ~~Adequate diversification by sector, country and currency block should be maintained.~~
- ~~Japan's and the United Kingdom's combined weighting is limited to their combined benchmark weighting plus 15% while Canada's is limited to 12%. Other countries' maximum is the greater of the benchmark plus 10% or 200% of the benchmark weighting.~~
- ~~William Blair may invest a maximum of 35% of the portfolio or 150% of the MSCI ACWI ex-US Index weighting (whichever is less) in emerging markets companies.~~
- ~~The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.~~
- ~~Foreign currency forward contracts are permitted for defensive hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.~~
- ~~Warrants are not to exceed 20% of the portfolio value.~~

~~[1] As measured by the Callan International Equity Peer Group.~~
~~[2] MSCI ACWIxUS is the Morgan Stanley Capital International All Country World Free Index excluding the United States.~~

Manager: **DFA International Small Capitalization Value Portfolio**
Role: **Active International Small Capitalization Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in the upper 50% of a Universe.[1]~~	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI EAFE Small Cap (Net)[2] Index ~~by 2%.~~.

Investment Guidelines

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 5% over the Index weighting, measured at market value.

- Investments are limited to small Japanese, United Kingdom, European, Canadian and Asia Pacific companies, or small companies in such other countries as the manager's Investment Committee may from time to time determine.

- At least 80% of the portfolio will be invested in small capitalization companies.

- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.

- Foreign currency forward contracts are permitted for defensive hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.

- Warrants are not to exceed 20% of the portfolio value.

1 As measured by the Callan International Equity Small Cap Peer Group.
2 MSCI EAFE is the Morgan Stanley Capital International Europe, Australasia and the Far East (MSCI EAFE).

Fund: **AQR Emerging Equities Fund, L.P.**
Managing Member: **AQR Capital Management, LLC**
Role: **Active Emerging Markets Equities**
Date: **8/1/2016**

Objectives and Guidelines

AQR Emerging Equities Fund, L.P. (the "Fund") is not subject to the investment objectives and guidelines contained in this Investment Policy. The operative investment objective and guidelines of the Fund are set forth in the governing documents and the Confidential Private Placement Memorandum of the Fund ("PPM"). Notwithstanding, the Manager has informed ERS that as of the date of ERS' initial investment, the investment objectives and guidelines set forth below are consistent with the operative investment objectives and guidelines of the Fund. The Manager has further informed ERS that the investment guidelines and objectives of the Fund are subject to change.

Investment Objectives

Time Horizon	Performance Standard Index
~~Less than one market cycle (rolling 3-year periods).~~	
One market cycle (rolling 5-year periods).	Exceed (after fees) the MSCI Emerging Markets Index ~~by 200 basis points annually~~.

Investment Guidelines

- ERS will invest in the AQR Emerging Equities Fund, L.P., a commingled fund. Therefore, ERS' investment is subject to the terms and provisions of the governing documents for the Fund, such as the objectives and guidelines as outlined in the governing documents and PPM.

Current Investment Policy

- This Fund seeks to add value by employing a disciplined approach emphasizing both bottom-up security selection decisions and top-down country/currency allocation.
- This Fund intends to utilize a set of valuation, momentum and economic factors to generate an investment portfolio based on asset allocation models and security selection procedures aimed at assisting the Fund in meeting its investment objective.
- This Fund generally will be managed by both underweighting and overweighting securities, countries and currencies relative to the Benchmark; however, the Fund has the ability to trade in securities of issuers in countries and currencies not included in the benchmark.

- This Fund will invest primarily in equity and equity-related securities and currency forwards.
- The Investment Manager is not restricted as to the percentage of the Fund's assets that may be invested in any particular issuer, industry, instrument, market or strategy. The Fund does not and will not maintain any fixed limits, guidelines or requirements for diversifying its portfolio among strategies, issuers, industries, instruments, markets or sectors. However, as of the date of this document, typical maximum deviations are as follows: stock selection, +/- 2.5%; sector selection, +/- 5.5%; country selection, +/- 10%; and currency selection, +/- 15%.
- Permissible Investments include the following:
  - Equity and Equity-Related Securities
  - Currency Forwards
  - Fixed-Income Securities (Corporate and Governmental)
  - Exchange-Traded Funds ("ETFs")
  - Equity Index Futures
  - Equity Index Swaps
  - Options
  - Warrants
  - Equity Swaps
  - Futures
  - U.S. Government Securities
  - Bank Deposits
  - Money Market Instruments
- Further, AQR will implement the Fund's portfolio using whatever financial instruments are deemed appropriate. These include, but are not limited to, the instruments identified in the general description of each investment strategy employed by the Fund in the PPM. AQR may, at any time, discontinue using any of these financial instruments or may add additional financial instruments.
- The Fund will use leverage as part of the investment program. Leverage may take the form of, among other things, financial instruments including, without limitation, derivative instruments which are inherently leveraged and products with embedded leverage such as options, short sales, swaps and forwards. The Fund generally will not be economically leveraged. Economic leverage occurs when the total value of equity securities held long, plus the notional market value of equity derivatives held long, minus the notional market value of equity derivatives held short, is greater than 100% of the total market value of the Fund.

The representations of the Manager are made solely as of the date of ERS' initial investment in the Fund and solely with respect to the current version of this Investment Policy. For avoidance of doubt, the Manager expressly disclaims any amendment or revision of this Investment Policy.

Manager: **BlackRock Institutional Trust Company, N.A.**
Role: **Enhanced Index Core Global Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	**Performance Standard**	
	Universe	**Index**
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in upper 50% of a Peer Group.[1]~~	
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the MSCI All Country World Index

All active weight restrictions set forth below will be measured relative to the MSCI All Country World Index.

Investment Guidelines

- Appropriate investments consist primarily of common and preferred stocks and/or convertible securities. Convertible securities may represent up to 5% of the portfolio market value.

- Holdings in any one company should not exceed the greater of 10% of the portfolio or 5% over the Index weighting, measured at market value.

- Holdings in any one sector should not exceed the greater of 25% of the portfolio or 10% over the Index weighting, measured at market value.

- Holdings in any one country should not exceed the greater of 25% of the portfolio or 10% of the Index weighting, measured at market value.

- A maximum of 25% of the portfolio may be invested in emerging markets.

- Holdings may include up to 25% American Depository Receipts (ADRs), measured at market value.

- The manager is expected to maintain a fully invested position at all times with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.

- Holding Foreign currency forward contracts are permitted for defensively hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.

- Derivatives may be used to equitize cash.

1 As measured by the Callan Global Equity Peer Group.

Manager: **MFS Institutional Advisors, Inc.**
Role: **Active Growth Global Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in the upper 50% of a Universe.[1]~~	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI All Country World Index

All active weight restrictions set forth below will be measured relative to the MSCI All Country World Index.

Investment Guidelines

- If the portfolio deviates from these Guidelines for any reason, manager will notify the Board and its Investment Consultant in writing within three business days of *discovery* of the variance and take further action pursuant to Section III. 3. of the Statement of Investment Policy.

- Permissible Investments include the following:

  - Common Stock
  - Preferred Stock
  - Convertible Securities, including Convertible Preferred Stock and Convertible Bonds
  - Rights, Warrants, and Participatory Notes (P-Notes)
  - Exchange-traded Funds ("ETFs")
  - Index Futures
  - ADRs, ADSs, GDRs, and GDSs (and other depository receipts and shares)
  - Real Estate Investment Trusts ("REITs")
  - Publicly-traded Partnerships ("PTPs")
  - Units
  - IPOs. The portfolio may participate in initial public offerings. For purposes of investment in U.S. IPOs, the Board represents that the portfolio is not restricted from participating in such offerings under FINRA Rule 5130 or FINRA Rule 5131.
  - Unlisted securities are allowed (including securities traded in the over the counter market, Regulation S securities, and Rule 144A securities as further described herein).

[1] As measured by the Callan Global Equity Peer Group (data to be provided to MFS on a quarterly basis)

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 3% over the Index weighting, measured at market value.

- Adequate diversification by sector and country should be maintained, meaning that holdings in any one sector should not exceed the greater of 30% of the portfolio or 200% of the Index weighting (as defined by GICS sector scheme), measured at market value. The portfolio will be invested in at least 10 countries at all times, one of which will be the United States.

- A maximum of 25% of the portfolio, measured at market value, may be invested in emerging markets as classified by MSCI.

- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.

- Foreign currency forward contracts are permitted for defensive hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited. (Manager is not required to execute foreign currency trades through the custodian but may trade with those foreign exchange counterparties that manager believes will provide the best service in accordance with its fiduciary duty to seek best execution.)

- Rights, warrants, and P-Notes are not to exceed 10% of the portfolio value.

- 144A securities and Regulation S securities are not to exceed 10% of the portfolio value. 144A securities that are exchange traded do not count against the 10% limit.

- Settlement Practices/Lock-Ups**.** It is understood that certain foreign markets may require free or partial free delivery (e.g. initial partial escrow payments) regarding settlement of trades. It is further understood that certain securities, including pre IPOs, are subject to "lock-up" provisions in certain markets.

- For purposes of the restriction in Section VI of the IPS prohibiting investment in restricted (lettered) stock or private placements (other than Rule 144A securities with registration rights which are allowed), lettered stock shall be defined as private placements other than Rule 144A with registration rights.

Other:

For the avoidance of doubt, where the limitations above are affected by items out of the manager's control (e.g., cash inflows, cash outflows, market action), they will not be considered as a breach of the guidelines and the manager will take action to resolve the temporary non-compliance as soon as practicable. The time to bring the portfolio back into compliance could take several days (e.g., 5 days) to resolve.

Trading Currency:
The trading currency for the portfolio is US Dollars (USD) unless specifically instructed by the Board to the manager to the contrary.
Reporting Currency:
The reporting currency of the portfolio is US Dollars.

The manager shall comply with its Operational and Compliance Standards, a copy of which shall be provided to the Board.

Manager: **BlackRock**
Role: **Passive Fixed Income**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
One market cycle (rolling 5-year periods).	Not Applicable	Seek to track the performance of the Bloomberg Barclays U.S. Government Bond Index

Investment Guidelines

- The Fund will be invested and reinvested primarily in a portfolio of fixed income securities issued or guaranteed by the U.S. government and shares of investment companies (including exchange-traded funds), with the objective of approximating as closely as practicable the total rate of return of the Bloomberg Barclays U.S. Government Bond Index.

- The Fund is an "index fund" that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Bloomberg U.S. Government Bond Index (its "Underlying Index"). The Underlying Index is sponsored by an organization (the "Index Provider") that determines the composition and relative weightings of the securities in the Underlying Index and publishes information regarding the market value of the Underlying Index.

- Futures and other derivatives may be used to invest all or any portion of the Fund in one or more futures contracts, forward contracts or other similar assets for the purpose of acting as a temporary substitute for investment in securities.

- The Fund is permitted to engage in securities lending to enhance returns.

Manager: **Reams Asset Management**
Role: **Opportunistic Fixed Income**

Objectives and Guidelines

Investment Objectives

Time Horizon	**Performance Standard**	
	Universe	**Index**
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in upper 50% of a Peer Group.[1]~~	
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the Benchmark Index~~ + 1.0%.~~.[2]

Investment Guidelines

- The duration of the aggregate portfolio should be no more than 2 years below or above the Barclays Capital Aggregate Index.
- A maximum of 20% of the market value of the portfolio may be invested in corporate, non-corporate and 144(a) securities rated at or below BB+ or Ba1. An additional 5% of the market value of the portfolio may be invested in non-rated issues.
- A maximum of 10% of the market value of the portfolio may be invested in non-dollar securities.
- Corporate, non-corporate and 144(a) securities that are downgraded below B- or B3 by both Standard and Poors and Moody's Investor Services must be sold within 90 days following the downgrade. Reams must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- Asset-backed securities that are downgraded below BBB- or Baa3 by both Standard and Poors and Moody's Investor Services must be sold within 90 days following the downgrade. Reams must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- The average quality of the portfolio must be A-/A3 or better. Unrated U.S. Treasury and U.S. Federal Government Agency securities are permissible and will be treated as AAA rated for purposes of average quality calculations.
- No one security or aggregation of one company's securities, except securities issued or guaranteed by the U.S. Government or its agencies, will comprise more than 2% of the portfolio, as determined at the time of purchase.
- Long-only (sell protection) indexed credit default swaps may be utilized to gain exposure in the fixed income market with a notional value limit of 30% of the portfolio. The indexed credit default swaps shall not be used to create leverage or for speculative purposes and will be calculated at their notional value for guideline purposes. In addition, any portfolio liabilities resulting from the indexed credit default swaps must be fully collateralized by cash, cash equivalents, or U.S. Treasury securities.

- A maximum of 3% of the portfolio, at the time of purchase, may be invested in the Reams Unconstrained Bond Fund, a commingled fund, managed by Reams, subject to guidelines set forth in the goals and guidelines of the commingled vehicle.

- Sector limitations (as a percentage of the portfolio's market value) are limited to the following ranges:

Sector	Min	Max
US Treasuries	0%	100%
US Agencies	0%	80%*
Corporates	0%	100%
Mortgage-Backed Securities	0%	80%**
Asset-Backed Securities	0%	25%
Non-Corporates[(3)]	0%	20%
Emerging Market Debt[(4)]	0%	0%
Non-Dollar Securities	0%	10%
144(a) Securities	0	25%

*US Agencies excluding Mortgage-Backed Securities Max is 50%.
**Non-Agency Mortgage-Backed Securities Max is 25%.

- Minimum credit ratings for individual holdings, specific to the sectors, are as follows:

Sector	Minimum Rating
Corporates & Non-Corporates	B-/B3
Asset-Backed Securities	BBB-/Baa3
144(a) Securities	B-/B3
Cash equivalents, commercial paper and repurchase agreements	A1/P1

1 As measured by the Callan Fixed Income Core Opportunistic Peer Group
2 As measured by the Barclays Capital Aggregate Index
3 Non-Corporates replaced Yankees in the Barclays Capital Aggregate Index and include dollar denominated supranational, sovereign, foreign agency, and foreign local debt.
4 Emerging markets as defined by the International Finance Corporation.

Manager: **Loomis, Sayles & Company**
Role: **Opportunistic Fixed Income**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
~~Less than one market cycle (rolling 3-year periods).~~	~~Rank in upper 50% of a Peer Group.[1]~~	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Peer Group[1]	Exceed (after fees) the Benchmark Index ~~+ 1.0%.~~.[2]

Investment Guidelines

- The effective duration of the aggregate portfolio should be no less than 50% and no more than 250% of the Bloomberg Barclays US Aggregate Index.
- Up to 20% of the market value of the portfolio may be issues rated B- by Standard and Poor's and Fitch or B3 by Moody's. If the ratings assigned to an instrument by Standard & Poor's, Moody's, and/or Fitch are not the same, the highest rating of these ratings agencies will be used.
- If an instrument is not rated by Standard & Poor's, Moody's, and Fitch, the equivalent rating determined by the Loomis Sayles Research Department will be used.
- An additional 5% may be invested in issues not rated by Standard & Poor's, Moody's, and Fitch..
- Loomis must notify ERS of the downgrade of corporate, non-corporate and 144(a) securities below B- or B3 by Standard and Poor's, Moody's Investors Service and Fitch within three (3) business days. Loomis must provide quarterly credit updates so long as it retains the security(ies). Corporate, non-corporate and 144(a) securities rated below B- and B3 by Standard and Poor's, Moody's Investors Service and Fitch may not exceed 3% of the market value of the portfolio.
- Asset-backed securities that are downgraded below BBB- or Baa3 by Standard and Poor's, Moody's Investor Services and Fitch must be sold within 90 days following the downgrade. Loomis must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- The average quality of the portfolio must be BBB-/Baa3 or better. U.S. Treasury and U.S. Federal Government Agency securities are permissible and will be treated as AAA/Aaa rated for purposes of average quality calculations.
- No security, except securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, or index derivatives will comprise more than 5% of the portfolio, at the time of purchase.

- Up to 20% of the market value of the portfolio may be invested in total equities (common and preferred) as determined at the time of purchase. Common stock shall be limited to 5% of the market value of the portfolio, as determined at the time of purchase.

- Sector limitations (as a percentage of the portfolio's market value) are limited to the following ranges:

Sector	Min	Max
US Treasuries	0%	100%
US Agencies	0%	50%
Corporates	0%	100%
Mortgage-Backed Securities	0%	50%
Asset-Backed Securities, including a 5% sub-limit in Collateralized Loan Obligations	0%	25%
Investment Grade Yankees and Non-Corporates(3)	0%	25%
Non-Investment Grade Yankees and Non-Corporates(3)	0%	20%
Non–US Dollar / Non-Canadian Dollar	0%	20%
144(a) Securities	0%	65%
Individual Bank Loans*	0%	15%
Canadian Dollar Issues	0%	20%
Eligible derivatives include currency forwards (deliverable and non-deliverable) (4) and US Treasury Futures (5)	N/A	N/A
Long-only (sell protection) Index Credit Default Swaps	0%	30%(6)

- Minimum credit ratings for individual holdings, specific to the sectors, are as follows:

Sector	Minimum Rating
Corporates & Non–Corporates	B-/B3
Asset-Backed Securities	BBB-/Baa3
Collateralized Loan Obligations	BB-/Ba3
144(a) Securities	B-/B3
Cash equivalents, commercial paper and repurchase agreements	A1/P1

1 As measured by the Callan Core Opportunistic Fixed Income Peer Group

2 As measured by the Bloomberg Aggregate Index
3 Canadian issued bonds do not count towards the Yankee limit.
4 Currency forwards may be used for hedging purposes only.
5 US Treasury Futures may be used for both hedging and non-hedging purposes. Derivatives used to manage duration, interest rate and yield curve strategies may require notional amounts in excess of the portfolio's market value. US Treasury Futures will be limited by the duration restriction of the portfolio.
6 Notional limit of 30%. Index credit default swaps shall not be used to create leverage or for speculative purposes and will be calculated at their notional value for guideline purposes. Liabilities resulting from CDX must be fully collateralized by cash, cash equivalents and U.S Treasuries.

* Investment in individual bank loans will generate a transaction cost associated with both the purchase and sale of these loans. The counterparty on these trades determines how they will settle and most choose ClearPar. ClearPar is the primary platform and supported by most banks. Bank loans that do not settle on this platform are prohibitively labor intensive and it is not likely many trades will occur away from the ClearPar platform.

Portfolios participating in a bank loan trade will be charged by ClearPar a pro-rata share of the trade (a "subtrade"). ClearPar will deliver the invoice to the Loomis and, in turn, Loomis will deliver this invoice to your custodian to pay from the assets of the portfolio. While you may elect to pay the invoice directly, directing the custodian to pay the invoices from the portfolio assets will facilitate proper performance calculations for your portfolio. As of the current date, the subtrade fee structure is as follows:

Subtrades per Master Trade	Subtrade Fee per Subtrade
1-5	$19
6-21	$110 divided by number of subtrades
22 or more	$5

There is also a volume discount schedule that is applied once trades on the platform exceed 5,000.

Fund:	**Principal Diversified Real Asset CIT ("Principal DRA CIT")**
Manager:	**Principal Global Investors Trust**
Role:	**Real Assets Strategy**

Objectives and Guidelines

Investment Objectives

Time Horizon	**Market Cycle approximately 3-5 years**
Performance Standard	**3-5% over CPI over a market cycle**
Index	**Custom Index:** **15% Barclays U.S. TIPS Index** **30% S&P Global Infrastructure Index** **15% S&P Global Natural Resources Index** **15% Bloomberg Commodity Total Return Index** **25% FTSE EPRA/NAREIT Developed Market Index**

Investment Guidelines

The Principal DRA CIT is a collective investment trust for which Principal Global Investors Trust Company (f/k/a Union Bond & Trust Company) ("Trust Company"), an Oregon banking corporation acts as Trustee (the "Trustee") pursuant to the Declaration of Trust as may be amended from time to time. The Principal DRA CIT is only available to certain retirement, pension, profit sharing, stock bonus and similar plans and their individual participants. The Trust Company has retained Principal Global Investors, LLC ("PGI") to serve as the investment advisor for the Principal DRA CIT. PGI is an affiliate of the Trust Company.

Objective: The investment objective of the Principal DRA CIT is to seek a long-term total return in excess of CPI by 3-5%.

Main Strategies and Risks
The Principal DRA CIT seeks to achieve its investment objective by allocating its assets among numerous investment categories including, but not limited to the following: inflation-indexed bonds, securities of real estate companies, commodity futures, fixed-income securities, foreign currency, securities of natural resource companies, master limited partnership ("MLPs"), publicly-listed infrastructure companies, floating rate debt, securities of global agriculture companies, and securities of global timber companies. The Principal DRA CIT is allowed to utilize derivative instruments.

The Trustee, as authorized in the Declaration of Trust, has hired PGI to serve as investment advisor for the Principal DRA CIT. PGI develops recommendations for the Principal DRA CIT's strategic asset allocation, which are executed by multiple sub-advisors. The allocations will vary from time to time and the Principal DRA CIT may add additional investment categories.

In recommending strategic allocations and sub-advisors to implement the allocations, PGI considers, among other things, quantitative measures, such as past performance, expected levels of risk and returns, expense levels, diversification of existing funds, and style consistency. In addition, qualitative factors such as organizational stability, investment experience, consistency of investment process, risk management processes, and information, trading, and compliance systems of the underlying investment option's sub-advisor are also evaluated. The Trustee considers the recommendations provided by PGI and determines whether to use cash flows or asset transfers or both to achieve the target weights established from time to time for underlying investment options.

Trustee makes this representation solely as of the date of The Employes' Retirement System of the City of Milwaukee ("ERS") initial investment in the collective investment trust and solely with respect to the current version of this Investment Policy. For avoidance of doubt, Trustee expressly disclaims any amendment or revision of this Investment Policy.

Manager: **Robert W. Baird**
Role: **Short-Term Fixed Income Manager**

Objectives and Guidelines

Investment Objectives

Primary: Provide principal preservation and liquidity of assets to meet projected payouts.

Secondary: Track the Barclays 1-3 year Government/Credit Index, and provide competitive investment returns over time.

Investment Guidelines

- Meet liquidity requirements that currently anticipate payouts beginning in January 2013 through at least December 2014. These liquidity needs shall be reviewed on a regular basis.
- The maximum effective duration of the short-term fixed income portfolio, including any investments in approved money market and short-term bond funds, shall be 2 years.
- The portfolio may be invested in securities having a rating of AAA or AA by Standard and Poor's or Aaa and Aa1 by Moody's Investors Service.
- Baird must notify ERS of downgrades of securities below AA or Aa1 by both Standard and Poor's and Moody's Investors Service, and make a recommendation within three (3) business days. If the security is retained, Baird must provide weekly credit updates so long as it retains the security(ies).
- No security, except securities issued or guaranteed by the U.S. Government or its agencies, will comprise more than 5% of the portfolio. No limitation with regard to money market sweep funds or short term bond funds.
- Eligible Investments:
  1. The following shall be eligible investments:
     a. U.S Treasury and Agency Obligations
     b. Approved money market and short term bond funds
     c. Agency mortgage-backed securities including collateralized mortgage obligations
     d. Mortgage and asset backed securities rated AAA
     e. Corporate notes and bonds, U.S. dollar-denominated, including 144a securities
     f. Repurchase agreements – U.S. government collateral only
     g. Short-term fixed income mutual funds whose holdings are consistent with the characteristics of the eligible investments
  2. Convertibles, options, futures or other derivative instruments are prohibited

Fund: **CMERS Low Beta LLC**
Managing Member: **UBS Hedge Fund Solutions LLC**
Role: **Hedge Fund of Funds Strategy**

Investment Objectives

The Investment Manager will attempt to construct a broad based neutral portfolio with exposure to a number of hedge fund strategies

The Fund seeks to target limited beta to equity markets over an economic cycle (3-5 years), as measured relative to the MSCI World Index USD.

Time Horizon	Performance Standard
	Index
Less than one market cycle (rolling 3-year periods).	
One market cycle (rolling 5-year periods).	Exceed (after fees) the Secured Overnight Financing Rate (SOFR) by 400 basis points.

Investment Guidelines

Strategies and Anticipated Allocation Ranges
Equity Hedged: (0-50%)

- The Fund will retain flexibility to invest in managers who may exhibit either long or short bias to risky assets depending on market environment provided downside risk is seen to be adequately restrained. Sub-strategies currently include: Fundamental and Equity Event.

13F Strategy: (0-5%)

- The Fund is permitted to invest in a Portfolio Fund managed by the Investment Manager which pursues the Investment Manager's "13F Strategy," an equity trading strategy that seeks to replicate the aggregate performance characteristics of a portfolio of equity securities held by a select number of Submanagers which have listed them on their respective filings under SEC Form 13F. The 13F Strategy shall be considered a subset of Equity Hedged such that the allocation range for the 13F Strategy and Equity Hedge together shall be (0-50%).

Credit / Income (0-50%)

- Credit: These strategies in aggregate are subject to a guideline of no more than 50% of the total portfolio. The Fund will retain flexibility to invest in managers who may exhibit either long or short bias to risky assets depending on market environment provided downside risk is seen to be adequately restrained.

- Sub-strategies currently include: Distressed, Corporate Long/Short, Structured Products and will not exceed 40% of the total portfolio.
- Income: The Fund will retain flexibility to invest in managers that participate in reinsurance strategies. Reinsurance strategies will not exceed 10% of the portfolio.

Relative Value: (0-60%)

- The Fund is permitted to invest in all Relative Value strategies, including: Quantitative Equity, Merger Arbitrage, Capital Structure/Volatility Arbitrage, Fixed Income Relative Value (FIRV), and Agency MBS.

Trading: (0-40%)

- The Fund is permitted to invest in all Trading strategies, including Global Macro, Commodities and Systematic CTAs. Sub-strategies currently include: Systematic, Global Macro, Commodities.

Other: (0-10%)

- This category contains investment approaches that are outside of the mainstream hedge fund strategies (Equity Hedged, Credit, Relative Value, and Trading). The category includes other alternative strategies, such as tactical asset allocation/risk parity, private equity, and real estate dealings, as well as new niche investment approaches that do not fit into any of the other mainstream strategies.

Direct Trading (0-5%)

Multi-Strategy:

- The Fund is permitted to invest in Multi-Strategy managers, which include allocations to a combination of strategies. These offerings are often the result of commonalties in the research and trading talent required for successful execution of the strategies. These funds allocate capital opportunistically among strategies believed to offer a suitable risk-adjusted return profile going forward.
- Applicable guidelines for multi-strategy managers will be monitored on a look-through basis to the underlying Strategies and will count toward the specified limits above.

Investments in Portfolio Funds Managed by Affiliates of the Investment Manager

Investments in Portfolio Funds managed by affiliates of the Investment Manager will be capped at 20% and would be limited to Customized Baskets ("CBs"), Managed Accounts ("MAs") or other Special Purpose Vehicles ("SPVs") where the Investment Manager may seek to attain certain exposures pursuant to the investment objectives of the Fund and where such exposure may otherwise not be accessible to the Fund. In the event such investments are implemented, the Investment Manager will not charge the Fund additional management fees or performance fees within the CBs, MAs or SPVs. Aside from such investments in CBs, MAs or SPVs, no investments will be made to UBS affiliates (e.g. O'Connor).

Diversification

The Investment Manager will determine the appropriate number of Portfolio Funds in its sole discretion. However, the number will typically range between 15-39 Portfolio Funds, excluding co-investments, unless otherwise agreed by the Fund.

Liquidity Considerations

The Investment Manager will seek to invest in Portfolio Funds with a mix of different liquidity profiles. However, the Investment Manager will seek to maintain:

- At least 70% of the net asset value of the Fund to be allocated to Portfolio Funds with stated liquidity terms (with penalties) that allow for redemption within 1 year.
- Up to 30% of the net asset value of the Fund may be allocated to Portfolio Funds with stated liquidity terms that allow for redemption greater than a 1 year hard lock up. Up to 1/3 of these Portfolio Funds (approximately 10% of the Fund) may have a hard lock up of greater than 2 years, but no more than 3 years unless they fall into the category of Portfolio Funds with no predefined redemption period. The latter shall also fall inside the 10% limitation.
- An investor gate can cause a position to fall into multiple liquidity buckets. For example, a 1/8th quarterly liquidity fund would have 50% of its position in the "within 1 year " bucket and the remainder in the "greater than 1 year bucket", none of which would fall into the greater than 2 year bucket.

The above terms do not include audit withholds imposed by Portfolio Funds. The Fund acknowledges and understands that disbursements of any withheld amounts could take between 12 and 18 months to receive and will not be counted toward the above liquidity considerations.

From time to time, a manager may segregate certain securities from its Portfolio Fund and establish a "side pocket" structure and/or share class, which may have less liquid characteristics. The Investment Manager will attempt to limit the Fund's exposure to side pocket holdings. However, the ultimate side pocket exposure will be at the discretion of the each underlying manager.

Leverage

The Investment Manager does not expect to employ leverage above and beyond what may be undertaken by the underlying Portfolio Funds. The Fund indicated it is able to provide additional cash with sufficient notice for operating purposes such as funding short term subscriptions or coverage for FX currency hedging.

Investment Manager Bespoke Structures/Co-Investments

The Fund is eligible to participate in A&Q bespoke structures and co-investments with full discretion of the Investment Manager.

Investment Eligibility

The Fund may invest in both US tax transparent funds and/or offshore vehicles.

Tail/Overlay Hedging

The Fund is eligible to participate in A&Q Tail/Overlay Program (TAU).

New Issues

The Fund is eligible to participate in new issues, and as such the Fund may invest in the new issues eligible share classes, if deemed appropriate.

Fund:	**CMERS Low Beta 2 LLC**
Managing Member:	**Aptitude Investment Management LP**
Role:	**Hedge Fund of Funds Strategy**

Investment Objectives

The Fund's investment objective is to target attractive risk-adjusted long-term returns. The Fund will seek to achieve its investment objective while referencing an annualized volatility, as measured by standard deviation of returns, of approximately 5.0%, an equity beta target of approximately 0.20 (which is not expected to exceed 0.25) to the MSCI World Index over rolling three-year periods, and a Sharpe ratio of over 0.5, in each case, measured over the long term.

Investment Guidelines

Strategies and Anticipated Allocation Ranges

The Managing Member generally classifies the hedge fund strategies utilized by Advisors into four broad categories: the equity long/short sector, the relative value sector, the event driven sector and the tactical trading sector (the "Hedge Fund Sectors"). These Hedge Fund Sectors are subjective classifications made by the Managing Member in its sole discretion, based on internal guidelines. Such classifications are based on information provided by the Advisors to the Managing Member and may differ from classifications of similarly named sectors made by other industry participants. Advisors may utilize some or all of these strategies. In addition, certain Advisors may also utilize other investment strategies that are not within these sectors but are either related or unrelated to any such sectors.

Once the Fund is fully invested, the Managing Member will seek to manage portfolio exposure to the Hedge Fund Sectors within the following target ranges:

Relative Value:	20% -- 70%
Equity Long Short:	10% -- 50%
Tactical Trading:	10% -- 40%
Event Driven:	0% -- 40%

Investments in Portfolio Funds Managed by the Managing Member or its Affiliates

The Fund may access particular Advisors or Portfolio Funds directly or indirectly by among other means, through intermediate entities managed by the Managing Member or an affiliate of the Managing Member in which other funds or assets managed by the Managing Member have an interest. The Fund will not be charged any additional fees payable to the Managing Member or its affiliates in connection with the foregoing.

Diversification

The Managing Member will generally seek to select Portfolio Funds subject to the following diversification limits:

1. Once the Fund has made allocations to at least 10 Portfolio Funds, no more than 20% of the Fund's net assets to be allocated to any single Portfolio Fund.

2. Once the Fund has made allocations to at least 20 Portfolio Funds, no more than 15% of the Fund's net assets to be allocated to any single Portfolio Fund.

Liquidity Considerations

The Managing Member will generally seek to select Portfolio Funds for the Fund subject to the following liquidity guidelines:

1. At least 50% of the Fund's net asset value will have a Liquidity Profile (as defined below) of no more than 12 months; at least 90% of the Fund's net asset value will have a Liquidity Profile of no more than 36 months; and 100% of the Fund's net asset value will have a Liquidity Profile of no more than 5 years. The Liquidity Profiles will be determined at the time of investment.

2. The "Liquidity Profile" of a Portfolio Fund is the minimum number of days, as determined by the Managing Member, for redemption in full (excluding audit holdbacks or reserves and side pockets) from such Portfolio Fund, without taking into account notice periods or the timing of payment of redemption proceeds. In determining the Liquidity Profile of a Portfolio Fund for purposes of these Investment Guidelines, the Managing Member will use the Portfolio Fund's stated redemption terms under normal market conditions, including normal redemption dates and investor-level gates. However, required notice periods, soft lock-ups and initial hard lock-ups with respect to such Portfolio Fund, and the right of an Advisor to suspend redemptions or otherwise further limit redemptions, holdback amounts related to redemptions, side pocket assets, segregate assets, or make distributions in kind will not be taken into account in calculating a Portfolio Fund's Liquidity Profile.

3. The Managing Member may (and it is expected that it will) invest the Fund's assets in Portfolio Funds that make side pocket investments.

4. Co-Investments shall not be considered for purposes of compliance with this liquidity guideline.

Compliance with Guidelines
The Managing Member will use commercially reasonable efforts to comply with the Investment Guidelines. The compliance of any investment decisions for the Fund with the Investment Guidelines is to be determined on the date that the applicable investment is made.

Rebalancing
The Managing Member will use commercially reasonable efforts to review the conformity of the Fund's portfolio with the Investment Guidelines on a periodic basis (expected to be no more frequently than quarterly). If the Managing Member determines that the Fund is not in compliance with the Investment Guidelines, the Managing Member shall promptly notify the Members, and promptly after discussing such non-compliance with the Members at the next quarterly performance review, the Managing Member will initiate a remedial plan by which it will seek to reallocate the Fund's assets in order to bring the Fund's investments back into conformity with the Investment Guidelines.

Leverage
The Fund may employ leverage above and beyond what may be undertaken by the underlying Portfolio Funds only with the consent of a Majority in Interest.

Managing Member Bespoke Structures/Co-Investments
The Fund is eligible to participate in co-investments or similar opportunities, subject to the investment guidelines and the consent of a Majority in Interest.

New Issues
The Fund is eligible to participate in new issues, and as such the Fund may invest in the new issues eligible share classes, if deemed appropriate.

PRIVATE EQUITY

A separate Private Equity Statement of Investment Policy has been adopted by the Board. This policy is an extension of the Statement of Investment policy and will be reviewed ~~annually~~as needed.

REAL ESTATE

A separate Real Estate Investment Policy Statement has been adopted by the Board. This policy is an extension of the Statement of Investment policy and will be reviewed ~~annually~~as needed.

- SECTION VII -
REQUIRED REPORTING OF ACTIVELY MANAGED INVESTMENT PORTFOLIOS

The Board has determined that each Investment Manager given discretionary authority over a portion of the ~~Fund's assets shall provide the following required reports to the Fund at the time periods indicated.~~Fund's assets shall provide to Staff, on a monthly and quarterly basis, reporting that is appropriate given the Investment Manager's asset class, strategy type, and vehicle type, as determined by Staff. Staff shall develop and maintain appropriate reporting schedules for each Investment Manager.

~~15 copies of these reports shall be compiled and distributed to Staff.~~

~~**ON A MONTHLY BASIS:**~~

1. ~~TRANSACTION STATEMENT: A complete list of all transactions.~~
2. ~~ASSET LISTING: A complete list of all portfolio holdings, including securities' names, amount owned, cost and market valuations and percentage of total portfolio.~~
3. ~~A STATEMENT OF INVESTMENT PERFORMANCE: Expressed in percentage increase/decrease for the following periods: Month, Year To Date, One Year, Three Year, Five Year and Since Inception. Comparative statistics for the specific Benchmarks should also be included.~~

~~**ON A QUARTERLY BASIS:**~~

~~In addition to the above reports, the following will be completed:~~

1. ~~A LETTER OF TRANSMITTAL: Addressed to the Chief~~On an annual basis, Investment ~~Officer of the Fund with copies to trustees that includes a narrative about the account performance and all related factors for the quarter.~~
2. ~~A STATEMENT OF EXPECTATIONS: Regarding both near and long-term expectations for the account.~~
3. ~~RECONCILIATION: At market value, between the managers' records and those provided by the Fund's Custodian. Differences in cash due to unsettled trades should be so noted as well as any differences in carrying value of securities. The Custodian's final pricing will be used to calculate returns and to calculate manager fees.~~

~~**ON AN ANNUAL BASIS:**~~

~~Complete~~ Managers shall complete an Annual Compliance Certificate that the ERS ~~or the Investment Consultant~~ provides.

Commented [SDM41]: This was discussed at the November IC meeting.

The manager will notify Staff within 3 days of any change in the lead personnel assigned to manage the account.

In addition, the ~~Manager~~manager will meet with the representatives of the Board as often as deemed necessary by the Board. In the interim, the ~~Manager~~manager will keep Staff, the Board, and the Investment Consultant apprised of any relevant information regarding its organization, personnel and/or investment strategy. ~~The manager will notify Staff or the President of the Board within 3 days of any change in the lead personnel assigned to manage the account.~~

- SECTION VIII -
PROXY VOTING GUIDELINES

The Board of the ERS has delegated the responsibility for voting proxies to their Investment Managers. Each Investment Manager has the responsibility for voting proxies in the best interests of plan participants. Collective and commingled fund managers will comply with their master trust agreement proxy voting policy guidelines; however, reporting of proxy voting activity will be in accordance with ERS' policy.

The Board will monitor the proxy voting of its Investment Managers. ~~By~~As of June 30 of each year, each Investment Manager will supply to the Board and its Investment Consultant an acknowledgement that it is responsible for voting proxies in the best interests of plan participants, a copy of the Investment Manager's proxy voting procedures and guidelines and a list of how the Investment Manager voted on all proxy issues during the 12 months preceding the report.

- SECTION IX -
POLICY AND GUIDELINES FOR BROKERAGE SERVICES

This policy statement is intended to serve as a guide for Investment Managers engaged on behalf of the Employes' Retirement System of the City of Milwaukee (the "System") in the course of investing the retirement funds of the System. Each Investment Manager engaged by the System is responsible to exercise its responsibility prudently and solely in the interests of the participants and beneficiaries of the System. This document outlines the policies and procedures to be considered by Investment Managers in fulfilling this obligation.

1. General Policies and Principles: The Board requires that these principles guide all transactions:

   a) Each manager is charged with the responsibility for all aspects of the investment process with respect to assets entrusted to it and consistent with the specific terms of this engagement by the System.

   b) Each manager is expected to act prudently with respect to decisions to buy or sell securities as well as with respect to the decision who will execute the transaction.

   c) Each manager shall secure best execution for each transaction it enters on behalf of the System. This requires that each manager execute securities transactions for the System in such a manner that the System's total cost or proceeds in each transaction is the most favorable under the circumstances. Each manager shall consider the full range and quality of a broker's services in placing brokerage, including, but not limited to, the value of research provided as well as execution capability, commission rate, financial responsibility and responsiveness to the manager. Lowest commissions paid in connection with a trade is not determinative of whether the transaction represents the best qualitative execution of the trade.

2. Trading Policies and Guidelines: Consistent with its fiduciary and best execution responsibilities described above, each manager, excluding the collective or commingled fund managers, should use its best efforts to minimize total commission dollars generated by buy and sell transactions of exchange traded or electronically traded securities in accordance with the following action and policy of the Board:

   a) The System desires to minimize total transaction costs (commission plus net price) through the use of electronic trading services.

3. The Board may utilize the services of a transaction cost provider to monitor the individual manager transactions.

- SECTION X -

APPROVED SECURTIES LENDING PROGRAMS

The Board has authorized the execution of a Securities Lending Program which will be performed by the Fund's custodian or qualified third-party securities lending agent(s). The program is monitored and reviewed by the Staff and was established by a written agreement authorized by the Board. The Securities Lending Program is detailed in the Securities Lending Authorization Agreement with the Fund's custodian, presently The Northern Trust Company.

- SECTION XI -
STATEMENT OF INVESTMENT POLICY ADDENDUM

d. Prudent Investor Rule. Except as otherwise specifically provided in this chapter, the board and a person under contract to the Employes' Retirement System who invests and manages trust assets owes a duty to comply with the prudent investor rule.

d-1. Standard of Care; Portfolio Strategy; Risk and Return Objectives. The board and a person under contract to the Employes' Retirement System to invest and manage trust assets shall invest and manage assets as a prudent investor would by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the board and such person shall exercise reasonable care, skill and caution. Investment and management decisions respecting individual investment assets must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the trust. A reasonable effort shall be made to verify facts relevant to the investment and management of trust assets. Assets may be invested in any kind of property or type of investment consistent with the standards of this sub. d. A board member or a person under contract to the Employes' Retirement System who invests and manages trust assets who has special skills or expertise or is named in reliance upon his or her representation that he or she has special skills or expertise has a duty to use those special skills or expertise.

d-2. Diversification. The board and person under contract to the Employes' Retirement System to invest and manage trust assets shall diversify the investment of the trust unless the board reasonably determines that because of the special circumstances, the purposes of the trust are better served without diversifying.

d-3. Loyalty. The board and a person under contract with the Employes' Retirement System to invest and manage trust assets shall invest and manage the trust assets solely in the interests of the beneficiaries.

d-4. Investment Costs. In investing and managing trust assets, the board and a person under contract to the Employes' Retirement System to invest and manage trust assets may only incur costs that are appropriate and reasonable in relation to the assets for the purposes of the trust~~ and the skills of the trustee~~.

d-5. Delegation. The board has a duty to personally perform the responsibilities of trusteeship except as those responsibilities are by this section delegated to others or except as a prudent person might delegate those responsibilities to others. In deciding whether and to whom and in what manner to delegate fiduciary authority in the administration of the trust and thereafter supervising agents, the board is under a duty to the beneficiaries to exercise fiduciary discretion and to act as a prudent person would in similar circumstances. In performing a delegated function, a person under contract to the Employes' Retirement System to invest or manage funds owes a duty to the trust to exercise reasonable care to comply with the terms of the delegation. The board shall not be liable to the beneficiaries or to the trust for the decisions or actions of a person to whom a function was delegated provided that the board shall have used reasonable care, skill and caution in selecting the person; establishing the scope and terms of the delegation consistent with the purposes and terms of the trust; and periodically reviewing the person's actions in order to monitor performance in compliance with the terms of delegation.

d-6. Reviewing Compliance. Compliance with the prudent investor rule is determined in light of the facts and circumstances existing at the time of the decision or action and not by hindsight.

d-7. The text and comments to the Uniform Prudent Investor Act promulgated by the National Conference of Commissioners on Uniform State Laws (1994) and the Restatement of Trusts 3d: Prudent Investor Rule (1992) are interpretive of the provisions of this par.

d-8. Nothing in this par. prevents the board and the Employes' Retirement System from requiring indemnification or insurance from a contractor, nor does anything in this par. preclude the board and the Employes' Retirement System from obtaining indemnification or insurance for their activities.

STATEMENT OF INVESTMENT POLICY
Updated December 2025

THE EMPLOYES' RETIREMENT
SYSTEM OF THE CITY OF MILWAUKEE
789 N. Water Street, 3rd Floor
Milwaukee, WI 53202
(414) 286-3557

Individual manager guidelines are updated upon Annuity and Pension Board Approval

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THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

- SECTION I -
STATEMENT OF INVESTMENT POLICY

INTRODUCTION

The Employes' Retirement System of the City of Milwaukee (the "ERS") was established to provide for the present and future retirement, disability, and death and survivor benefit payments for all city and city agency employees. All of the funds of the retirement system taken in the aggregate constitute a special trust subject to applicable local, state, and federal laws, including but not limited to sections 36-15, 36-09-1, and 36-09-6 of the Milwaukee City Charter.

The Annuity and Pension Board (the "Board") is responsible for the operation of the retirement system and making effective the provisions of the Employes' Retirement Act. The Board consists of three members appointed by the President of the Common Council, the City Comptroller ex-officio, three members elected by the present members of the Employes' Retirement System and one member elected by the retired members of the Employes' Retirement System.

RESPONSIBILITY OF THE ANNUITY AND PENSION BOARD OF THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

The Board is the trustee of the funds in the retirement system, and one of the missions of the Board is to assure prudent investment of the assets of the ERS. The Board is required to contract for investment management services. The Board must exercise prudence in selecting Investment Managers, but the exercise of prudence does not relieve the Board of all responsibilities. The responsibilities of the Board relating to the investment management of Fund assets include:

1. Establishing written investment objectives and guidelines governing the investment of Fund assets.

2. Using reasonable care, skill and caution in selecting investment professionals.

3. Determining the Fund's liquidity requirements, investment horizon and risk tolerance and communicating these to the appropriate parties.

4. Evaluating the performance of Investment Manager(s) and other qualified investment professionals on a systematic and regularly scheduled basis.

5. The Board and a person under contract to the ERS who invests and manages trust assets has a duty to comply with the prudent investor rule, s. 36-09-1-d and sub-unites thereof.

SCOPE OF THIS STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy reflects the investment policy, objectives, and constraints of the Employes' Retirement System of the City of Milwaukee ("ERS").

PURPOSE OF THIS STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy is set forth by the Board of the City of Milwaukee ERS in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish specific asset allocation and rebalancing procedures.
3. Establish a clear understanding for all parties of the investment goals and objectives of Fund assets.
4. Provide specific guidelines and define limitations for all Investment Managers regarding the investment of Fund assets.
5. Establish a basis for evaluating investment results.
6. Establish a framework for further review and revision of this policy.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program.

DUTIES OF FIDUCIARIES

Each member of the Board of the City of Milwaukee ERS is a fiduciary. The Investment Managers are also fiduciaries.

The Board and a person under contract to the ERS to invest and manage trust assets shall invest and manage assets as a prudent investor would by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the Board and such person shall exercise reasonable care, skill and caution. Investment and management decisions respecting individual investment assets must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the trust. A reasonable effort shall be made to verify facts relevant to the investment and management of trust assets. Assets may be invested in any kind of property or type of investment consistent with the standards set forth in the Employes' Retirement Act and the Board guidelines. A Board member or a person under contract to the ERS who invests and manages trust assets who has special skills or expertise or is named in reliance upon his or her representation that he or she has special skills or expertise has a duty to use those special skills or expertise.

To fulfill such responsibilities, the Trustees are authorized and in the case of Investment Managers, required to retain professional experts including but not limited to:

1. **Staff**: The Investment Staff, as designated by the Board is the agent of the Board. The Board does not delegate investment management responsibility through the use of its Staff. Staff duties include:

   A. Monitoring Investment Managers for adherence to contract terms, policies, and guidelines.

   B. Evaluating and managing the relationships with the Investment Consultant to ensure they are providing all necessary assistance to Staff and the Board as agreed to in service contracts, in accordance with Board Rules and Regulations section II(c)(6)(m).

   C. Monitoring the Investment Consultant's manager search process, and conducting due diligence on any Investment Manager selected for hire by the Investment Committee that was considered and recommended to ERS by its Investment Consultant.

   D. Monitoring the Fund's cash amounts. This includes ensuring the Fund has cash available to pay Fund benefits, expenses, and capital call commitments by identifying Investment Managers to withdraw funds from. This also includes determining whether to invest contributions into cash, deposit contributions with Investment Managers, or some combination of both. Staff retains discretion in the planning and implementation of this task, which includes identifying the amount to be deposited or withdrawn into or from a respective Investment Manager. Staff works within the parameters of the asset allocation ranges and structures incorporated within this Statement of Investment Policy, strives to take actions that are consistent with the long-term risk and return objectives approved in the most recent Asset-Liability Study, and considers factors including, but not limited to, liquidity management considerations that arise during stock market downturns that often result in elevated withdrawals from Fixed Income and/or index funds. Staff will include a report on cash activity at regularly scheduled Board meetings.

   E. Restructuring the portfolio following manager terminations, changes to the Fund's strategic asset allocation targets, and changes to an asset class's structure.

   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.

   G. Supporting the Board in the development and approval of the Investment Policy Statement, implementing the Policy Statement and reporting at least monthly on investment activity and matters of significance.

   H. Monitor the Investment Managers reporting systems to ensure they are sufficient to provide Staff with the information necessary to permit the Staff to provide the Board with timely, accurate and useful information.

I. Performing on-site (or video conference, when conditions do not allow for travel) due diligence meetings with ERS Investment Managers every two years or as required by the Board in accordance with Board Rules and Regulations section – Duties of the Chief Investment Officer.

J. With the advice of the City Attorney's Office, and outside legal counsel when the City Attorney's Office deems necessary, approve and execute ministerial Private Real Estate and Private Equity contract amendments, pursuant to MCO 36-09-1-d-5, under the following conditions:

- Use of delegated authority under this paragraph must be consistent with any Real Estate and Private Equity investment plan or strategy approved or adopted by the Board. For the avoidance of doubt, the prudent manner may not always be the quickest manner. Specific to Private Real Estate only, the use of delegated authority must be consistent with the philosophy that CMERS' ultimate goal is to transition its Real Estate portfolio to 4-5 commingled, open-end fund managers in a prudent manner;
- Delegated authority may not be used to execute any contract amendments that may be reviewed and executed within the confines of the regular Board schedule;
- Delegated authority cannot be used to execute legal documents for a new Real Estate or new Private Equity vehicle;
- Delegated authority cannot be used to agree to terms that are more disadvantageous than what's already included in the existing agreement (with the exception of term extensions mentioned in the next bullet point);
- Staff may not use delegated authority against the advice of CMERS' Investment Consultant or the City Attorney's Office;
- Staff or the City Attorney's Office will report to the Board, at the next Board meeting when possible, on actions taken under this plan (including fees);
- CMERS Executive Director may sign amendments executed under this delegation of authority on behalf of the Board;
- Board may revoke the delegated authority at any time.

2. **Investment Consultant**: The Investment Consultant is an advisor to the Board retained to provide investment management advice and a fiduciary for the purposes of the duties assumed under the Consulting Services Agreement. The Investment Consultant will provide investment management advice concerning the investment management of fund assets. Specific responsibilities of the Investment Consultant include:

   A. Assisting in the development and periodic review of investment policy.

   B. Conducting Investment Manager searches as authorized by the Board.

   C. Providing "due diligence" reports or research on each of the Fund's Investment Managers.

   D. Monitoring the performance of the Investment Managers to provide the Board with the ability to determine progress toward the investment objectives.

E. Communicating advice on matters of policy, manager research, and manager performance to the Board.

F. Reviewing Fund investment history, historical capital markets' performance and the contents of this Statement of Investment Policy with all Trustees when necessary.

G. Providing topical research and education on investment subjects that are relevant to the Fund.

H. Providing asset/liability allocation review and specific recommendations as appropriate.

I. Communicating with all investment related professionals retained by the Fund as required or prudent.

J. Reviewing contracts between the Fund and all Investment Managers and providing a summary of suggested changes when necessary.

3. **Investment Managers**: The Board must contract for investment management but exercise discretion in selection of Investment Managers. When selecting Investment Managers, the Board shall only consider Investment Managers recommended to ERS by its Investment Consultant. The Board may contract with Investment Managers based on an evaluation of their investment philosophy, performance and ability to complement existing portfolio styles. The Board requires any Investment Manager recommended by its Investment Consultant to disclose to ERS whether or not they utilize a placement agent. The Board delegates fiduciary responsibility to Investment Managers through Investment Manager agreements and Board guidelines. The Investment Manager acknowledges that it is a fiduciary of ERS with respect to the investment and management of the Assets. In performing its delegated functions, the Investment Manager owes a duty to the trust to exercise reasonable care to comply with the terms of the delegations as set forth in Chapter 36 of the City Charter, 36-09-1-d, 1-d-1, 1-d-3, 1-d-4 and the Board guidelines. City Charter 36-09-1d through d-8, as of July 27, 2010, are attached as an addendum.

   Each specific manager must manage Fund assets according to their role as stated in the guidelines of this Investment Policy and contracted with the Board. No deviation from this discipline is authorized unless first discussed with the Board and its Investment Consultant and written approval issued. If ERS assets are invested in collective investment funds maintained by an Investment Manager, the plan and/or trust document with respect to such collective investment funds shall be part of the guidelines and controlling in the event of a conflict with any other provision of the guidelines.

   This Statement of Investment Policy communicates policies regarding the current asset allocation strategies for the assets and the duties and obligations of Investment Managers. Each Investment Manager has full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints and philosophies as outlined in this Statement.

Each Investment Manager is required to manage assets as a prudent investor in accordance with s. 36-09-1-d of the Charter and sub-units thereof.

Specific responsibilities of the Investment Managers are specified in the Investment Management Agreement and Board guidelines and generally include:

A. Exercise discretionary investment authority including decisions to buy, sell, or hold individual securities within the guidelines established in this Statement. An Investment Manager has a fiduciary duty under federal securities laws to allocate securities fairly among its various accounts. The ERS will be provided a copy of the Investment Manager's trade allocation policy and procedures and will be advised, in writing, of changes to the policy and the potential impacts on ERS' account.

B. Communicate in a timely manner any significant changes regarding economic outlook, investment strategy, or any other factors which may have an impact upon the achievement of the Fund's investment objectives.

C. Inform the Board regarding changes within the investment management organization within a timely manner (3 days): Examples include but are not limited to: changes in lead personnel assigned to manage the account and or other significant changes including ownership, ownership structure, investment philosophy.

D. Inform ERS of any significant asset value lost within 30 days due to termination or withdrawal. Significant asset value is indicated by 15% of the institutional assets under management in the strategy or 10% of the institutional assets under management of the firm.

E. Subject to such guidelines as the ERS' Board may from time to time establish, vote all proxies for securities held for the Fund so long as in the Manager's belief the result of the ballot would serve to increase the value of the investment or otherwise benefit the Fund. For additional details, refer to Section VIII, Proxy Voting Guidelines.

F. Provide timely reporting of investment activities. Each Investment Manager shall provide reports to the Board as outlined in Section VII.

G. Maintain records of security buy and sell transactions in accordance with industry standards.

H. Managers utilizing separately managed accounts must reconcile monthly accounting, transaction, and asset summary with custodian valuations, report separately on gains and losses on sales, and communicate and resolve any significant discrepancies. The month-end custodian valuations will be used to calculate rates of return for performance-reporting purposes and manager fee calculations.

I. Meet with the Board on an as needed basis.

4. **Custodian**: The Custodian acts in a ministerial capacity, which means that the Custodian does not assume fiduciary responsibility except as specified in the Custodial Agreement.

   In addition, the Custodian will conduct the following responsibilities:

   A. Perform regular accounting of all assets owned, purchased, or sold, as well as monitor the movement of assets into and out of the Fund accounts.

   B. Provide assistance to the Fund to complete activities including, but not limited to, annual audits and transaction verifications.

   C. If directed by the Board, manage a short-term income fund for investment of any cash not invested by managers.

   D. The Custodian, if directed by the Board, will manage the securities lending program.

5. **Transition Managers:** The Fund at times may need to utilize the assistance of a transition manager. Staff, working with its Investment Consultant, will develop a transition manager panel, with final approval from the Board. Transition managers may be used for, but not limited to, the following:

   - Rebalancing between asset classes to achieve the asset allocation target policy objectives
   - Terminating and funding new asset managers

   If Staff deems hiring a transition manager to be necessary, Staff will select a transition manager from the transition panel to conduct the transition, communicate with the transition manager on the goals and objects of the transition, and monitor the results of the transition. In accordance with Board Rules and Regulations section VII(G)(2)(c), Staff will be responsible for executing any contract amendments or letters of direction required by the transition manager, custodian, and investment manager, to implement the transition. Staff will be responsible for providing an update to the Board on all transition issues.

6. Additional Professionals: Additional Professionals, including but not limited to attorneys, actuaries and auditors may be retained by the Board as necessary to assist toward the prudent administration of the Fund.

- SECTION II -
INVESTMENT GOALS AND OBJECTIVES

The overall investment goal is to provide participants with retirement, disability and death and survivor benefits. The purpose of the Fund establishing an investment policy is to obtain the highest return possible on Fund investments within corresponding acceptable levels of minimum investment risk and liquidity requirements in recognition of prudent person standards and compliance with applicable local, state, and federal laws governing the operation and activities of the Fund. In particular, the Fund is bound by the City of Milwaukee Charter Chapter 36.

FUNDING LEVELS AND LIQUIDITY REQUIREMENTS

The Board seeks to keep Plan benefits as well funded as possible at all times. Additionally, the Board wishes to remain as fully invested as possible at all times, while maintaining appropriate liquidity.

ASSET ALLOCATION CONSIDERATIONS

The Board implements an asset allocation policy that is predicated on a number of factors, including:

1. A projection of actuarial assets, liabilities, and benefit payments and the cost of contributions;
2. Historical and expected long-term capital market risk and return behavior;
3. An assessment of future economic conditions, including inflation and interest rate levels; and
4. The current and projected funding status

The asset allocation policy provides for diversification of assets in an effort to maximize the Fund's investment return consistent with market conditions. Asset allocation modeling identifies asset classes that the Board will utilize and the percentage that each asset class represents of the total Fund. Due to fluctuations in market values, positioning within a specific range is acceptable and constitutes compliance with the policy. It is anticipated that periodic revisions to the policy may occur and implementing such changes may require an extended period of time.

The Board's asset allocation policy is summarized on the following page. The Board, Staff and Investment Consultant will monitor and assess the actual asset allocation versus the policy and will evaluate any deviation deemed significant.

The Board will implement the asset allocation policy through the use of external Investment Managers. Assets will be invested subject to guidelines incorporated into individual investment management agreements (see SECTION VI - SPECIFIC OBJECTIVES AND GUIDELINES FOR MANAGED PORTFOLIOS).

TARGET ALLOCATIONS

The Board has determined that the following asset allocation policy is appropriate for the Fund. This allocation policy will be reviewed periodically and may be modified, if appropriate, in light of changes in the structure or goals of the Fund. The Target, Minimum, and Maximum allocations are monitored by Staff using data from the Custodian's Manager Mix Daily Data report (Daily Data), modified as necessary by Staff to incorporate performance estimates, and any other information that impacts market value estimates, that are not incorporated into the Daily Data. To calculate the numerator, each individual investment manager mandate, with the exception of the Employes' Reserve Fund, is sorted into one of the categories below, and the entire estimated market value of each respective mandate is added together for each respective category. The denominator represents the Total Market Value from the Daily Data, excluding the Employes' Reserve Fund, modified as necessary to incorporate any information that impacts market value estimates not yet incorporated into the Custodian's data.

Public Equity	**Target**	**Minimum**	**Maximum**
Domestic Equity			
Passive Large Cap	6.4%		
Active Large Cap	4.0%		
Active Mid/Small Cap	5.8%		
Total Domestic Equity	**16.2%**		
Total International Equity	**12.6%**		
Total Global Equity	**7.2%**		
Total Public Equity	**36%**	**32%**	**40%**
Fixed Income			
Cash	1%	0%	5.0%
Passive Fixed Income	7.75%		
Active Fixed Income	23.25%		
Total Fixed Income	**32%**	**27%**	**35%**
Real Assets			
Private Real Estate	**8.7%**		
Public Diversified Real Assets	**3.3%**	**1.3%**	**5.3%**
Total Real Assets	**12%**	**9%**	**15%**
Private Equity	**11%**	**8%**	**16%**
Absolute Return	**9%**	**6%**	**14%**
Total	**100%**		

TOTAL FUND PERFORMANCE REVIEW AND EVALUATION

Investment Objectives

Performance Standard	
Time Horizon	**Index**
One market cycle (rolling 5-year periods).	Exceed the return on a benchmark Index net of fees.[1]

Investment Guidelines

- The investment guidelines governing each asset class/manager will together constitute the Total Fund guidelines.
- The Board is responsible for the overall asset allocation of the Fund. Each manager will be responsible for adhering to the guidelines for its portion of Fund assets only.

[1] As measured by a composite index designed to track the target asset allocation.

From: To:	1/1/00-4/30/06	5/1/06-6/30/08	7/1/08–9/30/10	10/1/10–12/31/12	1/1/13–12/31/13	1/1/14–12/31/14	1/1/15–12/31/15	1/1/16-6/30/16	7/1/16–12/31/16	1/1/17-3/31/18	4/1/18–12/31/18	1/1/19–12/31/19	1/1/20-3/31/21	4/1/21-3/31/22	4/1/22-9/30-22	10/1/22–6/30/23	7/1/23–6/30/25	7/1/25-Present
ACWI IMI (net)	-	-	-	-	-	-	-	56%	56%	55%	50%	47%	43%	44%	44%	44%	39%	36%
Bloomberg U.S. Agg.	30%	28%	28%	28%	28%	28%	28%	25%	22%	22%	25%	25%	26%	23%	23%	23%	29%	32%
NFI-ODCE (1 Qtr Arrears)		-	-	-	-	-	7%	7%	7%	7%	7.7%	7.7%	7.7%	9.1%	9.1%	9.7%	9.7%	8.7%
90-Day T-bill + 3%	-	-	-	-	-	-	5%	5%	8%	8%	9%	9%	10%	10%	10%	10%	7%	9%
Russell 3000 + 2% (1 Qtr Arrears)			-	-	-	-	-	-	-	-	-	-	10%	10%	10%	10%	12%	11%
15% Bloomberg U.S. TIPS / 30% S&P Global Infrastructure / 15% S&P Global Natural Resources / 25% FTSE EPRA/NAREIT Developed / 15% Bloomberg Commodity Total Return								-	-	-	-	-	-	-	3.9%	3.3%	3.3%	3.3%
35% Barclays TIPS / 20% S&P Global Infrastructure / 20% Global Natural Resources / 10% FTSE EPRA/NAREIT Developed / 15% Bloomberg Commodity Total Return							-	-	3%	3%	3.3%	3.3%	3.3%	3.9%	-	-	-	-
Russell 3000 + 3% (1 Qtr Arrears)			-	-	2%	2%	2%	4%	4%	5%	5%	8%	-	-	-	-	-	-
40% ACWI / 40% Barclays TIPS / 20% Bloomberg Commodity Total Return				-	-	-	-	3%	-	-	-	-	-	-	-	-	-	-
Russell 3000	50%	45%	45%	33%	31%	31%	28%	-	-	-	-	-	-	-	-	-	-	-
MSCI EAFE (net)	15%	20%	20%	22%	22%	22%	20%	-	-	-	-	-	-	-	-	-	-	-
ACWI (net)	-	-	-	-	-	10%	10%	-	-	-	-	-	-	-	-	-	-	-
NCREIF (NPI 1 Qtr Arrears)		-	7%	7%	7%	7%	-	-	-	-	-	-	-	-	-		-	-
MSCI World (net)	-	-	-	10%	10%	-	-	-	-	-	-	-	-	-	-	-	-	-
NCREIF (NPI)	5%	7%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

REBALANCING PROCEDURES

The Fund routinely needs cash for payroll or other expenses; has cash flows to and from real estate or private equity investments; or has other cash needs as approved by the Board, required by a court order, or required by a governmental body. Cash needs or investment experience may move the Fund's investments away from the asset allocation targets, including taking one or more of the Fund's asset classes outside of the established asset allocation ranges.

As determined necessary given cash flows or market movements, Staff, guided by the established ranges set forth in the Target Allocations page of this document, will determine what, if any, rebalancing activity is prudent to implement. Rebalancing activity is permitted even when the fund's asset allocations are within the established asset allocation ranges. If Staff deems rebalancing to be necessary, Staff will develop and execute a rebalancing plan. To limit the amount of liquidations and associated transaction costs, Staff will look to rebalance concurrently with liquidity requirements of the Fund when Staff determines it makes sense to do so. Staff will retain discretion regarding rebalancing issues.

- SECTION III -
SELECTION OF INVESTMENT MANAGERS

The Board of Trustees must use reasonable care, skill and caution in selecting the Investment Managers, establishing the scope and terms of the obligations of fiduciary responsibility and periodically reviewing the Investment Manager's actions in order to monitor performance in conjunction with the terms of the delegation. When selecting Investment Managers, the Board shall only consider Investment Managers recommended to ERS by its Investment Consultant that have disclosed whether or not they utilize a placement agent. The Board may contract with Investment Managers based on an evaluation of their investment philosophy, performance and ability to complement existing portfolio styles.

Accordingly, when selecting investment managers, the Board will employ a competitive search process, including the following steps or such other steps as the Board determines in the situation:

1. Formulation of specific investment manager search criteria that reflect the requirements for the investment manager role under consideration.
2. Identification of qualified candidates from the manager search database maintained by the Investment Consultant.
3. Analysis of qualified candidates in terms of:
   - Quantitative characteristics, such as GIPS-compliant composite return data, risk-adjusted rates of return and relevant portfolio characteristics.
   - Qualitative characteristics, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
   - Organizational factors, such as type and size of firm, ownership structure, client-servicing capabilities, ability to obtain and retain clients, and fees.
4. Selection and interview of finalist candidates based on a due diligence report prepared for the Committee by the Investment Consultant summarizing the analysis described above.

The Investment Manager has a duty to the Board to exercise reasonable care to comply with the terms of the delegations. To be considered by the Board for engagement, Investment Managers must:

1. Be a registered investment advisor or a "bank" exempt from registration under the Investment Advisers Act of 1940, and be recognized as demonstrating experience over a number of years in the management of institutional, tax-exempt assets within a defined investment capacity.

2. Adhere to investment style, concepts and principles for which they are being considered.

3. Offer services in exchange for fees that are competitive with industry standards for the product category.

- SECTION IV -
INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Specific investment goals and constraints for each Investment Manager shall be incorporated as part of this Statement in Section VI: SPECIFIC OBJECTIVES FOR INDIVIDUALLY MANAGED PORTFOLIOS. Each manager shall receive a written statement outlining specific goals and constraints as approved by the City of Milwaukee Retirement System.

The goal of each Investment Manager, over the investment horizon, shall be to:

A. Exceed the market index, or blended market index, selected and agreed upon by the Board that most closely corresponds to its style of investment management.

B. Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified.

Performance reports generated by its Investment Consultant and Staff, using custodial data, shall be compiled quarterly and communicated to the Board for review. The investment return of total portfolios, as well as asset class components, will be measured against performance benchmarks, appropriate for each portfolio, as adopted by the Board. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this Statement. The Board reserves the right to terminate a manager at its discretion for any reason including, but not limited to, the following:

1. Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.

3. Significant changes to the investment management organization, including but not limited to loss of key personnel.

4. Evidence of illegal or unethical behavior by the investment management firm.

5. Lack of willingness to cooperate with reasonable requests by the Board and/or Staff for information, meetings, or other material related to its portfolios.

6. Loss of confidence by the Board in the Investment Manager.

7. A change in the Fund's asset allocation program that necessitates a shift of assets to another sector or asset class.

Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters and other factors that may impact their ability to achieve the desired investment results.

- SECTION V -
DEFINITIONS

1. **"The Fund"** shall mean the Employes' Retirement System of the City of Milwaukee Fund.

2. **"Annuity and Pension Board"** shall refer to the governing Board of Trustees established to administer the Fund as specified by applicable ordinance.

3. **"Fiduciary"** shall mean any entity or person who exercises any discretionary authority or discretionary control respecting management of the Fund or exercises any authority or control respecting management or disposition of the Fund's assets, or renders investment advice for a fee or other compensation, direct or indirect, with respect to monies or property of the Fund, or has any discretionary authority or responsibility in the administration of the Fund.

4. **"Investment Consultant"** shall mean any entity or person employed to provide advisory services, including advice on investment objective and/or asset allocation, manager search, and performance monitoring.

5. **"Investment Manager"** shall mean any individual, or group of individuals, employed to manage the investment of Fund assets.

6. **"Broker-Dealer"** shall mean any entity or person in the business of effecting securities transactions for its own account and/or of others and registered as such with the Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc.

7. **"Staff"** shall mean the Chief Investment Officer and the investment team under the Chief Investment Officer's direct supervision.

CONCLUSION

This Statement is a working document structured to accomplish long term and short term planning. Investment Managers and other fiduciaries are invited to contact the Fund or its Investment Consultant with any questions about the interpretation or application of any provisions. This Statement of Investment Policy will be reviewed regularly. All changes will be communicated to all appropriate parties in writing.

Please address reports, correspondence and communications to:

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
David M. Silber, Chief Investment Officer
789 N. Water Street
3rd Floor
Milwaukee, WI 53202
(414) 286-3557

Please address all manager fee bills to:

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Patrick McClain, Executive Director
789 N. Water Street
3rd Floor
Milwaukee, WI 53202
(414) 286-3557

- SECTION VI -
SPECIFIC OBJECTIVES AND GUIDELINES FOR MANAGED PORTFOLIOS

INVESTMENT OBJECTIVES AND GUIDELINES

The Board expects to receive results from the Investment Managers that are consistent with the policies included herein. The following sections outline the specific objectives and guidelines established for each asset and management category. These objectives and guidelines will provide a basis for evaluating the effectiveness of each Investment Manager and the overall investment program over time.

Each Investment Manager within the Fund will be chosen for a specific discipline and will be required to adhere to these general investment guidelines.

1. **Risk Aversion**: Investment Managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the return of the portfolio under management is commensurate with the level of risk that is assumed within any given discipline.

2. **Fully Invested**: The Board has adopted a long-term Asset Allocation Policy and grants Investment Managers discretion over assets within the portfolios they manage. The Board has set specific guidelines concerning the allowable levels of cash that may be maintained in each actively managed portfolio (Section VI).

3. **Carry Appropriate Insurance:** Provide the Board with proof of liability and fiduciary insurance coverage.

4. **Separately Managed Accounts**: Each separately managed portfolio will have specific guidelines and objectives established by the Board. Investment Managers are expected to adhere to the investment discipline for which they were hired. Managers will be evaluated for adherence to their stated investment discipline.

   The Investment Managers are charged with the responsibility of maintaining their portfolios in compliance with the investment guidelines as described in Section VI. The Investment Manager is expected to identify policy items that may have an adverse impact on performance and to initiate discussion with the Staff regarding possible modification of such policies. Under no circumstances shall an Investment Manager take an action that causes the portfolio to be in conflict with the guidelines without prior written consent of the Board. If there is a deviation from the guidelines because of an Investment Manager's action, the manager will be reviewed by the Board at the next meeting following notification of the deviation. If there is a deviation from the guidelines because of a change in the market value of an Investment Manager's portfolio or a particular holding, or a change in quality rating of a particular holding, the Investment Manager shall take action that is prudent and appropriate to the intended purpose of the portfolio. If for any reason a portfolio deviates from the guidelines, the Investment Manager is responsible for reporting the deviation from the guidelines to the Board and its Investment Consultant in writing within 3 business days of when the deviation occurred. The Investment Manager is required to give this notice even if they have taken immediate action to correct the deviation. The Investment Manager will explain the deviation from the guidelines and suggest appropriate action. After receiving notification of a deviation from the investment policy guidelines, the Board will respond to the manager's recommendation and will direct appropriate action. Depending upon the circumstances, the consequences of deviating from the investment policy guidelines could range from an Investment Manager merely explaining what caused the deviation to occur, to the manager's termination.

5. **Commingled Funds**: In circumstances where the Fund is invested in a commingled vehicle, the Investment Manager will be held to the investment performance standards and guidelines set forth in the goals and guidelines of the commingled vehicle. For voting of proxies, commingled fund managers will use their master trust agreement proxy voting policy standards, however, reporting of proxy voting activity will be in accordance with ERS' policy. Brokerage decisions, including commission recapture, will be made according to the master trust document of the commingled investment vehicle.

6. **Brokerage and Execution of Transactions**: Investment Managers with authority over fund assets must use sound professional judgment in conducting each transaction to obtain the best possible unit price and terms of execution and to work in the best interest of the Fund.

   Additionally, the Fund may utilize commissions generated on securities to obtain performance evaluation and other investment related services and benefits for the Fund.

   (Please see Section IX: POLICY AND GUIDELINES FOR BROKERAGE SERVICES)

7. **Private Equity; Real Estate; Absolute Return Managers**: In circumstances where the Fund is invested in a Private Equity, Real Estate, or Absolute Return investment vehicle, the Investment Manager will be held to the investment performance standards and guidelines set forth in the goals and guidelines of the respective vehicle.

BOARD RESTRICTIONS

- No transaction that is prohibited under the Uniform Prudent Investor Act promulgated by the National Conference of Commissioners on Uniform State Laws (1994) and the Restatement of Trusts 3d (City of Milwaukee Charter, Chapter 36-09-1-d-7).

- No unauthorized investment under the Wisconsin Statutes.

- For separately managed accounts, prohibited investments include mortgage interest only (IO), principal only (PO), inverse floaters or other CMO derivatives that have uncertain or volatile duration or price movement.

- For separately managed accounts, no assets shall be invested in restricted (lettered) stock or in private placements. This restriction is not meant to preclude purchases of securities issued under SEC Rule 144a. Rule 144a allows trading among qualified institutional investors within a segment of the private placement market.

DERIVATIVES

A derivative is broadly defined as a financial instrument whose value, usefulness and marketability, is derived from or linked to the value of an underlying security, commodity, or index that represents either direct ownership of an asset or direct obligation of an issuer. Investment Managers may use derivatives traded on a recognized derivatives exchange for hedging and efficient portfolio management purposes subject to compliance with the following specific guidelines at all times.

a) Futures

- Treasury futures contain embedded leverage, and may create leverage in portfolios where their usage is permitted. This usage is governed by account specific guidelines.
- For separate account managers using futures other than treasury futures, futures shall never be used for leverage purposes.
- With the exception of absolute return and hedge fund strategies, as well as certain limited partnership vehicle strategies, the effective economic exposure to any asset class after allowing for the impact of short futures positions shall never be negative.

b) Reporting

- Separate account managers shall report derivative positions and transactions in the Investment Manager's monthly or quarterly reporting.

c) Over-the-counter derivatives not traded on a recognized exchange can only be used with prior specific written consent of the Board.

- For separate account managers whose guidelines allow the purchase of securities denominated in a foreign currency, forward contracts may be used at the manager's discretion to enable the purchase or sale of securities denominated in a foreign currency, or to hedge currency exposure. No other use of forward contracts is allowed, unless permitted by an Investment Manager's account specific guidelines. In the rare instance where an account with a domestic mandate comes into possession of a foreign security, the separate account Investment Manager is allowed to use forward contracts to enable the disposition of said security.

Note that certain fixed income managers may be allowed to buy and sell treasury futures and/or sell index credit default swaps, as specified in their individual guidelines. In addition, transition managers have permission to use futures on financial contracts and forward currency contracts in the management of portfolio transitions and in the management of portfolio rebalancing activity, according to the above-referenced Derivatives Guidelines. The use of these instruments by transition managers for these purposes will typically begin and end in short periods of time.

Absolute return and hedge fund strategies, as well as certain limited partnership vehicle strategies, may make extensive use of derivatives, including but not limited to, equity index futures, equity index swaps, commodity futures, currency forwards, options, futures, options on futures, warrants, equity swaps, total return swaps, credit default swaps, notional principal contracts, caps, collars, floors and forward rate agreements, structured notes and other financial or derivative instruments. The ability to use derivatives is specified in the individual manager guidelines.

Manager: **Northern Trust**
Role: **Passive Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
One market cycle (rolling 5-year periods).	Not Applicable	Track the performance of S&P 500 Index within 10 basis points

Investment Guidelines

- The portfolio will be invested in a sufficient number of stocks, which in aggregate fairly represent the S&P 500 Index.
- Eligible investments for the portfolio shall be limited to units of the NTGI – QM Collective Daily S&P 500 Equity Index Fund – Lending.
- Cash will be held to a minimum.
- The portfolio will be rebalanced as necessary – selling issues that are removed from the Index and purchasing new issues added to the Index.
- Derivatives may be used to equitize cash.

Manager: **BlackRock**
Role: **Passive Index Value Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard: Universe	Performance Standard: Index
One market cycle (rolling 5-year periods).	Not Applicable	Track the performance of Russell 1000 Value Index within 10 basis points

Investment Guidelines

- The portfolio will be invested in a portfolio of equity securities with the objective of fairly approximating as closely as practicable the capitalization weighted total rate of return of that segment of the U.S. market for publicly traded equity securities as represented by the Russell 1000 Value Index.

- Eligible investments for the portfolio shall be limited to units of the BlackRock Russell 1000 Value Fund.

- Cash will be held to a minimum. We aim to keep the equitized cash balance in the fund to less than 1%, although the percentage at any point could be higher.

- Futures and other derivatives may be used to invest all or any portion of the Fund in one or more futures contracts or other similar assets for the purpose of acting as a substitute for investment in securities. The fund will always have an equitized cash position.

Manager: **Dimensional Fund Advisors**
Role: **Active Large Capitalization Value Domestic Equities**

ACCOUNT SPECIFIC INVESTMENT GUIDELINES

Investment Approach

The investment objective of the Account is to achieve long-term capital appreciation. The Manager's investment approach for the Account is to capture the return and diversification benefits of securities of large U.S. companies, as determined from time to time by the Manager, that the Manager determines to be value stocks and anticipates a weighted average total market capitalization generally lower than the benchmark. The Manager does not provide any guarantee with regard to the performance of the Account or that any investment objective will be successfully achieved.

Benchmark

Russell 1000 Value Index

Authorized Investments

- The Account may invest in any of the following:
  - Common Stocks, preferred stocks, convertible securities, warrants, rights and other securities with equity characteristics, as determined by the Manager
  - Depository receipts including "ADRs", "EDRs", "NVDRs" and "GDRs" (whether the underlying company is listed or unlisted) and foreign listings
  - Futures contracts and options on futures contracts for U.S equity securities and indices. These contracts may be used to adjust market exposure based on actual or expected cash inflows to or outflows from the Account. The Account does not intend to sell futures contracts to establish short positions in individual securities or to use derivatives for purposes of speculation or leveraging investment returns.
  - Participation notes
  - Real estate investment trusts ("REITs")
  - Exchange Traded Funds ("ETFs")
  - Securities received in connection with corporate actions from time to time
  - Cash and cash equivalents

Investment Guidelines

- Appropriate investments consist of authorized investments as noted above.
- At time of purchase, investment in any one company should not exceed 5% of the Account.

- At time of purchase, investments in any one industry as defined by 6-digit GIC should not exceed 25% of the value of the Account's total assets.
- The Manager is expected to maintain an invested position with no more than 10% of the Account invested in fixed income, cash or cash equivalents, except after cash inflows or prior to expected outflows.
- Under normal circumstances, at least 80% of the Account will be invested in securities of large cap U.S. companies.
- Under normal circumstances, the weighted average total market capitalization of the Account should not exceed 150% of the weighted average total market capitalization of the Russell 1000 Value Index.

Additional Considerations

The Manager may consider a company's size, value, and/or profitability relative to other eligible companies when making investment decisions for the Account. The Manager may adjust the representation in the Account of an eligible company, or exclude a company, after considering such factors as free float, momentum, trading strategies, liquidity, profitability, and other factors that the Manager determines to be appropriate, given market conditions. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value. In assessing profitability, the Manager may consider different ratios, such as that of earnings or profits from operations relative to book value or assets. The criteria the Manager uses for assessing value or profitability are subject to change from time to time.

Manager: Polen Capital Management
Role: Active Large Capitalization Domestic Equities

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the S&P 500 Index.

Investment Guidelines

- Appropriate investments consist primarily of common and preferred stocks and/or convertible securities. Convertible securities may represent up to 5% of the portfolio market value.
- Holdings in any one company should not exceed the greater of 10% of the portfolio or 3% over the S&P 500 Index weighting, measured at market value
- Holdings in one economic sector, based on the GICS sector classifications, should not exceed greater than 60% of the market value of the portfolio.
- The manager is expected to maintain a fully invested position at all times with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Holdings may include up to 20% American Depositary Receipts (ADRs) and/or foreign securities traded on US exchanges, or in the OTC market, measured at market value.
- Permissible investments also include exchange traded funds, mutual funds, and real estate investment trusts (REITs).
- The following investment vehicles are not allowed:
  - Commodities, commodity contracts, related futures or options
  - Illiquid securities
  - Venture capital investments
  - Short sales
  - Direct investments in oil, gas or other mineral exploration or developments
  - Margin transactions
  - Direct investments in real estate or interests in real estate
  - Section 144A Securities

[1] As measured by the Callan Large Cap Broad Equity Peer Group.

Manager: **EARNEST Partners**
Role: **Active Mid Capitalization Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	**Index**
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the Russell Mid Cap Index.

Investment Guidelines

- Appropriate investments consist primarily of common and preferred stocks and/or convertible securities. Convertible securities may represent up to 5% of the portfolio at market value.
- Holdings in any one company should not exceed 7% of the portfolio, measured at market value.
- Holdings in one economic sector should not exceed the greater of 30% of the portfolio or 200% of the Index weighting, measured at market value.
- The manager is expected to maintain a fully invested position at all times with no more than 10% of the portfolio in fixed income, cash equivalents or Exchange Traded Funds. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Holdings may include up to 10% American Depository Receipts (ADRs), measured at market value.
- Holdings may include Real Estate Investment Trusts (REITs) at a level of up to 1.2 times the proportion of REITs in the Russell Mid Cap Index.

1 As measured by the Callan Mid Cap Equity Peer Group.

Manager: **Dimensional Fund Advisors**
Role: **Active Small Capitalization Value Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the Russell 2000 Value Index.

Investment Guidelines

- Appropriate investments consist of common and preferred stocks and cash equivalents.
- Holdings in any one company should not exceed 5% of the portfolio measured at cost; 10% measured at market value.
- Holdings in one industrial sector should not exceed the greater of 30% of the portfolio or 150% of the Index weighting, measured at market value.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- At least 80% of the portfolio will be invested in small capitalization companies.
- Holdings may include up to 10% American Depository Receipts (ADRs), measured at market value.

1 As measured by the Callan Small Capitalization Value Equity Peer Group.

Manager: **Brandes Investment Partners**
Role: **Active International Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard: Universe	Performance Standard: Index
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI EAFE Index.[2]

Investment Guidelines

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 5% over the Index weighting, measured at market value.
- Adequate diversification by sector, country and currency block should be maintained.
- Japan's and the United Kingdom's combined weighting is limited to their combined benchmark weighting plus 15% while Canada's is limited to 12%. Other countries' maximum is the greater of the benchmark plus 10% or 200% of the benchmark weighting.
- A maximum of 30% of the portfolio may be invested in non-EAFE markets. Canada is not counted towards this 30% limitation.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Foreign currency forward contracts are permitted for defensively hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.
- Warrants are not to exceed 20% of the portfolio value.

1 As measured by the Callan International Equity Peer Group.
2 MSCI EAFE is the Morgan Stanley Capital International Europe, Australasia and the Far East

Manager: DFA International Small Capitalization Value Portfolio
Role: Active International Small Capitalization Equities

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI EAFE Small Cap (Net)[2] Index.

Investment Guidelines

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 5% over the Index weighting, measured at market value.
- Investments are limited to small Japanese, United Kingdom, European, Canadian and Asia Pacific companies, or small companies in such other countries as the manager's Investment Committee may from time to time determine.
- At least 80% of the portfolio will be invested in small capitalization companies.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Foreign currency forward contracts are permitted for defensive hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.
- Warrants are not to exceed 20% of the portfolio value.

1 As measured by the Callan International Equity Small Cap Peer Group.
2 MSCI EAFE is the Morgan Stanley Capital International Europe, Australasia and the Far East (MSCI EAFE).

Fund: AQR Emerging Equities Fund, L.P.
Managing Member: AQR Capital Management, LLC
Role: Active Emerging Markets Equities
Date: 8/1/2016

Objectives and Guidelines

AQR Emerging Equities Fund, L.P. (the "Fund") is not subject to the investment objectives and guidelines contained in this Investment Policy. The operative investment objective and guidelines of the Fund are set forth in the governing documents and the Confidential Private Placement Memorandum of the Fund ("PPM"). Notwithstanding, the Manager has informed ERS that as of the date of ERS' initial investment, the investment objectives and guidelines set forth below are consistent with the operative investment objectives and guidelines of the Fund. The Manager has further informed ERS that the investment guidelines and objectives of the Fund are subject to change.

Investment Objectives

Time Horizon	Performance Standard Index
One market cycle (rolling 5-year periods).	Exceed (after fees) the MSCI Emerging Markets Index.

Investment Guidelines

- ERS will invest in the AQR Emerging Equities Fund, L.P., a commingled fund. Therefore, ERS' investment is subject to the terms and provisions of the governing documents for the Fund, such as the objectives and guidelines as outlined in the governing documents and PPM.

Current Investment Policy

- This Fund seeks to add value by employing a disciplined approach emphasizing both bottom-up security selection decisions and top-down country/currency allocation.
- This Fund intends to utilize a set of valuation, momentum and economic factors to generate an investment portfolio based on asset allocation models and security selection procedures aimed at assisting the Fund in meeting its investment objective.
- This Fund generally will be managed by both underweighting and overweighting securities, countries and currencies relative to the Benchmark; however, the Fund has the ability to trade in securities of issuers in countries and currencies not included in the benchmark.
- This Fund will invest primarily in equity and equity-related securities and currency forwards.
- The Investment Manager is not restricted as to the percentage of the Fund's assets that may be invested in any particular issuer, industry, instrument, market or strategy. The Fund does not and will not maintain any fixed limits, guidelines or requirements for diversifying its portfolio

among strategies, issuers, industries, instruments, markets or sectors. However, as of the date of this document, typical maximum deviations are as follows: stock selection, +/- 2.5%; sector selection, +/- 5.5%; country selection, +/- 10%; and currency selection, +/- 15%.

- Permissible Investments include the following:
  - Equity and Equity-Related Securities
  - Currency Forwards
  - Fixed-Income Securities (Corporate and Governmental)
  - Exchange-Traded Funds ("ETFs")
  - Equity Index Futures
  - Equity Index Swaps
  - Options
  - Warrants
  - Equity Swaps
  - Futures
  - U.S. Government Securities
  - Bank Deposits
  - Money Market Instruments

- Further, AQR will implement the Fund's portfolio using whatever financial instruments are deemed appropriate. These include, but are not limited to, the instruments identified in the general description of each investment strategy employed by the Fund in the PPM. AQR may, at any time, discontinue using any of these financial instruments or may add additional financial instruments.

- The Fund will use leverage as part of the investment program. Leverage may take the form of, among other things, financial instruments including, without limitation, derivative instruments which are inherently leveraged and products with embedded leverage such as options, short sales, swaps and forwards. The Fund generally will not be economically leveraged. Economic leverage occurs when the total value of equity securities held long, plus the notional market value of equity derivatives held long, minus the notional market value of equity derivatives held short, is greater than 100% of the total market value of the Fund.

The representations of the Manager are made solely as of the date of ERS' initial investment in the Fund and solely with respect to the current version of this Investment Policy. For avoidance of doubt, the Manager expressly disclaims any amendment or revision of this Investment Policy.

Manager: **BlackRock Institutional Trust Company, N.A.**
Role: **Enhanced Index Core Global Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the MSCI All Country World Index

All active weight restrictions set forth below will be measured relative to the MSCI All Country World Index.

Investment Guidelines

- Appropriate investments consist primarily of common and preferred stocks and/or convertible securities. Convertible securities may represent up to 5% of the portfolio market value.
- Holdings in any one company should not exceed the greater of 10% of the portfolio or 5% over the Index weighting, measured at market value.
- Holdings in any one sector should not exceed the greater of 25% of the portfolio or 10% over the Index weighting, measured at market value.
- Holdings in any one country should not exceed the greater of 25% of the portfolio or 10% of the Index weighting, measured at market value.
- A maximum of 25% of the portfolio may be invested in emerging markets.
- Holdings may include up to 25% American Depository Receipts (ADRs), measured at market value.
- The manager is expected to maintain a fully invested position at all times with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Holding Foreign currency forward contracts are permitted for defensively hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.
- Derivatives may be used to equitize cash.

[1] As measured by the Callan Global Equity Peer Group.

Manager: **MFS Institutional Advisors, Inc.**
Role: **Active Growth Global Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard: Universe	Performance Standard: Index
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI All Country World Index

All active weight restrictions set forth below will be measured relative to the MSCI All Country World Index.

Investment Guidelines

- If the portfolio deviates from these Guidelines for any reason, manager will notify the Board and its Investment Consultant in writing within three business days of *discovery* of the variance and take further action pursuant to Section III. 3. of the Statement of Investment Policy.

- Permissible Investments include the following:

  - Common Stock
  - Preferred Stock
  - Convertible Securities, including Convertible Preferred Stock and Convertible Bonds
  - Rights, Warrants, and Participatory Notes (P-Notes)
  - Exchange-traded Funds ("ETFs")
  - Index Futures
  - ADRs, ADSs, GDRs, and GDSs (and other depository receipts and shares)
  - Real Estate Investment Trusts ("REITs")
  - Publicly-traded Partnerships ("PTPs")
  - Units
  - IPOs. The portfolio may participate in initial public offerings. For purposes of investment in U.S. IPOs, the Board represents that the portfolio is not restricted from participating in such offerings under FINRA Rule 5130 or FINRA Rule 5131.
  - Unlisted securities are allowed (including securities traded in the over the counter market, Regulation S securities, and Rule 144A securities as further described herein).

[1] As measured by the Callan Global Equity Peer Group (data to be provided to MFS on a quarterly basis)

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 3% over the Index weighting, measured at market value.

- Adequate diversification by sector and country should be maintained, meaning that holdings in any one sector should not exceed the greater of 30% of the portfolio or 200% of the Index weighting (as defined by GICS sector scheme), measured at market value. The portfolio will be invested in at least 10 countries at all times, one of which will be the United States.

- A maximum of 25% of the portfolio, measured at market value, may be invested in emerging markets as classified by MSCI.

- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.

- Foreign currency forward contracts are permitted for defensive hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited. (Manager is not required to execute foreign currency trades through the custodian but may trade with those foreign exchange counterparties that manager believes will provide the best service in accordance with its fiduciary duty to seek best execution.)

- Rights, warrants, and P-Notes are not to exceed 10% of the portfolio value.

- 144A securities and Regulation S securities are not to exceed 10% of the portfolio value. 144A securities that are exchange traded do not count against the 10% limit.

- Settlement Practices/Lock-Ups. It is understood that certain foreign markets may require free or partial free delivery (e.g. initial partial escrow payments) regarding settlement of trades. It is further understood that certain securities, including pre IPOs, are subject to "lock-up" provisions in certain markets.

- For purposes of the restriction in Section VI of the IPS prohibiting investment in restricted (lettered) stock or private placements (other than Rule 144A securities with registration rights which are allowed), lettered stock shall be defined as private placements other than Rule 144A with registration rights.

Other:

For the avoidance of doubt, where the limitations above are affected by items out of the manager's control (e.g., cash inflows, cash outflows, market action), they will not be considered as a breach of the guidelines and the manager will take action to resolve the temporary non-compliance as soon as practicable. The time to bring the portfolio back into compliance could take several days (e.g., 5 days) to resolve.

Trading Currency:
The trading currency for the portfolio is US Dollars (USD) unless specifically instructed by the Board to the manager to the contrary.
Reporting Currency:
The reporting currency of the portfolio is US Dollars.

The manager shall comply with its Operational and Compliance Standards, a copy of which shall be provided to the Board.

Manager: **BlackRock**
Role: **Passive Fixed Income**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
One market cycle (rolling 5-year periods).	Not Applicable	Seek to track the performance of the Bloomberg Barclays U.S. Government Bond Index

Investment Guidelines

- The Fund will be invested and reinvested primarily in a portfolio of fixed income securities issued or guaranteed by the U.S. government and shares of investment companies (including exchange-traded funds), with the objective of approximating as closely as practicable the total rate of return of the Bloomberg Barclays U.S. Government Bond Index.

- The Fund is an "index fund" that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Bloomberg U.S. Government Bond Index (its "Underlying Index"). The Underlying Index is sponsored by an organization (the "Index Provider") that determines the composition and relative weightings of the securities in the Underlying Index and publishes information regarding the market value of the Underlying Index.

- Futures and other derivatives may be used to invest all or any portion of the Fund in one or more futures contracts, forward contracts or other similar assets for the purpose of acting as a temporary substitute for investment in securities.

- The Fund is permitted to engage in securities lending to enhance returns.

Manager: **Reams Asset Management**
Role: **Opportunistic Fixed Income**

Objectives and Guidelines

Investment Objectives

Time Horizon	**Performance Standard**	
	Universe	**Index**
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the Benchmark Index.[2]

Investment Guidelines

- The duration of the aggregate portfolio should be no more than 2 years below or above the Barclays Capital Aggregate Index.
- A maximum of 20% of the market value of the portfolio may be invested in corporate, non-corporate and 144(a) securities rated at or below BB+ or Ba1. An additional 5% of the market value of the portfolio may be invested in non-rated issues.
- A maximum of 10% of the market value of the portfolio may be invested in non-dollar securities.
- Corporate, non-corporate and 144(a) securities that are downgraded below B- or B3 by both Standard and Poors and Moody's Investor Services must be sold within 90 days following the downgrade. Reams must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- Asset-backed securities that are downgraded below BBB- or Baa3 by both Standard and Poors and Moody's Investor Services must be sold within 90 days following the downgrade. Reams must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- The average quality of the portfolio must be A-/A3 or better. Unrated U.S. Treasury and U.S. Federal Government Agency securities are permissible and will be treated as AAA rated for purposes of average quality calculations.
- No one security or aggregation of one company's securities, except securities issued or guaranteed by the U.S. Government or its agencies, will comprise more than 2% of the portfolio, as determined at the time of purchase.
- Long-only (sell protection) indexed credit default swaps may be utilized to gain exposure in the fixed income market with a notional value limit of 30% of the portfolio. The indexed credit default swaps shall not be used to create leverage or for speculative purposes and will be calculated at their notional value for guideline purposes. In addition, any portfolio liabilities resulting from the indexed credit default swaps must be fully collateralized by cash, cash equivalents, or U.S. Treasury securities.
- A maximum of 3% of the portfolio, at the time of purchase, may be invested in the Reams Unconstrained Bond Fund, a commingled fund, managed by Reams, subject to guidelines set forth in the goals and guidelines of the commingled vehicle.
- Sector limitations (as a percentage of the portfolio's market value) are limited to the following ranges:

Sector	Min	Max
US Treasuries	0%	100%
US Agencies	0%	80%*
Corporates	0%	100%
Mortgage-Backed Securities	0%	80%**
Asset-Backed Securities	0%	25%
Non-Corporates[(3)]	0%	20%
Emerging Market Debt[(4)]	0%	0%
Non-Dollar Securities	0%	10%
144(a) Securities	0	25%

*US Agencies excluding Mortgage-Backed Securities Max is 50%.
**Non-Agency Mortgage-Backed Securities Max is 25%.

- Minimum credit ratings for individual holdings, specific to the sectors, are as follows:

Sector	Minimum Rating
Corporates & Non-Corporates	B-/B3
Asset-Backed Securities	BBB-/Baa3
144(a) Securities	B-/B3
Cash equivalents, commercial paper and repurchase agreements	A1/P1

1 As measured by the Callan Fixed Income Core Opportunistic Peer Group
2 As measured by the Barclays Capital Aggregate Index
3 Non-Corporates replaced Yankees in the Barclays Capital Aggregate Index and include dollar denominated supranational, sovereign, foreign agency, and foreign local debt.
4 Emerging markets as defined by the International Finance Corporation.

Manager: Loomis, Sayles & Company
Role: Opportunistic Fixed Income

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Peer Group[1]	Exceed (after fees) the Benchmark Index.[2]

Investment Guidelines

- The effective duration of the aggregate portfolio should be no less than 50% and no more than 250% of the Bloomberg Barclays US Aggregate Index.
- Up to 20% of the market value of the portfolio may be issues rated B- by Standard and Poor's and Fitch or B3 by Moody's. If the ratings assigned to an instrument by Standard & Poor's, Moody's, and/or Fitch are not the same, the highest rating of these ratings agencies will be used.
- If an instrument is not rated by Standard & Poor's, Moody's, and Fitch, the equivalent rating determined by the Loomis Sayles Research Department will be used.
- An additional 5% may be invested in issues not rated by Standard & Poor's, Moody's, and Fitch..
- Loomis must notify ERS of the downgrade of corporate, non-corporate and 144(a) securities below B- or B3 by Standard and Poor's, Moody's Investors Service and Fitch within three (3) business days. Loomis must provide quarterly credit updates so long as it retains the security(ies). Corporate, non-corporate and 144(a) securities rated below B- and B3 by Standard and Poor's, Moody's Investors Service and Fitch may not exceed 3% of the market value of the portfolio.
- Asset-backed securities that are downgraded below BBB- or Baa3 by Standard and Poor's, Moody's Investor Services and Fitch must be sold within 90 days following the downgrade. Loomis must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- The average quality of the portfolio must be BBB-/Baa3 or better. U.S. Treasury and U.S. Federal Government Agency securities are permissible and will be treated as AAA/Aaa rated for purposes of average quality calculations.
- No security, except securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, or index derivatives will comprise more than 5% of the portfolio, at the time of purchase.
- Up to 20% of the market value of the portfolio may be invested in total equities (common and preferred) as determined at the time of purchase. Common stock shall be limited to 5% of the market value of the portfolio, as determined at the time of purchase.

- Sector limitations (as a percentage of the portfolio's market value) are limited to the following ranges:

Sector	Min	Max
US Treasuries	0%	100%
US Agencies	0%	50%
Corporates	0%	100%
Mortgage-Backed Securities	0%	50%
Asset-Backed Securities, including a 5% sub-limit in Collateralized Loan Obligations	0%	25%
Investment Grade Yankees and Non-Corporates(3)	0%	25%
Non-Investment Grade Yankees and Non-Corporates(3)	0%	20%
Non–US Dollar / Non-Canadian Dollar	0%	20%
144(a) Securities	0%	65%
Individual Bank Loans*	0%	15%
Canadian Dollar Issues	0%	20%
Eligible derivatives include currency forwards (deliverable and non-deliverable) (4) and US Treasury Futures (5)	N/A	N/A
Long-only (sell protection) Index Credit Default Swaps	0%	30%(6)

- Minimum credit ratings for individual holdings, specific to the sectors, are as follows:

Sector	Minimum Rating
Corporates & Non–Corporates	B-/B3
Asset-Backed Securities	BBB-/Baa3
Collateralized Loan Obligations	BB-/Ba3
144(a) Securities	B-/B3
Cash equivalents, commercial paper and repurchase agreements	A1/P1

1 As measured by the Callan Core Opportunistic Fixed Income Peer Group
2 As measured by the Bloomberg Aggregate Index
3 Canadian issued bonds do not count towards the Yankee limit.
4 Currency forwards may be used for hedging purposes only.

[5] US Treasury Futures may be used for both hedging and non-hedging purposes. Derivatives used to manage duration, interest rate and yield curve strategies may require notional amounts in excess of the portfolio's market value. US Treasury Futures will be limited by the duration restriction of the portfolio.

[6] Notional limit of 30%. Index credit default swaps shall not be used to create leverage or for speculative purposes and will be calculated at their notional value for guideline purposes. Liabilities resulting from CDX must be fully collateralized by cash, cash equivalents and U.S Treasuries.

* Investment in individual bank loans will generate a transaction cost associated with both the purchase and sale of these loans. The counterparty on these trades determines how they will settle and most choose ClearPar. ClearPar is the primary platform and supported by most banks. Bank loans that do not settle on this platform are prohibitively labor intensive and it is not likely many trades will occur away from the ClearPar platform.

Portfolios participating in a bank loan trade will be charged by ClearPar a pro-rata share of the trade (a "subtrade"). ClearPar will deliver the invoice to the Loomis and, in turn, Loomis will deliver this invoice to your custodian to pay from the assets of the portfolio. While you may elect to pay the invoice directly, directing the custodian to pay the invoices from the portfolio assets will facilitate proper performance calculations for your portfolio. As of the current date, the subtrade fee structure is as follows:

Subtrades per Master Trade	Subtrade Fee per Subtrade
1-5	$19
6-21	$110 divided by number of subtrades
22 or more	$5

There is also a volume discount schedule that is applied once trades on the platform exceed 5,000.

Fund:	**Principal Diversified Real Asset CIT ("Principal DRA CIT")**
Manager:	**Principal Global Investors Trust**
Role:	**Real Assets Strategy**

Objectives and Guidelines

<u>Investment Objectives</u>

Time Horizon	**Market Cycle approximately 3-5 years**
Performance Standard	**3-5% over CPI over a market cycle**
Index	**Custom Index:** **15% Barclays U.S. TIPS Index** **30% S&P Global Infrastructure Index** **15% S&P Global Natural Resources Index** **15% Bloomberg Commodity Total Return Index** **25% FTSE EPRA/NAREIT Developed Market Index**

<u>Investment Guidelines</u>

The Principal DRA CIT is a collective investment trust for which Principal Global Investors Trust Company (f/k/a Union Bond & Trust Company) ("Trust Company"), an Oregon banking corporation acts as Trustee (the "Trustee") pursuant to the Declaration of Trust as may be amended from time to time. The Principal DRA CIT is only available to certain retirement, pension, profit sharing, stock bonus and similar plans and their individual participants. The Trust Company has retained Principal Global Investors, LLC ("PGI") to serve as the investment advisor for the Principal DRA CIT. PGI is an affiliate of the Trust Company.

Objective: The investment objective of the Principal DRA CIT is to seek a long-term total return in excess of CPI by 3-5%.

Main Strategies and Risks
The Principal DRA CIT seeks to achieve its investment objective by allocating its assets among numerous investment categories including, but not limited to the following: inflation-indexed bonds, securities of real estate companies, commodity futures, fixed-income securities, foreign currency, securities of natural resource companies, master limited partnership ("MLPs"), publicly-listed infrastructure companies, floating rate debt, securities of global agriculture companies, and securities of global timber companies. The Principal DRA CIT is allowed to utilize derivative instruments.

The Trustee, as authorized in the Declaration of Trust, has hired PGI to serve as investment advisor for the Principal DRA CIT. PGI develops recommendations for the Principal DRA CIT's strategic asset allocation, which are executed by multiple sub-advisors. The allocations will vary from time to time and the Principal DRA CIT may add additional investment categories.

In recommending strategic allocations and sub-advisors to implement the allocations, PGI considers, among other things, quantitative measures, such as past performance, expected levels of risk and returns, expense levels, diversification of existing funds, and style consistency. In addition, qualitative factors such as organizational stability, investment experience, consistency of investment process, risk management processes, and information, trading, and compliance systems of the underlying investment option's sub-advisor are also evaluated. The Trustee considers the recommendations provided by PGI and determines whether to use cash flows or asset transfers or both to achieve the target weights established from time to time for underlying investment options.

Trustee makes this representation solely as of the date of The Employes' Retirement System of the City of Milwaukee ("ERS") initial investment in the collective investment trust and solely with respect to the current version of this Investment Policy. For avoidance of doubt, Trustee expressly disclaims any amendment or revision of this Investment Policy.

Manager: **Robert W. Baird**
Role: **Short-Term Fixed Income Manager**

Objectives and Guidelines

Investment Objectives

Primary: Provide principal preservation and liquidity of assets to meet projected payouts.

Secondary: Track the Barclays 1-3 year Government/Credit Index, and provide competitive investment returns over time.

Investment Guidelines

- Meet liquidity requirements that currently anticipate payouts beginning in January 2013 through at least December 2014. These liquidity needs shall be reviewed on a regular basis.
- The maximum effective duration of the short-term fixed income portfolio, including any investments in approved money market and short-term bond funds, shall be 2 years.
- The portfolio may be invested in securities having a rating of AAA or AA by Standard and Poor's or Aaa and Aa1 by Moody's Investors Service.
- Baird must notify ERS of downgrades of securities below AA or Aa1 by both Standard and Poor's and Moody's Investors Service, and make a recommendation within three (3) business days. If the security is retained, Baird must provide weekly credit updates so long as it retains the security(ies).
- No security, except securities issued or guaranteed by the U.S. Government or its agencies, will comprise more than 5% of the portfolio. No limitation with regard to money market sweep funds or short term bond funds.
- Eligible Investments:
  1. The following shall be eligible investments:
     a. U.S Treasury and Agency Obligations
     b. Approved money market and short term bond funds
     c. Agency mortgage-backed securities including collateralized mortgage obligations
     d. Mortgage and asset backed securities rated AAA
     e. Corporate notes and bonds, U.S. dollar-denominated, including 144a securities
     f. Repurchase agreements – U.S. government collateral only
     g. Short-term fixed income mutual funds whose holdings are consistent with the characteristics of the eligible investments
  2. Convertibles, options, futures or other derivative instruments are prohibited

Fund: **CMERS Low Beta LLC**
Managing Member: **UBS Hedge Fund Solutions LLC**
Role: **Hedge Fund of Funds Strategy**

Investment Objectives

The Investment Manager will attempt to construct a broad based neutral portfolio with exposure to a number of hedge fund strategies

The Fund seeks to target limited beta to equity markets over an economic cycle (3-5 years), as measured relative to the MSCI World Index USD.

Time Horizon	Performance Standard
	Index
Less than one market cycle (rolling 3-year periods).	
One market cycle (rolling 5-year periods).	Exceed (after fees) the Secured Overnight Financing Rate (SOFR) by 400 basis points.

Investment Guidelines

Strategies and Anticipated Allocation Ranges
Equity Hedged: (0-50%)

- The Fund will retain flexibility to invest in managers who may exhibit either long or short bias to risky assets depending on market environment provided downside risk is seen to be adequately restrained. Sub-strategies currently include: Fundamental and Equity Event.

13F Strategy: (0-5%)

- The Fund is permitted to invest in a Portfolio Fund managed by the Investment Manager which pursues the Investment Manager's "13F Strategy," an equity trading strategy that seeks to replicate the aggregate performance characteristics of a portfolio of equity securities held by a select number of Submanagers which have listed them on their respective filings under SEC Form 13F. The 13F Strategy shall be considered a subset of Equity Hedged such that the allocation range for the 13F Strategy and Equity Hedge together shall be (0-50%).

Credit / Income (0-50%)

- Credit: These strategies in aggregate are subject to a guideline of no more than 50% of the total portfolio. The Fund will retain flexibility to invest in managers who may exhibit either long or short bias to risky assets depending on market environment provided downside risk is seen to be adequately restrained.

- Sub-strategies currently include: Distressed, Corporate Long/Short, Structured Products and will not exceed 40% of the total portfolio.
- Income: The Fund will retain flexibility to invest in managers that participate in reinsurance strategies. Reinsurance strategies will not exceed 10% of the portfolio.

Relative Value: (0-60%)

- The Fund is permitted to invest in all Relative Value strategies, including: Quantitative Equity, Merger Arbitrage, Capital Structure/Volatility Arbitrage, Fixed Income Relative Value (FIRV), and Agency MBS.

Trading: (0-40%)

- The Fund is permitted to invest in all Trading strategies, including Global Macro, Commodities and Systematic CTAs. Sub-strategies currently include: Systematic, Global Macro, Commodities.

Other: (0-10%)

- This category contains investment approaches that are outside of the mainstream hedge fund strategies (Equity Hedged, Credit, Relative Value, and Trading). The category includes other alternative strategies, such as tactical asset allocation/risk parity, private equity, and real estate dealings, as well as new niche investment approaches that do not fit into any of the other mainstream strategies.

Direct Trading (0-5%)

Multi-Strategy:

- The Fund is permitted to invest in Multi-Strategy managers, which include allocations to a combination of strategies. These offerings are often the result of commonalties in the research and trading talent required for successful execution of the strategies. These funds allocate capital opportunistically among strategies believed to offer a suitable risk-adjusted return profile going forward.
- Applicable guidelines for multi-strategy managers will be monitored on a look-through basis to the underlying Strategies and will count toward the specified limits above.

Investments in Portfolio Funds Managed by Affiliates of the Investment Manager

Investments in Portfolio Funds managed by affiliates of the Investment Manager will be capped at 20% and would be limited to Customized Baskets ("CBs"), Managed Accounts ("MAs") or other Special Purpose Vehicles ("SPVs") where the Investment Manager may seek to attain certain exposures pursuant to the investment objectives of the Fund and where such exposure may otherwise not be accessible to the Fund. In the event such investments are implemented, the Investment Manager will not charge the Fund additional management fees or performance fees within the CBs, MAs or SPVs. Aside from such investments in CBs, MAs or SPVs, no investments will be made to UBS affiliates (e.g. O'Connor).

Diversification

The Investment Manager will determine the appropriate number of Portfolio Funds in its sole discretion. However, the number will typically range between 15-39 Portfolio Funds, excluding co-investments, unless otherwise agreed by the Fund.

Liquidity Considerations

The Investment Manager will seek to invest in Portfolio Funds with a mix of different liquidity profiles. However, the Investment Manager will seek to maintain:

- At least 70% of the net asset value of the Fund to be allocated to Portfolio Funds with stated liquidity terms (with penalties) that allow for redemption within 1 year.
- Up to 30% of the net asset value of the Fund may be allocated to Portfolio Funds with stated liquidity terms that allow for redemption greater than a 1 year hard lock up. Up to 1/3 of these Portfolio Funds (approximately 10% of the Fund) may have a hard lock up of greater than 2 years, but no more than 3 years unless they fall into the category of Portfolio Funds with no predefined redemption period. The latter shall also fall inside the 10% limitation.
- An investor gate can cause a position to fall into multiple liquidity buckets. For example, a 1/8th quarterly liquidity fund would have 50% of its position in the "within 1 year " bucket and the remainder in the "greater than 1 year bucket", none of which would fall into the greater than 2 year bucket.

The above terms do not include audit withholds imposed by Portfolio Funds. The Fund acknowledges and understands that disbursements of any withheld amounts could take between 12 and 18 months to receive and will not be counted toward the above liquidity considerations.

From time to time, a manager may segregate certain securities from its Portfolio Fund and establish a “side pocket” structure and/or share class, which may have less liquid characteristics. The Investment Manager will attempt to limit the Fund’s exposure to side pocket holdings. However, the ultimate side pocket exposure will be at the discretion of the each underlying manager.

Leverage

The Investment Manager does not expect to employ leverage above and beyond what may be undertaken by the underlying Portfolio Funds. The Fund indicated it is able to provide additional cash with sufficient notice for operating purposes such as funding short term subscriptions or coverage for FX currency hedging.

Investment Manager Bespoke Structures/Co-Investments

The Fund is eligible to participate in A&Q bespoke structures and co-investments with full discretion of the Investment Manager.

Investment Eligibility

The Fund may invest in both US tax transparent funds and/or offshore vehicles.

Tail/Overlay Hedging
The Fund is eligible to participate in A&Q Tail/Overlay Program (TAU).

New Issues
The Fund is eligible to participate in new issues, and as such the Fund may invest in the new issues eligible share classes, if deemed appropriate.

Fund:	**CMERS Low Beta 2 LLC**
Managing Member:	**Aptitude Investment Management LP**
Role:	**Hedge Fund of Funds Strategy**

Investment Objectives

The Fund's investment objective is to target attractive risk-adjusted long-term returns. The Fund will seek to achieve its investment objective while referencing an annualized volatility, as measured by standard deviation of returns, of approximately 5.0%, an equity beta target of approximately 0.20 (which is not expected to exceed 0.25) to the MSCI World Index over rolling three-year periods, and a Sharpe ratio of over 0.5, in each case, measured over the long term.

Investment Guidelines

Strategies and Anticipated Allocation Ranges

The Managing Member generally classifies the hedge fund strategies utilized by Advisors into four broad categories: the equity long/short sector, the relative value sector, the event driven sector and the tactical trading sector (the "Hedge Fund Sectors"). These Hedge Fund Sectors are subjective classifications made by the Managing Member in its sole discretion, based on internal guidelines. Such classifications are based on information provided by the Advisors to the Managing Member and may differ from classifications of similarly named sectors made by other industry participants. Advisors may utilize some or all of these strategies. In addition, certain Advisors may also utilize other investment strategies that are not within these sectors but are either related or unrelated to any such sectors.

Once the Fund is fully invested, the Managing Member will seek to manage portfolio exposure to the Hedge Fund Sectors within the following target ranges:

Relative Value:	20% -- 70%
Equity Long Short:	10% -- 50%
Tactical Trading:	10% -- 40%
Event Driven:	0% -- 40%

Investments in Portfolio Funds Managed by the Managing Member or its Affiliates

The Fund may access particular Advisors or Portfolio Funds directly or indirectly by among other means, through intermediate entities managed by the Managing Member or an affiliate of the Managing Member in which other funds or assets managed by the Managing Member have an interest. The Fund will not be charged any additional fees payable to the Managing Member or its affiliates in connection with the foregoing.

Diversification

The Managing Member will generally seek to select Portfolio Funds subject to the following diversification limits:

1. Once the Fund has made allocations to at least 10 Portfolio Funds, no more than 20% of the Fund's net assets to be allocated to any single Portfolio Fund.

2. Once the Fund has made allocations to at least 20 Portfolio Funds, no more than 15% of the Fund's net assets to be allocated to any single Portfolio Fund.

Liquidity Considerations

The Managing Member will generally seek to select Portfolio Funds for the Fund subject to the following liquidity guidelines:

1. At least 50% of the Fund's net asset value will have a Liquidity Profile (as defined below) of no more than 12 months; at least 90% of the Fund's net asset value will have a Liquidity Profile of no more than 36 months; and 100% of the Fund's net asset value will have a Liquidity Profile of no more than 5 years. The Liquidity Profiles will be determined at the time of investment.

2. The "Liquidity Profile" of a Portfolio Fund is the minimum number of days, as determined by the Managing Member, for redemption in full (excluding audit holdbacks or reserves and side pockets) from such Portfolio Fund, without taking into account notice periods or the timing of payment of redemption proceeds. In determining the Liquidity Profile of a Portfolio Fund for purposes of these Investment Guidelines, the Managing Member will use the Portfolio Fund's stated redemption terms under normal market conditions, including normal redemption dates and investor-level gates. However, required notice periods, soft lock-ups and initial hard lock-ups with respect to such Portfolio Fund, and the right of an Advisor to suspend redemptions or otherwise further limit redemptions, holdback amounts related to redemptions, side pocket assets, segregate assets, or make distributions in kind will not be taken into account in calculating a Portfolio Fund's Liquidity Profile.

3. The Managing Member may (and it is expected that it will) invest the Fund's assets in Portfolio Funds that make side pocket investments.

4. Co-Investments shall not be considered for purposes of compliance with this liquidity guideline.

Compliance with Guidelines
The Managing Member will use commercially reasonable efforts to comply with the Investment Guidelines. The compliance of any investment decisions for the Fund with the Investment Guidelines is to be determined on the date that the applicable investment is made.

Rebalancing
The Managing Member will use commercially reasonable efforts to review the conformity of the Fund's portfolio with the Investment Guidelines on a periodic basis (expected to be no more frequently than quarterly). If the Managing Member determines that the Fund is not in compliance with the Investment Guidelines, the Managing Member shall promptly notify the Members, and promptly after discussing such non-compliance with the Members at the next quarterly performance review, the Managing Member will initiate a remedial plan by which it will seek to reallocate the Fund's assets in order to bring the Fund's investments back into conformity with the Investment Guidelines.

Leverage
The Fund may employ leverage above and beyond what may be undertaken by the underlying Portfolio Funds only with the consent of a Majority in Interest.

Managing Member Bespoke Structures/Co-Investments
The Fund is eligible to participate in co-investments or similar opportunities, subject to the investment guidelines and the consent of a Majority in Interest.

New Issues
The Fund is eligible to participate in new issues, and as such the Fund may invest in the new issues eligible share classes, if deemed appropriate.

PRIVATE EQUITY

A separate Private Equity Statement of Investment Policy has been adopted by the Board. This policy is an extension of the Statement of Investment policy and will be reviewed as needed.

REAL ESTATE

A separate Real Estate Investment Policy Statement has been adopted by the Board. This policy is an extension of the Statement of Investment policy and will be reviewed as needed.

- SECTION VII -
REQUIRED REPORTING OF ACTIVELY MANAGED INVESTMENT PORTFOLIOS

The Board has determined that each Investment Manager given discretionary authority over a portion of the Fund's assets shall provide to Staff, on a monthly and quarterly basis, reporting that is appropriate given the Investment Manager's asset class, strategy type, and vehicle type, as determined by Staff. Staff shall develop and maintain appropriate reporting schedules for each Investment Manager.

On an annual basis, Investment Managers shall complete an Annual Compliance Certificate that the ERS provides.

The manager will notify Staff within 3 days of any change in the lead personnel assigned to manage the account.

In addition, the manager will meet with the representatives of the Board as often as deemed necessary by the Board. In the interim, the manager will keep Staff, the Board, and the Investment Consultant apprised of any relevant information regarding its organization, personnel and/or investment strategy.

- SECTION VIII -
PROXY VOTING GUIDELINES

The Board of the ERS has delegated the responsibility for voting proxies to their Investment Managers. Each Investment Manager has the responsibility for voting proxies in the best interests of plan participants. Collective and commingled fund managers will comply with their master trust agreement proxy voting policy guidelines; however, reporting of proxy voting activity will be in accordance with ERS' policy.

The Board will monitor the proxy voting of its Investment Managers. As of June 30 of each year, each Investment Manager will supply to the Board and its Investment Consultant an acknowledgement that it is responsible for voting proxies in the best interests of plan participants, a copy of the Investment Manager's proxy voting procedures and guidelines and a list of how the Investment Manager voted on all proxy issues during the 12 months preceding the report.

- SECTION IX -
POLICY AND GUIDELINES FOR BROKERAGE SERVICES

This policy statement is intended to serve as a guide for Investment Managers engaged on behalf of the Employes' Retirement System of the City of Milwaukee (the "System") in the course of investing the retirement funds of the System. Each Investment Manager engaged by the System is responsible to exercise its responsibility prudently and solely in the interests of the participants and beneficiaries of the System. This document outlines the policies and procedures to be considered by Investment Managers in fulfilling this obligation.

1. <u>General Policies and Principles:</u> The Board requires that these principles guide all transactions:

    a) Each manager is charged with the responsibility for all aspects of the investment process with respect to assets entrusted to it and consistent with the specific terms of this engagement by the System.

    b) Each manager is expected to act prudently with respect to decisions to buy or sell securities as well as with respect to the decision who will execute the transaction.

    c) Each manager shall secure best execution for each transaction it enters on behalf of the System. This requires that each manager execute securities transactions for the System in such a manner that the System's total cost or proceeds in each transaction is the most favorable under the circumstances. Each manager shall consider the full range and quality of a broker's services in placing brokerage, including, but not limited to, the value of research provided as well as execution capability, commission rate, financial responsibility and responsiveness to the manager. Lowest commissions paid in connection with a trade is not determinative of whether the transaction represents the best qualitative execution of the trade.

2. Trading Policies and Guidelines: Consistent with its fiduciary and best execution responsibilities described above, each manager, excluding the collective or commingled fund managers, should use its best efforts to minimize total commission dollars generated by buy and sell transactions of exchange traded or electronically traded securities in accordance with the following action and policy of the Board:

   a) The System desires to minimize total transaction costs (commission plus net price) through the use of electronic trading services.

3. The Board may utilize the services of a transaction cost provider to monitor the individual manager transactions.

- SECTION X -

APPROVED SECURTIES LENDING PROGRAMS

The Board has authorized the execution of a Securities Lending Program which will be performed by the Fund's custodian or qualified third-party securities lending agent(s). The program is monitored and reviewed by the Staff and was established by a written agreement authorized by the Board. The Securities Lending Program is detailed in the Securities Lending Authorization Agreement with the Fund's custodian, presently The Northern Trust Company.

- SECTION XI -
STATEMENT OF INVESTMENT POLICY ADDENDUM

d. Prudent Investor Rule. Except as otherwise specifically provided in this chapter, the board and a person under contract to the Employes' Retirement System who invests and manages trust assets owes a duty to comply with the prudent investor rule.

d-1. Standard of Care; Portfolio Strategy; Risk and Return Objectives. The board and a person under contract to the Employes' Retirement System to invest and manage trust assets shall invest and manage assets as a prudent investor would by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the board and such person shall exercise reasonable care, skill and caution. Investment and management decisions respecting individual investment assets must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the trust. A reasonable effort shall be made to verify facts relevant to the investment and management of trust assets. Assets may be invested in any kind of property or type of investment consistent with the standards of this sub. d. A board member or a person under contract to the Employes' Retirement System who invests and manages trust assets who has special skills or expertise or is named in reliance upon his or her representation that he or she has special skills or expertise has a duty to use those special skills or expertise.

d-2. Diversification. The board and person under contract to the Employes' Retirement System to invest and manage trust assets shall diversify the investment of the trust unless the board reasonably determines that because of the special circumstances, the purposes of the trust are better served without diversifying.

d-3. Loyalty. The board and a person under contract with the Employes' Retirement System to invest and manage trust assets shall invest and manage the trust assets solely in the interests of the beneficiaries.

d-4. Investment Costs. In investing and managing trust assets, the board and a person under contract to the Employes' Retirement System to invest and manage trust assets may only incur costs that are appropriate and reasonable in relation to the assets for the purposes of the trust.

d-5. Delegation. The board has a duty to personally perform the responsibilities of trusteeship except as those responsibilities are by this section delegated to others or except as a prudent person might delegate those responsibilities to others. In deciding whether and to whom and in what manner to delegate fiduciary authority in the administration of the trust and thereafter supervising agents, the board is under a duty to the beneficiaries to exercise fiduciary discretion and to act as a prudent person would in similar circumstances. In performing a delegated function, a person under contract to the Employes' Retirement System to invest or manage funds owes a duty to the trust to exercise reasonable care to comply with the terms of the delegation. The board shall not be liable to the beneficiaries or to the trust for the decisions or actions of a person to whom a function was delegated provided that the board shall have used reasonable care, skill and caution in selecting the person; establishing the scope and terms of the delegation consistent with the purposes and terms of the trust; and periodically reviewing the person's actions in order to monitor performance in compliance with the terms of delegation.

d-6. Reviewing Compliance. Compliance with the prudent investor rule is determined in light of the facts and circumstances existing at the time of the decision or action and not by hindsight.

d-7. The text and comments to the Uniform Prudent Investor Act promulgated by the National Conference of Commissioners on Uniform State Laws (1994) and the Restatement of Trusts 3d: Prudent Investor Rule (1992) are interpretive of the provisions of this par.

d-8. Nothing in this par. prevents the board and the Employes' Retirement System from requiring indemnification or insurance from a contractor, nor does anything in this par. preclude the board and the Employes' Retirement System from obtaining indemnification or insurance for their activities.

STATEMENT OF INVESTMENT POLICY
Updated May 2025

THE EMPLOYES' RETIREMENT
SYSTEM OF THE CITY OF MILWAUKEE
789 N. Water Street, 3rd Floor
Milwaukee, WI 53202
(414) 286-3557

Individual manager guidelines are updated upon Annuity and Pension Board Approval

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THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

- SECTION I -
STATEMENT OF INVESTMENT POLICY

INTRODUCTION

The Employes' Retirement System of the City of Milwaukee (the "ERS") was established to provide for the present and future retirement, disability, and death and survivor benefit payments for all city and city agency employees. All of the funds of the retirement system taken in the aggregate constitute a special trust subject to applicable local, state, and federal laws, including but not limited to sections 36-15, 36-09-1, and 36-09-6 of the Milwaukee City Charter.

The Annuity and Pension Board (the "Board") is responsible for the operation of the retirement system and making effective the provisions of the Employes' Retirement Act. The Board consists of three members appointed by the President of the Common Council, the City Comptroller ex-officio, three members elected by the present members of the Employes' Retirement System and one member elected by the retired members of the Employes' Retirement System.

RESPONSIBILITY OF THE ANNUITY AND PENSION BOARD OF THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

The Board is the trustee of the funds in the retirement system. The Board must use reasonable care, skill and caution in selecting investment professionals. The Board is required to contract for management services. The Board must exercise prudence in selecting Investment Managers, but the exercise of prudence does not relieve the Board of all responsibilities. The responsibilities of the Board relating to the investment management of Fund assets include:

1. Establishing written investment objectives and guidelines governing the investment of Fund assets.

2. Using reasonable care, skill and caution in selecting investment professionals.

3. Determining the Fund's liquidity requirements, investment horizon and risk tolerance and communicating these to the appropriate parties.

4. Evaluating the performance of Investment Manager(s) and other qualified investment professionals on a systematic and regularly scheduled basis.

5. The Board and a person under contract to the ERS who invests and manages trust assets has a duty to comply with the prudent investor rule, s. 36-09-1-d and sub-unites thereof.

SCOPE OF THIS STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy reflects the investment policy, objectives, and constraints of the Employes' Retirement System of the City of Milwaukee ("ERS").

PURPOSE OF THIS STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy is set forth by the Board of the City of Milwaukee ERS in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish specific asset allocation and rebalancing procedures.
3. Establish a clear understanding for all parties of the investment goals and objectives of Fund assets.
4. Provide specific guidelines and define limitations for all Investment Managers regarding the investment of Fund assets.
5. Establish a basis for evaluating investment results.
6. Establish a framework for further review and revision of this policy.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program.

DUTIES OF FIDUCIARIES

Each member of the Board of the City of Milwaukee ERS is a fiduciary. The Investment Managers are also fiduciaries.

The Board and a person under contract to the ERS to invest and manage trust assets shall invest and manage assets as a prudent investor would by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the Board and such person shall exercise reasonable care, skill and caution. Investment and management decisions respecting individual investment assets must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the trust. A reasonable effort shall be made to verify facts relevant to the investment and management of trust assets. Assets may be invested in any kind of property or type of investment consistent with the standards set forth in the Employes' Retirement Act and the Board guidelines. A Board member or a person under contract to the ERS who invests and manages trust assets who has special skills or expertise or is named in reliance upon his or her representation that he or she has special skills or expertise has a duty to use those special skills or expertise.

To fulfill such responsibilities, the Trustees are authorized and in the case of Investment Managers, required to retain professional experts including but not limited to:

1. **Staff**: The Retirement Staff ("Staff"), as designated by the Board is the agent of the Board. The Board does not delegate investment management responsibility through the use of its Staff. Staff duties include:

   A. Monitoring Investment Managers for adherence to policies and guidelines.

   B. Evaluating and managing the relationships with the Investment Consultant to ensure they are providing all necessary assistance to Staff and the Board as agreed to in service contracts.

   C. Monitoring the Investment Consultant's manager search process, and conducting due diligence on any Investment Manager selected for hire by the Investment Committee that was considered and recommended to ERS by its Investment Consultant.

   D. Identifying Investment Managers to withdraw funds from, and taking actions to raise cash from the identified Investment Managers to pay Fund benefits, Fund expenses, and Fund capital call commitments, as necessary. There are many factors to consider when deciding how much money to withdraw from Investment Managers, including but not limited to liquidity management plans that arise during stock market downturns that often result in elevated withdrawals from Fixed Income and/or index funds, and Staff retains discretion in the planning and implementation of this process. Working within the parameters of the asset allocation ranges and structures incorporated within this Statement of Investment Policy, Staff strives to minimize the subjectivity involved in raising funds by taking actions that are consistent with the long-term risk and return objectives approved in the most recent Asset-Liability Study. Staff will include a report on cash activity at regularly scheduled Board meetings.

   E. In the rare instance when the Fund has a cash-flow positive month (i.e. contributions are greater than cash outflows), Staff retains discretion to decide whether to invest contributions in cash with the intention of using the contributions to pay upcoming benefit payments, or to deposit funds with Investment Managers, or some combination of both. Working within the parameters of the asset allocation ranges and structures incorporated within this Statement of Investment Policy, Staff strives to minimize the subjectivity involved in the planning and implementation of this process by taking actions that are consistent with the long-term risk and return objectives approved in the most recent Asset-Liability Study. Staff will include a report on cash activity at regularly scheduled Board meetings.

   F. Restructuring the portfolio following manager terminations, changes to the Fund's strategic asset allocation targets, and changes to an asset class's structure, with the assistance of its Investment Consultant and Investment Manager(s).

   G. 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.

H. Supporting the Board in the development and approval of the Investment Policy Statement, implementing the Policy Statement and reporting at least monthly on investment activity and matters of significance.

I. Ensuring the Investment Managers conform to the terms of their contracts and that performance monitoring systems are sufficient to provide the Board with timely, accurate and useful information.

J. Performing on-site (or video conference, when conditions do not allow for travel) due diligence meetings with ERS Investment Managers every two years or as required by the Board in accordance with Board Rules and Regulations section – Duties of the Chief Investment Officer.

K. With the advice of the City Attorney's Office, and outside legal counsel when the City Attorney's Office deems necessary, approve and execute ministerial Private Real Estate and Private Equity contract amendments, pursuant to MCO 36-09-1(d5), under the following conditions:
   - Use of delegated authority must be consistent with any Real Estate and Private Equity investment plan or strategy approved or adopted by the Board. For the avoidance of doubt, the prudent manner may not always be the quickest manner. Specific to Private Real Estate only, the use of delegated authority must be consistent with the philosophy that CMERS' ultimate goal is to transition its Real Estate portfolio to 4-5 commingled, open-end fund managers in a prudent manner;
   - Delegated authority may not be used to execute any contract amendments that may be reviewed and executed within the confines of the regular Board schedule;
   - Delegated authority cannot be used to execute legal documents for a new Real Estate or new Private Equity vehicle;
   - Delegated authority cannot be used to agree to terms that are more disadvantageous than what's already included in the existing agreement (with the exception of term extensions mentioned in the next bullet point);
   - Staff may not use delegated authority against the advice of CMERS' Investment Consultant or the City Attorney's Office;
   - Staff or the City Attorney's Office will report to the Board, at the next Board meeting when possible, on actions taken under this plan (including fees);
   - CMERS Executive Director may sign amendments executed under this delegation of authority on behalf of the Board;
   - Board may revoke the delegated authority at any time.

2. **Investment Consultant**: The Investment Consultant is an advisor to the Board retained to provide investment management advice and a fiduciary for the purposes of the duties assumed under the Consulting Services Agreement. The Investment Consultant will provide investment management advice concerning the investment management of fund assets. Specific responsibilities of the Investment Consultant include:

    A. Assisting in the development and periodic review of investment policy.

    B. Conducting Investment Manager searches as authorized by the Board.

    C. Providing "due diligence" reports or research on each of the Fund's Investment Managers.

    D. Monitoring the performance of the Investment Managers to provide the Board with the ability to determine progress toward the investment objectives.

    E. Communicating advice on matters of policy, manager research, and manager performance to the Board.

    F. Reviewing Fund investment history, historical capital markets' performance and the contents of this Statement of Investment Policy with all Trustees when necessary.

    G. Providing topical research and education on investment subjects that are relevant to the Fund.

    H. Providing asset/liability allocation review and specific recommendations as appropriate.

    I. Communicating with all investment related professionals retained by the Fund as required or prudent.

    J. Reviewing all contracts between the Fund and all Investment Managers and providing summary of suggested changes.

3. **Investment Managers**: The Board must contract for investment management but exercise discretion in selection of Investment Managers. When selecting Investment Managers, the Board shall only consider Investment Managers recommended to ERS by its Investment Consultant. The Board may contract with Investment Managers based on an evaluation of their investment philosophy, performance and ability to complement existing portfolio styles. The Board requires any Investment Manager recommended by its Investment Consultant to disclose to ERS whether or not they utilize a placement agent. The Board delegates fiduciary responsibility to Investment Managers through Investment Manager agreements and Board guidelines. The Investment Manager acknowledges that it is a fiduciary of ERS with respect to the investment and management of the Assets. In performing its delegated functions, the Investment Manager owes a duty to the trust to exercise reasonable care to comply with the terms of the delegations as set forth in Chapter 36 of the City Charter, 36-09-1-d, 1-d-1, 1-d-3, 1-d-4 and the Board guidelines. City Charter 36-09-1d through d-8, as of July 27, 2010, are attached as an addendum.

   Each specific manager must manage Fund assets according to their role as stated in the guidelines of this Investment Policy and contracted with the Board. No deviation from this discipline is authorized unless first discussed with the Board and its Investment Consultant and written approval issued. If ERS assets are invested in collective investment funds maintained by an Investment Manager, the plan and/or trust document with respect to such collective investment funds shall be part of the guidelines and controlling in the event of a conflict with any other provision of the guidelines.

   This Statement of Investment Policy communicates policies regarding the current asset allocation strategies for the assets and the duties and obligations of Investment Managers. Each Investment Manager has full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints and philosophies as outlined in this Statement.

   Each Investment Manager is required to manage assets as a prudent investor in accordance with s. 36-09-1-d of the Charter and sub-units thereof.

   Specific responsibilities of the Investment Managers are specified in the Investment Management Agreement and Board guidelines and generally include:

   A. Exercise discretionary investment authority including decisions to buy, sell, or hold individual securities within the guidelines established in this Statement. An Investment Manager has a fiduciary duty under federal securities laws to allocate securities fairly among its various accounts. The ERS will be provided a copy of the Investment Manager's trade allocation policy and procedures and will be advised, in writing, of changes to the policy and the potential impacts on ERS' account.

   B. Communicate in a timely manner any significant changes regarding economic outlook, investment strategy, or any other factors which may have an impact upon the achievement of the Fund's investment objectives.

C. Inform the Board regarding changes within the investment management organization within a timely manner (3 days): Examples include but are not limited to: changes in lead personnel assigned to manage the account and or other significant changes including ownership, ownership structure, investment philosophy.

D. Inform ERS of any significant asset value lost within 30 days due to termination or withdrawal. Significant asset value is indicated by 15% of the institutional assets under management in the strategy or 10% of the institutional assets under management of the firm.

E. Subject to such guidelines as the ERS' Board may from time to time establish, vote all proxies for securities held for the Fund so long as in the Manager's belief the result of the ballot would serve to increase the value of the investment or otherwise benefit the Fund. For additional details, refer to Section VIII, Proxy Voting Guidelines.

F. Provide timely reporting of investment activities. Each Investment Manager shall provide reports to the Board as outlined in Section VII.

G. Maintain records of security buy and sell transactions in accordance with the records retention schedules and practices of the Fund's custodian.

H. Meet with the Board on an as needed basis.

4. **Custodian**: The Custodian acts in a ministerial capacity, which means that the Custodian does not assume fiduciary responsibility except as specified in the Custodial Agreement.

   In addition, the Custodian will conduct the following responsibilities:

   A. Perform regular accounting of all assets owned, purchased, or sold, as well as monitor the movement of assets into and out of the Fund accounts.

   B. Provide assistance to the Fund to complete activities including, but not limited to, annual audits and transaction verifications.

   C. If directed by the Board, manage a short-term income fund for investment of any cash not invested by managers.

   D. The Custodian, if directed by the Board, will manage the securities lending program.

5. **Additional Professionals**: Additional Professionals, including but not limited to attorneys, actuaries and auditors may be retained by the Board as necessary to assist toward the prudent administration of the Fund.

- SECTION II -
INVESTMENT GOALS AND OBJECTIVES

The overall investment goal is to provide participants with retirement, disability and death and survivor benefits. The purpose of the Fund establishing an investment policy is to obtain the highest return possible on Fund investments within corresponding acceptable levels of minimum investment risk and liquidity requirements in recognition of prudent person standards and compliance with applicable local, state, and federal laws governing the operation and activities of the Fund. In particular, the Fund is bound by the City of Milwaukee Charter Chapter 36.

FUNDING LEVELS AND LIQUIDITY REQUIREMENTS

The Board seeks to keep Plan benefits as well funded as possible at all times. Additionally, the Board wishes to remain as fully invested as possible at all times, while maintaining appropriate liquidity. Generally, the Fund will maintain enough liquidity to meet one month of payments and expenses.

ASSET ALLOCATION CONSIDERATIONS

The Board implements an asset allocation policy that is predicated on a number of factors, including:

1. A projection of actuarial assets, liabilities, and benefit payments and the cost of contributions;
2. Historical and expected long-term capital market risk and return behavior;
3. An assessment of future economic conditions, including inflation and interest rate levels; and
4. The current and projected funding status

The asset allocation policy provides for diversification of assets in an effort to maximize the Fund's investment return consistent with market conditions. Asset allocation modeling identifies asset classes that the Board will utilize and the percentage that each asset class represents of the total Fund. Due to fluctuations in market values, positioning within a specific range is acceptable and constitutes compliance with the policy. It is anticipated that periodic revisions to the policy may occur and implementing such changes may require an extended period of time.

The Board's asset allocation policy is summarized on the following page. The Board, Staff and Investment Consultant will monitor and assess the actual asset allocation versus the policy and will evaluate any deviation deemed significant.

The Board will implement the asset allocation policy through the use of external Investment Managers. Assets will be invested subject to guidelines incorporated into individual investment management agreements (see SECTION VI - SPECIFIC OBJECTIVES AND GUIDELINES FOR MANAGED PORTFOLIOS).

TARGET ALLOCATIONS

The Board has determined that the following asset allocation policy is appropriate for the Fund. This allocation policy will be reviewed periodically and may be modified, if appropriate, in light of changes in the structure or goals of the Fund.

Public Equity	**Target**	**Minimum**	**Maximum**
Domestic Equity			
Passive Large Cap	6.4%		
Active Large Cap	4.0%		
Active Mid/Small Cap	5.8%		
Total Domestic Equity	**16.2%**	**12.2%**	**20.2%**
Total International Equity	**12.6%**	**9.6%**	**15.6%**
Total Global Equity	**7.2%**	**3.2%**	**11.2%**
Total Public Equity	**36%**	**31%**	**41%**
Fixed Income			
Cash	1%	0%	5.0%
Passive Fixed Income	8.0%		
Core Opportunistic Fixed Income	23.0%		
Total Fixed Income	**32%**	**29%**	**35%**
Real Assets			
Private Real Estate	**8.7%**		
Public Diversified Real Assets	**3.3%**	**1.3%**	**5.3%**
Total Real Assets	**12%**	**9%**	**15%**
Private Equity	**11%**	**8%**	**16%**
Absolute Return	**9%**	**6%**	**14%**
Total	**100%**		

REBALANCING PROCEDURES

The Fund routinely needs cash for payroll or other expenses, has cash flows to and from real estate investments, has cash flows to private equity investments or has other cash needs as approved by the Board, required by a court order or required by a governmental body. Cash needs and investment experience may take the Fund outside of the established asset allocation range, requiring rebalancing activity.

In order to maintain the established target asset allocation, the Fund will implement a systematic rebalancing procedure. As determined necessary given significant cash flows or market movements, the Fund will develop and execute a rebalancing plan. To limit the amount of required liquidations and associated transaction costs, the Fund will look to rebalance concurrently with liquidity requirements of the Fund. The Staff, in consultation with the Investment Consultant, will retain discretion regarding rebalancing issues.

Based on the established ranges set forth above, Staff will determine what, if any, rebalancing activity is required. If Staff deems rebalancing to be necessary, they will provide the Investment Consultant with written recommendations from which Staff and Investment Consultant will develop a mutually agreed upon rebalancing plan. Staff will be responsible for executing all rebalancing activity.

TRANSITION MANAGER PROCEDURES

The Fund at times may need to utilize the assistance of a transition manager. The Staff working with its Investment Consultant will develop a transition manager panel, with final approval from the Board. Transition managers may be used, but not limited to, the following:

- Rebalancing between asset classes to achieve the asset allocation target policy objectives
- Terminating and funding new asset managers

If Staff and the Investment Consultant deems hiring a transition manager to be necessary, they will work to develop a mutually agreed upon transition plan. Staff will retain discretion regarding transition issues and will be responsible for executing all transition manager activity. Staff will be responsible for providing an update to the Board on all transition issues.

- SECTION III -
GUIDELINES FOR ACTIVELY MANAGED FUND ASSETS

Each Investment Manager within the Fund will be chosen for a specific discipline and will be required to adhere to these general investment guidelines.

1. **Risk Aversion**: Investment Managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the return of the portfolio under management is commensurate with the level of risk that is assumed within any given discipline.

2. **Fully Invested**: The Board has adopted a long term Asset Allocation Policy and grants Investment Managers discretion over assets within the portfolios they manage. The Board has set specific guidelines concerning the allowable levels of cash that may be maintained in each actively managed portfolio (Section VI). The Board will closely monitor the use of cash by any manager. If a manager believes that a change in its specific guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.

3. **Investment Discipline Objectives**: Each separately managed portfolio will have specific guidelines and objectives established by the Board. Investment Managers are expected to adhere to the investment discipline for which they were hired. Managers will be evaluated for adherence to their stated investment discipline.

   Specific investment goals and constraints for each Investment Manager shall be incorporated as part of this Statement in Section VI: SPECIFIC OBJECTIVES FOR INDIVIDUALLY MANAGED PORTFOLIOS. Each manager shall receive a written statement outlining specific goals and constraints as approved by the City of Milwaukee Retirement System.

   The goal of each Investment Manager, over the investment horizon, shall be to:

   A. Exceed the market index, or blended market index, selected and agreed upon by the Board that most closely corresponds to its style of investment management.

   B. Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified.

   The Investment Managers are charged with the responsibility of maintaining their portfolios in compliance with the investment guidelines. The Investment Manager is expected to identify policy items that may have an adverse impact on performance and to initiate discussion with the Staff regarding possible modification of such policies. Under no circumstances shall an Investment Manager take an action that causes the portfolio to be in conflict with the guidelines without prior written consent of the Board. If there is a deviation from the guidelines because of an Investment Manager's action, the manager will be reviewed by the Board at the next meeting following notification of the deviation. If there is a deviation from the guidelines because of a change in the market value of an Investment Manager's portfolio or a particular holding, or a change in quality rating of a particular holding, the Investment

Manager shall take action that is prudent and appropriate to the intended purpose of the portfolio. If for any reason a portfolio deviates from the guidelines, the Investment Manager is responsible for reporting the deviation from the guidelines to the Board and its Investment Consultant in writing within 3 business days of when the deviation occurred. The Investment Manager is required to give this notice even if they have taken immediate action to correct the deviation. The Investment Manager will explain the deviation from the guidelines and suggest appropriate action. Within 30 days after receiving notification of a deviation from the investment policy guidelines, the Board will respond to the manager's recommendation and will direct appropriate action. Depending upon the circumstances, the consequences of deviating from the investment policy guidelines could range from an Investment Manager merely explaining what caused the deviation to occur, to the manager's termination.

4. **Commingled Funds**: In circumstances where the Fund is invested in a commingled vehicle, the Investment Manager will be held to the investment performance standards and guidelines set forth in the goals and guidelines of the commingled vehicle. For voting of proxies, commingled fund managers will use their master trust agreement proxy voting policy standards, however, reporting of proxy voting activity will be in accordance with ERS' policy. Brokerage decisions, including commission recapture, will be made according to the master trust document of the commingled investment vehicle.

5. **Brokerage and Execution of Transactions**: Investment Managers with authority over fund assets must use sound professional judgment in conducting each transaction to obtain the best possible unit price and terms of execution and to work in the best interest of the Fund.

   Additionally, the Fund may utilize commissions generated on securities to obtain performance evaluation and other investment related services and benefits for the Fund.

   (Please see Section IX: POLICY AND GUIDELINES FOR BROKERAGE SERVICES)

- SECTION IV -
SELECTION AND REVIEW OF INVESTMENT MANAGERS

The Board of Trustees must use reasonable care, skill and caution in selecting the Investment Managers, establishing the scope and terms of the obligations of fiduciary responsibility and periodically reviewing the Investment Manager's actions in order to monitor performance in conjunction with the terms of the delegation. When selecting Investment Managers, the Board shall only consider Investment Managers recommended to ERS by its Investment Consultant that have disclosed whether or not they utilize a placement agent. The Board may contract with Investment Managers based on an evaluation of their investment philosophy, performance and ability to complement existing portfolio styles. The Investment Manager has a duty to the Board to exercise reasonable care to comply with the terms of the delegations. All Investment Managers must:

1. Provide the Board with a written agreement to invest within the guidelines established in the Investment Policy Statement.

2. Provide the Board with proof of liability and fiduciary insurance coverage.

3. Be a registered investment advisor or a "bank" exempt from registration under the Investment Advisers Act of 1940, and be recognized as demonstrating experience over a number of years in the management of institutional, tax-exempt assets within a defined investment capacity.

4. Adhere to investment style, concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, conducting research, constructing buy, sell, and hold lists and purchasing and selling securities.

5. Offer services in exchange for fees that are competitive with industry standards for the product category.

6. Execute all transactions for the benefit of the Fund with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the Fund. For additional details, refer to Section IX: POLICY AND GUIDELINES FOR BROKERAGE SERVICES.

7. Reconcile monthly accounting, transaction, and asset summary with custodian valuations, report separately on gains and losses on sales, and communicate and resolve any significant discrepancies. The month-end custodian valuations will be used to calculate rates of return for performance-reporting purposes and manager fee calculations.

8. Maintain frequent and open communication with the Board and its Staff on all significant matters, including but not limited to changes in the Investment Manager's outlook, strategy, and portfolio structure, changes in ownership, structure, any changes involving key decision makers and significant client losses.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by its Investment Consultant and Custodian shall be compiled quarterly and communicated to the Board for review. The investment return of total portfolios, as well as asset class components, will be measured against performance benchmarks, appropriate for each portfolio, as adopted by the Board. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this Statement. The Board reserves the right to terminate a manager at its discretion for any reason including, but not limited to, the following:

1. Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.

3. Significant changes to the investment management organization, including but not limited to loss of key personnel.

4. Evidence of illegal or unethical behavior by the investment management firm.

5. Lack of willingness to cooperate with reasonable requests by the Board and/or Staff for information, meetings, or other material related to its portfolios.

6. Loss of confidence by the Board in the Investment Manager.

7. A change in the Fund's asset allocation program that necessitates a shift of assets to another sector or asset class.

Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters and other factors that may impact their ability to achieve the desired investment results.

- SECTION V -
DEFINITIONS

1. **"The Fund"** shall mean the Employes' Retirement System of the City of Milwaukee Fund.

2. **"Annuity and Pension Board"** shall refer to the governing Board of Trustees established to administer the Fund as specified by applicable ordinance.

3. **"Fiduciary"** shall mean any entity or person who exercises any discretionary authority or discretionary control respecting management of the Fund or exercises any authority or control respecting management or disposition of the Fund's assets, or renders investment advice for a fee or other compensation, direct or indirect, with respect to monies or property of the Fund, or has any discretionary authority or responsibility in the administration of the Fund.

4. **"Investment Consultant"** shall mean any entity or person employed to provide advisory services, including advice on investment objective and/or asset allocation, manager search, and performance monitoring.

5. **"Investment Manager"** shall mean any individual, or group of individuals, employed to manage the investment of Fund assets.

6. **"Broker-Dealer"** shall mean any entity or person in the business of effecting securities transactions for its own account and/or of others and registered as such with the Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc.

7. **"Market Cycle"** shall be a time period that includes a significant market decline from peak to trough and a sustained market increase significantly above the previous peak. Within the stock and bond markets, a complete cycle usually has a span of 4 to 6 years but can be shorter or longer. Observing performance over a market cycle allows the Board to analyze the results without biasing the results in favor of managers that might outperform during certain sub-periods. If a market cycle should take place within a shorter time period, additional time may still be needed to assess the value added of the manager.

CONCLUSION

This Statement is a working document structured to accomplish long term and short term planning. Investment Managers and other fiduciaries are invited to contact the Fund or its Investment Consultant with any questions about the interpretation or application of any provisions. This Statement of Investment Policy will be reviewed annually. All changes will be communicated to all appropriate parties in writing.

Please address reports, correspondence and communications to:

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
David M. Silber, Chief Investment Officer
789 N. Water Street
3rd Floor
Milwaukee, WI 53202
(414) 286-3557

Please address all manager fee bills to:

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Bernard (Jerry) Allen, Executive Director
789 N. Water Street
3rd Floor
Milwaukee, WI 53202
(414) 286-3557

- SECTION VI -
SPECIFIC OBJECTIVES AND GUIDELINES FOR MANAGED PORTFOLIOS

INVESTMENT OBJECTIVES AND GUIDELINES

The Board expects to receive results from the Investment Managers that are consistent with the policies included herein. The following sections outline the specific objectives and guidelines established for each asset and management category. These objectives and guidelines will provide a basis for evaluating the effectiveness of each Investment Manager and the overall investment program over time.

BOARD RESTRICTIONS

- No transaction that is prohibited under the Uniform Prudent Investor Act promulgated by the National Conference of Commissioners on Uniform State Laws (1994) and the Restatement of Trusts 3d (City of Milwaukee Charter, Chapter 36-09-1-d-7).

- No unauthorized investment under the Wisconsin Statutes.

- Prohibited investments include mortgage interest only (IO), principal only (PO), inverse floaters or other CMO derivatives that have uncertain or volatile duration or price movement.

- No assets shall be invested in restricted (lettered) stock or in private placements. This restriction is not meant to preclude purchases of securities issued under SEC Rule 144a. Rule 144a allows trading among qualified institutional investors within a segment of the private placement market.

DERIVATIVES

A derivative is broadly defined as a financial instrument whose value, usefulness and marketability, is derived from or linked to the value of an underlying security, commodity, or index that represents either direct ownership of an asset or direct obligation of an issuer. Investment managers may use derivatives traded on a recognized derivatives exchange for hedging and efficient portfolio management purposes subject to compliance with the following specific guidelines at all times.

a) Futures

- Shall never be used for leverage purposes.
- The effective economic exposure to any asset class after allowing for the impact of short futures positions shall never be negative.

b) *Options*

- Call options may be purchased only as long as there is sufficient cash available to meet the exercise price or as part of a call spread.
- Put options may be purchased only to the extent that the corresponding physical asset is held in the portfolio or as part of a put spread.
- Writing of options is prohibited.

c) Reporting

- All derivative positions and transactions shall be separately and explicitly identified in the Investment Manager's reporting. Each time the Investment Manager undertakes a derivative transaction they shall highlight it in the first written report afterwards and explain the rationale for the transaction.

d) Over-the-counter derivatives not traded on a recognized exchange can only be used with prior specific written consent of the Board.

- Forward contracts may be used at the manager's discretion to hedge currency exposure.

Note that managers employing absolute return/alternative return strategies may make extensive use of derivatives. The ability to use derivatives is specified in the individual manager guidelines.

TRANSITION MANAGER

Permission is granted to transition managers to use futures on financial contracts, forward currency contracts, and Exchange Traded Funds in the management of portfolio transitions and in the management of portfolio rebalancing activity, according to the above-referenced Derivatives Guidelines. The use of these instruments by transition managers for these purposes will typically begin and end in short periods of time.

TOTAL FUND

OBJECTIVES AND GUIDELINES

Investment Objectives

Time Horizon	Performance Standard: Universe	Performance Standard: Index
Less than one market cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group [1]	
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed the return on a benchmark Index by 1%.[2] Have volatility of +/- 2.5% tracking error to the benchmark Index.[2]

Investment Guidelines

- The investment guidelines governing each asset class/manager will together constitute the Total Fund guidelines.
- The Board is responsible for the overall asset allocation of the Fund. Each manager will be responsible for adhering to the guidelines for its portion of Fund assets only.

1 As measured by a universe of similarly managed funds.
2 As measured by a composite index designed to track the target asset allocation.

From: To:	1/1/00-4/30/06	5/1/06-6/30/08	7/1/08–9/30/10	10/1/10–12/31/12	1/1/13–12/31/13	1/1/14–12/31/14	1/1/15–12/31/15	1/1/16-6/30/16	7/1/16–12/31/16	1/1/17-3/31/18	4/1/18–12/31/18	1/1/19–12/31/19	1/1/20-3/31/21	4/1/21-3/31/22	4/1/22-9/30-22	10/1/22–6/30/23	7/1/23–6/30/25	7/1/25-Present
ACWI IMI (net)	-	-	-	-	-	-	-	56%	56%	55%	50%	47%	43%	44%	44%	44%	39%	36%
Bloomberg U.S. Agg.	30%	28%	28%	28%	28%	28%	28%	25%	22%	22%	25%	25%	26%	23%	23%	23%	29%	32%
NFI-ODCE (1 Qtr Arrears)		-	-	-	-	-	7%	7%	7%	7%	7.7%	7.7%	7.7%	9.1%	9.1%	9.7%	9.7%	8.7%
90-Day T-bill + 3%	-	-	-	-	-	-	5%	5%	8%	8%	9%	9%	10%	10%	10%	10%	7%	9%
Russell 3000 + 2% (1 Qtr Arrears)			-	-	-	-	-	-	-	-	-	-	10%	10%	10%	10%	12%	11%
15% Bloomberg U.S. TIPS / 30% S&P Global Infrastructure / 15% S&P Global Natural Resources / 25% FTSE EPRA/NAREIT Developed / 15% Bloomberg Commodity Total Return								-	-	-	-	-	-	-	3.9%	3.3%	3.3%	3.3%
35% Barclays TIPS / 20% S&P Global Infrastructure / 20% Global Natural Resources / 10% FTSE EPRA/NAREIT Developed / 15% Bloomberg Commodity Total Return							-	-	3%	3%	3.3%	3.3%	3.3%	3.9%	-	-	-	-
Russell 3000 + 3% (1 Qtr Arrears)			-	-	2%	2%	2%	4%	4%	5%	5%	8%	-	-	-	-	-	-
40% ACWI / 40% Barclays TIPS / 20% Bloomberg Commodity Total Return				-	-	-	-	3%	-	-	-	-	-	-	-	-	-	-
Russell 3000	50%	45%	45%	33%	31%	31%	28%	-	-	-	-	-	-	-	-	-	-	-
MSCI EAFE (net)	15%	20%	20%	22%	22%	22%	20%	-	-	-	-	-	-	-	-	-	-	-
ACWI (net)	-	-	-	-	-	10%	10%	-	-	-	-	-	-	-	-	-	-	-
NCREIF (NPI 1 Qtr Arrears)		-	7%	7%	7%	7%	-	-	-	-	-	-	-	-	-		-	-
MSCI World (net)	-	-	-	10%	10%	-	-	-	-	-	-	-	-	-	-	-	-	-
NCREIF (NPI)	5%	7%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Manager: **Northern Trust**
Role: **Passive Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
Less than one market cycle (rolling 3-year periods).	Not Applicable	
One market cycle (rolling 5-year periods).	Not Applicable	Track the performance of S&P 500 Index within 10 basis points

Investment Guidelines

- The portfolio will be invested in a sufficient number of stocks, which in aggregate fairly represent the S&P 500 Index.
- Eligible investments for the portfolio shall be limited to units of the NTGI – QM Collective Daily S&P 500 Equity Index Fund – Lending.
- Cash will be held to a minimum.
- The portfolio will be rebalanced as necessary – selling issues that are removed from the Index and purchasing new issues added to the Index.
- Derivatives may be used to equitize cash.

Manager: BlackRock
Role: Passive Index Value Domestic Equities

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard: Universe	Performance Standard: Index
Less than one market cycle (rolling 3-year periods).	Not Applicable	
One market cycle (rolling 5-year periods).	Not Applicable	Track the performance of Russell 1000 Value Index within 10 basis points

Investment Guidelines

- The portfolio will be invested in a portfolio of equity securities with the objective of fairly approximating as closely as practicable the capitalization weighted total rate of return of that segment of the U.S. market for publicly traded equity securities as represented by the Russell 1000 Value Index.
- Eligible investments for the portfolio shall be limited to units of the BlackRock Russell 1000 Value Fund.
- Cash will be held to a minimum. We aim to keep the equitized cash balance in the fund to less than 1%, although the percentage at any point could be higher.
- Futures and other derivatives may be used to invest all or any portion of the Fund in one or more futures contracts or other similar assets for the purpose of acting as a substitute for investment in securities. The fund will always have an equitized cash position.

Manager: **Dimensional Fund Advisors**
Role: **Active Large Capitalization Value Domestic Equities**

ACCOUNT SPECIFIC INVESTMENT GUIDELINES

Investment Approach

The investment objective of the Account is to achieve long-term capital appreciation. The Manager's investment approach for the Account is to capture the return and diversification benefits of securities of large U.S. companies, as determined from time to time by the Manager, that the Manager determines to be value stocks and anticipates a weighted average total market capitalization generally lower than the benchmark. The Manager does not provide any guarantee with regard to the performance of the Account or that any investment objective will be successfully achieved.

Benchmark

Russell 1000 Value Index

Authorized Investments

- The Account may invest in any of the following:
    - Common Stocks, preferred stocks, convertible securities, warrants, rights and other securities with equity characteristics, as determined by the Manager
    - Depository receipts including "ADRs", "EDRs", "NVDRs" and "GDRs" (whether the underlying company is listed or unlisted) and foreign listings
    - Futures contracts and options on futures contracts for U.S equity securities and indices. These contracts may be used to adjust market exposure based on actual or expected cash inflows to or outflows from the Account. The Account does not intend to sell futures contracts to establish short positions in individual securities or to use derivatives for purposes of speculation or leveraging investment returns.
    - Participation notes
    - Real estate investment trusts ("REITs")
    - Exchange Traded Funds ("ETFs")
    - Securities received in connection with corporate actions from time to time
    - Cash and cash equivalents

Investment Guidelines

- Appropriate investments consist of authorized investments as noted above.
- At time of purchase, investment in any one company should not exceed 5% of the Account.

- At time of purchase, investments in any one industry as defined by 6-digit GIC should not exceed 25% of the value of the Account's total assets.
- The Manager is expected to maintain an invested position with no more than 10% of the Account invested in fixed income, cash or cash equivalents, except after cash inflows or prior to expected outflows.
- Under normal circumstances, at least 80% of the Account will be invested in securities of large cap U.S. companies.
- Under normal circumstances, the weighted average total market capitalization of the Account should not exceed 150% of the weighted average total market capitalization of the Russell 1000 Value Index.

Additional Considerations

The Manager may consider a company's size, value, and/or profitability relative to other eligible companies when making investment decisions for the Account. The Manager may adjust the representation in the Account of an eligible company, or exclude a company, after considering such factors as free float, momentum, trading strategies, liquidity, profitability, and other factors that the Manager determines to be appropriate, given market conditions. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value. In assessing profitability, the Manager may consider different ratios, such as that of earnings or profits from operations relative to book value or assets. The criteria the Manager uses for assessing value or profitability are subject to change from time to time.

Manager: Polen Capital Management
Role: Active Large Capitalization Domestic Equities

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
Less than one market cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group.[1]	
One market cycle (rolling 5-year periods).	Rank in upper 45% of a Peer Group.[1]	Exceed (after fees) the S&P 500 Index.

Investment Guidelines

- Appropriate investments consist primarily of common and preferred stocks and/or convertible securities. Convertible securities may represent up to 5% of the portfolio market value.
- Holdings in any one company should not exceed the greater of 10% of the portfolio or 3% over the S&P 500 Index weighting, measured at market value
- Holdings in one economic sector, based on the GICS sector classifications, should not exceed greater than 60% of the market value of the portfolio.
- The manager is expected to maintain a fully invested position at all times with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Holdings may include up to 20% American Depositary Receipts (ADRs) and/or foreign securities traded on US exchanges, or in the OTC market, measured at market value.
- Permissible investments also include exchange traded funds, mutual funds, and real estate investment trusts (REITs).
- The following investment vehicles are not allowed:
  - Commodities, commodity contracts, related futures or options
  - Illiquid securities
  - Venture capital investments
  - Short sales
  - Direct investments in oil, gas or other mineral exploration or developments
  - Margin transactions
  - Direct investments in real estate or interests in real estate
  - Section 144A Securities

[1] As measured by the Callan Large Cap Broad Equity Peer Group.

Manager: **EARNEST Partners**
Role: **Active Mid Capitalization Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
Less than one market cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group.[1]	
One market cycle (rolling 5-year periods).	Rank in upper 45% of a Peer Group.[1]	Exceed (after fees) the Russell Mid Cap Index + 2%.

Investment Guidelines

- Appropriate investments consist primarily of common and preferred stocks and/or convertible securities. Convertible securities may represent up to 5% of the portfolio at market value.
- Holdings in any one company should not exceed 7% of the portfolio, measured at market value.
- Holdings in one economic sector should not exceed the greater of 30% of the portfolio or 200% of the Index weighting, measured at market value.
- The manager is expected to maintain a fully invested position at all times with no more than 10% of the portfolio in fixed income, cash equivalents or Exchange Traded Funds. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Holdings may include up to 10% American Depository Receipts (ADRs), measured at market value.
- Holdings may include Real Estate Investment Trusts (REITs) at a level of up to 1.2 times the proportion of REITs in the Russell Mid Cap Index.

1 As measured by the Callan Mid Cap Equity Peer Group.

Manager: **Dimensional Fund Advisors**
Role: **Active Small Capitalization Value Domestic Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
Less than one market cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group.[1]	
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the Russell 2000 Value Index + 2%.

Investment Guidelines

- Appropriate investments consist of common and preferred stocks and cash equivalents.
- Holdings in any one company should not exceed 5% of the portfolio measured at cost; 10% measured at market value.
- Holdings in one industrial sector should not exceed the greater of 30% of the portfolio or 150% of the Index weighting, measured at market value.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- At least 80% of the portfolio will be invested in small capitalization companies.
- Holdings may include up to 10% American Depository Receipts (ADRs), measured at market value.

[1] As measured by the Callan Small Capitalization Value Equity Peer Group.

Manager: **Brandes Investment Partners**
Role: **Active International Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard: Universe	Performance Standard: Index
Less than one market cycle (rolling 3-year periods).	Rank in the upper 50% of a Universe.[1]	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI EAFE Index + 2%.

Investment Guidelines

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 5% over the Index weighting, measured at market value.
- Adequate diversification by sector, country and currency block should be maintained.
- Japan's and the United Kingdom's combined weighting is limited to their combined benchmark weighting plus 15% while Canada's is limited to 12%. Other countries' maximum is the greater of the benchmark plus 10% or 200% of the benchmark weighting.
- A maximum of 30% of the portfolio may be invested in non-EAFE markets. Canada is not counted towards this 30% limitation.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Foreign currency forward contracts are permitted for defensively hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.
- Warrants are not to exceed 20% of the portfolio value.

1 As measured by the Callan International Equity Peer Group.
2 MSCI EAFE is the Morgan Stanley Capital International Europe, Australasia and the Far East

Manager: **William Blair Institutional Management**
Role: **Active International Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
Less than one market cycle (rolling 3-year periods).	Rank in the upper 50% of a Universe.[1]	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI ACWIxUS[2] Index + 2%.

Investment Guidelines

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 5% over the Index weighting, measured at market value.
- Adequate diversification by sector, country and currency block should be maintained.
- Japan's and the United Kingdom's combined weighting is limited to their combined benchmark weighting plus 15% while Canada's is limited to 12%. Other countries' maximum is the greater of the benchmark plus 10% or 200% of the benchmark weighting.
- William Blair may invest a maximum of 35% of the portfolio or 150% of the MSCI ACWI ex-US Index weighting (whichever is less) in emerging markets companies.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Foreign currency forward contracts are permitted for defensive hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.
- Warrants are not to exceed 20% of the portfolio value.

1 As measured by the Callan International Equity Peer Group.
2 MSCI ACWIxUS is the Morgan Stanley Capital International All Country World Free Index excluding the United States.

Manager: DFA International Small Capitalization Value Portfolio
Role: Active International Small Capitalization Equities

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard: Universe	Performance Standard: Index
Less than one market cycle (rolling 3-year periods).	Rank in the upper 50% of a Universe.[1]	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI EAFE Small Cap (Net)[2] Index by 2%.

Investment Guidelines

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 5% over the Index weighting, measured at market value.
- Investments are limited to small Japanese, United Kingdom, European, Canadian and Asia Pacific companies, or small companies in such other countries as the manager's Investment Committee may from time to time determine.
- At least 80% of the portfolio will be invested in small capitalization companies.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Foreign currency forward contracts are permitted for defensive hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.
- Warrants are not to exceed 20% of the portfolio value.

1 As measured by the Callan International Equity Small Cap Peer Group.
2 MSCI EAFE is the Morgan Stanley Capital International Europe, Australasia and the Far East (MSCI EAFE).

Fund:	**AQR Emerging Equities Fund, L.P.**
Managing Member:	**AQR Capital Management, LLC**
Role:	**Active Emerging Markets Equities**
Date:	**8/1/2016**

Objectives and Guidelines

AQR Emerging Equities Fund, L.P. (the "Fund") is not subject to the investment objectives and guidelines contained in this Investment Policy. The operative investment objective and guidelines of the Fund are set forth in the governing documents and the Confidential Private Placement Memorandum of the Fund ("PPM"). Notwithstanding, the Manager has informed ERS that as of the date of ERS' initial investment, the investment objectives and guidelines set forth below are consistent with the operative investment objectives and guidelines of the Fund. The Manager has further informed ERS that the investment guidelines and objectives of the Fund are subject to change.

Investment Objectives

Time Horizon	Performance Standard Index
Less than one market cycle (rolling 3-year periods).	
One market cycle (rolling 5-year periods).	Exceed (after fees) the MSCI Emerging Markets Index by 200 basis points annually.

Investment Guidelines

- ERS will invest in the AQR Emerging Equities Fund, L.P., a commingled fund. Therefore, ERS' investment is subject to the terms and provisions of the governing documents for the Fund, such as the objectives and guidelines as outlined in the governing documents and PPM.

Current Investment Policy

- This Fund seeks to add value by employing a disciplined approach emphasizing both bottom-up security selection decisions and top-down country/currency allocation.
- This Fund intends to utilize a set of valuation, momentum and economic factors to generate an investment portfolio based on asset allocation models and security selection procedures aimed at assisting the Fund in meeting its investment objective.
- This Fund generally will be managed by both underweighting and overweighting securities, countries and currencies relative to the Benchmark; however, the Fund has the ability to trade in securities of issuers in countries and currencies not included in the benchmark.
- This Fund will invest primarily in equity and equity-related securities and currency forwards.

- The Investment Manager is not restricted as to the percentage of the Fund's assets that may be invested in any particular issuer, industry, instrument, market or strategy. The Fund does not and will not maintain any fixed limits, guidelines or requirements for diversifying its portfolio among strategies, issuers, industries, instruments, markets or sectors. However, as of the date of this document, typical maximum deviations are as follows: stock selection, +/- 2.5%; sector selection, +/- 5.5%; country selection, +/- 10%; and currency selection, +/- 15%.

- Permissible Investments include the following:
  - Equity and Equity-Related Securities
  - Currency Forwards
  - Fixed-Income Securities (Corporate and Governmental)
  - Exchange-Traded Funds ("ETFs")
  - Equity Index Futures
  - Equity Index Swaps
  - Options
  - Warrants
  - Equity Swaps
  - Futures
  - U.S. Government Securities
  - Bank Deposits
  - Money Market Instruments

- Further, AQR will implement the Fund's portfolio using whatever financial instruments are deemed appropriate. These include, but are not limited to, the instruments identified in the general description of each investment strategy employed by the Fund in the PPM. AQR may, at any time, discontinue using any of these financial instruments or may add additional financial instruments.

- The Fund will use leverage as part of the investment program. Leverage may take the form of, among other things, financial instruments including, without limitation, derivative instruments which are inherently leveraged and products with embedded leverage such as options, short sales, swaps and forwards. The Fund generally will not be economically leveraged. Economic leverage occurs when the total value of equity securities held long, plus the notional market value of equity derivatives held long, minus the notional market value of equity derivatives held short, is greater than 100% of the total market value of the Fund.

The representations of the Manager are made solely as of the date of ERS' initial investment in the Fund and solely with respect to the current version of this Investment Policy. For avoidance of doubt, the Manager expressly disclaims any amendment or revision of this Investment Policy.

Manager: **BlackRock Institutional Trust Company, N.A.**
Role: **Enhanced Index Core Global Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
Less than one market cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group.[1]	
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the MSCI All Country World Index

All active weight restrictions set forth below will be measured relative to the MSCI All Country World Index.

Investment Guidelines

- Appropriate investments consist primarily of common and preferred stocks and/or convertible securities. Convertible securities may represent up to 5% of the portfolio market value.
- Holdings in any one company should not exceed the greater of 10% of the portfolio or 5% over the Index weighting, measured at market value.
- Holdings in any one sector should not exceed the greater of 25% of the portfolio or 10% over the Index weighting, measured at market value.
- Holdings in any one country should not exceed the greater of 25% of the portfolio or 10% of the Index weighting, measured at market value.
- A maximum of 25% of the portfolio may be invested in emerging markets.
- Holdings may include up to 25% American Depository Receipts (ADRs), measured at market value.
- The manager is expected to maintain a fully invested position at all times with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Holding Foreign currency forward contracts are permitted for defensively hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.
- Derivatives may be used to equitize cash.

[1] As measured by the Callan Global Equity Peer Group.

Manager: **MFS Institutional Advisors, Inc.**
Role: **Active Growth Global Equities**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
Less than one market cycle (rolling 3-year periods).	Rank in the upper 50% of a Universe.[1]	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe.[1]	Exceed (after fees) the MSCI All Country World Index

All active weight restrictions set forth below will be measured relative to the MSCI All Country World Index.

Investment Guidelines

- If the portfolio deviates from these Guidelines for any reason, manager will notify the Board and its Investment Consultant in writing within three business days of *discovery* of the variance and take further action pursuant to Section III. 3. of the Statement of Investment Policy.

- Permissible Investments include the following:

  - Common Stock
  - Preferred Stock
  - Convertible Securities, including Convertible Preferred Stock and Convertible Bonds
  - Rights, Warrants, and Participatory Notes (P-Notes)
  - Exchange-traded Funds ("ETFs")
  - Index Futures
  - ADRs, ADSs, GDRs, and GDSs (and other depository receipts and shares)
  - Real Estate Investment Trusts ("REITs")
  - Publicly-traded Partnerships ("PTPs")
  - Units
  - IPOs. The portfolio may participate in initial public offerings. For purposes of investment in U.S. IPOs, the Board represents that the portfolio is not restricted from participating in such offerings under FINRA Rule 5130 or FINRA Rule 5131.
  - Unlisted securities are allowed (including securities traded in the over the counter market, Regulation S securities, and Rule 144A securities as further described herein).

[1] As measured by the Callan Global Equity Peer Group (data to be provided to MFS on a quarterly basis)

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 3% over the Index weighting, measured at market value.

- Adequate diversification by sector and country should be maintained, meaning that holdings in any one sector should not exceed the greater of 30% of the portfolio or 200% of the Index weighting (as defined by GICS sector scheme), measured at market value. The portfolio will be invested in at least 10 countries at all times, one of which will be the United States.

- A maximum of 25% of the portfolio, measured at market value, may be invested in emerging markets as classified by MSCI.

- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.

- Foreign currency forward contracts are permitted for defensive hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited. (Manager is not required to execute foreign currency trades through the custodian but may trade with those foreign exchange counterparties that manager believes will provide the best service in accordance with its fiduciary duty to seek best execution.)

- Rights, warrants, and P-Notes are not to exceed 10% of the portfolio value.

- 144A securities and Regulation S securities are not to exceed 10% of the portfolio value. 144A securities that are exchange traded do not count against the 10% limit.

- Settlement Practices/Lock-Ups**.** It is understood that certain foreign markets may require free or partial free delivery (e.g. initial partial escrow payments) regarding settlement of trades. It is further understood that certain securities, including pre IPOs, are subject to "lock-up" provisions in certain markets.

- For purposes of the restriction in Section VI of the IPS prohibiting investment in restricted (lettered) stock or private placements (other than Rule 144A securities with registration rights which are allowed), lettered stock shall be defined as private placements other than Rule 144A with registration rights.

Other:

For the avoidance of doubt, where the limitations above are affected by items out of the manager's control (e.g., cash inflows, cash outflows, market action), they will not be considered as a breach of the guidelines and the manager will take action to resolve the temporary non-compliance as soon as practicable. The time to bring the portfolio back into compliance could take several days (e.g., 5 days) to resolve.

Trading Currency:
The trading currency for the portfolio is US Dollars (USD) unless specifically instructed by the Board to the manager to the contrary.
Reporting Currency:
The reporting currency of the portfolio is US Dollars.

The manager shall comply with its Operational and Compliance Standards, a copy of which shall be provided to the Board.

Manager: **BlackRock**
Role: **Passive Fixed Income**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
One market cycle (rolling 5-year periods).	Not Applicable	Seek to track the performance of the Bloomberg Barclays U.S. Government Bond Index

Investment Guidelines

- The Fund will be invested and reinvested primarily in a portfolio of fixed income securities issued or guaranteed by the U.S. government and shares of investment companies (including exchange-traded funds), with the objective of approximating as closely as practicable the total rate of return of the Bloomberg Barclays U.S. Government Bond Index.

- The Fund is an "index fund" that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Bloomberg U.S. Government Bond Index (its "Underlying Index"). The Underlying Index is sponsored by an organization (the "Index Provider") that determines the composition and relative weightings of the securities in the Underlying Index and publishes information regarding the market value of the Underlying Index.

- Futures and other derivatives may be used to invest all or any portion of the Fund in one or more futures contracts, forward contracts or other similar assets for the purpose of acting as a temporary substitute for investment in securities.

- The Fund is permitted to engage in securities lending to enhance returns.

Manager: **Reams Asset Management**
Role: **Opportunistic Fixed Income**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	Index
Less than one market cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group.[1]	
One market cycle (rolling 5-year periods).	Rank in upper 40% of a Peer Group.[1]	Exceed (after fees) the Benchmark Index + 1.0%.[2]

Investment Guidelines

- The duration of the aggregate portfolio should be no more than 2 years below or above the Barclays Capital Aggregate Index.
- A maximum of 20% of the market value of the portfolio may be invested in corporate, non-corporate and 144(a) securities rated at or below BB+ or Ba1. An additional 5% of the market value of the portfolio may be invested in non-rated issues.
- A maximum of 10% of the market value of the portfolio may be invested in non-dollar securities.
- Corporate, non-corporate and 144(a) securities that are downgraded below B- or B3 by both Standard and Poors and Moody's Investor Services must be sold within 90 days following the downgrade. Reams must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- Asset-backed securities that are downgraded below BBB- or Baa3 by both Standard and Poors and Moody's Investor Services must be sold within 90 days following the downgrade. Reams must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- The average quality of the portfolio must be A-/A3 or better. Unrated U.S. Treasury and U.S. Federal Government Agency securities are permissible and will be treated as AAA rated for purposes of average quality calculations.
- No one security or aggregation of one company's securities, except securities issued or guaranteed by the U.S. Government or its agencies, will comprise more than 2% of the portfolio, as determined at the time of purchase.
- Long-only (sell protection) indexed credit default swaps may be utilized to gain exposure in the fixed income market with a notional value limit of 30% of the portfolio. The indexed credit default swaps shall not be used to create leverage or for speculative purposes and will be calculated at their notional value for guideline purposes. In addition, any portfolio liabilities resulting from the indexed credit default swaps must be fully collateralized by cash, cash equivalents, or U.S. Treasury securities.

- A maximum of 3% of the portfolio, at the time of purchase, may be invested in the Reams Unconstrained Bond Fund, a commingled fund, managed by Reams, subject to guidelines set forth in the goals and guidelines of the commingled vehicle.

- Sector limitations (as a percentage of the portfolio's market value) are limited to the following ranges:

Sector	Min	Max
US Treasuries	0%	100%
US Agencies	0%	80%*
Corporates	0%	100%
Mortgage-Backed Securities	0%	80%**
Asset-Backed Securities	0%	25%
Non-Corporates(3)	0%	20%
Emerging Market Debt(4)	0%	0%
Non-Dollar Securities	0%	10%
144(a) Securities	0	25%

*US Agencies excluding Mortgage-Backed Securities Max is 50%.
**Non-Agency Mortgage-Backed Securities Max is 25%.

- Minimum credit ratings for individual holdings, specific to the sectors, are as follows:

Sector	Minimum Rating
Corporates & Non-Corporates	B-/B3
Asset-Backed Securities	BBB-/Baa3
144(a) Securities	B-/B3
Cash equivalents, commercial paper and repurchase agreements	A1/P1

1 As measured by the Callan Fixed Income Core Opportunistic Peer Group
2 As measured by the Barclays Capital Aggregate Index
3 Non-Corporates replaced Yankees in the Barclays Capital Aggregate Index and include dollar denominated supranational, sovereign, foreign agency, and foreign local debt.
4 Emerging markets as defined by the International Finance Corporation.

Manager: **Loomis, Sayles & Company**
Role: **Opportunistic Fixed Income**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	**Index**
Less than one market cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group.[1]	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Peer Group[1]	Exceed (after fees) the Benchmark Index + 1.0%.[2]

Investment Guidelines

- The effective duration of the aggregate portfolio should be no less than 50% and no more than 250% of the Bloomberg Barclays US Aggregate Index.
- Up to 20% of the market value of the portfolio may be issues rated B- by Standard and Poor's and Fitch or B3 by Moody's. If the ratings assigned to an instrument by Standard & Poor's, Moody's, and/or Fitch are not the same, the highest rating of these ratings agencies will be used.
- If an instrument is not rated by Standard & Poor's, Moody's, and Fitch, the equivalent rating determined by the Loomis Sayles Research Department will be used.
- An additional 5% may be invested in issues not rated by Standard & Poor's, Moody's, and Fitch..
- Loomis must notify ERS of the downgrade of corporate, non-corporate and 144(a) securities below B- or B3 by Standard and Poor's, Moody's Investors Service and Fitch within three (3) business days. Loomis must provide quarterly credit updates so long as it retains the security(ies). Corporate, non-corporate and 144(a) securities rated below B- and B3 by Standard and Poor's, Moody's Investors Service and Fitch may not exceed 3% of the market value of the portfolio.
- Asset-backed securities that are downgraded below BBB- or Baa3 by Standard and Poor's, Moody's Investor Services and Fitch must be sold within 90 days following the downgrade. Loomis must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- The average quality of the portfolio must be BBB-/Baa3 or better. U.S. Treasury and U.S. Federal Government Agency securities are permissible and will be treated as AAA/Aaa rated for purposes of average quality calculations.
- No security, except securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, or index derivatives will comprise more than 5% of the portfolio, at the time of purchase.

- Up to 20% of the market value of the portfolio may be invested in total equities (common and preferred) as determined at the time of purchase. Common stock shall be limited to 5% of the market value of the portfolio, as determined at the time of purchase.

- Sector limitations (as a percentage of the portfolio's market value) are limited to the following ranges:

Sector	Min	Max
US Treasuries	0%	100%
US Agencies	0%	50%
Corporates	0%	100%
Mortgage-Backed Securities	0%	50%
Asset-Backed Securities, including a 5% sub-limit in Collateralized Loan Obligations	0%	25%
Investment Grade Yankees and Non-Corporates(3)	0%	25%
Non-Investment Grade Yankees and Non-Corporates(3)	0%	20%
Non–US Dollar / Non-Canadian Dollar	0%	20%
144(a) Securities	0%	65%
Individual Bank Loans*	0%	15%
Canadian Dollar Issues	0%	20%
Eligible derivatives include currency forwards (deliverable and non-deliverable) (4) and US Treasury Futures (5)	N/A	N/A
Long-only (sell protection) Index Credit Default Swaps	0%	30%(6)

- Minimum credit ratings for individual holdings, specific to the sectors, are as follows:

Sector	Minimum Rating
Corporates & Non–Corporates	B-/B3
Asset-Backed Securities	BBB-/Baa3
Collateralized Loan Obligations	BB-/Ba3
144(a) Securities	B-/B3
Cash equivalents, commercial paper and repurchase agreements	A1/P1

1 As measured by the Callan Core Opportunistic Fixed Income Peer Group

[2] As measured by the Bloomberg Aggregate Index
[3] Canadian issued bonds do not count towards the Yankee limit.
[4] Currency forwards may be used for hedging purposes only.
[5] US Treasury Futures may be used for both hedging and non-hedging purposes. Derivatives used to manage duration, interest rate and yield curve strategies may require notional amounts in excess of the portfolio's market value. US Treasury Futures will be limited by the duration restriction of the portfolio.
[6] Notional limit of 30%. Index credit default swaps shall not be used to create leverage or for speculative purposes and will be calculated at their notional value for guideline purposes. Liabilities resulting from CDX must be fully collateralized by cash, cash equivalents and U.S Treasuries.

* Investment in individual bank loans will generate a transaction cost associated with both the purchase and sale of these loans. The counterparty on these trades determines how they will settle and most choose ClearPar. ClearPar is the primary platform and supported by most banks. Bank loans that do not settle on this platform are prohibitively labor intensive and it is not likely many trades will occur away from the ClearPar platform.

Portfolios participating in a bank loan trade will be charged by ClearPar a pro-rata share of the trade (a "subtrade"). ClearPar will deliver the invoice to the Loomis and, in turn, Loomis will deliver this invoice to your custodian to pay from the assets of the portfolio. While you may elect to pay the invoice directly, directing the custodian to pay the invoices from the portfolio assets will facilitate proper performance calculations for your portfolio. As of the current date, the subtrade fee structure is as follows:

Subtrades per Master Trade	Subtrade Fee per Subtrade
1-5	$19
6-21	$110 divided by number of subtrades
22 or more	$5

There is also a volume discount schedule that is applied once trades on the platform exceed 5,000.

Fund:	**Principal Diversified Real Asset CIT ("Principal DRA CIT")**
Manager:	**Principal Global Investors Trust**
Role:	**Real Assets Strategy**

Objectives and Guidelines

Investment Objectives

Time Horizon	**Market Cycle approximately 3-5 years**
Performance Standard	**3-5% over CPI over a market cycle**
Index	**Custom Index:** **15% Barclays U.S. TIPS Index** **30% S&P Global Infrastructure Index** **15% S&P Global Natural Resources Index** **15% Bloomberg Commodity Total Return Index** **25% FTSE EPRA/NAREIT Developed Market Index**

Investment Guidelines

The Principal DRA CIT is a collective investment trust for which Principal Global Investors Trust Company (f/k/a Union Bond & Trust Company) ("Trust Company"), an Oregon banking corporation acts as Trustee (the "Trustee") pursuant to the Declaration of Trust as may be amended from time to time. The Principal DRA CIT is only available to certain retirement, pension, profit sharing, stock bonus and similar plans and their individual participants. The Trust Company has retained Principal Global Investors, LLC ("PGI") to serve as the investment advisor for the Principal DRA CIT. PGI is an affiliate of the Trust Company.

Objective: The investment objective of the Principal DRA CIT is to seek a long-term total return in excess of CPI by 3-5%.

Main Strategies and Risks
The Principal DRA CIT seeks to achieve its investment objective by allocating its assets among numerous investment categories including, but not limited to the following: inflation-indexed bonds, securities of real estate companies, commodity futures, fixed-income securities, foreign currency, securities of natural resource companies, master limited partnership ("MLPs"), publicly-listed infrastructure companies, floating rate debt, securities of global agriculture companies, and securities of global timber companies. The Principal DRA CIT is allowed to utilize derivative instruments.

The Trustee, as authorized in the Declaration of Trust, has hired PGI to serve as investment advisor for the Principal DRA CIT. PGI develops recommendations for the Principal DRA CIT's strategic asset allocation, which are executed by multiple sub-advisors. The allocations will vary from time to time and the Principal DRA CIT may add additional investment categories.

In recommending strategic allocations and sub-advisors to implement the allocations, PGI considers, among other things, quantitative measures, such as past performance, expected levels of risk and returns, expense levels, diversification of existing funds, and style consistency. In addition, qualitative factors such as organizational stability, investment experience, consistency of investment process, risk management processes, and information, trading, and compliance systems of the underlying investment option's sub-advisor are also evaluated. The Trustee considers the recommendations provided by PGI and determines whether to use cash flows or asset transfers or both to achieve the target weights established from time to time for underlying investment options.

Trustee makes this representation solely as of the date of The Employes' Retirement System of the City of Milwaukee ("ERS") initial investment in the collective investment trust and solely with respect to the current version of this Investment Policy. For avoidance of doubt, Trustee expressly disclaims any amendment or revision of this Investment Policy.

Manager: Robert W. Baird
Role: Short-Term Fixed Income Manager

Objectives and Guidelines

Investment Objectives

Primary: Provide principal preservation and liquidity of assets to meet projected payouts.

Secondary: Track the Barclays 1-3 year Government/Credit Index, and provide competitive investment returns over time.

Investment Guidelines

- Meet liquidity requirements that currently anticipate payouts beginning in January 2013 through at least December 2014. These liquidity needs shall be reviewed on a regular basis.
- The maximum effective duration of the short-term fixed income portfolio, including any investments in approved money market and short-term bond funds, shall be 2 years.
- The portfolio may be invested in securities having a rating of AAA or AA by Standard and Poor's or Aaa and Aa1 by Moody's Investors Service.
- Baird must notify ERS of downgrades of securities below AA or Aa1 by both Standard and Poor's and Moody's Investors Service, and make a recommendation within three (3) business days. If the security is retained, Baird must provide weekly credit updates so long as it retains the security(ies).
- No security, except securities issued or guaranteed by the U.S. Government or its agencies, will comprise more than 5% of the portfolio. No limitation with regard to money market sweep funds or short term bond funds.
- Eligible Investments:

  1. The following shall be eligible investments:
     a. U.S Treasury and Agency Obligations
     b. Approved money market and short term bond funds
     c. Agency mortgage-backed securities including collateralized mortgage obligations
     d. Mortgage and asset backed securities rated AAA
     e. Corporate notes and bonds, U.S. dollar-denominated, including 144a securities
     f. Repurchase agreements – U.S. government collateral only
     g. Short-term fixed income mutual funds whose holdings are consistent with the characteristics of the eligible investments
  2. Convertibles, options, futures or other derivative instruments are prohibited

Fund: **CMERS Low Beta LLC**
Managing Member: **UBS Hedge Fund Solutions LLC**
Role: **Hedge Fund of Funds Strategy**

Investment Objectives

The Investment Manager will attempt to construct a broad based neutral portfolio with exposure to a number of hedge fund strategies

The Fund seeks to target limited beta to equity markets over an economic cycle (3-5 years), as measured relative to the MSCI World Index USD.

Time Horizon	Performance Standard
	Index
Less than one market cycle (rolling 3-year periods).	
One market cycle (rolling 5-year periods).	Exceed (after fees) the Secured Overnight Financing Rate (SOFR) by 400 basis points.

Investment Guidelines

Strategies and Anticipated Allocation Ranges
Equity Hedged: (0-50%)

- The Fund will retain flexibility to invest in managers who may exhibit either long or short bias to risky assets depending on market environment provided downside risk is seen to be adequately restrained. Sub-strategies currently include: Fundamental and Equity Event.

13F Strategy: (0-5%)

- The Fund is permitted to invest in a Portfolio Fund managed by the Investment Manager which pursues the Investment Manager's "13F Strategy," an equity trading strategy that seeks to replicate the aggregate performance characteristics of a portfolio of equity securities held by a select number of Submanagers which have listed them on their respective filings under SEC Form 13F. The 13F Strategy shall be considered a subset of Equity Hedged such that the allocation range for the 13F Strategy and Equity Hedge together shall be (0-50%).

Credit / Income (0-50%)

- Credit: These strategies in aggregate are subject to a guideline of no more than 50% of the total portfolio. The Fund will retain flexibility to invest in managers who may exhibit either long or short bias to risky assets depending on market environment provided downside risk is seen to be adequately restrained.

- Sub-strategies currently include: Distressed, Corporate Long/Short, Structured Products and will not exceed 40% of the total portfolio.
- Income: The Fund will retain flexibility to invest in managers that participate in reinsurance strategies. Reinsurance strategies will not exceed 10% of the portfolio.

Relative Value: (0-60%)

- The Fund is permitted to invest in all Relative Value strategies, including: Quantitative Equity, Merger Arbitrage, Capital Structure/Volatility Arbitrage, Fixed Income Relative Value (FIRV), and Agency MBS.

Trading: (0-40%)

- The Fund is permitted to invest in all Trading strategies, including Global Macro, Commodities and Systematic CTAs. Sub-strategies currently include: Systematic, Global Macro, Commodities.

Other: (0-10%)

- This category contains investment approaches that are outside of the mainstream hedge fund strategies (Equity Hedged, Credit, Relative Value, and Trading). The category includes other alternative strategies, such as tactical asset allocation/risk parity, private equity, and real estate dealings, as well as new niche investment approaches that do not fit into any of the other mainstream strategies.

Direct Trading (0-5%)

Multi-Strategy:

- The Fund is permitted to invest in Multi-Strategy managers, which include allocations to a combination of strategies. These offerings are often the result of commonalties in the research and trading talent required for successful execution of the strategies. These funds allocate capital opportunistically among strategies believed to offer a suitable risk-adjusted return profile going forward.
- Applicable guidelines for multi-strategy managers will be monitored on a look-through basis to the underlying Strategies and will count toward the specified limits above.

Investments in Portfolio Funds Managed by Affiliates of the Investment Manager

Investments in Portfolio Funds managed by affiliates of the Investment Manager will be capped at 20% and would be limited to Customized Baskets ("CBs"), Managed Accounts ("MAs") or other Special Purpose Vehicles ("SPVs") where the Investment Manager may seek to attain certain exposures pursuant to the investment objectives of the Fund and where such exposure may otherwise not be accessible to the Fund. In the event such investments are implemented, the Investment Manager will not charge the Fund additional management fees or performance fees within the CBs, MAs or SPVs. Aside from such investments in CBs, MAs or SPVs, no investments will be made to UBS affiliates (e.g. O'Connor).

Diversification

The Investment Manager will determine the appropriate number of Portfolio Funds in its sole discretion. However, the number will typically range between 15-39 Portfolio Funds, excluding co-investments, unless otherwise agreed by the Fund.

Liquidity Considerations

The Investment Manager will seek to invest in Portfolio Funds with a mix of different liquidity profiles. However, the Investment Manager will seek to maintain:

- At least 70% of the net asset value of the Fund to be allocated to Portfolio Funds with stated liquidity terms (with penalties) that allow for redemption within 1 year.
- Up to 30% of the net asset value of the Fund may be allocated to Portfolio Funds with stated liquidity terms that allow for redemption greater than a 1 year hard lock up. Up to 1/3 of these Portfolio Funds (approximately 10% of the Fund) may have a hard lock up of greater than 2 years, but no more than 3 years unless they fall into the category of Portfolio Funds with no predefined redemption period. The latter shall also fall inside the 10% limitation.
- An investor gate can cause a position to fall into multiple liquidity buckets. For example, a $1/8^{th}$ quarterly liquidity fund would have 50% of its position in the "within 1 year " bucket and the remainder in the "greater than 1 year bucket", none of which would fall into the greater than 2 year bucket.

The above terms do not include audit withholds imposed by Portfolio Funds. The Fund acknowledges and understands that disbursements of any withheld amounts could take between 12 and 18 months to receive and will not be counted toward the above liquidity considerations.

From time to time, a manager may segregate certain securities from its Portfolio Fund and establish a “side pocket” structure and/or share class, which may have less liquid characteristics. The Investment Manager will attempt to limit the Fund’s exposure to side pocket holdings. However, the ultimate side pocket exposure will be at the discretion of the each underlying manager.

Leverage

The Investment Manager does not expect to employ leverage above and beyond what may be undertaken by the underlying Portfolio Funds. The Fund indicated it is able to provide additional cash with sufficient notice for operating purposes such as funding short term subscriptions or coverage for FX currency hedging.

Investment Manager Bespoke Structures/Co-Investments

The Fund is eligible to participate in A&Q bespoke structures and co-investments with full discretion of the Investment Manager.

Investment Eligibility

The Fund may invest in both US tax transparent funds and/or offshore vehicles.

Tail/Overlay Hedging

The Fund is eligible to participate in A&Q Tail/Overlay Program (TAU).

New Issues

The Fund is eligible to participate in new issues, and as such the Fund may invest in the new issues eligible share classes, if deemed appropriate.

Fund:	**CMERS Low Beta 2 LLC**
Managing Member:	**Aptitude Investment Management LP**
Role:	**Hedge Fund of Funds Strategy**

Investment Objectives

The Fund's investment objective is to target attractive risk-adjusted long-term returns. The Fund will seek to achieve its investment objective while referencing an annualized volatility, as measured by standard deviation of returns, of approximately 5.0%, an equity beta target of approximately 0.20 (which is not expected to exceed 0.25) to the MSCI World Index over rolling three-year periods, and a Sharpe ratio of over 0.5, in each case, measured over the long term.

Investment Guidelines

Strategies and Anticipated Allocation Ranges

The Managing Member generally classifies the hedge fund strategies utilized by Advisors into four broad categories: the equity long/short sector, the relative value sector, the event driven sector and the tactical trading sector (the "Hedge Fund Sectors"). These Hedge Fund Sectors are subjective classifications made by the Managing Member in its sole discretion, based on internal guidelines. Such classifications are based on information provided by the Advisors to the Managing Member and may differ from classifications of similarly named sectors made by other industry participants. Advisors may utilize some or all of these strategies. In addition, certain Advisors may also utilize other investment strategies that are not within these sectors but are either related or unrelated to any such sectors.

Once the Fund is fully invested, the Managing Member will seek to manage portfolio exposure to the Hedge Fund Sectors within the following target ranges:

Relative Value:	20% -- 70%
Equity Long Short:	10% -- 50%
Tactical Trading:	10% -- 40%
Event Driven:	0% -- 40%

Investments in Portfolio Funds Managed by the Managing Member or its Affiliates

The Fund may access particular Advisors or Portfolio Funds directly or indirectly by among other means, through intermediate entities managed by the Managing Member or an affiliate of the Managing Member in which other funds or assets managed by the Managing Member have an interest. The Fund will not be charged any additional fees payable to the Managing Member or its affiliates in connection with the foregoing.

Diversification

The Managing Member will generally seek to select Portfolio Funds subject to the following diversification limits:

1. Once the Fund has made allocations to at least 10 Portfolio Funds, no more than 20% of the Fund's net assets to be allocated to any single Portfolio Fund.

2. Once the Fund has made allocations to at least 20 Portfolio Funds, no more than 15% of the Fund's net assets to be allocated to any single Portfolio Fund.

Liquidity Considerations

The Managing Member will generally seek to select Portfolio Funds for the Fund subject to the following liquidity guidelines:

1. At least 50% of the Fund's net asset value will have a Liquidity Profile (as defined below) of no more than 12 months; at least 90% of the Fund's net asset value will have a Liquidity Profile of no more than 36 months; and 100% of the Fund's net asset value will have a Liquidity Profile of no more than 5 years. The Liquidity Profiles will be determined at the time of investment.

2. The "Liquidity Profile" of a Portfolio Fund is the minimum number of days, as determined by the Managing Member, for redemption in full (excluding audit holdbacks or reserves and side pockets) from such Portfolio Fund, without taking into account notice periods or the timing of payment of redemption proceeds. In determining the Liquidity Profile of a Portfolio Fund for purposes of these Investment Guidelines, the Managing Member will use the Portfolio Fund's stated redemption terms under normal market conditions, including normal redemption dates and investor-level gates. However, required notice periods, soft lock-ups and initial hard lock-ups with respect to such Portfolio Fund, and the right of an Advisor to suspend redemptions or otherwise further limit redemptions, holdback amounts related to redemptions, side pocket assets, segregate assets, or make distributions in kind will not be taken into account in calculating a Portfolio Fund's Liquidity Profile.

3. The Managing Member may (and it is expected that it will) invest the Fund's assets in Portfolio Funds that make side pocket investments.

4. Co-Investments shall not be considered for purposes of compliance with this liquidity guideline.

Compliance with Guidelines

The Managing Member will use commercially reasonable efforts to comply with the Investment Guidelines. The compliance of any investment decisions for the Fund with the Investment Guidelines is to be determined on the date that the applicable investment is made.

Rebalancing

The Managing Member will use commercially reasonable efforts to review the conformity of the Fund's portfolio with the Investment Guidelines on a periodic basis (expected to be no more frequently than quarterly). If the Managing Member determines that the Fund is not in compliance with the Investment Guidelines, the Managing Member shall promptly notify the Members, and promptly after discussing such non-compliance with the Members at the next quarterly performance review, the Managing Member will initiate a remedial plan by which it will seek to reallocate the Fund's assets in order to bring the Fund's investments back into conformity with the Investment Guidelines.

Leverage

The Fund may employ leverage above and beyond what may be undertaken by the underlying Portfolio Funds only with the consent of a Majority in Interest.

Managing Member Bespoke Structures/Co-Investments

The Fund is eligible to participate in co-investments or similar opportunities, subject to the investment guidelines and the consent of a Majority in Interest.

New Issues

The Fund is eligible to participate in new issues, and as such the Fund may invest in the new issues eligible share classes, if deemed appropriate.

PRIVATE EQUITY

A separate Private Equity Statement of Investment Policy has been adopted by the Board. This policy is an extension of the Statement of Investment policy and will be reviewed annually.

REAL ESTATE

A separate Real Estate Investment Policy Statement has been adopted by the Board. This policy is an extension of the Statement of Investment policy and will be reviewed annually.

- SECTION VII -
REQUIRED REPORTING OF ACTIVELY MANAGED INVESTMENT PORTFOLIOS

The Board has determined that each Investment Manager given discretionary authority over a portion of the Fund's assets shall provide the following required reports to the Fund at the time periods indicated.

15 copies of these reports shall be compiled and distributed to Staff.

ON A MONTHLY BASIS:

1. TRANSACTION STATEMENT: A complete list of all transactions.
2. ASSET LISTING: A complete list of all portfolio holdings, including securities' names, amount owned, cost and market valuations and percentage of total portfolio.
3. A STATEMENT OF INVESTMENT PERFORMANCE: Expressed in percentage increase/decrease for the following periods: Month, Year To Date, One Year, Three Year, Five Year and Since Inception. Comparative statistics for the specific Benchmarks should also be included.

ON A QUARTERLY BASIS:

In addition to the above reports, the following will be completed:

1. A LETTER OF TRANSMITTAL: Addressed to the Chief Investment Officer of the Fund with copies to trustees that includes a narrative about the account performance and all related factors for the quarter.
2. A STATEMENT OF EXPECTATIONS: Regarding both near and long-term expectations for the account.
3. RECONCILIATION: At market value, between the managers' records and those provided by the Fund's Custodian. Differences in cash due to unsettled trades should be so noted as well as any differences in carrying value of securities. The Custodian's final pricing will be used to calculate returns and to calculate manager fees.

ON AN ANNUAL BASIS:

1. Complete an Annual Compliance Certificate that the ERS or the Investment Consultant provides

In addition, the Manager will meet with the representatives of the Board as often as deemed necessary by the Board. In the interim, the Manager will keep Staff, the Board, and the Investment Consultant apprised of any relevant information regarding its organization, personnel and/or investment strategy. The manager will notify Staff or the President of the Board within 3 days of any change in the lead personnel assigned to manage the account.

- SECTION VIII -
PROXY VOTING GUIDELINES

The Board of the ERS has delegated the responsibility for voting proxies to their Investment Managers. Each Investment Manager has the responsibility for voting proxies in the best interests of plan participants.

The Board will monitor the proxy voting of its Investment Managers. By June 30 of each year, each Investment Manager will supply to the Board and its Investment Consultant an acknowledgement that it is responsible for voting proxies in the best interests of plan participants, a copy of the Investment Manager's proxy voting procedures and guidelines and a list of how the Investment Manager voted on all proxy issues during the 12 months preceding the report.

- SECTION IX -
POLICY AND GUIDELINES FOR BROKERAGE SERVICES

This policy statement is intended to serve as a guide for Investment Managers engaged on behalf of the Employes' Retirement System of the City of Milwaukee (the "System") in the course of investing the retirement funds of the System. Each Investment Manager engaged by the System is responsible to exercise its responsibility prudently and solely in the interests of the participants and beneficiaries of the System. This document outlines the policies and procedures to be considered by Investment Managers in fulfilling this obligation.

1. <u>General Policies and Principles:</u> The Board requires that these principles guide all transactions:

    a) Each manager is charged with the responsibility for all aspects of the investment process with respect to assets entrusted to it and consistent with the specific terms of this engagement by the System.

    b) Each manager is expected to act prudently with respect to decisions to buy or sell securities as well as with respect to the decision who will execute the transaction.

    c) Each manager shall secure best execution for each transaction it enters on behalf of the System. This requires that each manager execute securities transactions for the System in such a manner that the System's total cost or proceeds in each transaction is the most favorable under the circumstances. Each manager shall consider the full range and quality of a broker's services in placing brokerage, including, but not limited to, the value of research provided as well as execution capability, commission rate, financial responsibility and responsiveness to the manager. Lowest commissions paid in connection with a trade is not determinative of whether the transaction represents the best qualitative execution of the trade.

2. <u>Trading Policies and Guidelines:</u> Consistent with its fiduciary and best execution responsibilities described above, each manager, excluding the collective or commingled fund managers, should use its best efforts to minimize <u>total commission dollars</u> generated by buy

and sell transactions of exchange traded or electronically traded securities in accordance with the following action and policy of the Board:

a) The System desires to minimize total transaction costs (commission plus net price) through the use of electronic trading services.

3. The Board may utilize the services of a transaction cost provider to monitor the individual manager transactions.

- SECTION X -

APPROVED SECURTIES LENDING PROGRAMS

The Board has authorized the execution of a Securities Lending Program which will be performed by the Fund's custodian or qualified third party securities lending agent(s). The program is monitored and reviewed by the Staff and was established by a written agreement authorized by the Board. The Securities Lending Program is detailed in the Securities Lending Authorization Agreement with the Fund's custodian, presently The Northern Trust Company.

- SECTION XI -
STATEMENT OF INVESTMENT POLICY ADDENDUM

d. Prudent Investor Rule. Except as otherwise specifically provided in this chapter, the board and a person under contract to the Employes' Retirement System who invests and manages trust assets owes a duty to comply with the prudent investor rule.

d-1. Standard of Care; Portfolio Strategy; Risk and Return Objectives. The board and a person under contract to the Employes' Retirement System to invest and manage trust assets shall invest and manage assets as a prudent investor would by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the board and such person shall exercise reasonable care, skill and caution. Investment and management decisions respecting individual investment assets must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the trust. A reasonable effort shall be made to verify facts relevant to the investment and management of trust assets. Assets may be invested in any kind of property or type of investment consistent with the standards of this sub. d. A board member or a person under contract to the Employes' Retirement System who invests and manages trust assets who has special skills or expertise or is named in reliance upon his or her representation that he or she has special skills or expertise has a duty to use those special skills or expertise.

d-2. Diversification. The board and person under contract to the Employes' Retirement System to invest and manage trust assets shall diversify the investment of the trust unless the board reasonably determines that because of the special circumstances, the purposes of the trust are better served without diversifying.

d-3. Loyalty. The board and a person under contract with the Employes' Retirement System to invest and manage trust assets shall invest and manage the trust assets solely in the interests of the beneficiaries.

d-4. Investment Costs. In investing and managing trust assets, the board and a person under contract to the Employes' Retirement System to invest and manage trust assets may only incur costs that are appropriate and reasonable in relation to the assets for the purposes of the trust and the skills of the trustee.

d-5. Delegation. The board has a duty to personally perform the responsibilities of trusteeship except as those responsibilities are by this section delegated to others or except as a prudent person might delegate those responsibilities to others. In deciding whether and to whom and in what manner to delegate fiduciary authority in the administration of the trust and thereafter supervising agents, the board is under a duty to the beneficiaries to exercise fiduciary discretion and to act as a prudent person would in similar circumstances. In performing a delegated function, a person under contract to the Employes' Retirement System to invest or manage funds owes a duty to the trust to exercise reasonable care to comply with the terms of the delegation. The board shall not be liable to the beneficiaries or to the trust for the decisions or actions of a person to whom a function was delegated provided that the board shall have used reasonable care, skill and caution in selecting the person; establishing the scope and terms of the delegation consistent with the purposes and terms of the trust; and periodically reviewing the person's actions in order to monitor performance in compliance with the terms of delegation.

d-6. Reviewing Compliance. Compliance with the prudent investor rule is determined in light of the facts and circumstances existing at the time of the decision or action and not by hindsight.

d-7. The text and comments to the Uniform Prudent Investor Act promulgated by the National Conference of Commissioners on Uniform State Laws (1994) and the Restatement of Trusts 3d: Prudent Investor Rule (1992) are interpretive of the provisions of this par.

d-8. Nothing in this par. prevents the board and the Employes' Retirement System from requiring indemnification or insurance from a contractor, nor does anything in this par. preclude the board and the Employes' Retirement System from obtaining indemnification or insurance for their activities.

REAL ESTATE INVESTMENT POLICY STATEMENT

~~Sept~~December 202~~2~~5

THE EMPLOYES' RETIREMENT
SYSTEM OF THE CITY OF MILWAUKEE
789 N. Water Street, 3rd Floor
Milwaukee, WI 53202
(414) 286-3557

I. PURPOSE

The purpose of this statement of Real Estate Investment Policy is to formalize the City of Milwaukee Employes' Retirement System's ("CMERS") investment objectives, policies, and procedures with respect to the real estate asset class. This statement is an extension of the CMERS overall Statement of Investment Policy.

II. INVESTMENT OBJECTIVE AND CONSIDERATIONS

A. Purpose of Real Estate Allocation

CMERS allocates a portion of its total assets to real estate for the following benefits:

1. Enhance the diversification of the CMERS overall investment portfolio due to real estate's low correlation with stocks and bonds;
2. Provide high current income and a rate of return that falls between stocks and bonds;
3. Lower the volatility of the total investment portfolio considering real estate returns have historically exhibited lower volatility than ~~other~~ public equities~~y asset classes~~; and
4. Provide a hedge against unanticipated inflation.

B. Major Considerations

Major considerations impacting the structure of the real estate portfolio include:

1. Liquidity
2. Staffing
3. Investment decision-making process
4. Diversification

C. Asset Allocation

CMERS has a current target allocation of 12~~3~~% to Real Assets and ~~9~~8.7% to Private Real Estate. CMERS Statement of Investment Policy permits a minimum allocation to Real Assets, defined as Private Real Estate and Public Diversified Real Assets, of 9~~10~~% and a maximum allocation to Real Assets of 15~~6~~%.

D. Return Objectives

CMERS seeks to achieve total net returns equivalent to the net returns of the NCREIF~~-~~ Fund Index Open-End Diversified Core Equity Index Value-Weighted Net ("NFI-ODCE" or "ODCE") as a minimum return for the total real estate portfolio over rolling five-year periods.

III. Portfolio Composition

CMERS's real estate allocation will be 100% invested in Core and Core plus strategies. The portfolio will primarily be invested in Core strategies, with Core Plus used as a complement. Investment in Non-Core strategies will not be pursued. Non-Core funds that are currently in the portfolio will be liquidated by the managers at their discretion and according to the provisions established in the documents governing each fund.

Core/Core Plus and Non-Core strategies are defined as follows:

	Strategy	Leverage
Core/Core Plus	Existing, operational assets that are substantially leased (greater than 80%) that are core quality properties located in major markets. Core strategies are typically concentrated in the four main property types: office, ~~apartment~~residential, retail, ~~and~~ industrial, but also include a subset of alternative sectors, ~~but~~ which may include mixed-use properties, student housing, life sciences, self-storage, data centers, senior housing and hotels. Core Plus strategies may have greater exposure to property types beyond the four main property types~~, including mixed-use, self-storage, data centers, hotels, senior housing, and student housing~~. Total return derived from income and appreciation, with income accounting for at least 60% of the total return.	Core strategies generally have leverage of less than 35%. Core Plus strategies may have higher leverage, up to 50%, but typically 35-40%.
Non-Core Value-Add	Institutional quality properties located in major and secondary markets with improvement needs or opportunities to add value through asset management initiatives. Includes office, apartment, retail, industrial, as well as more specialized property types such as mixed-use properties, hotels, senior housing, self-storage and student housing, among others. Return balanced between appreciation and income, with some initial income that grows over time as value-add strategy is implemented.	May include the use of leverage up to 65%
Non-Core Opportunistic	Properties, property portfolios or real estate companies offering recapitalization, turnaround, development, market arbitrage opportunities or other specialized approaches. Return primarily derived from appreciation.	Leverage is utilized and often is not limited

IV. PERMISSIBLE INVESTMENTS

A. Investment Types

To achieve the benefits of investing in real estate, investments for CMERS will consist of equity and equity-oriented ownership in commercial real estate.

B. Investment Structures

This Policy authorizes the use of investment structures that provide legal protections to CMERS commensurate with the investment opportunity subject to legal review. Investments in real estate will be made through collective investment vehicles.

Collective investment vehicles, also known as commingled funds, are generally categorized into two sub-structures: Open-end and Closed-end. Open-end commingled funds are infinite life vehicles which provide periodic liquidity by allowing the investor to contribute capital contributions or redeem capital, typically on a quarterly basis. Closed-end funds are finite life vehicles where the timing of capital contribution and distributions are at the discretion of the manager.

Investment will be made exclusively using open-end funds.

CMERS will not purchase individual properties directly.

V. RISK MANAGEMENT

The primary risks associated with equity real estate investments are investment manager risk, vintage year risk, concentration risk (manager, property type, and geographic), leverage, loss of principal and liquidity risks. The following are risk management strategies:

A. Portfolio Composition

Focusing investment in Core/Core Plus open-end funds is a primary mechanism to manage liquidity risk, leverage and loss of principal.

B. Diversification

1. Manager Diversification

Diversification by manager will be used to limit manager concentration risk. To control manager exposure, the allocation to a single real estate manager is limited to no more than 35% of the real estate portfolio. Generally, the upper limit will only be considered for managers with substantial assets under management. Lower amounts will be appropriate for managers with single product lines and small assets under management. Manager concentration will be calculated by aggregating the total real estate assets invested by CMERS across all real estate strategies managed by the manager.

2. Vehicle Diversification

To mitigate the impact of the failure of a single investment vehicle on total real estate performance, CMERS will limit its investment in any single open-end fund to 35% of the total real estate portfolio.

3. Property Type and Location Diversification

The portfolio will be broadly diversified by property type and by location. Diversification is expected to track, but not match, the diversification of the ODCE benchmark across the major property sectors (office, retail, industrial, apartments, and other) and regions (East, South, West, Midwest). The portfolio will be invested primarily in the U.S.; however up to 5% of the portfolio may be invested outside the U.S.

Each individual manager will determine the diversification of its portfolio. ~~Most~~ A majority have targets relative to the ODCE benchmark weightings.

To achieve a broadly diversified portfolio, CMERS will have a preference for funds that are diversified by property type and location; however, single-sector funds may be considered.

4. Vintage Year Diversification

CMERS recognizes that real estate is cyclical and will pace its investment into the market across vintage years to the extent new allocations are made.

C. Liquidity Profile

Funds with a concentrated investor base will be avoided because they potentially reduce CMERS's ability to exercise its governance rights and/or limit liquidity.

Similarly, for liquidity management, CMERS's investment in any single commingled fund may not exceed 20% of the total net asset value of the open-end fund.

D. Leverage Limitations

CMERS will target portfolio-wide leverage of 25% of CMERS's aggregate real estate portfolio, with a maximum of 35%. CMERS will control the overall leverage amounts by investing in Funds with leverage profiles consistent with this Policy objective.

At the underlying investment vehicle level, leverage will be limited to the levels set within the investment vehicle's governing documents.

In the event that the portfolio-level and/or the style-level leverage constraint is breached due to a contraction in market values, Staff and Consultant will notify the Board and make a recommendation for action or exception.

E. Currency

Investments are expected to be made primarily in vehicles which invest in real estate in the U.S. Although non-U.S. investments are expected to be limited, CMERS accepts the currency risks inherent in the geographic exposures of the investment vehicles. Real estate managers may or may not hedge currency risk at the vehicle-level, but currency will not be hedged at the CMERS real estate portfolio level. Where possible, CMERS will make investments and receive distributions in U.S. dollars.

VI. Summary of Policy Targets and Limits

Policy Parameter	Policy Guidelines
Allocation to Real Estate	Target of ~~9~~8.7% of total plan assets
Real Assets Range	~~10~~9% - 1~~5~~6%, includes both Private Real Estate and Public Diversified Real Assets
Permissible Investments	Equity and equity-like investments in commercial real estate
Investment Vehicle • Open-end Funds	 Open-end funds exclusively for any new allocations Legacy Non-Core closed-end funds are in wind down
Investment Styles • Core/Core Plus Private • Non-Core Private	 100%; Focus on Core No new investments; 0% long term target Legacy Non-Core portfolio is in wind down
Manager Exposure	Maximum of 35% to a manager
Single Investment Exposure	Maximum of 35% of the real estate allocation to a single open-end fund
Property Types • Office • Industrial • Retail • ~~Apartment~~Residential • Other	The portfolio will be broadly diversified and measured against ODCE property type weightings. Focus will be on the four main property types (office, retail, industrial, ~~apartments~~residential) and other (which can include but not limited to life sciences, self-storage, student housing, senior housing, data centers etc.)
Locations • East • South • West • Midwest • Non-U.S.	The portfolio will be broadly diversified and measured against ODCE regional weightings Non-U.S. – Up to 5% of the portfolio
Leverage	Maximum of 35% for the real estate portfolio;

	Target of 25% Core ≤ 35% Core Plus ≤ 50% Legacy Non-Core Funds will have leverage according to the levels allowed in their respective governing documents

VII. Benchmark

Each investment will be benchmarked against the NCREIF Fund Index Open-End Diversified Core Equity Index Value Weighted ("NFI-ODCE" or "ODCE"), Net of Fees. Peer Groups may also be used to evaluate performance.

VIII. Valuation

Investments will be valued by the underlying investment managers using the methodology approved with the selection of the particular investment. Managers are expected to conform to the real estate information standards promulgated by NCREIF.

IX. Program Management

The Board, Staff, and Consultant's roles will be consistent with those described in the Statement of Investment Policy.

X. Compliance With Policy

Until the Non-Core portfolio is fully liquidated, the portfolio will have areas of non-compliance. The Core portfolio will be managed to comply with the Policy. New investments and strategic decisions shall be in compliance with the Policy.

REAL ESTATE INVESTMENT POLICY STATEMENT
December 2025

THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
789 N. Water Street, 3rd Floor
Milwaukee, WI 53202
(414) 286-3557

I. PURPOSE

The purpose of this statement of Real Estate Investment Policy is to formalize the City of Milwaukee Employes' Retirement System's ("CMERS") investment objectives, policies, and procedures with respect to the real estate asset class. This statement is an extension of the CMERS overall Statement of Investment Policy.

II. INVESTMENT OBJECTIVE AND CONSIDERATIONS

A. Purpose of Real Estate Allocation

CMERS allocates a portion of its total assets to real estate for the following benefits:

1. Enhance the diversification of the CMERS overall investment portfolio due to real estate's low correlation with stocks and bonds;
2. Provide high current income and a rate of return that falls between stocks and bonds;
3. Lower the volatility of the total investment portfolio considering real estate returns have historically exhibited lower volatility than public equities; and
4. Provide a hedge against unanticipated inflation.

B. Major Considerations

Major considerations impacting the structure of the real estate portfolio include:

1. Liquidity
2. Staffing
3. Investment decision-making process
4. Diversification

C. Asset Allocation

CMERS has a current target allocation of 12% to Real Assets and 8.7% to Private Real Estate. CMERS Statement of Investment Policy permits a minimum allocation to Real Assets, defined as Private Real Estate and Public Diversified Real Assets, of 9% and a maximum allocation to Real Assets of 15%.

D. Return Objectives

CMERS seeks to achieve total net returns equivalent to the net returns of the NCREIF Fund Index Open-End Diversified Core Equity Index Value-Weighted Net ("NFI-ODCE" or "ODCE") as a minimum return for the total real estate portfolio over rolling five-year periods.

III. Portfolio Composition

CMERS's real estate allocation will be 100% invested in Core and Core plus strategies. The portfolio will primarily be invested in Core strategies, with Core Plus used as a complement. Investment in Non-Core strategies will not be pursued. Non-Core funds that are currently in the portfolio will be liquidated by the managers at their discretion and according to the provisions established in the documents governing each fund.

Core/Core Plus and Non-Core strategies are defined as follows:

Strategy		Leverage
Core/Core Plus	Existing, operational assets that are substantially leased (greater than 80%) that are core quality properties located in major markets. Core strategies are typically concentrated in the four main property types: office, residential, retail, industrial, but also include a subset of alternative sectors, which may include mixed-use properties, student housing, life sciences, self-storage, data centers, senior housing and hotels. Core Plus strategies may have greater exposure to property types beyond the four main property types. Total return derived from income and appreciation, with income accounting for at least 60% of the total return.	Core strategies generally have leverage of less than 35%. Core Plus strategies may have higher leverage, up to 50%, but typically 35-40%.
Non-Core Value-Add	Institutional quality properties located in major and secondary markets with improvement needs or opportunities to add value through asset management initiatives. Includes office, apartment, retail, industrial, as well as more specialized property types such as mixed-use properties, hotels, senior housing, self-storage and student housing, among others. Return balanced between appreciation and income, with some initial income that grows over time as value-add strategy is implemented.	May include the use of leverage up to 65%
Non-Core Opportunistic	Properties, property portfolios or real estate companies offering recapitalization, turnaround, development, market arbitrage opportunities or other specialized approaches. Return primarily derived from appreciation.	Leverage is utilized and often is not limited

IV. PERMISSIBLE INVESTMENTS

A. Investment Types

To achieve the benefits of investing in real estate, investments for CMERS will consist of equity and equity-oriented ownership in commercial real estate.

B. Investment Structures

This Policy authorizes the use of investment structures that provide legal protections to CMERS commensurate with the investment opportunity subject to legal review. Investments in real estate will be made through collective investment vehicles.

Collective investment vehicles, also known as commingled funds, are generally categorized into two sub-structures: Open-end and Closed-end. Open-end commingled funds are infinite life vehicles which provide periodic liquidity by allowing the investor to contribute capital contributions or redeem capital, typically on a quarterly basis. Closed-end funds are finite life vehicles where the timing of capital contribution and distributions are at the discretion of the manager.

Investment will be made exclusively using open-end funds.

CMERS will not purchase individual properties directly.

V. RISK MANAGEMENT

The primary risks associated with equity real estate investments are investment manager risk, vintage year risk, concentration risk (manager, property type, and geographic), leverage, loss of principal and liquidity risks. The following are risk management strategies:

A. Portfolio Composition

Focusing investment in Core/Core Plus open-end funds is a primary mechanism to manage liquidity risk, leverage and loss of principal.

B. Diversification

1. Manager Diversification

Diversification by manager will be used to limit manager concentration risk. To control manager exposure, the allocation to a single real estate manager is limited to no more than 35% of the real estate portfolio. Generally, the upper limit will only be considered for managers with substantial assets under management. Lower amounts will be appropriate for managers with single product lines and small assets under management. Manager concentration will be calculated by aggregating the total real estate assets invested by CMERS across all real estate strategies managed by the manager.

2. Vehicle Diversification
To mitigate the impact of the failure of a single investment vehicle on total real estate performance, CMERS will limit its investment in any single open-end fund to 35% of the total real estate portfolio.

3. Property Type and Location Diversification
The portfolio will be broadly diversified by property type and by location. Diversification is expected to track, but not match, the diversification of the ODCE benchmark across the major property sectors (office, retail, industrial, apartments, and other) and regions (East, South, West, Midwest). The portfolio will be invested primarily in the U.S.; however up to 5% of the portfolio may be invested outside the U.S.

Each individual manager will determine the diversification of its portfolio. A majority have targets relative to the ODCE benchmark weightings.

To achieve a broadly diversified portfolio, CMERS will have a preference for funds that are diversified by property type and location; however, single-sector funds may be considered.

4. Vintage Year Diversification
CMERS recognizes that real estate is cyclical and will pace its investment into the market across vintage years to the extent new allocations are made.

C. Liquidity Profile
Funds with a concentrated investor base will be avoided because they potentially reduce CMERS's ability to exercise its governance rights and/or limit liquidity.

Similarly, for liquidity management, CMERS's investment in any single commingled fund may not exceed 20% of the total net asset value of the open-end fund.

D. Leverage Limitations
CMERS will target portfolio-wide leverage of 25% of CMERS's aggregate real estate portfolio, with a maximum of 35%. CMERS will control the overall leverage amounts by investing in Funds with leverage profiles consistent with this Policy objective.

At the underlying investment vehicle level, leverage will be limited to the levels set within the investment vehicle's governing documents.

In the event that the portfolio-level and/or the style-level leverage constraint is breached due to a contraction in market values, Staff and Consultant will notify the Board and make a recommendation for action or exception.

E. **Currency**

Investments are expected to be made primarily in vehicles which invest in real estate in the U.S. Although non-U.S. investments are expected to be limited, CMERS accepts the currency risks inherent in the geographic exposures of the investment vehicles. Real estate managers may or may not hedge currency risk at the vehicle-level, but currency will not be hedged at the CMERS real estate portfolio level. Where possible, CMERS will make investments and receive distributions in U.S. dollars.

VI. Summary of Policy Targets and Limits

Policy Parameter	**Policy Guidelines**
Allocation to Real Estate	Target of 8.7% of total plan assets
Real Assets Range	9% - 15%, includes both Private Real Estate and Public Diversified Real Assets
Permissible Investments	Equity and equity-like investments in commercial real estate
Investment Vehicle • Open-end Funds	Open-end funds exclusively for any new allocations Legacy Non-Core closed-end funds are in wind down
Investment Styles • Core/Core Plus Private • Non-Core Private	 100%; Focus on Core No new investments; 0% long term target Legacy Non-Core portfolio is in wind down
Manager Exposure	Maximum of 35% to a manager
Single Investment Exposure	Maximum of 35% of the real estate allocation to a single open-end fund
Property Types • Office • Industrial • Retail • Residential • Other	The portfolio will be broadly diversified and measured against ODCE property type weightings. Focus will be on the four main property types (office, retail, industrial, residential) and other (which can include but not limited to life sciences, self-storage, student housing, senior housing, data centers etc.)
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PRIVATE EQUITY
STATEMENT OF INVESTMENT POLICY
~~Sept~~December 202~~3~~5

THE MILWAUKEE EMPLOYES'
RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
789 N. Water Street, 3rd Floor
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RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

STATEMENT OF INVESTMENT POLICY

This policy applies to the Private Equity assets within the Milwaukee Employes' Retirement System of the City of Milwaukee ("ERS").

PURPOSE OF THIS STATEMENT OF INVESTMENT POLICY

This policy provides the broad strategic framework for managing the Private Equity assets.

GOALS AND OBJECTIVES

A. The Role of Private Equity

The primary role of private equity is:

- Enhance ERS long-term total risk-adjusted return
- Provide diversification to the ERS overall investment program

B. Allocation

The target allocation to private equity (measured as actual Private Equity Net Asset Value) is 11~~2~~% of total Plan assets, with a minimum and maximum allowable range of ~~9~~8% - 16~~7~~% of Plan assets. The range is designed to accommodate fluctuations in the valuation of the Program or the total Plan and the illiquid nature of private equity.

C. Performance Benchmark

ERS Private Equity performance is benchmarked on a long-term, 10 year, rolling basis against the Russell 3000 stock index plus 200 basis points on a quarter lag, net of fees and expenses.

The private equity portfolio and manager returns will also be benchmarked against peer group information from a recognized private equity database provider. It is expected that the vehicles will attain performance rankings above the median levels of return evidenced in the database.

Attainment of these objectives does not guarantee continued investment by ERS in a specific manager's vehicles, nor does failure to achieve these guidelines ensure a lack of future investment support for follow-on vehicles. Providers are selected at the discretion of the Board.

RISK MANAGEMENT POLICIES

A. Private Equity Sectors and Diversification

Diversification is an important element for the long-term success of the private equity program. The private equity portfolio will achieve diversification by a number of measures including strategy, industry, capitalization, geography, manager, vehicle, and time. Key strategies of focus may include, but are not limited to:

- Venture Capital
- Growth Equity
- Buyouts
- Opportunistic (historically classified as Special Situations):
  - Restructuring / Distressed Securities
  - Mezzanine Debt
  - Traditional Secondary Investments in LP interests
  - GP-led Secondary Investments
  - Co-Investments

By geography, ERS expects the majority of investments to be U.S. domiciled, but the portfolio will also have exposure to developed international markets, and potentially a modest exposure in emerging markets.

B. Investment Vehicles

This policy authorizes commitments to private equity fund-of-funds and secondary vehicles that insulate ERS from liability in excess of the amounts committed.

C. Liquidity

Private equity investments are illiquid and typically have expected legal lives of 10-15+~~13~~ years. Investments are typically held until full liquidation, as selling prior to maturity generally results in a discount to fair market value. ERS manages liquidity risk primarily through its asset allocation policy, and by annual investment pacing to minimize the probability of the portfolio exceeding the stated exposure ranges around the target. The Board recognizes that lowering the private equity target allocation may result in the need to gradually manage the private equity portfolio to the new target level in a prudent and economic manner.

D. Vintage Year Risk

The vintage year of an investment or a portfolio of investments is defined as the year of the first capital draw (including draws made by the manager from a line of credit). Vintage year risk refers to the variability of private equity returns over time. ERS will manage vintage year risk by seeking to dollar-cost-average the portfolio's pace of investments in underlying partnerships through an annual commitment pacing review as part of the ongoing strategic planning process. It will also seek to diversify investments within a vintage year so that no single investment may have outsized influence if it underperforms its vintage year peers.

E. Derivatives

ERS may invest in Fund-of-Funds whose strategy includes the use of derivative instruments for purposes of minimizing risks and enhancing returns~~ and shall comply with ERS Derivatives Policy. Staff shall endeavor to secure provisions in investment agreements that the partnerships conform to these limitations~~.

F. Real Estate

Real estate is not within the scope of this policy and investment in partnerships targeted primarily to real estate equity and/or debt will be minimized or avoided.

INVESTMENT PROCEDURES

The Program shall be implemented and monitored as follows:

1. Role of the Board:

   – Set the allocation to Private Equity;
   – Establish goals and objectives for the Private Equity program;
   – Monitor the Private Equity performance and compliance at Investment Committee meetings;
   – Approve the selection of the private equity managers;
   – Approve the annual commitment pacing review;
   – Approve the Side Letter for investment vehicles.

2. Role of the Investment Staff:

   – Assist the Board in establishing the private equity allocation within the total portfolio, and the goals and objectives of the private equity allocation;
   – Work with the Investment Consultant with respect to the assumptions used in the development of the Consultant's annual commitment pacing reviews and reinvestment evaluations;
   – Work with the Investment Consultant with respect to periodic policy document updates;
   – Work with the Investment Consultant with respect to manager searches;
   – Conduct due diligence on ERS' existing investment managers at least once every two years;
   – Prepare funding procedures and coordinate the receipt and distribution of capital through the ERS' custodian with respect to funding of new and/or existing private equity investments or dispositions of investments; and,
   – Monitor the Private Equity performance and compliance.

3. Role of the Investment Consultant

   – Regularly review the private equity portfolio for which the Investment Consultant has been retained, and evaluate such portfolio's investment strategy, as it relates to the overall Fund;
   – Provide the Board and Staff with relevant, reliable and timely research and information requests to fulfill their responsibilities;
   – Regularly review and discuss the investment strategy and other relevant issues with Staff;
   – Assist the Board and Staff in establishing appropriate asset allocation targets and ranges;
   – Conduct annual commitment pacing reviews and reinvestment evaluations as deemed appropriate;
   – Conduct manager searches and evaluations as requested; and,
   – Monitor and review existing partnerships and vehicles on an ongoing basis for adherence to ERS' private equity objectives and guidelines.

PRIVATE EQUITY
STATEMENT OF INVESTMENT POLICY
December 2025

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   - Work with the Investment Consultant with respect to the assumptions used in the development of the Consultant's annual commitment pacing reviews and reinvestment evaluations;
   - Work with the Investment Consultant with respect to periodic policy document updates;
   - Work with the Investment Consultant with respect to manager searches;
   - Conduct due diligence on ERS' existing investment managers at least once every two years;
   - Prepare funding procedures and coordinate the receipt and distribution of capital through the ERS' custodian with respect to funding of new and/or existing private equity investments or dispositions of investments; and,
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   - Regularly review the private equity portfolio for which the Investment Consultant has been retained, and evaluate such portfolio's investment strategy, as it relates to the overall Fund;
   - Provide the Board and Staff with relevant, reliable and timely research and information requests to fulfill their responsibilities;
   - Regularly review and discuss the investment strategy and other relevant issues with Staff;
   - Assist the Board and Staff in establishing appropriate asset allocation targets and ranges;
   - Conduct annual commitment pacing reviews and reinvestment evaluations as deemed appropriate;
   - Conduct manager searches and evaluations as requested; and,
   - Monitor and review existing partnerships and vehicles on an ongoing basis for adherence to ERS' private equity objectives and guidelines.

Client Profile

1. **Client Name & Background**

   CMERS has been a Callan client for over 15 years.

2. **Type of Plan**

   Public defined benefit.

3. **Rationale for the Search**

   Callan recently conducted an asset/liability study and determined that with an increase in fixed income exposure, the addition of a core fixed income manager would provide additional diversification.

   This is not an RFP or RFI search.

4. **Size of Total Plan**

   $6.3 billion as of 9/30/25.

5. **Assets to Be Allocated**

   We are planning an approximate allocation of $215 million.

6. **Custodian/Recordkeeper**

   Northern Trust.

7. **Search Timeframe & Number of Candidates**

   Standard search timing (need to have a client book by February 4, 2026), the client would like to review 4-6 managers.

Client Profile (continued)

8. Current Portfolio

	September 30, 2025				June 30, 2025	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Total Domestic Equity	**$1,021,058,684**	**16.19%**	**$(59,900,000)**	**$64,615,487**	**$1,016,343,196**	**16.45%**
BlackRock Russell 1000 Value	198,582,543	3.15%	(5,000,000)	10,251,079	193,331,464	3.13%
DFA Large Cap Value	141,617,832	2.25%	(7,200,000)	9,083,805	139,734,027	2.26%
Northern Trust Global	199,537,878	3.16%	(19,500,000)	15,750,540	203,287,338	3.29%
Polen Capital Management	110,341,094	1.75%	(9,800,000)	3,823,560	116,317,534	1.88%
Earnest Partners LLC	182,008,395	2.89%	(4,600,000)	9,202,012	177,406,384	2.87%
DFA Small Cap Value	188,970,940	3.00%	(13,800,000)	16,504,491	186,266,449	3.02%
Total Global Equity	**$468,018,358**	**7.42%**	**$(25,100,000)**	**$26,038,129**	**$467,080,229**	**7.56%**
BlackRock Global Alpha Tilts	253,731,190	4.02%	(25,100,000)	21,053,295	257,777,895	4.17%
MFS Investment Management	214,287,168	3.40%	0	4,984,833	209,302,334	3.39%
Total International Equity	**$800,669,008**	**12.69%**	**$(55,512,793)**	**$61,471,810**	**$794,709,991**	**12.87%**
AQR Emerging Markets	110,603,904	1.75%	(7,799,657)	7,889,161	110,514,400	1.79%
Brandes Investment Partners	299,992,605	4.76%	(29,400,000)	24,836,512	304,556,092	4.93%
William Blair & Company	1,317,069	0.02%	(133,599)	4,694	1,445,974	0.02%
DFA International Small Cap	168,773,250	2.68%	(18,179,537)	17,369,828	169,582,959	2.75%
BlackRock ACWI ex US Growth	219,982,181	3.49%	0	11,371,615	208,610,565	3.38%
Total Fixed Income	**$1,906,645,014**	**30.23%**	**$0**	**$41,786,130**	**$1,864,858,884**	**30.19%**
BlackRock US Agg	70,761,284	1.12%	0	1,419,532	69,341,752	1.12%
BlackRock US Govt Bond	478,195,072	7.58%	0	7,165,925	471,029,146	7.63%
Reams Asset Management	827,339,390	13.12%	0	19,918,683	807,420,707	13.07%
Loomis, Sayles & Company, L.P.	530,349,268	8.41%	0	13,281,989	517,067,279	8.37%
Total Private Equity	**$821,058,564**	**13.02%**	**$5,278,342**	**$29,458,202**	**$786,322,020**	**12.73%**
Abbott Capital Management 2010	13,033,095	0.21%	(789,610)	2,116,641	11,706,064	0.19%
Abbott Capital Management 2011	24,123,746	0.38%	(825,000)	521,254	24,427,492	0.40%
Abbott Capital Management 2012	23,201,615	0.37%	(800,000)	347,783	23,653,832	0.38%
Abbott Capital Management 2013	23,295,639	0.37%	(700,000)	187,210	23,808,429	0.39%
Abbott Capital Management 2014	27,712,141	0.44%	(700,000)	247,047	28,165,094	0.46%
Abbott Capital Management 2015	24,413,447	0.39%	(1,550,000)	663,562	25,299,885	0.41%
Abbott Capital Management 2016	22,865,243	0.36%	(1,890,000)	851,587	23,903,656	0.39%
Abbott Capital Management 2018	25,885,437	0.41%	(600,000)	1,165,908	25,319,529	0.41%
Abbott Capital Management 2019	24,850,527	0.39%	0	1,008,040	23,842,487	0.39%
Abbott Capital Management 2020	39,051,966	0.62%	0	1,526,341	37,525,625	0.61%
Abbott Capital Management 2021	14,540,872	0.23%	0	458,394	14,082,478	0.23%
Abbott Capital Management 2022	18,468,792	0.29%	1,688,750	437,673	16,342,369	0.26%
Abbott Capital Management 2023	10,386,895	0.16%	1,376,250	352,820	8,657,825	0.14%
Abbott Capital Management 2024	11,389,667	0.18%	1,965,000	354,963	9,069,704	0.15%
Abbott Capital Management 2025	5,591,191	0.09%	2,200,000	(95,349)	3,486,540	0.06%
Mesirow V	23,429,995	0.37%	(1,500,000)	1,411,626	23,518,369	0.38%
Mesirow VI	48,328,224	0.77%	(1,620,000)	1,918,391	48,029,833	0.78%
Mesirow VII	125,654,461	1.99%	(2,900,000)	4,574,239	123,980,222	2.01%
Mesirow VIII	96,845,799	1.54%	0	3,272,462	93,573,337	1.51%
Mesirow IX	23,881,335	0.38%	9,960,000	2,245,169	11,676,166	0.19%
NB Secondary Opp Fund III	6,037,701	0.10%	(350,917)	(74,013)	6,462,631	0.10%
NB Secondary Opp Fund IV	15,159,020	0.24%	(142,325)	244,797	15,056,548	0.24%
NB Secondary Opp Fund V	63,302,456	1.00%	627,982	1,940,491	60,733,983	0.98%
Private Advisors VI	19,211,120	0.30%	0	1,325,926	17,885,194	0.29%
Private Advisors VII	10,749,860	0.17%	(251,504)	(105,013)	11,106,377	0.18%
Private Advisors VIII	17,248,140	0.27%	(406,320)	295,425	17,359,035	0.28%
Private Advisors IX	38,805,613	0.62%	(664,079)	713,783	38,755,909	0.63%
Apogem Capital X	20,036,737	0.32%	0	1,143,330	18,893,407	0.31%
Apogem Capital XI	3,557,830	0.06%	3,150,115	407,715	-	-
Absolute Return	**$506,250,233**	**8.03%**	**$0**	**$10,645,356**	**$495,604,877**	**8.02%**
Aptitude	209,884,201	3.33%	0	5,796,983	204,087,218	3.30%
UBS A & Q	296,366,032	4.70%	0	4,848,373	291,517,659	4.72%
Real Assets	**$202,991,021**	**3.22%**	**$(305,800)**	**$8,625,104**	**$194,671,716**	**3.15%**
Principal DRA	202,991,021	3.22%	(305,800)	8,625,104	194,671,716	3.15%
Total Real Estate	**$490,128,916**	**7.77%**	**$(6,097,100)**	**$4,935,703**	**$491,290,312**	**7.95%**
Real Estate	490,128,916	7.77%	(6,097,100)	4,935,703	491,290,312	7.95%
Total Cash	**$90,660,313**	**1.44%**	**$23,233,228**	**$1,083,820**	**$66,343,265**	**1.07%**
Cash	90,660,313	1.44%	23,233,228	1,083,820	66,343,265	1.07%
Total Fund	**$6,307,480,110**	**100.0%**	**$(118,404,123)**	**$248,659,741**	**$6,177,224,492**	**100.0%**

1. **Manager Type**

   Only qualified investment counselors or organizations registered under the Investment Advisers Act of 1940 that are currently managing assets will be considered. This includes investment counselors and investment counseling subsidiaries of banks, brokerage houses and insurance companies.

2. **Investment Style**

   CMERS is seeking to identify a core fixed income manager to be benchmarked against the Bloomberg Aggregate Index.

3. **Managed Assets**

   Minimum assets of $10 billion in fixed income assets preferred.

4. **Professional Staff**

   There should be a sufficient number of client service and investment personnel relative to the firm's account load to ensure that CMERS staff has reasonable access to the firm and that the investment portfolios are well attended.

5. **Portfolio Manager Structure & Experience**

   It is essential that candidates exhibit organizational stability and have compensation and ownership programs that provide reasonable assurance of their ability to retain key investment professionals. The organization should have been in business for a minimum of five years. Exceptions to this stipulation will be considered on a case by case basis.

6. **Investment Vehicle**

   A Separate Account is preferred.

7. **Historical Performance & Risk Criteria**

   Performance over multiple cumulative, annual and rolling periods will be evaluated relative to the Core Fixed Income peer group and Bloomberg Aggregate Index. Risk-adjusted measures and holdings-based portfolio characteristics will also be considered. A track record of at least ten years is preferred, and performance records from previous firms will be evaluated on a case-by-case basis.

8. **Qualities Specifically Sought**

   – Firm must be a viable, ongoing business
   – Organizational infrastructure to support institutional client base
   – Disciplined investment process

- Low turnover of key personnel
- Low dispersion of returns within appropriate composite
- Commitment to client service and an ability to effectively articulate their investment process

9. Qualities To Be Avoided

- Candidates currently involved in a merger, acquisition, or recent transaction impacting the firm's senior executives
- Excessive recent personnel turnover

10. Specific Client Requests & Additional Considerations

The client would like to review 4 – 6 candidates.

CMERS would like to include the following candidates for consideration:

Baird

Doubleline

IR+M

Capital Group

PPM

Allspring Global Investors

Neuberger Berman

Lord Abbett

JP Morgan

September 4, 2025

City of Milwaukee Employes' Retirement System

Cryptocurrency and Blockchain Education Workshop

Bo Abesamis III
Executive Vice President and Manager

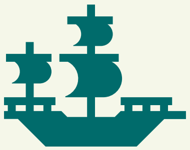
Alvaro Vega
Senior Vice President

Evolution

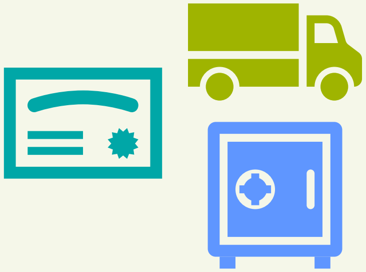
Evolution of Asset Servicing

Physical Settlement

In the 1700s, the first stock settlements took place between the Amsterdam Stock Exchange and the London Stock Exchange, where shares were cross-listed and traded. The settlement period accounted for the two weeks to complete the voyage.



Asset Servicing 1.0



Asset Servicing 2.0

The *DTCC*, established in 1973, settles transactions between buyers and sellers of securities.

Fedwire Funds Service, a real-time gross settlement system that enables participants to initiate funds transfer that are immediate, final, and irrevocable once processed.

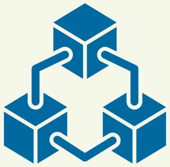
DTCC
Securing Today. Shaping Tomorrow.℠

Fedwire®
Wired to deliver.

Asset Servicing 3.0

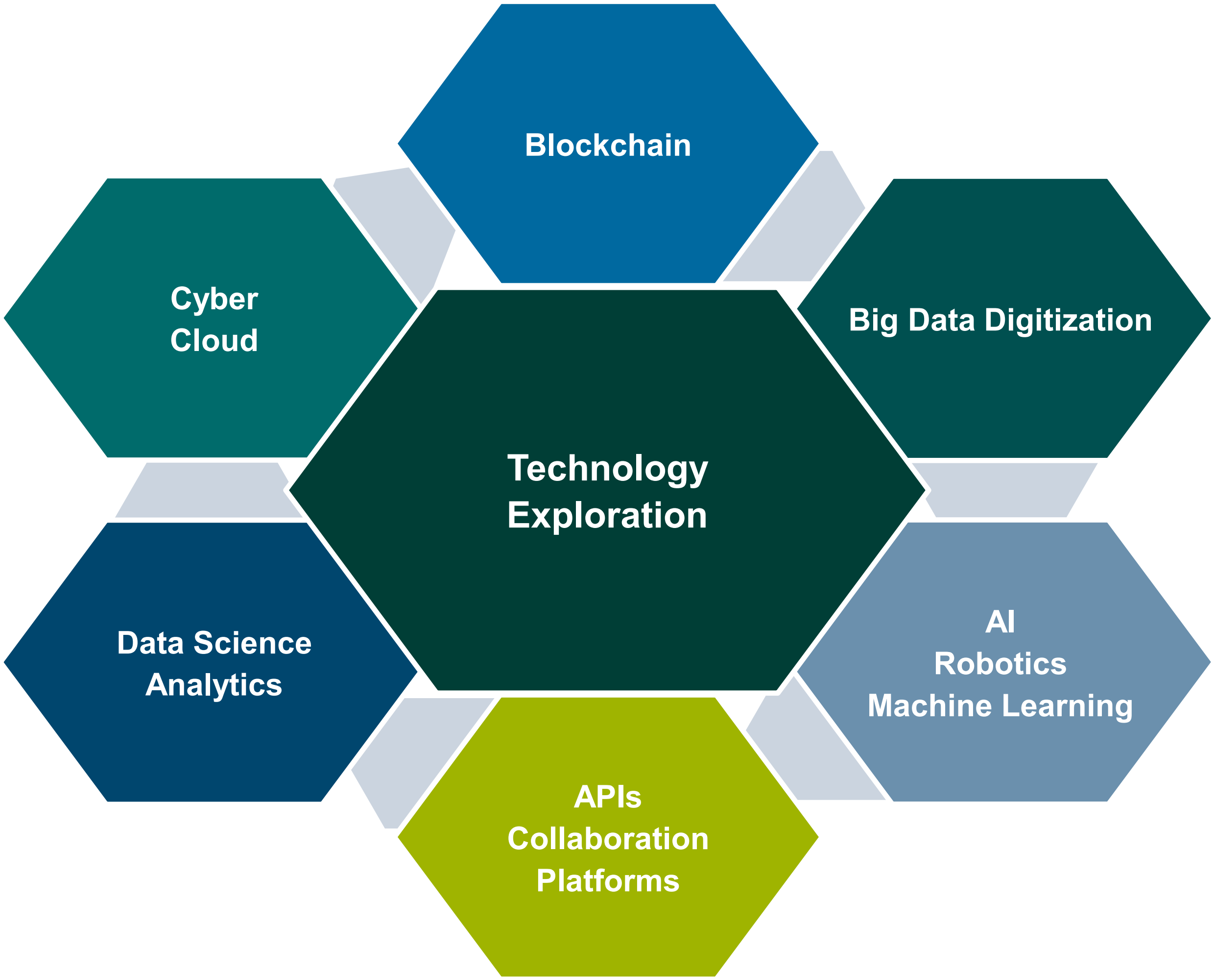
Blockchain, Distributed Ledger, Smart Contract, Atomic Settlement, Data (Single Source of Truth)

Scalability, Flexibility, Capacity



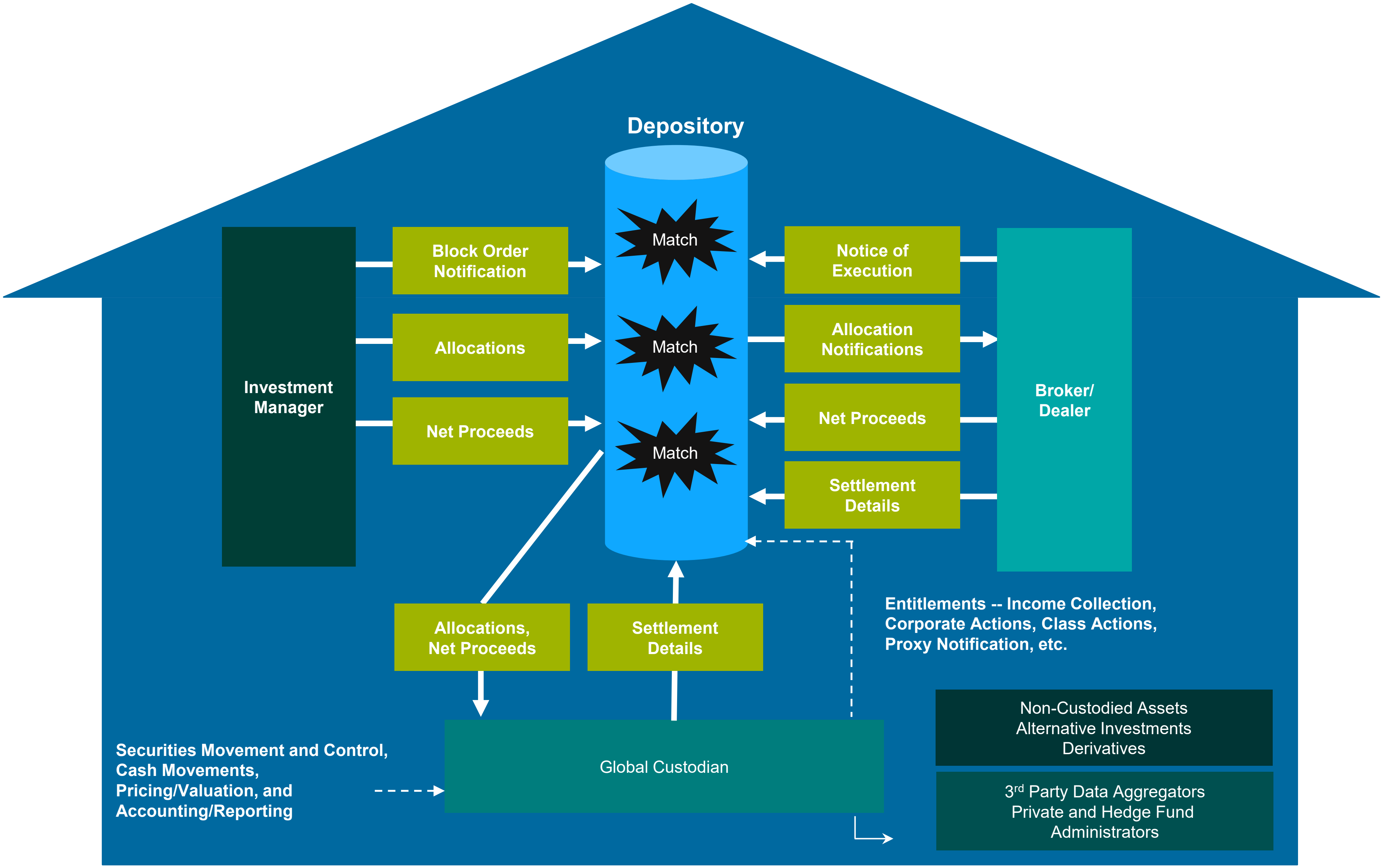
The Future is Now

Alignment of the digital space

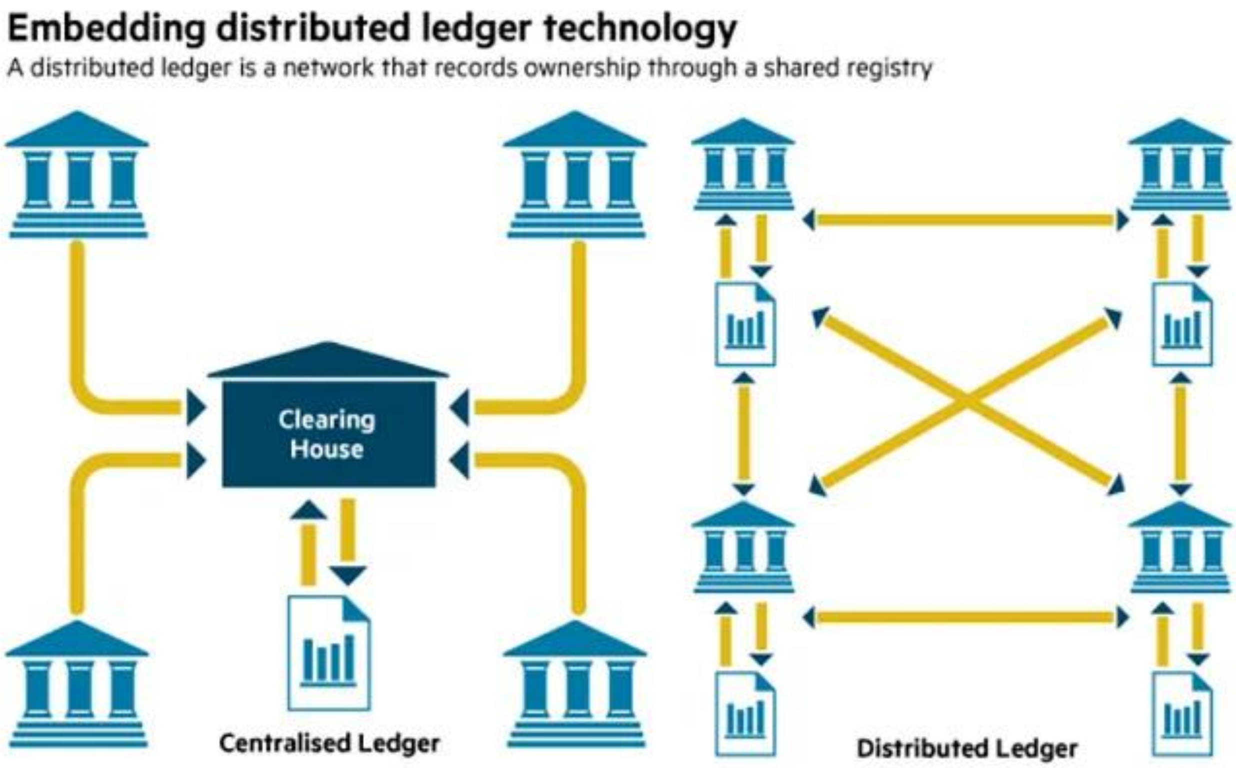


Revolution

Life of a Trade and Custody



Blockchain and Distributed Ledger Technology



In contrast to today's networks, distributed ledgers eliminate the need for central authorities to certify ownership and clear transactions. They can be open, verifying anonymous actors in the network, or they can be closed and require actors in the network to be already identified.

FT Graphic Source: Santander InfoVentures, Olver Wyman & Arthemis Partners

Digital Assets Level Set

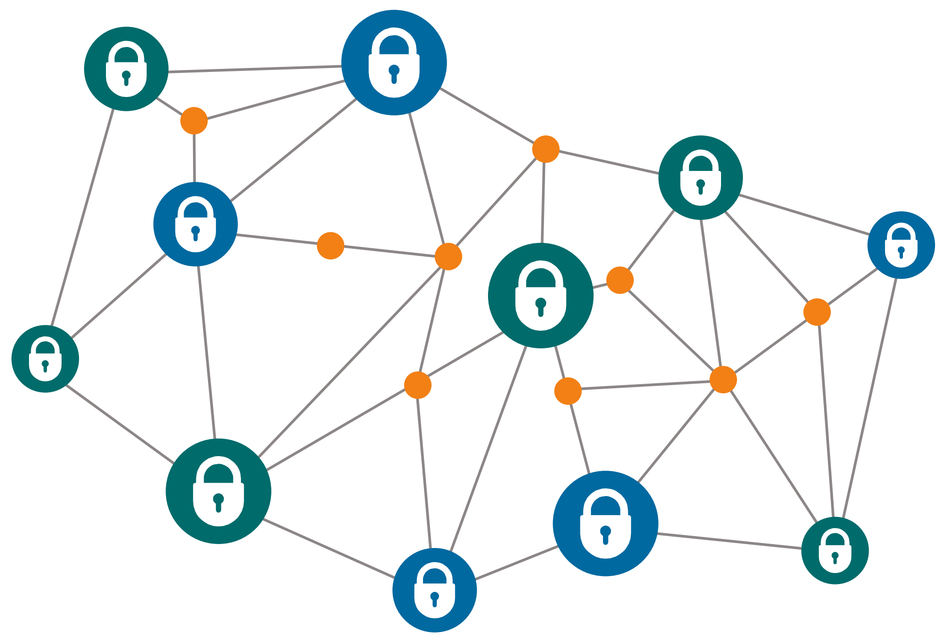
Common ground and nomenclature

Digital Assets – any asset that is purely digital, or is a digital representation of a physical asset.

Satoshi Nakamoto's paper – "Bitcoin: A Peer-to-Peer Electronic Cash System", October 31, 2008.

Decentralized Finance (DeFi) is the movement that uses open source and distributed networks to transform traditional financial and investment products into reliable and transparent protocol without intermediaries.

Key components that allow for the implementation of Digital Assets, namely: **Blockchain, Distributed Ledgers, Public & Private Keys, Validation Protocols, Smart Contracts, and Tokenization.**



Blockchain

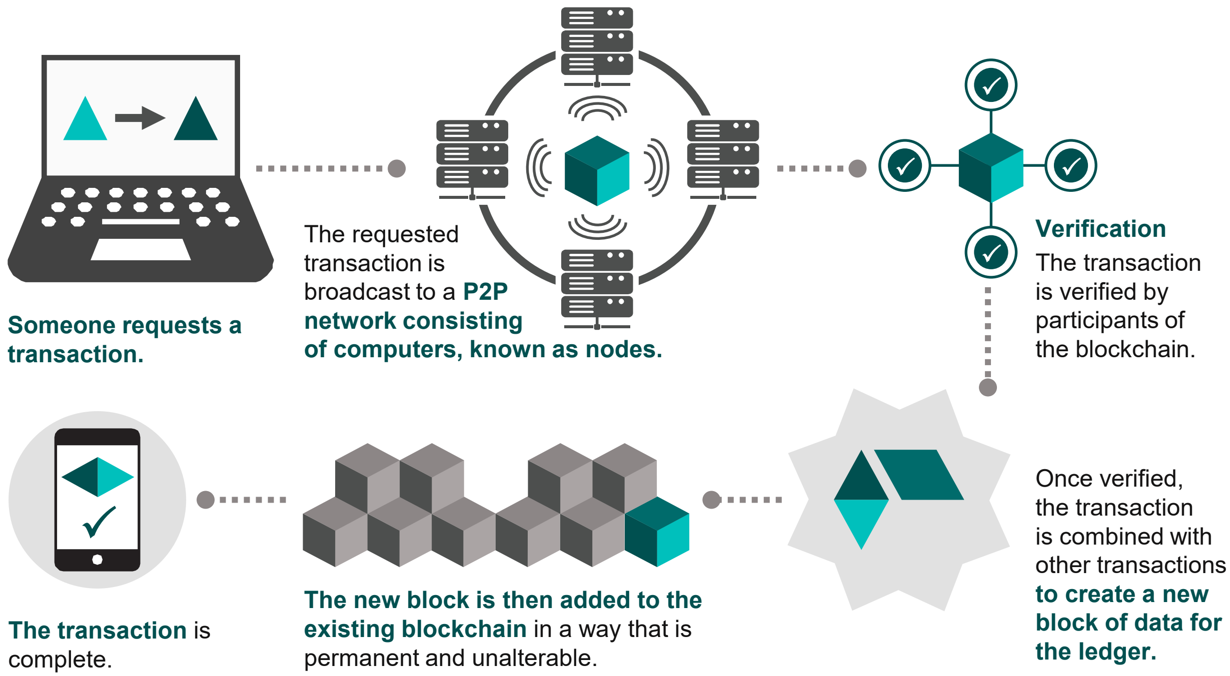
Process

What is it?

The Blockchain is a distributed (decentralized) ledger of all transactions across a peer-to-peer network. Using this process, participants can confirm transactions without the need for a central certifying authority. Potential applications include fund transfers, settling trades, voting, and many other uses.

A distributed ledger is a type of database which spreads across multiple locations; in this context, digitally across nodes on a blockchain network.

How it works:



A peer-to-peer (P2P) network is group of computers, each of which acts as a node for sharing files within the group. Instead of having a central server to act as a shared drive, each computer acts as the server for the files stored upon it.

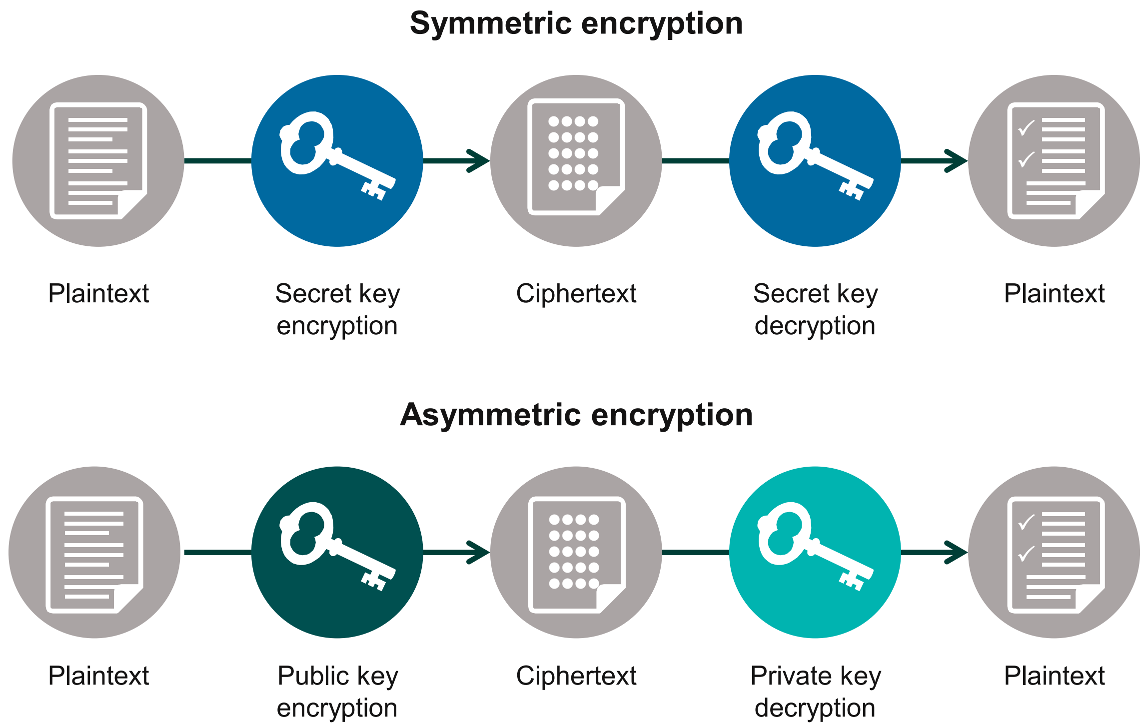
Public & Private Keys

The key(s)

A private key is essentially a randomly generated binary number that is used to encrypt and decrypt information, and is only made available to the originator of the encrypted content. Subsequently, this private key is all that is required to confirm a transaction.

A public key is essentially a long numeric code that is cryptographically derived from a specific private key. The public key is available to many, and is available in an online directory. The public key must be paired with the correct, corresponding private key for a transaction to be executed.

Symmetric vs. Asymmetric Encryption



Source: World Economic Forum, Blockchain Beyond the Hype (April 2018) and Imperial College of London

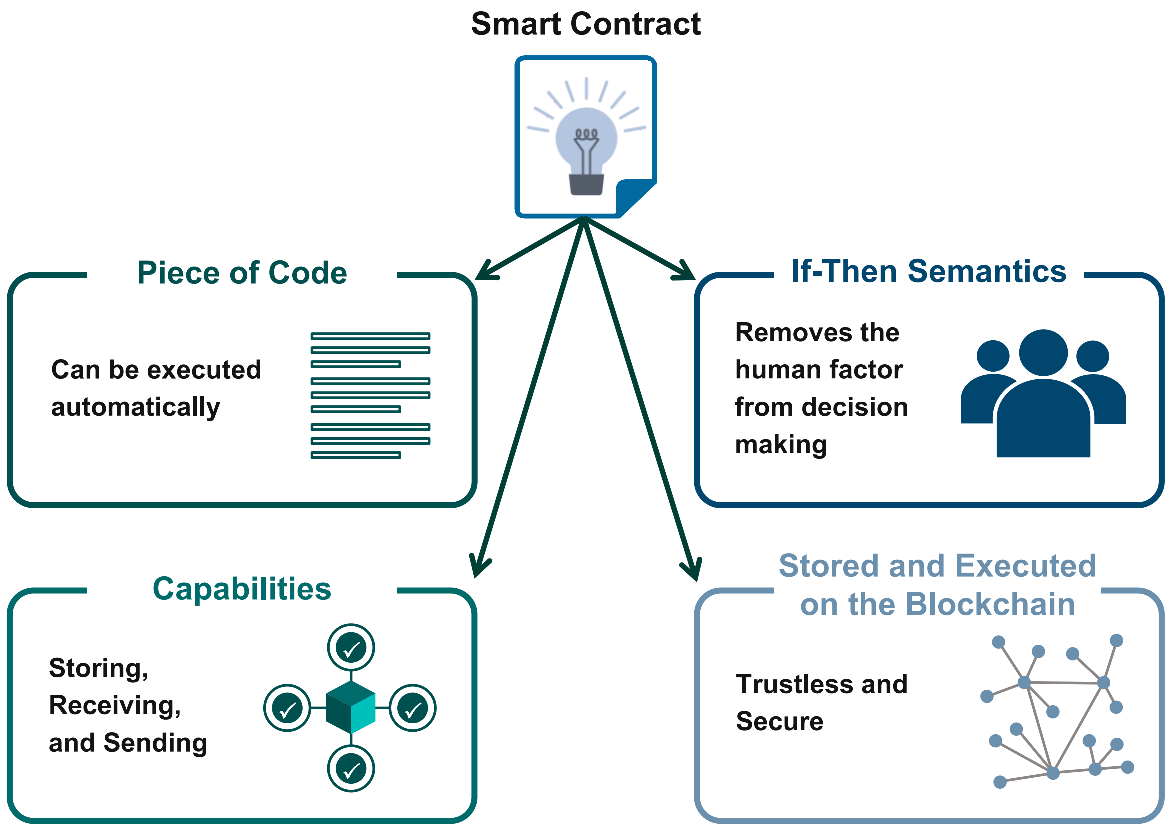
Smart Contracts

Game changers

Smart contracts are programs whose terms are recorded in computer code and allow for automated actions that can be executed once a set of conditions is met. Technically an application layer that makes much of the benefits of blockchain technology a reality.

Components of Smart Contracts embedded within the code:

- ▶The contractual arrangement between the parties
- ▶The governance of preconditions necessary for the contractual obligations to take place
- ▶The actual execution of the contract

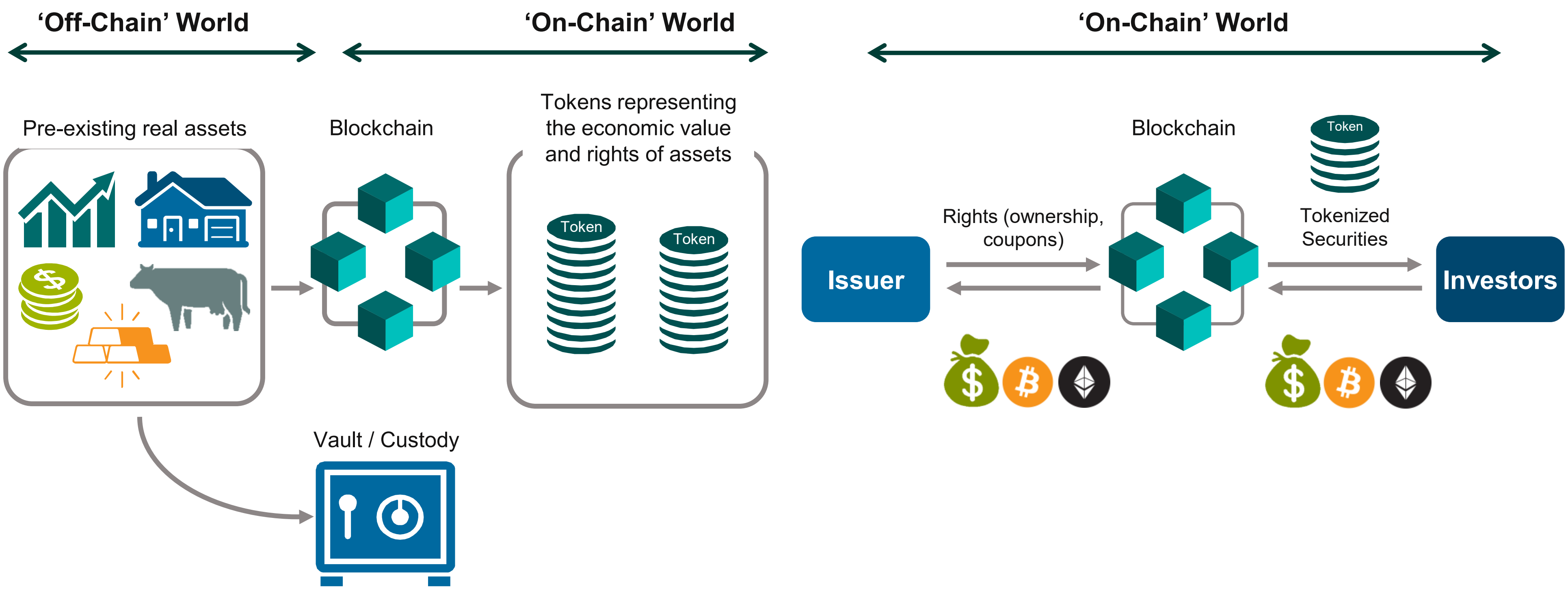


Tokenization

Creation

Tokenization of real assets that exist off-the-chain

Tokenization of assets “native” to the blockchain

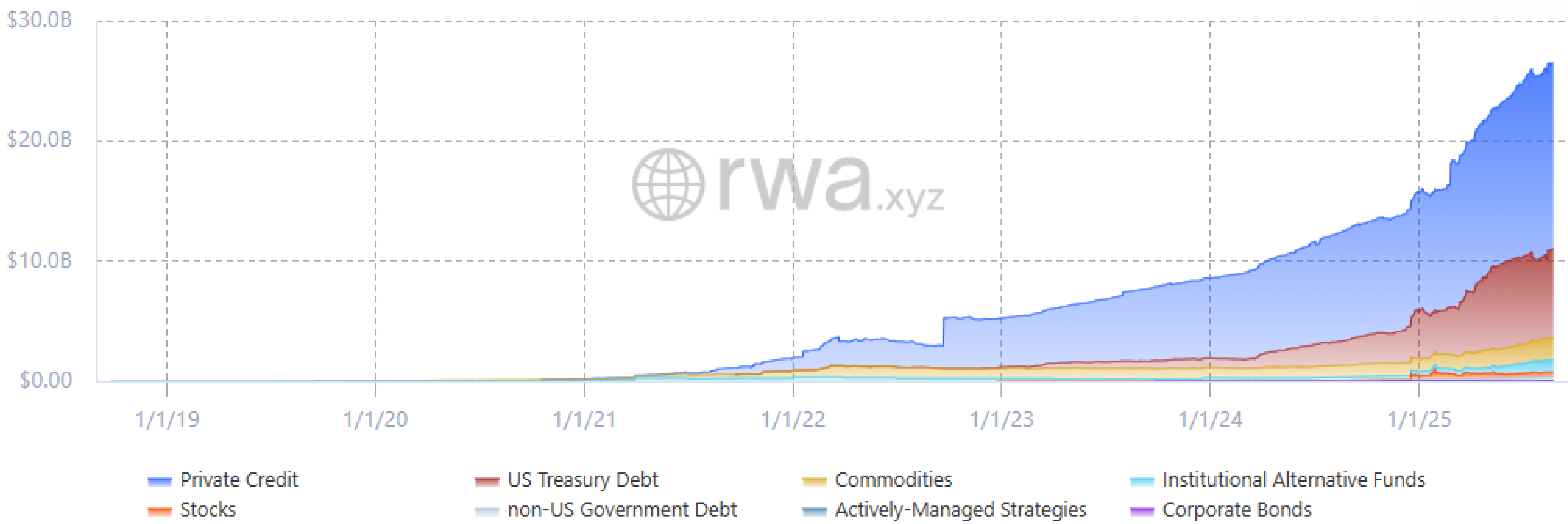


OECD (2021), Regulatory Approaches to the Tokenisation of Assets, OECD Blockchain Policy Series, www.oecd.org/finance/Regulatory-Approaches-to-the-Tokenisation-of-Assets.htm

Tokenization

Current Trends

Total Real-World Assets on-chain: $26.5 billion
- Comprised largely by Private Credit and US Treasury Debt instruments

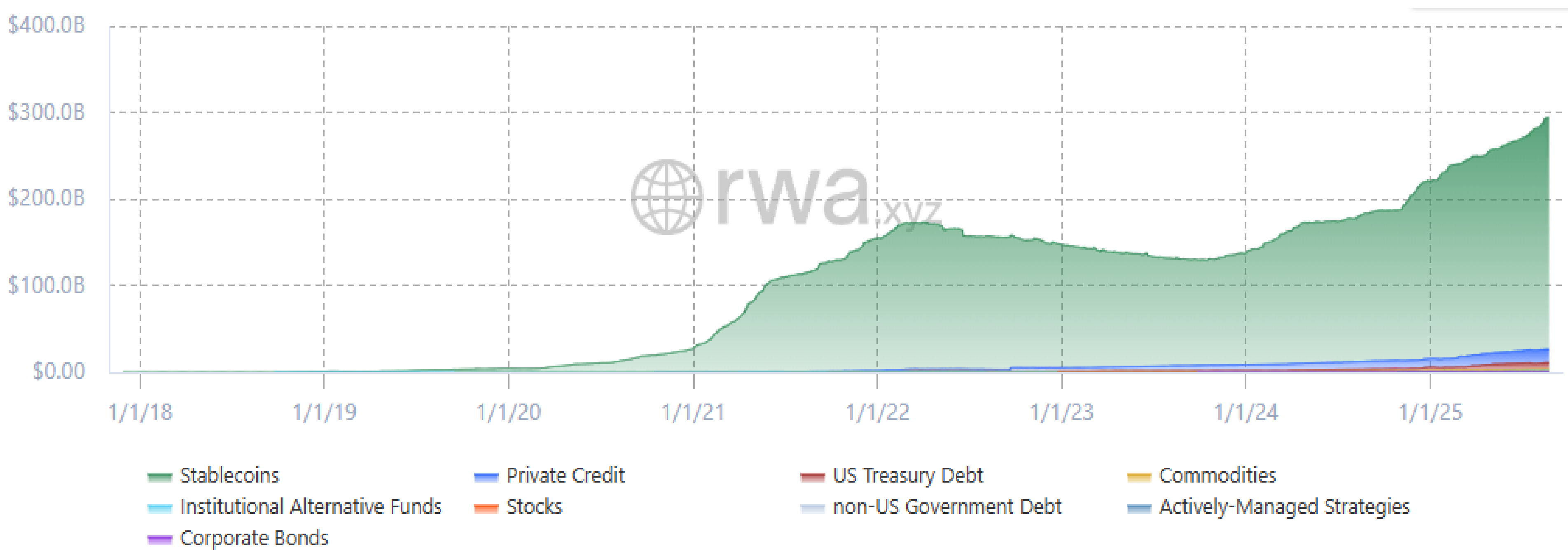


Source: rwa.xyz – data as of August 25, 2025

Tokenization

Current Trends

Total Tokenized assets: $294.1 billion
Total Stablecoin assets: $267.6 billion
Total Real-World Assets on-chain: $26.5 billion

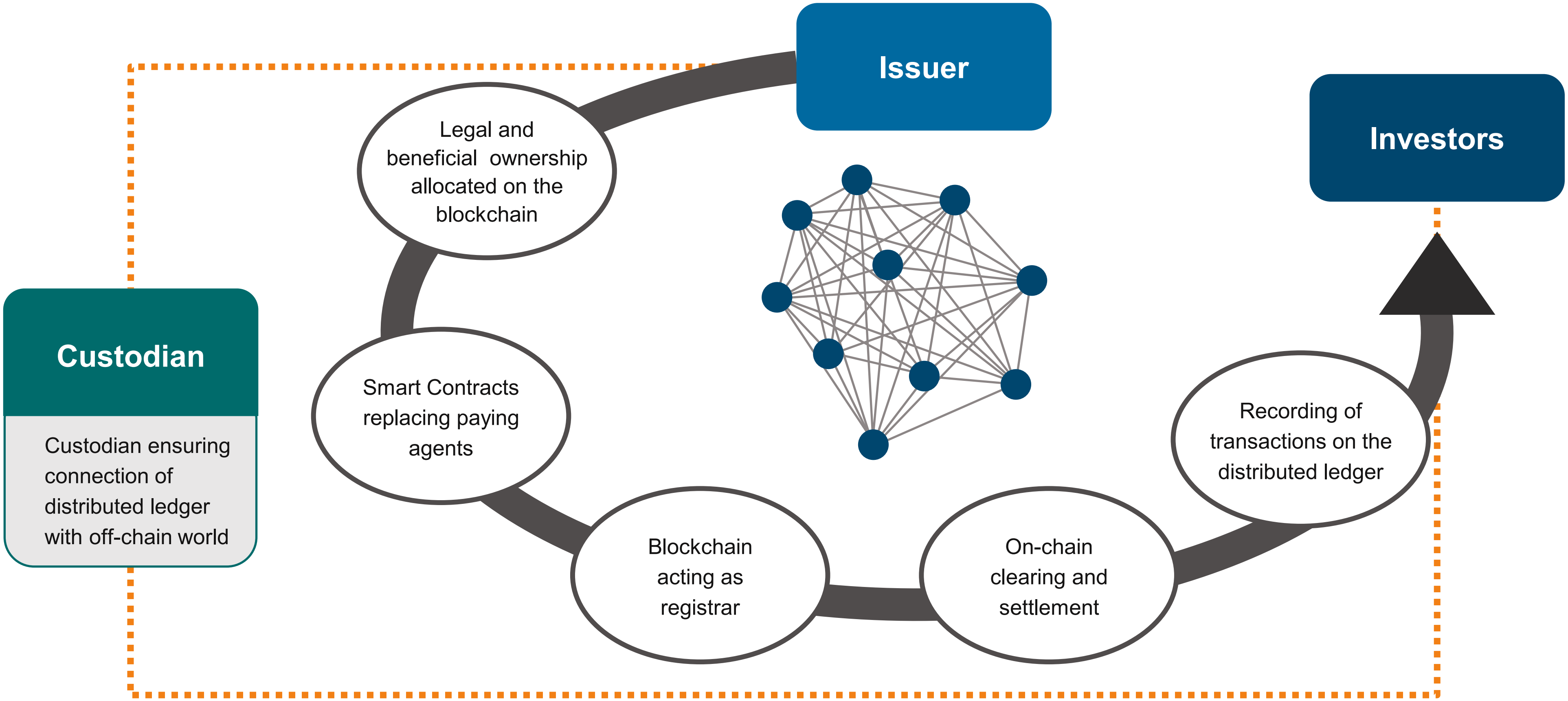


Source: rwa.xyz – data as of August 25, 2025

Structural Changes

Reset

Post Trade in a Distributed Ledger World



Source: OECD, 2020, BIS Innovation Hub 2020

Ecosystem

Current and future

Current Environment – Linear validation predicated on functional steps to proceed.

Duplication of data, processes, and operations

Reconciliation

Latency

Risk

Privacy

Resource intensive (energy)

Future Environment – Shared ledgers and data provide a single source of truth with each party enhancing data in real-time as the transaction passes through the value chain. This results in:

Single pool of golden source data

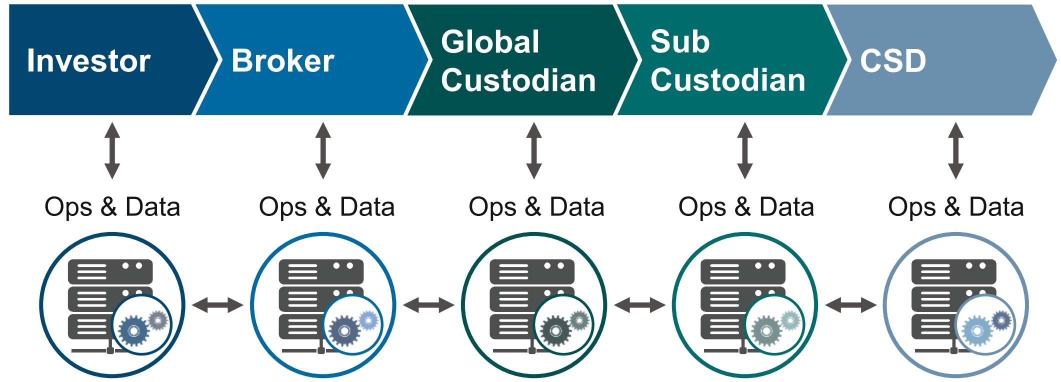
Data shared securely along the value chain in real time

Removes reconciliation

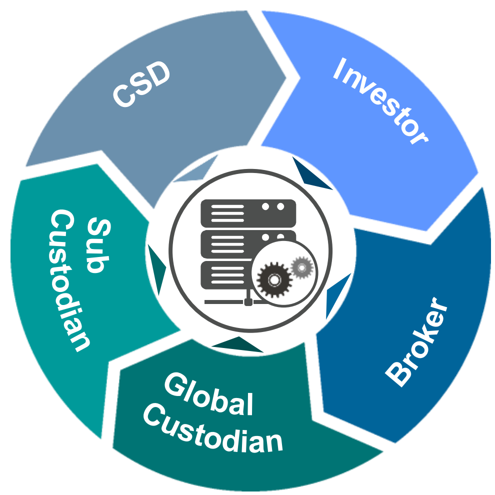
Moves from bilateral to central transaction processing

Synchronization and compression of processes such as trading and settlement

Current Ecosystem Transaction Value Chain



Future Ecosystem Transaction Value Chain



Options for Digital Custody

Not perfect

Custodians safeguard digital assets by ensuring that investors' private keys are maintained securely. This is achieved by either storing the assets online, a method called hot storage, or offline, known as cold storage, or through a multiple approval approach, known as multi-signature and smart contract wallets.

Institutional Custody Crosscheck:

- Reduced risk and complication
- Increased security
- Recourse for investors
- Safer than exchanges
- Operational efficiency

Self Custody

These may include hardware, software or paper wallets, where the digital asset investor uses software, hardware (e.g. a USB device), or simply a piece of paper to store private keys.

Pros

- Relatively secure
- Greater control

Cons

- Burden of responsibility for asset
- More susceptible to hacking or loss of assets

Exchange Wallets

Solutions where the investor gives control and management of public and private keys to an exchange but maintains access via an online wallet. The exchange holds possession of private keys, and by extension, the digital asset itself.

Pros

- Simple
- Ease of access

Cons

- Counterparty risk
- Commingling

Third Party Custodian

A service provider that stores digital assets on behalf of customers using clearly defined features and controls (smart contracts) to provide certainty over the safekeeping of the asset. Typically, this solution is designed for institutional investors, and will therefore implement institutional grade security and insurance.

Pros

- Clearly defined rules
- Flexibility
- More secure and likely to be insured

Cons

- Cost for retail use
- Regulatory uncertainty

Potential Benefits

Speed and clarity

Atomic settlement

Clearing

Peer to peer (P2P)

Elimination of multiple points of reconciliation

Enhance speed, time of completion

Tighter valuation and closing of financials

Financial reporting turnaround

Efficiency of markets

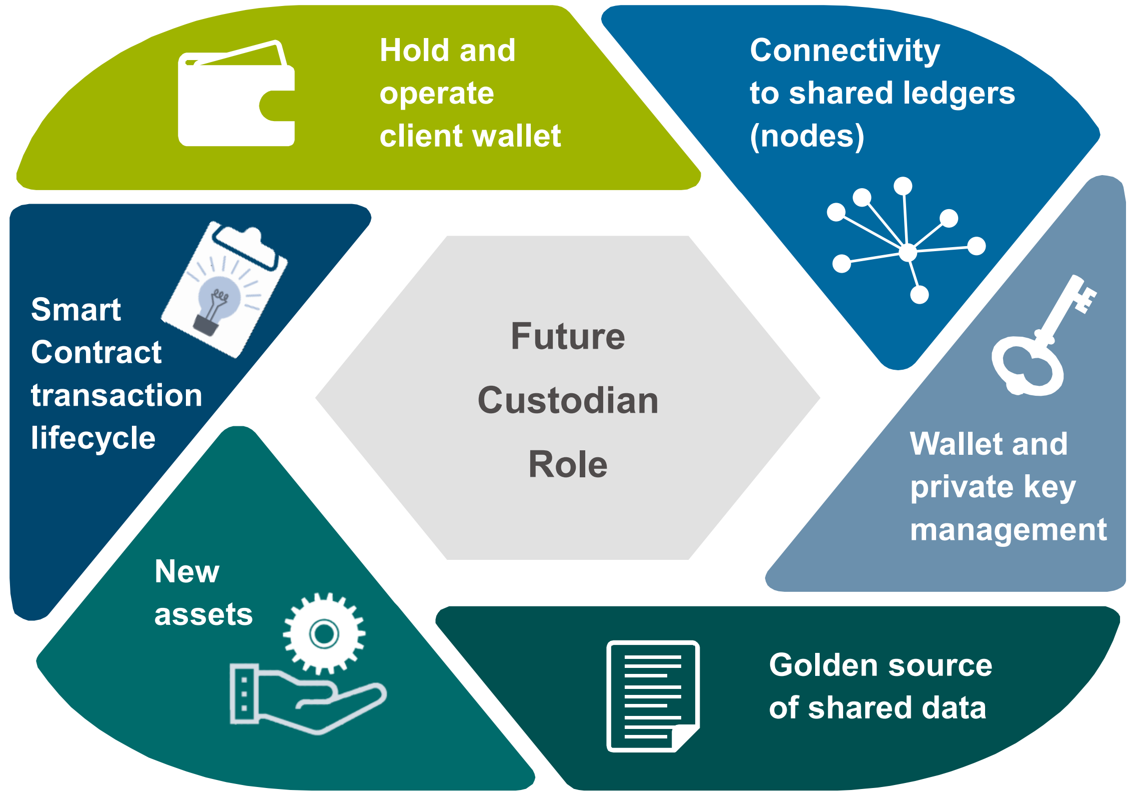
Seeking the perfect hedge

Further synchronization of derivatives and synthetics

Lessen leverage

Public and private investments in the same ledger

Exchange-traded and over-the-counter securities on the same ecosystem



Challenges

Proceed with caution

- Fragmentation of markets and standards
- Integration of new with existing markets
- Deployment of new rapidly evolving technology
- Adoption of new processes such as immediate / atomic trading & settlement
- Liquidity solutions to deal with fragmentation
- Evolving regulatory frameworks
- Bad actors (state sponsored and cyber criminal elements)

Case Studies

Case Studies

Driverless NAV (Net Asset Value)

- Refers to the concept of real-time or near-real-time NAV calculation using automated workflows. By reducing manual intervention, “driverless” NAV can enhance operational efficiency and transparency in asset valuation and reconciliation.

Digital Asset – The Flavor of the Month “Cryptocurrency”

- Bitcoin, Ether, Solana, Dogecoin… There are thousands of cryptocurrencies, each with unique features and use cases. Their prices can fluctuate based on various macro- and microeconomic factors, regulatory changes, and market sentiment.

Where the Action Is (Private Equity, Credit, Hedge Funds, etc.)

- Investments in Digital Asset Infrastructure (i.e., mining pools, hardware, staking platforms) have attracted interest from alternative asset managers. Such investments allow managers to capitalize on the growth of the digital asset sector without holding the underlying cryptocurrencies directly.

FTX (Alameda Research), Terra/Luna, ByBit, etc.

- High-profile events such as the collapse of FTX and Terra/Luna—as well as the hacks of exchanges like ByBit—have underscored the importance of robust regulatory oversight, segregated asset ownership, fiat-backed stablecoins, and institutional-grade custody solutions.

DAO (Decentralized Autonomous Organization)

- DAOs, which may issue governance or utility tokens, sparked conversations around custody, accounting, and regulatory compliance for digitally native assets. As DAOs gained popularity, the demand for specialized digital asset custody and accounting solutions—virtually non-existent just a few years ago—has grown significantly.

Crypto Philanthropy

- As more endowments and foundations receive cryptocurrency donations from donors, they require secure custodial solutions to handle liquidation into fiat currency (e.g., USD) for capital deployment. These solutions also must address regulatory, accounting, and reporting requirements.

Case Studies Continued

Democratization of Alternative Investments

- The alternative investment space has attracted heightened attention due to tokenization's potential to "fractionalize" illiquid assets (e.g., real estate, private equity). By lowering minimum investment thresholds and creating secondary markets, digital asset technology can increase market access and liquidity for historically esoteric asset classes.

Securities Finance

- In securities finance, blockchain and distributed ledger technology (DLT) can serve as a single source of truth, minimizing reconciliation issues. Smart contracts automate the lifecycle of loans, collateral management, and mark-to-market processes. Tokenization enables more efficient deployment of cash and assets, fostering a streamlined, frictionless ecosystem. This space was one of the first observed to evolve with the deployment of digital asset technology.

Digital Assets

Limited Institutional Structure

Institutional Custody and Ownership is yet to be defined. Full regulatory framework is lacking for proper oversight.

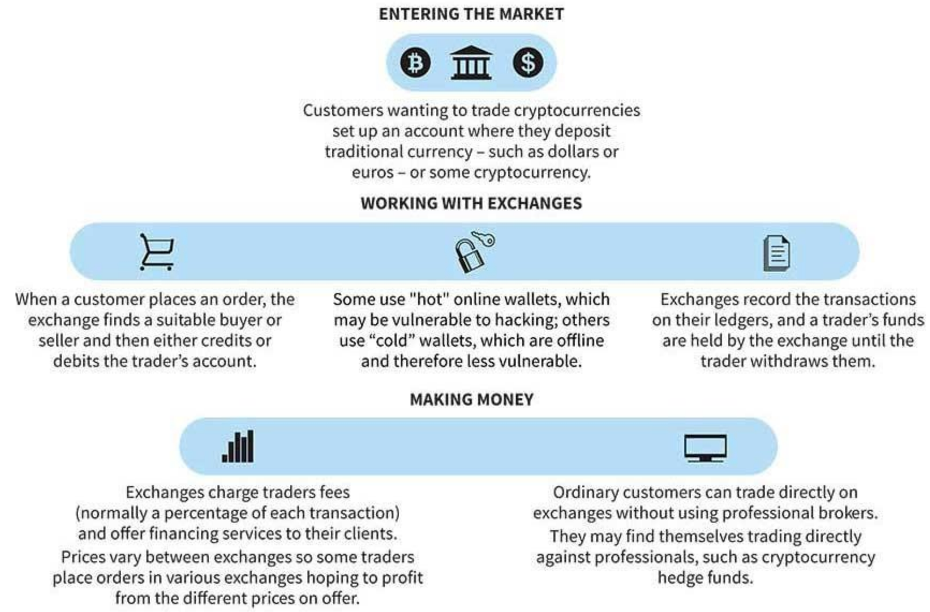
- Repeal of SEC's SAB 121 has allowed for institutional custodians to continue to pursue digital asset custody offering.
- Without institutional custody, one must accept the responsibility to Self-Custody digital assets or rely on custody via an Exchange.

Proponents often argue that it can isolate assets from inflation, but there hasn't been much compelling evidence to back that up.

ETFs that invest in bitcoin (BTC) or ether (ETH), aim to track the underlying cryptocurrency's market price, which can be volatile. While this may be a more regulated way to invest in bitcoin's and ether's price movements, one also need to consider operating expense ratios, which vary by ETF and can eat into profits or add to losses.

Liquidity constraints are real. Liquidity is simply the relative ease or difficulty with which one can buy or sell a certain asset when they want to without moving the price significantly.

Cryptocurrency prices have been driven entirely by demand and unlike other investable assts not tied to the underlying value of a company, commodity, and/or asset type.



Source: Reuters

Tokenization

Current classification and types

Security Tokens

These are tokens of special characteristics that are similar to traditional instruments like shares, debentures or units in a collective investment scheme.

Non-Fungible Tokens (NFT)

An NFT is a type of token that is a unique digital asset and has no equal token. Often thought of as art, collectibles, and even real estate as those types of unique items cannot be replaced by an identical item.

Cryptocurrencies (or exchange tokens)

Cryptocurrencies are the most common type of digital asset, and they use cryptography for security, designed to work as a medium of exchange.

Stablecoins

These are digital assets that attempt to stabilize its volatility by typically pegging themselves to a stable asset such as the US Dollar or gold. They are the bridge between traditional finance and decentralized finance. As such, they have been the dominant tokenized asset class.

Utility tokens

Digital tokens seek to provide value to investors by giving them access to a future product or service. For example, a startup may develop a digital product/service and issue utility tokens to investors. Investors may then use those tokens at some future time, to obtain access to the issuers products/service.

E-Money tokens

These are tokens that are designed to function as a form of electronic money that represent a claim on the issuer, are issued on receipt of funds for the purpose of making payment transactions, and are accepted by a person other than the issuer.

Source: *FCA Guidance on Cryptoassets – Feedback and Final Guidance to CP 19/3*

Appendix

Artificial Intelligence

Asset servicing and securities services

Artificial intelligence (AI) and machine learning (ML) represent a growing new wave of intelligence-based services in securities post-trade and custody. With multi-step work processes, numerous participants involved in each transaction and high volumes of transaction data, securities post-trade and custody is the kind of complex environment in which AI and ML can excel – helping service providers and clients to improve their product offerings and better manage market and operational risks.

Artificial Intelligence (AI). The simulation of human intelligence in machines to automate, accelerate and increase the complexity of tasks that would usually have to be performed by people.

F1 Score. A measure of an AI model's performance, based on the balance between precision (the proportion of the outputs are correct) and completeness (the proportion of the overall relevant data set that is successfully converted into an output).

Gradient-boosting. A type of algorithm designed to "boost" the accuracy of AI outputs by predicting cases where an existing algorithm will perform poorly.

Hyperplanes. The boundaries established between different classifications of data points. Data points falling on either side of a hyperplane can be attributed to different classes.

Machine Learning (ML). A subset of artificial intelligence where models automatically learn from and adapt to new data without being assisted by humans.

Materiality. The degree of impact of a wrong decision. The greater the impact of a mistake generated via an AI model, the greater the materiality.

Model or Concept Drift. A phenomenon where the relationship between two variables in the input data of an AI model starts to change, causing irregularities in the output.

Random Forest. A type of classification algorithm that works by combining multiple decision trees with a view to generating a more accurate outcome than relying on just one.

Shapley value. A measure devised by US mathematician and economist Lloyd Shapley and used to explain the predictions of a complex predictive model or "black box". Shapley values correspond to the contribution of each of a model's features towards pushing the prediction away from the expected value.

Unleashing the potential of AI in securities services
Flow Special: Deutsche Bank
Published June 2021

Data Perspective

Evolution of the data

CBOR	ABOR	PBOR	IBOR	GBOR
Custody Book of Record	Accounting Book of Record	Performance Book of Record	Investment Book of Record	Governance Book of Record

Data Vault

(Collection, Cleansing, Aggregation, Ingestion and Curation)

"Single Source of Truth"

Front-, Middle- and Back-Office

Front Office

- Asset/Portfolio Management
- Risk and Compliance
- Trading (OMS)
- Marketing and Sales
- Client Service

Middle Office

Investment Book of Record (IBOR)

- Data Management
- Trade Processing
- Holdings and Accounting
- Performance and Attribution
- Reconciliation
- Client Billing
- Client Reporting

Back Office

Accounting Book of Record (ABOR)

- Trust and Custody
- Fund Administration
- Transfer Agency Recordkeeping
- Prime Brokers
- Collateral Management

Client Operational and Decision Support Ecosystem

Custody (CBOR), Accounting (ABOR), Performance Data (PBOR), Compliance Monitoring & Governance Data (GBOR)

Middle Office Investment Accounting (IBOR)
Cash /Trade Support

Reference Data

Index Data

Market Classifications

Market Data

Regulatory Data

Ratings Data/ ESG/SRI Factors

Equity and FI Characteristics

Alts/Derivatives

Digital Custody Blockchain/DL

Client Directed Data

- Custom Asset Classification
- Price Overrides / NAV Threshold
- Analytics, Indices and Ratings
- Alternative Investments
- Derivatives (OTC)

Data Warehouse & Engines

Exposure Analysis

- Security Level Analysis
- Derivatives
- Counterparty
- Portfolio Revaluation
- ESG/SRI Metrics

Data Management

- Security Maintenance
- Daily Pricing
- Portfolio Data

Performance Calculations GIPS (Ex-Post)

Custom Benchmarks

Attribution and Peer Comp

Alternative Support

Look Thru Analysis & Compliance Checks

Risk Analytics (Ex-Ante)

- VaR
- Stress Testing
- Scenario Analysis
- Market Models

Business Users

Client Portal
(Dashboard)
Front Office Support

OCIO
Recordkeeper (NAV)
Audit / Ben Admin
HR / Payroll
Form 5500, CFAR
Client Statements
FASB or GASB
Regulatory

Portfolio Management

Portfolio Management
Trade Order Mgmt
Portfolio Construction
Portfolio Management
Other Reporting

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City of Milwaukee Employes' Retirement System

2026 Work Plan

John Jackson, CFA
Senior Vice President

Mike Joecken
Senior Vice President

2026 Work Plan

February 12th

- Asset Allocation Discussion
- Core Fixed Income Search Review

April 16th

- Core Fixed Income Search Finalist Presentations

May 7th

- Investment Manager Due Diligence Report
- Real Estate Performance Review
- Public Equity Structure – Phase I

June 4th

- Public Equity Structure – Phase II

September 10th

- Private Equity Pacing Review
- Public Equity Search Profiles (if necessary)

November 5th

- Real Estate Performance Review

December 3rd

- Absolute Return Structure Review
- Public Equity Searches Review (if necessary)
- 2027 Work Plan Review

Memorandum

To: CMERS Investment Committee
From: Thomas Courtright, CAIA
Date: December 4, 2025
Re: Abbott Capital – Due Diligence Meeting: June 17, 2025
Due Diligence Team: Erich Sauer and Thomas Courtright

Background

Abbott Capital (Abbott) is one of the four managers hired by the Employes' Retirement System (ERS) to invest its Private Equity allocation via fund of funds. The ERS has committed a total of $490 million to 15 of Abbott's Annual Program (AP) vehicles:

AP 2010 - $35M	AP 2015 - $25M	AP 2021 - $20M
AP 2011 - $55M	AP 2016 - $20M	AP 2022 - $35M
AP 2012 - $40M	AP 2018 - $20M	AP 2023 - $30M
AP 2013 - $35M	AP 2019 - $20M	AP 2024 - $40M
AP 2014 - $35M	AP 2020 - $40M	AP 2025 - $40M

In addition, the ERS' invested capital in the AP funds listed above totaled $353.8 million, as of March 31, 2025.

Key Takeaways from Recent Meeting

- The transition of the role of president from Jonathan Roth to Len Pangburn that began in early 2023 appears by all accounts to have gone smoothly and Mr. Pangburn appears to be performing up to expectations.
- Lauren Massey, Managing Director and Chief Administrative Officer, announced that she will retire at the end of 2025 after 30 years with Abbott. Her responsibilities will be transitioned to other members on the Investment Team or other members in operations as appropriate.
- Abbott has been stable overall, and key managing directors remain in place. Performance has been strong. AP 2010 through AP 2016 have TVPI multiples ranging from 2.0X to 2.3X, with all funds up through AP 2015 having returned 100% of the capital contributed. Staff remains comfortable with Abbott's abilities as a Private Equity Fund of Funds manager.

Firm Summary

Abbott is a Limited Liability Company that is 100% independently owned. Abbott was founded in 1986 and private equity investment management is its only business. The firm is registered as an investment adviser with the SEC. The company's eleven managing directors own the majority of the company, with a residual ownership of 5% held by one retired co-founder. The firm's managing directors appear committed to keeping Abbott independent and owned from within.

Abbott has 59 employees, a number which has been relatively consistent over the past several years, and all but two of them work in its New York City headquarters. Those two, including one managing director, are European nationals who work at the firm's satellite office in London. The London office appears stable, and Abbott expects staffing to remain at a level of two employees for the foreseeable future.

Abbott had $15.8 billion in assets as of September 30, 2024, including unfunded commitments, which is up from the $14.3 billion the firm held in September 2022. Abbott has always claimed that they take a measured approach to asset growth, given that capacity in top-tier private equity funds is finite. Fortunately, much of Abbott's recent asset increase has come from strong returns in existing investments, with client inflows playing a smaller role.

Abbott discontinued its ACE program in January 2015, which was a significant portion of Abbott's total AUM. Unlike the AP Funds, fundraising for the ACE Funds took place every 2-4 years. This decision allowed Abbott to focus its offerings on the AP Funds as well as Secondary and Co-investment Funds. Beginning with AP2015, Abbott has also offered AP investors the ability to customize private equity allocations at the strategy level. Abbott was successful in marketing the advantages, such as increased commitment flexibility, of the AP Funds to existing clients and brought additional investors into AP2016 and subsequent funds. Abbott currently has more than 184 institutional clients, which is an increase from Abbott's 158 clients in 2022. These clients include public pension plans, corporate pension plans, endowments, and foundations.

Investment Team

Abbott has 19 dedicated investment professionals. As mentioned above, Jonathan Roth stepped down from his role as president of the firm at the beginning of 2023. Len Pangburn replaced Mr. Roth as president effective January 1, 2023. The transition appears to have gone smoothly with all departments of the firm continuing to perform at a high level.

Abbott has a history of navigating this type of transition successfully, first with the firm's co-founders in the early 2000s, CIO Thad Gray in 2017, COO Katie Stokel in 2020. In addition, Abbott is a partnership, with the managing directors collectively responsible for the direction of the firm, which should serve to provide stability. Mr. Pangburn noted that the five most senior partners of the firm have worked together since 2007. Tim Maloney leads Co-Investments while Meredith Rerisi leads Secondaries for the firm. The entire investment team is involved in the research, due diligence, and discussions on all investments, but Abbott's investment committee, comprised of senior members of the investment team, has final decision-making authority.

Investment Philosophy and Process

Abbott's investment philosophy is based upon the idea that manager skill has more of an effect on returns than sector allocation or the macroeconomic conditions at the time the fund begins making commitments. Thus, Abbott focuses on making commitments to the best private equity managers and then allowing them to find the best opportunities. As a consequence, Abbott's industry allocations end up being a result of investments that the underlying managers make.

Abbott's objective is to create a fund that is diversified by manager and vintage year. They target a total of 25-40 managers over a three-year period. The manager count is consistent with our earlier AP funds, but Abbott let the commitment period of those earlier funds go out to as long as five years, which they have since determined was too long. Many of the underlying funds have received commitments from multiple AP funds. Abbott's core target allocations remain unchanged since AP 2020 and are as follows:

North American Private Equity	30%	Small Buyouts	20%
Ex-North America Private Equity	20%	Venture and Growth Equity	30%

The team at Abbott remains confident they can hit these precise targets since they typically have enough visibility about client commitments, and the upcoming manager pipeline, to properly size positions, but they do retain the ability to come in under a target if the opportunities in that area are not attractive. ERS staff will monitor to make sure this is the case, and they are not stretching into second-tier managers in order to fill an allocation.

Beginning with AP 2022, the fund increased its target allocation to opportunistic investments, comprised of secondaries and co-investments, from 20% to 25%. Abbott favors secondary transactions that are smaller than dedicated secondary funds, typically in the range of $10-50 million. Abbott targets low competition deals where they have an advantage in the purchase process, which is typically due to an existing relationship with the general partner of an underling fund (GP). Similarly, co-investments are sourced from Abbott's existing GP relationships. Abbott's goal is to split the allocation evenly between secondaries and co-investments. The firm is willing to come in below the 25% opportunistic target and diverge from the even split between secondaries and co-investments when deal flow is slow or not compelling.

Abbott's investment team identifies potential investments by relying on its deep network of relationships and by screening its internal deal tracking system, which includes data on over 10,500 funds that Abbott has interacted with during the past 39 years. In addition, Abbott has an "open door" policy, which means it will meet with any private equity manager at least once. This is the case even though Abbott requires managers to have a performance track record before a commitment is considered. Abbott says it has established some relationships with exceptional managers because of its "open door" policy, even though Abbott did not invest with them until they completed their first fund.

Abbott follows a rigorous process when evaluating potential investments. The investment team typically reviews about 750 investment opportunities in a given year, and commits to fewer than 6%. The investment review starts with a one-page memo that is discussed at the team's weekly meeting. A majority of the potential investments are eliminated after this initial review. For investments that look promising, Abbott assigns a deal lead, who is responsible for coordinating preliminary quantitative analysis and follow-on meetings that are attended by multiple Abbott team members. Once the deal team has enough information, the deal goes to the investment committee, and then, if approved, in-depth due diligence commences.

Due diligence on a manager requires considerable time, often ranging from 2-12 months. Every investment manager vetted by Abbott goes through the same level of due diligence regardless of whether or not that firm was in a prior AP fund. The due diligence process involves a full quantitative and qualitative analysis of the potential investment. Quantitative analyses typically include confirmation of cash flows, loss rate, performance benchmarking, purchase price multiples, as well as attribution by team member, in order to determine key members of the team.

Abbott's qualitative analysis is a distinguishing feature. In addition to the meetings described above, the team typically meets with at least five underlying portfolio companies that the private equity manager has previously invested in to understand if and how they added value. The team also uses its industry contacts to speak with 10-20 references, separate from those provided by the manager. The final stage involves a discussion and a vote by Abbott's whole investment team. While each person on the team gets to vote, the votes of the senior members (managing directors and principals) are what determine if an investment is approved or not.

Despite the slowdown in private equity fundraising from 2021 through 2024, top-tier funds remain frequently oversubscribed. Abbott has seen constrained allocations on approximately one fourth of their investments over the past five years. In addition, GPs are using the environment to push back on terms like conflict provisions or continuation vehicles. Abbott is approaching this very carefully, and many GPs view having Abbott in their fund as a “stamp of approval,” which can help to balance the negotiations, but ERS staff will continue to monitor this issue closely.

Legal and Compliance
Mary Hornby is Abbott’s General Counsel, designated Chief Compliance Officer (CCO), and a managing director at the firm. One of her main responsibilities is to conduct a deep legal due diligence, including a review of the legal documents, and to lead negotiations on the underlying private equity managers that the investment team has approved for commitments. When Abbott is negotiating with managers, they reference a proprietary database that contains major terms and conditions governing fund investments. Items that Abbott negotiates include, but are not limited to, fees, carried interest, key people, and diversification. Abbott emphasized that they are willing to decline an investment over disadvantaged contract terms.

Ms. Hornby gained the CCO designation upon the departure of Monique Horton in 2022. Peter Doro, Director of Compliance, works with Ms. Hornby to develop and implement the firm’s compliance policies. Mr. Doro is responsible for the daily testing and monitoring of compliance. Abbott’s policies include a Compliance Manual, which cover topics such as the Code of Ethics, Trading, and Information Security. The Compliance Manual is updated at least annually and employees are required to certify that they have read and understand certain critical policies and procedures at least annually.

Abbott’s Investment Team is primarily responsible for monitoring compliance with investment guidelines. Each Abbott fund of funds is governed by its respective Limited Partnership Agreement. In general, the Limited Partnership Agreements (LPAs) supersede the ERS’ Investment Policy and Guidelines. However, the ERS has always negotiated side letters with respect to each Abbott fund of funds which override certain clauses in the LPA and provides the ERS with investment protections.

Monitoring
Abbott monitors its investments at multiple levels. Members of the investment team, including the managing directors, are responsible for monitoring every investment that Abbott makes. In addition, Abbott joins the Advisory Boards of approximately half its underlying funds. Abbott also maintains a proprietary database in eFront, an industry leading private equity software system that allows firms like Abbott to compare underlying funds. eFront allows for automated data communication between underlying portfolio funds, Abbott, and Abbott clients.

Other monitoring activities take place when the Investment Team attends manager meetings, analyzes reports, and engages in dialogue with the manager. Abbott views the benefits of taking an active approach to monitoring its existing investments as twofold; first, it can give Abbott a direct line to the private equity managers who are managing the portfolio of companies; and second, it allows Abbott to see an additional perspective of the manager that may impact conviction levels of the Abbott team and how they may view future fund raisings.

Reporting
Lauren Massey and Paolo Parziale are both managing directors, and head the firm’s Operations and Administration Departments, respectively. Abbott divides its accounting group between separate accounts and fund of funds. As soon as Abbott makes a commitment to an underlying manager, Operations and Fund Administration work with the manager to coordinate reporting requirements. They may suggest to the manager how they can improve back-office controls at

this point as well. Abbott's Operations Department reviews valuations with the investment team and makes sure that portfolio companies are marked at fair value. In addition, Abbott's Operations and Administration Departments do an annual check of every confirmation, capital call, and distribution. Abbott's valuation committee reviews co-investment valuations and approves portfolio fund valuation adjustments.

Typically, Abbott has provided quarterly reports to the ERS within 75-90 days after the end of a quarter, and within 150 days for annual financial statements, which is an acceptable timeline.

As mentioned earlier, Lauren Massey has announced her plans to retire at the end of 2025. Her operational responsibilities are being transitioned to other experienced Abbott managing directors and directors. Accordingly, Paolo Parziale will head investment operations, Mary Hornby and Peter Doro will share compliance duties, Jennifer Lagnado will head fund operations, and Connor Reilly will oversee the firm's information security initiatives. Staff believes Abbott has navigated other transitions very effectively in the past and expect the handoff of Lauren's duties to her team to proceed smoothly as well. We will continue to monitor the firm's operations going forward.

Disaster Recovery

Abbott has a formal business continuity plan that it tests once a year. The firm recently switched to cloud-based back up of data and systems and can access the production and back up environment in less than one hour, allowing users to connect remotely. The most recent test of the disaster recovery system was in April 2025. Abbott uses third-party vendors to perform system assessments, vendor assessments, and phishing tests. They also have an endpoint threat management vendor responsible for monitoring systems for attempted breaches.

Summary and Conclusion

Performance for CMERS' AP Fund investments has been strong and highly consistent. As of March 31, 2025, all the AP Funds 2010 through 2016 are well diversified, had TVPIs greater than 2.0x, and distributed 1.5x their invested capital in aggregate. AP 2018 and AP 2019 recently emerged from their investment periods and had a TVPI of 1.5x and distributed 0.2x their invested capital in aggregate. All remaining AP Funds 2020 through 2025 are still developing but have TVPIs above 1.0x, having invested 36% of CMERS' committed capital so far. The mature AP Funds of AP 2010 through AP 2014 had negative mark to market valuations in the 4th quarter of 2024 and 1st quarter of 2025, which were attributable to moderate declines in a few underlying partnerships that were positioned across most of these AP Funds. The declines included trading declines in public company positions not yet able to be sold. These types of returns can occur over short time periods but our preference is to remain focused on long horizon returns, as summarized above.

Abbott's investment team has a vast network of long-standing relationships with investment teams at the world's top private equity firms. Abbott's reputation of being a significant long-term investor and a value-added limited partner gives them the ability to access many top-tier managers. Abbott also has extensive experience in performing comprehensive due diligence of private equity investments across numerous fundraising cycles. ERS Staff has confidence that Abbott's fund of funds partnerships will be able to generate attractive returns over time.

While not a concern, ERS Staff will also continue to monitor the transition of Lauren Massey's operational duties to the aforementioned individuals.

Memorandum

To: CMERS Investment Committee
From: Thomas Courtright, CAIA
Date: December 4, 2025
Re: Apogem Capital Due Diligence September 17, 2025
Team: David Silber and Tom Courtright

Background

Apogem Capital (Apogem) is a private equity fund of funds manager in the Small Company Buyout space, defined as partnerships with a fund size below $1 billion (typically below $750 million and a special emphasis on funds below $500 million), targeting companies with enterprise values below $150 million. CMERS' commitments with Apogem are listed below:

- $30 million to Fund VI in 2015
- $15 million to Fund VII in 2016
- $15 million to Fund VIII in 2018
- $35 million to Fund IX in 2020
- $30 million to Fund X in 2022
- $40 million to Fund XI in 2025

Key Takeaways from the Recent Meeting

- Kee Rabb, Managing Director, has shifted her focus to help lead a GoldPoint legacy middle market PE strategy of the firm. Ms. Rabb had been primarily focused on the small and lower middle market buyout funds and the Multi-Manager team. She will remain on the investment committee.
- Apogem has been stable overall, and key managing directors remain in place. The larger combined firm is also providing additional resources to the team.
- Performance has been strong. Fund VI through Fund X have TVPI multiples ranging from 1.5X to 1.9X, with Funds VI and VII returning 100% of the capital contributed.

Firm Summary

Apogem Capital (Apogem) was formed in April 2022 through the combination of three boutiques owned by New York Life Investment Management (NYLIM), PA Capital, GoldPoint Partners, and Madison Capital. PA Capital, the firm that established the small buyout strategy ERS invests in, was founded in 1997 by Lou Moelchert, who began making investments in alternatives for the University of Richmond endowment in the early 1980s, to provide investment management of both hedge fund and private equity strategies.

PA Capital began investing in the small company market with the inception of the firm in 1997, and over the years added capabilities in secondaries, co-investments, private real assets, and GP stakes. The business combination that created Apogem added additional capabilities in middle-market private equity from GoldPoint, and private credit from Madison Capital. This created a firm that Apogem believes can be more valuable to the managers they partner with, as they now have the capability to invest across the capital structure, and follow GPs as they grow their funds and move upmarket.

As part of the business combination, NYLIM purchased the minority interest in PA Capital that was held by employees. Apogem is 100% owned by NYLIM.

Chris Stringer, former PA Capital President, currently serves as Apogem's President, while also remaining Head of Private Equity for Apogem. In January 2024, Josh Niedner, a former Madison

Capital employee who rejoined the business as Head of Private Credit in late 2023, became the CEO of Apogem.

GP Stakes was launched as a partnership between PA Capital and Ottawa Avenue Private Capital (OAPC) in 2020. Mr. Stringer commented at the time that the launch of GP Stakes gave PA Capital another tool within Private Equity that allowed them to move closer to their goal of becoming a capital solutions firm to other GP's. Mr. Stringer noted that their information advantage in lower-mid markets would be helpful in identifying GPs to partner with, and the potential for a future GP stake investment would make PA a more attractive LP when attempting to access capacity constrained funds.

Apogem had 47 private equity investment professionals as of August 2025. This compares to 34 at our last meeting. The team responsible for managing our portfolio has benefitted from the increased headcount, growing from 19 individuals to 25. The team is led by Mr. Stringer, Louise Smith, Kee Rabb, and Richard Wiltshire, who have 25, 19, 25, and 21 years of private equity experience, respectively. Although Ms. Rabb is shifting her responsibility to help manage the GoldPoint legacy middle market PE strategy, she still participates in the leadership of Apogem's private equity business and remains on the investment committee. ERS staff and Callan will continue to monitor the demands on the investment team responsible for managing the small company PE funds and multi-manager platform.

Apogem typically launches a new small buyout fund every two to three years. Funds VI and VII each raised $350 million, while fund VIII increased in size to $420 million. Fund IX raised $473 million, while fund X raised $424 million. Fund XI is still in the fund-raising phase but has a target of $500 million. ERS staff believes this increase in fund size over time is manageable, particularly given the increase in co-investment allocation and manager diversification discussed below.

<u>Investment Philosophy and Process</u>

Apogem's investment objective is to create a portfolio of approximately 15-20 best of breed Small Company Market fund managers, which is more diversified from the 12-15 managers in its prior funds. Ms. Smith explained at a prior meeting that the increased diversification should serve to mitigate risk in the fund, while still keeping the manager count small enough that standout managers can have a genuine impact on performance.

The fund targets an equal weight for each underlying manager, but this can vary slightly if some managers are oversubscribed and cut back allocations. Allocations to managers typically fall between 5-8%, but staff has been told in the past that 10% is within the realm of possibility. Allocation targets take co-investments into account, so the fund may make smaller commitments to certain managers if that manager is expected to be a good source of co-investments.

The majority of underlying funds will be highly sought-after managers to which Apogem has access due to longstanding relationships, but a handful of funds will be emerging managers that Apogem views as having the prospect of developing into a brand name. Beginning with Fund VII, our funds include an allocation to secondaries and co-investments with the goal of mitigating the "J-Curve" and increasing fund diversification. The target to co-investments has grown over time, reaching 30% for Fund IX and Fund X.

Beginning with Fund XI, Apogem gave clients the choice of three different co-investment targets, 90%, 50%, or 25%. ERS selected the 25% option, which is closest to the allocation we received in recent prior funds. Given the strong performance of the Funds' co-investments, the investment team has modestly increased its underwriting of total fund returns to be 0.5x higher of net MOIC and 5% higher of net IRR, to 2.0x and 15% to 20% respectively.

Apogem is unique among our primary funds managers in that typically only half of the investments in a given fund will be re-ups with existing managers (Abbott and Mesirow tend to have a higher percentage) and it is rare to see the same partnership in consecutive Apogem funds. This means that as we have built our program with Apogem, we have gained additional diversification as new underlying managers were added to subsequent funds. It also means that, should we ever have to skip an Apogem fund, we will miss a set of managers and may not get exposure to them in the next fund.

Apogem's due diligence process is broken out into three stages. The first stage is screening. Apogem maintains a comprehensive database through eFront that tracks over 3,500 GPs in the lower middle market. The investment team evaluates these managers using a quick screen that tracks pertinent categories: experience and accomplishments at both the firm and individual level, investment strategy, team overview, process, deal flow, post-investment value creation, track record, and risks.

The next stage in the investment process is preliminary due diligence, which consists of a formal, in-person meeting with a prospective fund manager. The investment team generally meets with over 50% of the fund managers that are fundraising in a given year. In addition, the team is also familiar with many of these managers due to previous interactions outside the formal fundraising process. After a meeting, the team discusses how the manager rates on the previously mentioned scorecard. This rating is both on an absolute basis, as well as relative to other managers currently in the market. If a manager is viewed as a potential candidate, the team will run a preliminary quant analysis, and make targeted reference calls with the Apogem network.

The third stage in the process is full due diligence. Full due diligence involves members of the investment team visiting the manager's home office. This visit allows the investment team to confirm track record and deal attribution in the underlying fund, discuss each investment and the decision-making process in detail, and put the prospective manager's team through a Human Capital Assessment process.

The Human Capital Assessment is what really differentiates Apogem's investment process. It is a data-driven approach to evaluating an investment team's ability to effectively execute their strategy and meet their objectives. The analysis allows Apogem to look for specific skill sets that they believe are necessary for success in a given fund size and strategy. It consists of one-on-one interviews, with the goal of understanding each team member's role, patterns of success, patterns of failure, and views on other team members' roles, strengths, and weaknesses (a 360 degree review process).

Once they have identified a manager with the desired skill set, the Human Capital Assessment helps establish themes for the remainder of the due diligence, including identifying which members of the team are critical to the success of the firm going forward, and if they still have an appropriate level of engagement, identifying which team members should be the focus of background checks, and identifying which team members should be included in the key person provision.

The Human Capital Assessment process is also used for internal evaluations of Apogem's staff. This helps foster successful teamwork among the investment staff, and also allows the firm to invest in coaching to improve any potential weaknesses identified for individual employees. Apogem's operational due diligence (ODD) team consists of three members, and is led by Ryan Plante, who reports to John Grady, the firm's Chief Financial Officer and Chief Operating Officer. Each member of the operational due diligence team speaks with key individuals on the operations, accounting, and business side of the underlying manager to understand and assess the operational infrastructure and control environment. The ODD team has veto power over all investments, although the veto is used infrequently, due to the collaborative nature of the investment process.

The final piece of the investment process involves continuous monitoring of the underlying managers. The investment team is in contact with managers in the fund at least quarterly, and seeks to monitor each manager's specific portfolio company investments. Apogem believes that this continuous involvement helps identify potential problems and provides opportunities to be helpful to fund managers, and allows the team to make better re-up decisions.

Compliance and Internal Controls

Apogem has a dedicated Compliance function overseen by Kevin Power, Chief Compliance Officer. Mr. Power is newly appointed now that Apogem has its own compliance function. He is supported by Sean O'Donnell, Corporate Vice President, Katie Duffy, Corporate Vice President, and Carlos Batista, Senior Associate. In addition, NYLIM provides additional compliance support. Apogem regularly consults with ACA Compliance Group, as well as the firm's outside counsel, accountants, and auditors.

There is a firm-wide compliance policy that private equity employees must follow that includes: pre-clearance of personal trades; monitoring of broker statements; filling out an annual compliance questionnaire, attendance of ethics training, and maintenance of required securities licenses. New employees undergo compliance training with the firm's independent compliance service provider, ACA. On an annual basis, employees must certify that they have read and understand the compliance manual. In addition, all employees must abide by the firm's Code of Ethics.

Apogem is an SEC Registered Investment Adviser. The last SEC examination began in Q2 of 2020 with Apogem's predecessor entity (New York Life Investment Alternatives and its Relying Advisers PA Capital, GoldPoint and Madison Capital). The exam concluded in December 2020, and produced no material findings.

As a result of the merger, Apogem now has a robust internal legal team. Because of the nature of Private Equity contracts, the firm still makes extensive use of third-party expert attorneys, but the in-house legal team manages this process, making it more efficient.

The business combination also brought with it a Fund Administration team from Goldpoint. The team is led by Henry Lehmann, Managing Director. Mr. Lehmann has over 25 years of experience in the accounting industry, and had been with Goldpoint for 16 years prior to the creation of Apogem.

The administration group brings another level of expertise that PA Capital did not have as a standalone entity. Beginning with Fund X, they are able to do the administration in-house. For our prior funds that have outsourced the administrator responsibility, Apogem's administration group simultaneously calculates fund values with data received from the underlying managers, providing an additional crosscheck. Regardless of the administration model, all funds are audited annually by PWC. The fund administration team is also audited at least annually by New York Life's audit department.

Apogem has an eight-person valuation committee that meets (in-person or virtually) at least quarterly to ensure that the valuation processes are being applied in a manner that is fair to both Apogem's funds and investors, and are consistent with stated valuation procedures in the funds' governing documents.

Information Systems and Disaster Recovery
The increased resources made available through the larger firm also extend to the IT department. While PA Capital did not have a Chief Technology Officer (CTO), Apogem was able to bring in Steve Scolnik as CTO in October of 2022. Mr. Scolnik has four dedicated employees in his department, and also makes extensive use of the shared services that New York Life provides, such as 24x7 help desk, and the overall technology infrastructure.

Mr. Scolnik discussed his priority projects since joining the firm. The majority centered around unifying the three legacy businesses under an integrated IT and systems platform. He is also working on building out AI applications that will be used by the investment team. Mr. Scolnik and the team have been integrating AI tools to help enhance staff productivity. These tools primarily target routine tasks and related efficiency rates for use by the operations group.

Apogem follows the business continuity plan of New York Life. NYL's model environment provides a carbon copy of critical systems. Because this is a cloud-based model, they are able to continually test it virtually, but they also do a full fail-over test at least annually. Disaster recovery tests were managed successfully in May, September, and November of 2025.

Conclusion
The business combination that created Apogem was a significant change. However, the key professionals for our strategy remain in place, and we believe the private equity team will benefit from the increased staffing and enhanced resources. While Ms. Rabb is still a member of the PE senior leadership, her shift in responsibility to help manage the GoldPoint legacy middle market PE strategy might impact the small company multi-manager team over the longer term. ERS staff and Callan will continue to monitor the demands on the team.

As was discussed in prior memos, performance tends to lag in the early years of each Fund, due to the conservative nature of these underlying GPs' conservative valuation policies. The expectation was valuations would increase as investments were realized, and this has in fact played out as the early funds have matured. Fund VI through Fund X have TVPI multiples ranging from 1.5X to 1.9X, with Funds VI and VII returning 100% of the capital contributed. Our Fund VI investment has had the highest return out of all of ERS' private equity funds over the last five and seven years based on 9/30/2025 data. Overall, ERS Staff feels comfortable with Apogem fulfilling the role of small buyout fund of funds manager.

Memorandum

To: CMERS Investment Committee
From: Keith Dickerson, CFA
Date: December 4, 2025
Re: Principal Due Diligence Meetings July 8, 2025 & September 11, 2025
Team: Erich Sauer and Keith Dickerson

Background
The City of Milwaukee Employes' Retirement System (ERS) hired Principal Asset Management (PAM) in January 2016 to manage the real assets portion of the Fund's portfolio. ERS is invested in the Diversified Real Assets (DRA) strategy, a fund of underlying sub-advisors selected by Principal. As of October 31, 2025, Principal managed $202.6 million, or 3.2% of the Fund's assets.

Key Takeaways from Most Recent Meeting

- Several changes that were made to the DRA PM team in 2022 continue to go according to plan.
- PAM is undertaking an effort to centralize its investment capabilities. Previously, PAM used a decentralized boutique structure with autonomous investment teams. PAM believes the new centralized structure will improve efficiencies and knowledge sharing across the firm.
- May Tong, lead PM of the DRA strategy, will be assuming additional portfolio management responsibilities on Principal's Target Date and Core/Satellite strategies. These responsibilities were described to staff as "strategic" and will not interfere with her day-to-day responsibilities as lead PM of DRA.
- Staff discussed the above changes with Callan, and ultimately feels comfortable with the team and believes they have the capability to construct a successful real assets strategy going forward, but will continue to monitor.

Firm Summary
PAM is a wholly-owned, indirect subsidiary of Principal Financial Group (PFG), with assets under management totaling $580 billion as of June 30, 2025. PAM is an SEC-registered investment adviser that provides investment advisory services to institutional investors and individuals. While PAM's investment operations have historically been divided into several boutiques (within equities, fixed income, currency, asset allocation), the firm is currently in the process of consolidating its boutique investment structure into a centralized model. Principal believes this new model will improve collaboration and efficiency with respect to managing Principal investment strategies. PAA is a specialized investment capability within PAM that focuses solely on asset allocation solutions. The DRA strategy is part of PAA and was launched in 2008 alongside other outcome-based strategies to address specific investor needs. DRA is a beneficiary of utilizing shared services within PFG, as both economists and marketing professionals are shared among the organization.

DRA Team
A number of personnel changes related to the strategy occurred prior to CMERS' last due diligence visit, which impacted various aspects of the team and the research process. In March of 2022, Principal announced May Tong, a PM who joined the strategy in May of 2021, was named the lead PM, and Marc Dummer, who had been the *de facto* lead PM, took the role as lead of a newly created client portfolio management team. Kelly Grossman, who was a named PM on the DRA strategy, departed the DRA team to become head of investment analytics on Principal's OCIO platform. Jessica Bush and Ben Rotenberg remained as PMs on the strategy alongside Ms. Tong.

In March of 2025, the firm announced additional organizational changes to the PAA team. Specific to the Diversified Real Assets strategy, Todd Jablonski, CIO of PAA, assumed additional leadership responsibilities for the investment teams in Latin America. This change is the result of PAM's effort to further centralize its investment resources. Additionally, Mr. Jablonski was named as a portfolio manager on the Principal Target Date team. In addition to Mr. Jablonski, May Tong was also named as a portfolio manager on the Target Date team. She was also named as a portfolio manager on Principal's core/satellite strategies. Ms. Tong will remain the lead PM on the DRA strategy, and has described her new responsibilities as strategic in nature. She indicated that her strategic role will be to serve in a mentorship capacity to the existing portfolio management teams, providing guidance on how to integrate Principal's internal and external resources in order to make better decisions for their respective portfolios. Staff has discussed Ms. Tong's additional responsibilities with Callan. Both staff and Callan are comfortable with the description of Ms. Tong's new responsibilities, but will continue to monitor the situation.

Since joining the team, Ms. Tong has been focused on integrating the resources of the broader PAM platform into the DRA strategy, by more fully utilizing the firm's Global Insights, Manager Research, and Risk and Analytics departments. This allows the PMs to focus more on asset allocation, and also allows the strategy's dedicated analysts to focus more on monitoring existing managers or conducting manager searches.

Ms. Tong has also expanded the access of global macro research experts that are available to the DRA team, which allows the PM team to receive insights from specialized experts. These experts can be internal or external to PAM and can therefore be more targeted toward team research projects versus only using PAM internal economists.

Finally, Ms. Tong split the manager selection research team into two distinct groups, the Investment Platform Oversight (IPO) group, and the Manager Alpha Research and Selection (MARS) group. The IPO group is the incumbent team that previously handled all aspects of manager monitoring and search activity. The IPO group now focuses solely on manager monitoring and is not directly involved in manager search activity. The MARS group is led by Ryan Kincade, and focuses primarily on manager searches. This allows the two groups to become more specialized and focused in their research scope. MARS also outsources some alternative investments research to a third party, Aksia LLC.

Strategy

Principal's investment objective is to construct a broad-based fund of funds that invests across a number of inflation-hedging asset classes in order to generate annual returns that are 3%-5% above inflation over a full market cycle. The DRA team currently allocates to strategies within eight categories. The current active sub-advisors, and the respective allocation percentages for the DRA sleeves, as of September 30, 2025, are listed below:

Infrastructure (Clearbridge, MacQuarie)	32%	TIPS (BlackRock)	8%
Natural Resources (Newton)	15%	Commodities (CoreCommodity, Wellington)	15%
Global REITs (Principal)	25%	Floating Rate Debt (Nuveen)	4%
Equitized Cash (PAA)	2%	Global Timber (Pictet)	2%

The allocation can vary with the economic or credit cycles as new asset classes or strategies are identified and determined to be appropriate for inclusion in the DRA strategy. The investment team conducts simulations of underlying asset class combinations in order to identify the weighting schemes that would allow the total portfolio to provide returns of 3%-5% above inflation while simultaneously minimizing risk. The underlying sub-advisors are not allowed to employ any borrowing in the implementation of their investment strategies. Although DRA legal documents do not prohibit the use of leverage, PAA has indicated it has never employed leverage in the management of the CIT and it does not intend to.

The DRA strategy has 100 clients in the CIT vehicle. The investment team manages a total of $4.0 billion of client assets in the DRA strategy as of March 31, 2025, which includes $2.5 billion in mutual fund assets and $1.5 billion in CIT assets. The portfolio management team also advises the Principal Global Diversified Income, Global Multi-Strategy, and Real Asset strategies.

The DRA team estimates capacity for the strategy to be $25 billion. This estimate has increased from $12 billion since the inception of ERS' mandate primarily due to capacity agreements of the existing sub-advisors along with expectations of increased market liquidity.

Early in 2022, Principal changed the DRA's blended benchmark, reducing the allocations to TIPS from 35% to 15%, Natural Resources from 20% to 15%, increasing REITs from 10% to 25%, and Infrastructure from 20% to 30%. Commodities remained unchanged at 15%. An allocation to a liquidity sleeve was added in 2022, which can be used to equitize cash. Accordingly, the liquidity sleeve will invest cash balances in equity or fixed income ETFs or futures, or in cash equivalents, while maintaining representative asset class exposures as outlined in the preceding paragraphs. The allocation to the liquidity sleeve can range from 0-5%.

Staff discussed these changes with Callan, and they were comfortable that the portfolio still fits its intended objectives of providing a diversification benefit, inflation mitigation, and enhancing total returns. Callan also noted that the strategy is the most diversified real asset portfolio under their coverage universe.

Investment Philosophy and Process

The DRA strategy is based upon the premise that stocks and bonds exhibit low correlations to inflation over short and long time horizons, and real assets have been excellent inflation hedges over long time periods. The DRA team believes there is an opportunity to capture an attractive long-term return by investing in real asset classes while also improving portfolio diversification.

Given the difficulty in predicting inflation, the DRA investment team believes that it is both imprudent and impractical to attempt to rotate among different inflation hedges. Rather, the team believes that the most effective method is to continually maintain a prudently balanced and diverse portfolio of real asset classes. The investment team follows a five-step process, which includes a combination of both bottom-up and top-down analyses:

1. Identify and select the asset classes and strategies that exhibit a persistent high sensitivity (beta) to inflation, generate a reliable return, and provide diversification benefits.

2. Utilize capital market forecasts, generated from economists dedicated to the DRA strategy in collaboration with the investment team, which provide macroeconomic and risk outlooks for inflation, interest rates, and equity markets. Develop forward-looking return forecasts by analyzing historical returns, volatility, and correlations.

3. Use a multi-strategy and multi-manager approach that covers a broad array of inflation-sensitive asset class portfolios that are actively managed to a tactical allocation target. (Active and passive sub-advisors are considered as well as single or multiple sub-advisors per sleeve). Using the capital market forecasts derived above, target weights are established for each strategy in order to optimize portfolio return per unit of risk, while keeping risk within a target standard deviation of 12-15% over a market cycle. Manager weightings reflect the

team's outlook for opportunities within the respective asset classes, while remaining cognizant of sub-advisor proliferation.

4. Conduct extensive searches to hire specialist managers for each investment strategy. A key part of the process is determining whether active management has historically been successful in the asset class, which will inform the choice between active and passive. If the DRA team determines active management is appropriate, they outline specific search criteria, and conduct a comprehensive due diligence process to select the appropriate manager. The due diligence process is both quantitative and qualitative, focusing on the investment philosophy and process, to ensure it aligns with the intended outcome in the DRA portfolio. Managers are hired to manage customized separate accounts, with investment guidelines that outline the expectations and risk-management framework for the strategy.

5. Employ rules-based-rebalancing methodology such that a sub-advisor's allocation will be adjusted half-way back to target as the sleeve allocation approaches the upper or lower band of the target allocation range, while also utilizing portfolio cash flows wherever possible in order to lessen transaction costs.

Risk control is conducted throughout the process by monitoring strategy positioning and performance on a daily basis. Risk reports were historically run through FactSet and MSCI BarraOne monthly, but Principal's risk team recently built a tool in-house, PRIME, that also allows the DRA team to run risk reports daily. The IPO group performs monthly monitoring calls with each manager, as well as reviews the managers' monthly performance and risk attribution. The team also performs an annual re-underwriting of the investment and operations due diligence.

The DRA investment team communicates throughout the day in an informal fashion and also meets at least weekly to formally discuss market conditions, economic data, and research ideas. The team also conducts a quarterly asset allocation meeting at which target weights are discussed in the context of the current market, the economic outlook, and feedback from sub-advisors.

Compliance and Internal Controls

ERS staff met with John Mills, Compliance Director. The compliance organization reports to Chief Ethics & Compliance Officer for PFG, Noreen Fierro. Mr. Mills' team is responsible for ongoing education on compliance and the Code of Ethics (Code), which is a firm wide compliance policy that PAM and PAA employees must adhere to. The Code includes: disclosure of personal holdings of securities; prohibited securities, disclosure of gifts, and monitoring of broker statements. Mr. Mills' team also is responsible for overseeing pre/post trade compliance via Charles River, and all regulatory filings.

ERS staff also met with Traci Knox, Director of Subadvisor Compliance. While Mr. Mills' team is responsible for firm compliance, Ms. Knox' team is responsible for compliance of hired and potential future sub-advisors. Ms. Knox orchestrates compliance assessments during the sub-advisor hiring process, including information regarding sub-advisor compliance monitoring, insurance coverage, the firm's CCO, SEC exams, litigation, and soft dollar policies. Her team conducts quarterly and annual questionnaires as well as on-site visits. On-site meetings are typically held every two years, but managers deemed to be higher risk are visited on a more frequent basis.

State Street is the custodian for all CIT assets. Principal's Trust Operations, based in Portland Oregon, is primarily responsible for oversight of State Street as the Administrator, Custodian, Transfer Agent and Accountant for the DRA CIT. The investment team has decided to not participate in any securities lending programs with the custodian and therefore none of the securities are ever loaned out to counterparties.

PAM is evaluated by the United States Securities and Exchange Commission. The last routine examination of PAM was conducted during the period beginning August 2016 and concluding September 2017. There were no material deficiencies noted in the examination.

Information Systems and Disaster Recovery

PAM has an in-house IT department that manages IT resources for PAA. In addition, PAM's parent, PFG, provides infrastructure services and support. PAM has IT development and support staff dedicated to their operations as well, which includes PAA.

PFG maintains Business Continuity (BC) and Disaster Recovery (DR) Programs. The design of the programs follows professional practices established by the Disaster Recovery Institute International (DRII) as well as PFG's standards, which include a formal Business Impact Analysis (BIA). The BIA identifies the business processes that are considered critical within the first 72 hours of an incident, which are then prioritized. An emphasis and objective of the Program is to protect customer financial assets and data. As part of the DRA Program, PFG has a workspace and data recovery location that is based in West Des Moines, IA and a data recovery facility in Chicago, IL. The workspace facilities have high speed access to the off-site data center as well as all documented office requirements. In addition, a mobile recovery unit and a work from home capability are available as alternate workspace recovery solutions.

DR and BC tests are conducted annually in Q4 of each year. Business continuity exercises include calling trees and testing functionality of alternate worksites. There were no significant issues identified as a result of the most recent test.

Performance Summary and Conclusion

Principal's DRA strategy takes a benchmark-agnostic approach, with the goal of achieving annual returns that are 3%-5% above inflation over a full market cycle, which Principal defines as three to five years. Real assets have historically been excellent inflation hedges over longer time periods, but less effective over time horizons shorter than one year, since short-term security pricing can be influenced by many strategy-specific and macroeconomic factors.

The table below shows returns as of September 30, 2025. While significant inflation was evident during 2021-2024, the strategy has not otherwise experienced high bouts of inflation since inception. The strategy's exposure to inflation sensitive assets during the last 5 years has resulted in resilient returns relative to either CPI (4.5%, average annualized based on CPI data) or bonds (-0.2%, Bloomberg Barclays Aggregate.) This time period has been our first experience with the strategy in an inflationary environment, and it is nice to see an indication of the strategy providing inflation protection.

Overall, Principal has been a stable real assets manager and provides a nice diversification benefit to the rest of CMERS' portfolio. Staff will continue to monitor the changes to the PM team, process changes, and performance in what could potentially be a higher inflation environment going forward. Net of fee returns, along with benchmark returns, are provided in the table below.

	1-Year	3-Year	5-Year	Since Inception (2/1/2016)
Principal (Net)	5.9%	8.7%	7.9%	6.2%
*Principal Custom Index**	*7.6%*	*10.2%*	*8.6%*	*6.2%*

Memorandum

To: CMERS Investment Committee
From: Keith Dickerson, CFA
Date: December 4, 2025
Re: Reams Asset Management Due Diligence Meeting August 12, 2025
Team: Erich Sauer and Keith Dickerson

Background

The Milwaukee Employes' Retirement System (ERS) hired Reams Asset Management (Reams) at the end of 2000 to manage a core-plus fixed income mandate. As of August 31, 2025, Reams managed $816.5 million, or 13.1% of the Fund's assets. The firm's allocation has grown notably since 2022 as part of the increased allocation to fixed income within the Fund.

Key Takeaways from the Recent Meeting

- In 2023, Reams announced several personnel changes. Bob Crider, a managing director and co-founder of the firm, transitioned to a senior advisor role. Dimitri Silva, head of the newly formed global rates and currencies research team, was promoted to managing director and joined the investment committee. Todd Thompson was given the newly created title of deputy CIO to recognize his broad contributions and leadership. Mr. Thompson and Mr. Silva currently remain in these roles as of ERS' last visit.
- Ed Rick continues to serve as Head of Investments for RJIM, and in the president role for RJIM subsidiary boutiques. Mr. Rick assumed the responsibilities of Dan Spurgeon, former president of Reams, who departed the firm on October 2, 2023.
- Reams' compliance function is now fully integrated into RJIM, a process that began in October, 2023. Marc Samardzija serves as the RJIM on-site compliance professional at Reams' office. ERS staff will continue to monitor RJIM's compliance oversight of Reams.
- Neil Aggarwal, hired in 2022, continues to lead the securitized products team. This change occurred with the retirement of Stephen Vincent. Mr. Aggarwal brings 20 years of experience trading and managing portfolios of asset-backed securities. The securitized team also includes four analysts, two of which have more than 20 years of experience at Reams.
- Reams continues to maintain autonomy and independence for managing the business under the ownership of RJIM.

Firm Summary

During the fourth quarter of 2010, Reams was purchased by Scout Investments (Scout), which had been a wholly-owned subsidiary of UMB, a financial services company based in Kansas City, Missouri. Previously, Reams had been an independent, employee-owned investment management firm since its inception in 1981. UMB is better known for servicing retail investors and only offered equity products prior to its acquisition of Reams. Reams' fixed income strategies, track record, and presence in the institutional space led UMB to make the $42 million acquisition.

In November of 2017, UMB sold its Scout and Reams subsidiaries to Carillon Tower Advisors (CTA), a multi-boutique asset manager and subsidiary of Raymond James Financial, Inc. Staff noted at the time that the multi-boutique manager model meant that Reams should be free to continue to operate its business just as it has in the past. Noncompete covenants apply to any key individuals who may decide to leave the firm, thereby incentivizing retention. The operating agreement Reams had with Scout, which kept Reams' operations independent, carried over as well. In October 2022, CTA rebranded as Raymond James Investment Management (RJIM).

In the first half of 2022, Reams relocated its main office to Indianapolis, IN and closed the Columbus, IN location. Leadership's rationale for the move included efficient commute times for the 75% of the investment team that resides in or near Indianapolis, improved access to talent when recruiting, and improved proximity to the Indianapolis airport. Reams reported that the move has been successful with no observed increase in employee turnover to-date.

Total firm assets under management have increased since our last meeting, from $23.8 billion as of June 30, 2023 to $31.6 billion as of June 30, 2025. The Core Plus strategy the ERS is invested in is Reams' largest strategy, with $11.1 billion in assets across 50 accounts, an increase in assets from the ERS' last visit, when the product had $7.3 billion across 38 accounts. The AUM increase can be attributed to inflows in public fund and other types of institutional accounts, including endowments & foundations, hospitals, not-for-profit, mutual fund, and commingled funds.

The fixed income team has 16 members, which is consistent since our last visit. Mark Egan, managing director, remains the lead portfolio manager on the Core Plus strategy. Mr. Egan has been with firm since 1990. In 2021, Todd Thompson was promoted to managing director and assumed Tom Fink's investment committee and portfolio management responsibilities upon Mr. Fink's retirement. Mr. Thompson joined Reams in 2001 and leads the credit research team. He was recently given the title of deputy chief investment officer to recognize his contributions across strategies and leadership of the entire investment team.

In September 2023, Bob Crider, a managing director who co-founded Reams in 1981, transitioned off the investment committee and now serves as a senior advisor. In conjunction with Mr. Crider's transition, Reams promoted Dimitri Silva to managing director and added him to the investment committee. Mr. Silva joined Reams as a portfolio manager in 2021 to provide a background in global interest rates and currencies that the firm felt it was lacking. Reams established a formalized team to research global rates and currencies with Mr. Silva as its head to complement its existing credit and securitized research teams. Antonina Tarassiouk, with nine years of experience in currency management, was added to the global rates and currencies team in 2022 to further expand their capabilities. In 2025, Reams promoted Kevin Cai to an analyst position on the global rates and currencies team. Mr. Cai comes from Reams' data analytics team.

Head of the structured products research team, Stephen Vincent, retired in April 2023. Reams hired Neal Aggarwal in 2022 to take leadership of the securitized team upon Mr. Vincent's retirement. Mr. Aggarwal came to Reams with 20 years of experience managing portfolios and trading in mortgage and other asset-backed securities. The securitized team has two experienced analysts with a combined 41 years of experience working at the firm supporting Mr. Aggarwal. Reams has hired an additional two junior analysts bringing the team total to five. Callan and ERS staff will continue to monitor the evolution of this team, however, we believe Reams has navigated this transition well and are encouraged by the additional resources added.

During the low-rate environment, Reams consistently noted that they viewed Unconstrained and Low Duration as the strategies most likely to drive asset growth, however, given the rise in yields, they have seen renewed interest in Core and Core Plus. As noted above, Core Plus remains the largest strategy. The Raymond James transaction brought in a larger distribution network than provided by UMB which is expected to fuel future growth. Reams did note that any personnel changes and compensation decisions are still addressed by Reams rather than RJIM. Reams has had no problems filling roles when needed and will continue to build out its bench of younger talent with additional new hires over the coming years if needed.

Investment Portfolio Construction Process

Reams' investment philosophy is based on its belief that volatility is an important driver of performance in the fixed income market, since future volatility is often greater than the market anticipates, and can lead to attractive investment opportunities. The portfolio team adopts a long-term macroeconomic outlook and then builds a trading strategy around the opportunities created by the short-term volatility in interest rates and security prices.

Reams' approach to investing has not changed since ERS' last visit. Reams combines a macroeconomic and bottom-up research-oriented process when it constructs the portfolio. The first step is the duration decision. To do this, Reams uses a proprietary model that estimates the inflation-adjusted return on Treasury bonds. After the duration decision, Reams determines its sector allocation by comparing the valuations of each sector and the opportunities uncovered by its research team. The final step in the portfolio construction process is individual security selection, which depends on the sector and industry being researched. In general, Reams approaches individual securities from a total return view and focuses on securities that may benefit from a dynamic interest rate and credit environment.

Reams also leverages its currency team to add foreign currency exposure to Core Plus portfolios through currency forward contracts as another tool to generate alpha. However, after consultation with Callan, the Board did not approve a guideline revision request at its September 2023 meeting that would have allowed Reams to use non-hedging currency forwards in the ERS portfolio. The rationale for not approving the request was that Reams serves as a liquidity source during turbulent markets and the use of currency forwards may increase portfolio volatility and diminish the ability to protect against downside risks. Callan felt that it was prudent for Reams to focus on its core strengths and maintain its current role within CMERS' fixed income portfolio.

Research Process

Potential investments are separated between sectors: those with credit risk (i.e., corporate bonds), those that Reams views as not having credit risk (i.e., mortgage and asset backed securities, CMO's), and global (i.e., foreign currency, non-US debt). Reams relies primarily on internal research. The professionals involved in the investment process are centrally located to help foster open communication. The investment team gathers three times a week to discuss the portfolio, review opportunities, and coordinate portfolio changes deemed necessary. Daily credit briefings are also held to review positions, analyze corporate issuance, and evaluate corporate earnings and news flow. Reams also has an investment committee, comprised of Mr. Egan, Mr. Thompson, and Mr. Silva, with advisement from Mr. Crider, that meets on a monthly basis to review the portfolio strategy and structure. The investment committee will also meet informally on an ad hoc basis as needed.

Reams places a substantial emphasis on scenario analysis. The primary inputs for the scenario analysis are interest rates, credit spreads, and option-adjusted spreads. Scenario analysis allows Reams to identify bonds that will perform the best under likely scenarios. At the same time, many securities are rejected as candidates for the portfolio based on the downside risk the analysis uncovers. The result of the scenario analysis allows Reams to rank each security based on its risk-adjusted return and select the bonds with the most attractive risk and return trade-offs for the portfolio. As a result, Reams' portfolio will often have a bias towards bonds that are securitized and at the top of the credit structure.

Credit analysts rotate sectors every two to three years, with the goal of gaining a deeper understanding of the overall market and allowing analysts to make relative value calls, instead of just recommendations from a certain sector. The only exception to this rule relates to the transportation sector, in which Mr. Egan covers continuously without rotation to other analysts. An additional item to note is that Reams does not utilize the standard sector naming convention and relies on their own categorization system on the credit side. Specifically, Reams consolidates cyclicals with non-cyclicals, but breaks out autos and retail sub-sectors.

Mr. Thompson likes the analysts to think of themselves as "credit managers" as opposed to just analysts. Reams' view is that other firms' personnel structures are often organized with distinct sector or regional specialists and coordination of ideas are not as fluid. "Max uniformity" is a concept stressed by Reams, meaning the same investment idea is implemented across all strategies, while only tweaking the maturity depending on the objective.

Portfolio Risk Controls

Reams monitors the majority of the portfolio's risk characteristics daily. Reams has internal portfolio diversification risk controls that limit the amount it may invest in a single issuer to the greater of 1% or 1.5 times the issuer's weight in the index. Reams also limits the amount that can be invested in any one industry to 15%. In volatile credit markets, such as those experienced during the last financial crisis, the investment committee has selectively made exceptions to these limits when it has a strong conviction for an issuer or industry. Reams is always bound by, and has not breached, the ERS' client guidelines that limit issuer concentration to 2% at the time of purchase. Finally, Reams has indicated in the past that the portfolio allocation to corporate bonds will never exceed 60% and the allocation to commercial mortgage-backed securities (CMBS) will never exceed 20%.

When Reams utilizes index credit default swaps to add high yield exposure, they must also keep a corresponding reserve of cash in CMERS' portfolio to avoid the creation of leverage. This cash collateral is required by CMERS' guidelines to be in the form of cash, cash equivalents, or U.S. Treasury securities, and Reams has specialized internal reporting to monitor the required amount of collateral on a daily basis.

Reams takes a total return view for the portfolio and is largely benchmark agnostic with respect to sector and security allocations. Thus, the risk controls Reams employs focus more on downside protection from losses than tracking error. This is why Reams' tracking error often increases when volatility in the fixed income markets increases.

Portfolio Compliance and Personnel Transactions

Reams implements a pre- and post-trade compliance monitoring system through Bloomberg that notifies the personnel of a potential violation before the trade is completed. In addition, a compliance monitor check runs overnight for the post-trade state of compliance and is reviewed daily by a compliance/risk analyst, who works with the investment team to decide on a course of action to address violations. Although Reams does not put a single individual in charge of monitoring the ERS' guideline compliance, it has a series of checks and balances in place to identify possible issues. There are three separate areas that share this responsibility, including administration, portfolio management, and portfolio accounting.

In October 2023, Reams eliminated the position of Dan Spurgeon as president at Reams. This move reflected the long-term plan for Raymond James to provide increased support across non-investment functions. Mr. Spurgeon's duties were absorbed by Ed Rick, the head of investment insights and development at RJIM. Mr. Rick also serves as president for two other boutique firms owned by RJIM, Eagle Asset Management and Scout Investments.

At the same time, Chang Shin, the CCO at Scout, departed the firm. This gave Reams the opportunity to restructure their compliance function. In doing so,RJIM hired Marc Samardzija,VP of Compliance, who is based in Reams' Indianapolis office, and is solely dedicated to investment portfolio compliance. Mr. Samardzija is an RJIM employee who reports directly to Damian Sousa, CCO of RJIM. All other compliance functions such as personal trading, advertising/marketing review, and social media monitoring will be handled by centralized teams at RJIM. ERS Staff views this compliance structure as a significant upgrade over the old structure, where Mr. Shin was responsible for all aspects of compliance and was based in Kansas City, MO.

Trading

Reams does not have a dedicated trading team and acknowledges that this may be unique compared to other fixed income managers. While all trades require the approval of one of the managing directors, each investment team member acts as both an analyst and a trader and is expected to use his or her experience to seek best execution. Scott Rosener, a member of the credit research team with 18 years of experience at Reams, was made head of trading at Reams in the second half of 2023. This position was created to recognize Mr. Rosener's leadership with respect to Reams' trading and enable a consistent approach across sectors.

Global Trading Analytics, the ERS' transaction cost measurement provider, reports that Reams' trading costs have been lower on average than its institutional peer universe over the eight quarters ending in September 30, 2025. Reams feels that their typical position as a buyer when the market is looking to sell, and a seller when the market is looking to buy, allows them trade at advantageous prices.

Excluding Treasury and Agency securities, turnover during the three years ending December 31, 2024 was 75%, lower than observed during our last visit. As volatility in the fixed income markets has moderated, Reams' turnover has fallen accordingly. Reams has noted that much of their trading is "cut and paste", meaning it can be executed efficiently with the majority conducted electronically through the Bloomberg Trading System.

Disaster Recovery and Information Technology

Greg VanDuesen is the VP of Operations and Technology. Reams has a disaster recovery program in place and tests its plan twice a year. The most recent test took place in March, 2025, and the test confirmed the reliability of the plan. Mr. VanDuesen noted that any downtime for critical applications due to system outages has been reduced to 4 hours from 24 hours. Additionally, systems such as Bloomberg can be recovered almost immediately. This was a stated goal by Mr. VanDuesen in our last due diligence meeting. Staff is encouraged by this progress, but will continue to monitor any further progress on recovery times.

Raymond James provides, administers, and supports the IT infrastructure, including the cybersecurity program. Accordingly, Reams no longer has IT hardware or servers on-site and Reams abides by all of Raymond James' related policies. Proprietary software development for investment tools will continue to be performed by Reams' in-house staff.

Since the closing of the CTA acquisition in 2017, Reams has made significant adjustments to their disaster recovery plan mentioned above. Reams' accounting system, PORTIA, is now backed-up via a cloud-based system. Raymond James' primary data centers are located in Denver, CO and Southfield, MI. The RJIM information technology team also helps support Reams' IT team.

All Reams employees use laptops exclusively. This allows for work to be done remotely as needed. The firm views this as a critical pillar of its disaster recovery program and views routine remote working situations as test runs for remote work in the event of an office closure.

Performance Summary and Conclusion

As of September 30, 2025, Reams has outperformed its benchmark in all time periods shown. While the sharp increase in the level of interest rates negatively impacted returns in 2022, Reams navigated the shift well, and the current market environment should allow them to capture attractive total returns in the fixed income market going forward. Net of fee returns compared to the benchmark are provided in the following table.

	1-Year	3-Year	5-Year	10-Year	Since Inception (1/1/2001)
Reams (Net)	4.1%	6.5%	0.7%	3.5%	4.9%
Bloomberg Agg Index	*2.9%*	*4.9%*	*-0.5%*	*1.8%*	*3.8%*

Overall, Reams has applied its approach consistently over time and appears capable of continuing to provide ERS with a very good core plus fixed income mandate that is a nice complement to ERS' other fixed income managers. Reams has undergone a number of organizational changes recently, but they see to have navigated them well. ERS Staff is particularly encouraged by the improved structure of the compliance department. Still, we will continue to monitor these organizational changes closely.

Callan

September 30, 2025

City of Milwaukee Employes' Retirement System

Investment Measurement Service Quarterly Review

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September 30, 2025

U.S. EQUITIES

Another strong quarter for U.S. stocks

– The S&P 500 Index jumped 8.1% in 3Q25, supported by strong corporate earnings growth and guidance.
– 10 out of the 11 S&P sectors posted gains. Information Technology (+13%), Communication Services (+12%), and Consumer Discretionary (+10%) led the pack, supported by the continued strength of the AI ecosystem.
– Consumer Staples was down (-2%) after tough July and September results. Its typical defensive posturing, combined with softened consumer spending trends, caused it to struggle in a highly risk-on market environment.
– Small cap indices outperformed large cap indices, a reversal in performance patterns observed during 2Q25.
– Style leadership was mixed. Growth outperformed value in large cap while value slightly outpaced growth in small cap.

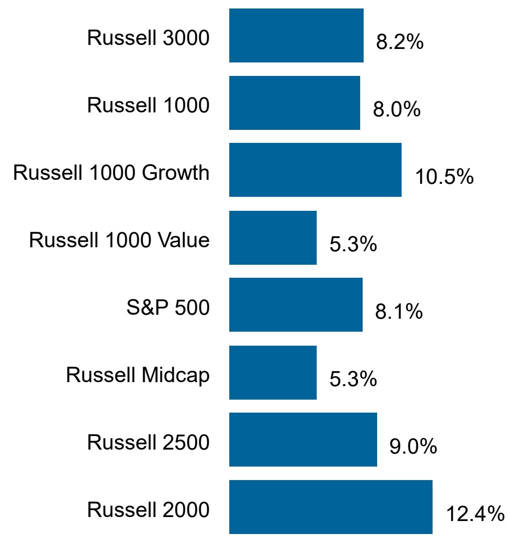
Strong risk on rally

– Since the market bottom on 4/8, low quality stocks have led the markets. For example, in the Russell 2500 Growth Index, non-earners were up ~70% from 4/8 to the end of 3Q; during 3Q alone, non-earners were up over 25%. By comparison, positive earning stocks were up 35% and 8%, respectively.
– Speculative/retail investor momentum favored stocks within biopharma, cryptocurrency, and quantum computing.
– Many managers have zero exposure or an underweight to biopharma due to reticence around investing in binary outcomes or lack of in-house biopharma expertise. Cryptocurrency and quantum computing are viewed as areas that lack fundamental strength for long-term investing.

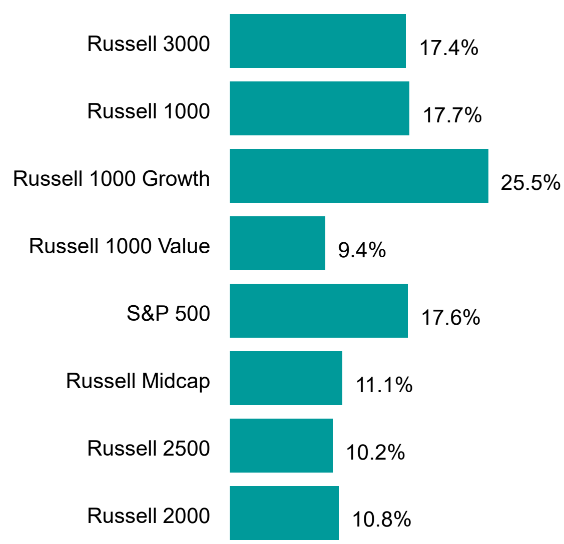
AI continues to dominate

– Since the rollout of ChatGPT at the end of 2022, AI infrastructure spend in both the private and public sectors has increased exponentially.
– That increased spend—and subsequent investor enthusiasm — exacerbates market concentration issues.

U.S. Equity: Quarterly Returns

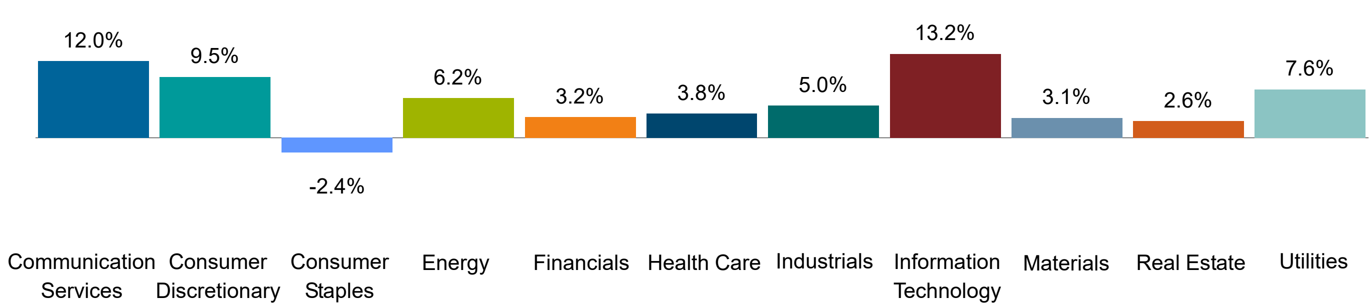


U.S. Equity: One-Year Returns



Sources: FTSE Russell, S&P Dow Jones Indices

S&P Sector Returns, Quarter Ended 9/30/25



Source: S&P Dow Jones Indices

GLOBAL EQUITIES

Lagged in 3Q but maintain YTD lead

Broad market

– Global ex-U.S. equities modestly underperformed the U.S. in 3Q25 but remained ahead year-to-date.
– Emerging markets led developed markets higher.
– Accommodative monetary policy in emerging markets, fiscal support in China, and a U.S.-Japan trade deal supported ex-U.S. performance.
– Global ex-U.S. small caps kept pace with global ex-U.S. large caps while U.S. small caps outpaced large cap.
– China was the clear leader, supported by government intervention and easing trade tensions with the U.S.

Growth vs. value

– Value outperformed growth in developed ex-U.S, markets while growth outperformed value in emerging markets.
– Technology companies, semiconductors, and European banks led markets while health care stocks were laggards.

U.S. dollar stabilizes after decline

– The U.S. dollar stabilized (+0.9%) after a sharp decline in the first half of the year (-10%), reducing the currency tailwind for non-U.S. markets.

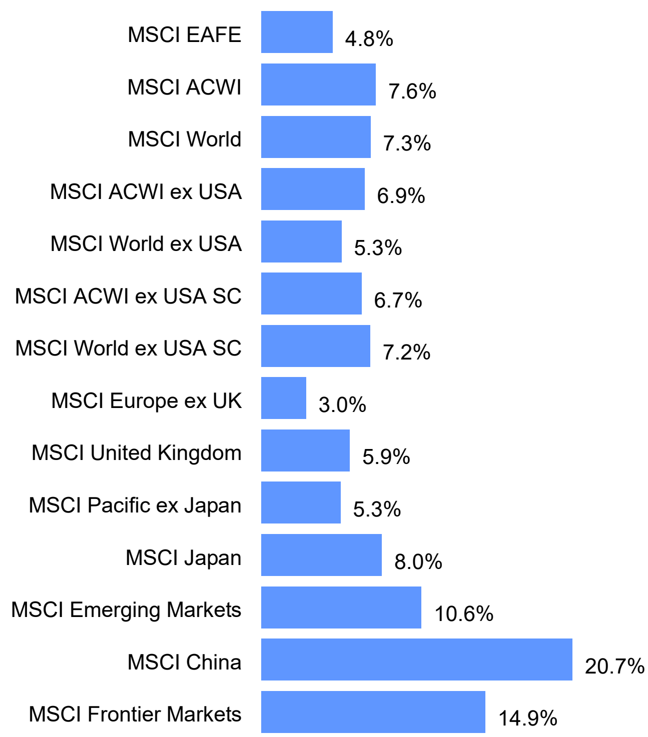
EAFE returns driven by Financials and Industrials

– Through the first three quarters, EAFE returns have been dominated by Financials and Industrials, accounting for 60% of the total index returns.
– This follows a trend from 2024, where those sectors added 5.5% to total returns, while the rest of the index fell 1.7%.
– For active EAFE investors, much of their performance can be explained by their weighting to these two sectors.

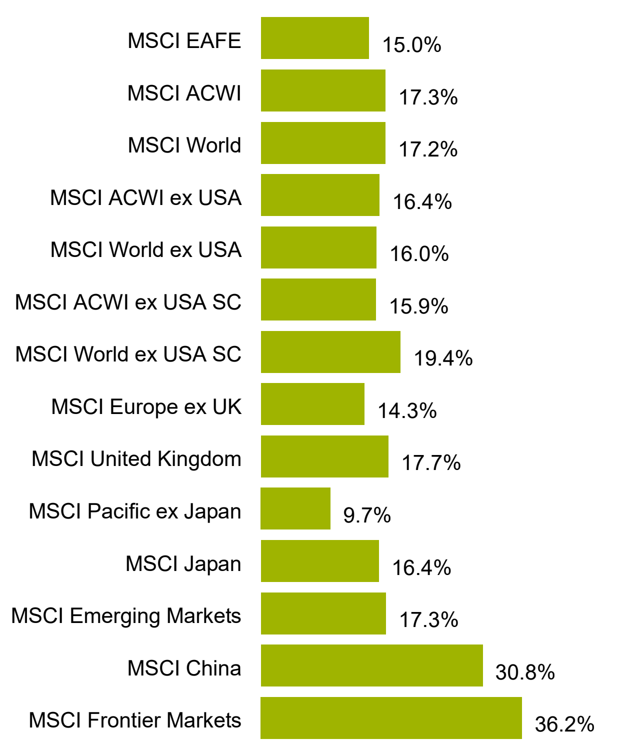
Impact of U.S. dollar weakness

– The dollar’s weakness helped U.S. investors in the first half of the year, but that support faded in 3Q25.
– Since peaking in September 2022, the dollar’s decline had created one of the largest three-year performance gaps in a decade between the MSCI EAFE Local Currency index and the U.S. dollar version.
– Although many investors still expect the dollar to weaken over time, near-term signals point the other way.
– For example, the euro-dollar exchange rate and the yield gap between U.S. and German two-year government bonds usually move together. That link broke earlier this year but has recently started to tighten again.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

U.S. FIXED INCOME

The Fed cut rates; Aggregate gains 2.0%

Macro environment

- The Fed cut rates at the September meeting, with long-end rates moving higher, pricing in the potential for continued upward inflation pressures.
- Despite long-end upward movement post-meeting, yields eventually fell across the curve amid weakening economic sentiment.
- The yield curve steepened modestly, with the 2s/10s spread widening as much as 65 bps—before ending at 55 bps, up from 52 bps at the end of 2Q.

Performance and drivers

- The Bloomberg US Aggregate Bond Index rose 2.0%, supported by declining Treasury yields.
- IG corporates outperformed Treasuries amid continued spread tightening, as did securitized credit.
- High yield outperformed floating rate bank loans as yields declined.

Valuations

- Corporate credit spreads continue to grind tighter amid high demand from market participants.
- New issuance across both IG and HY ticked up in September after the typical summer lull.

Municipal bond yields declined during the quarter

- The AAA municipal yield curve moved lower as the Fed telegraphed a rate cut in September.
- The yield curve ended steeper as the front-end fell more sharply than the long-end. The AAA 2-year yield ended the quarter at 2.30%, while the 30-year ended at 4.30%.

Sustained record pace of new issuance

- YTD issuance totaled $437 billion, 15% higher than prior record-year levels.

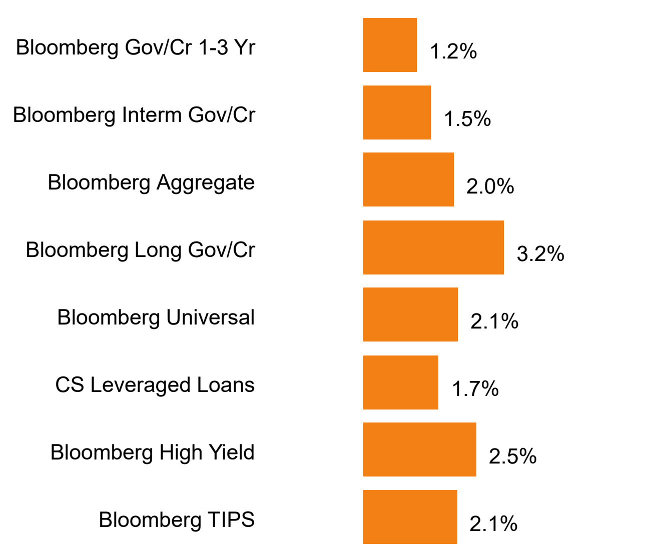
Valuations tightened during the quarter

- Muni-to-Treasury ratios finished the quarter below historical averages, indicating diminished relative value for tax-exempt municipals versus Treasuries.
- Longer maturities remained the cheapest segment as the 30-year Muni/Treasury ratio ended at roughly 90%.

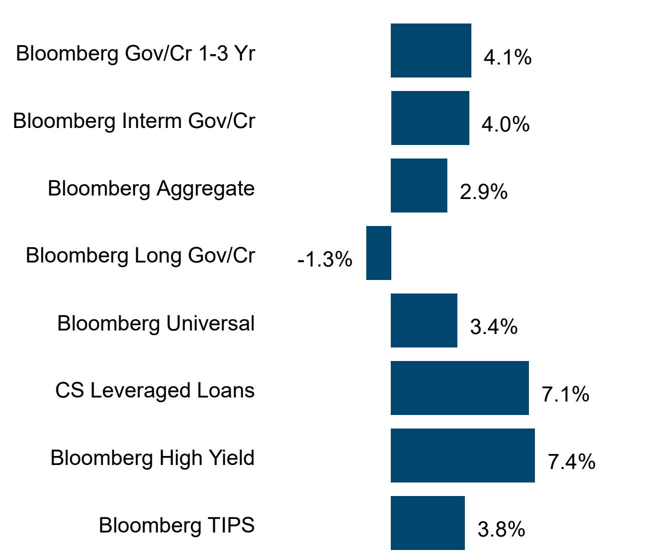
High yield trailed investment grade

- Brightline Rail's deferral of interest payments on its tax-exempt bonds contributed to volatility in the high-yield municipal market during the quarter.

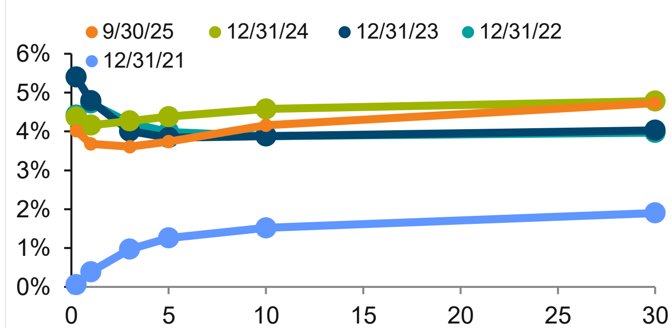
U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



U.S. Treasury Yield Curves



Sources: Bloomberg, Credit Suisse

GLOBAL FIXED INCOME

U.S. dollar continues to weaken amid tariff uncertainty

Macro environment

- The ECB held rates steady at its September meeting as inflation remained in line with its medium-term goal. The ECB indicated it remains data-dependent, signaling readiness to adjust monetary policy meeting-by-meeting.
- The BOE cut rates in August but held steady in September, indicating policy is not on a pre-set path, much like the ECB.

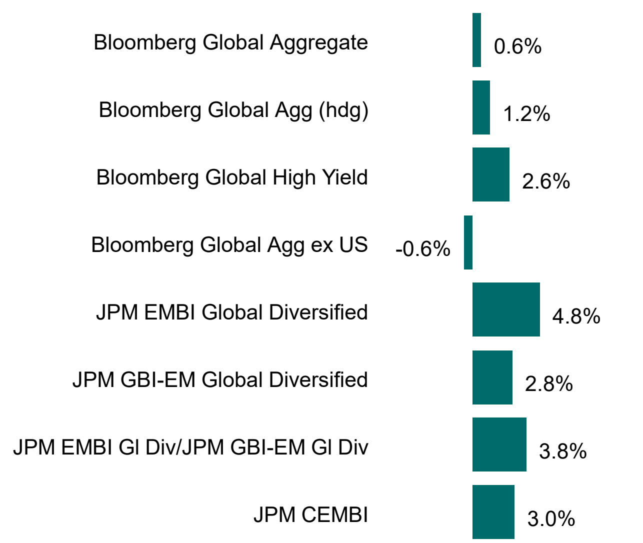
U.S. dollar strengthened slightly

- The U.S. dollar strengthened modestly amid reciprocal tariff postponements.
- The Bloomberg Global Aggregate ex US Hedged Index topped the unhedged version due to the stronger dollar.

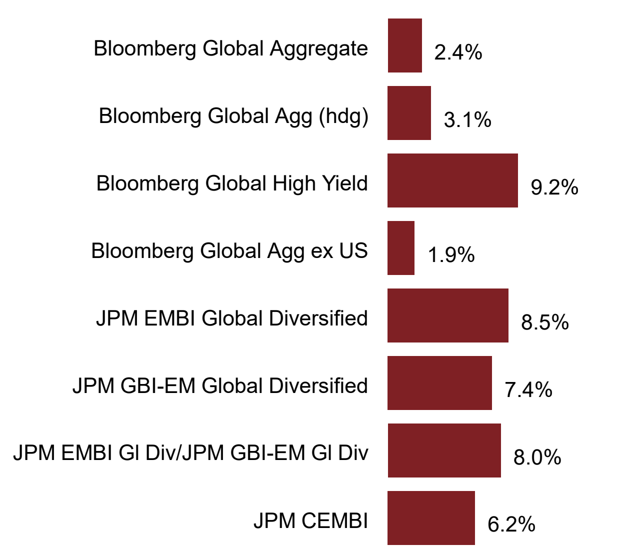
Emerging market debt delivers another strong quarter

- The dollar's rise supported hedged currency EMD over unhedged EMD. Spread tightening has persisted across EMD segments amid the global hunt for value within credit.

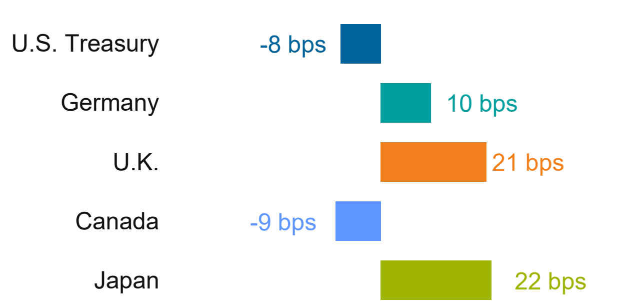
Global Fixed Income: Quarterly Returns



Global Fixed Income: One-Year Returns



Change in 10-Year Global Government Bond Yields



Sources: Bloomberg, JP Morgan

Total Fund

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of September 30, 2025, with the distribution as of June 30, 2025. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

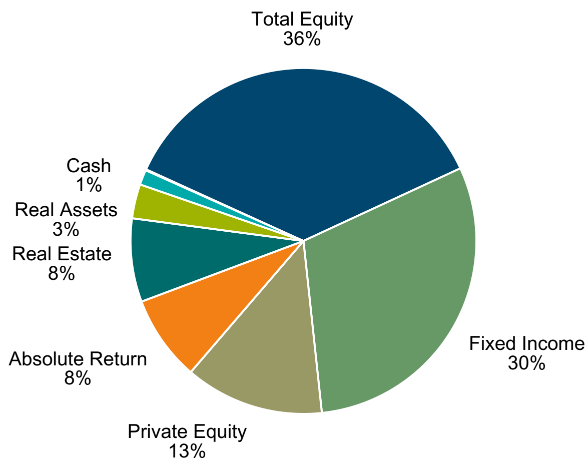
Asset Distribution Across Investment Managers

	September 30, 2025				June 30, 2025	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Total Domestic Equity	**$1,021,058,684**	**16.19%**	**$(59,900,000)**	**$64,615,487**	**$1,016,343,196**	**16.45%**
BlackRock Russell 1000 Value	198,582,543	3.15%	(5,000,000)	10,251,079	193,331,464	3.13%
DFA Large Cap Value	141,617,832	2.25%	(7,200,000)	9,083,805	139,734,027	2.26%
Northern Trust Global	199,537,878	3.16%	(19,500,000)	15,750,540	203,287,338	3.29%
Polen Capital Management	110,341,094	1.75%	(9,800,000)	3,823,560	116,317,534	1.88%
Earnest Partners LLC	182,008,395	2.89%	(4,600,000)	9,202,012	177,406,384	2.87%
DFA Small Cap Value	188,970,940	3.00%	(13,800,000)	16,504,491	186,266,449	3.02%
Total Global Equity	**$468,018,358**	**7.42%**	**$(25,100,000)**	**$26,038,129**	**$467,080,229**	**7.56%**
BlackRock Global Alpha Tilts	253,731,190	4.02%	(25,100,000)	21,053,295	257,777,895	4.17%
MFS Investment Management	214,287,168	3.40%	0	4,984,833	209,302,334	3.39%
Total International Equity	**$800,669,008**	**12.69%**	**$(55,512,793)**	**$61,471,810**	**$794,709,991**	**12.87%**
AQR Emerging Markets	110,603,904	1.75%	(7,799,657)	7,889,161	110,514,400	1.79%
Brandes Investment Partners	299,992,605	4.76%	(29,400,000)	24,836,512	304,556,092	4.93%
William Blair & Company	1,317,069	0.02%	(133,599)	4,694	1,445,974	0.02%
DFA International Small Cap	168,773,250	2.68%	(18,179,537)	17,369,828	169,582,959	2.75%
BlackRock ACWI ex US Growth	219,982,181	3.49%	0	11,371,615	208,610,565	3.38%
Total Fixed Income	**$1,906,645,014**	**30.23%**	**$0**	**$41,786,130**	**$1,864,858,884**	**30.19%**
BlackRock US Agg	70,761,284	1.12%	0	1,419,532	69,341,752	1.12%
BlackRock US Govt Bond	478,195,072	7.58%	0	7,165,925	471,029,146	7.63%
Reams Asset Management	827,339,390	13.12%	0	19,918,683	807,420,707	13.07%
Loomis, Sayles & Company, L.P.	530,349,268	8.41%	0	13,281,989	517,067,279	8.37%
Total Private Equity	**$821,058,564**	**13.02%**	**$5,278,342**	**$29,458,202**	**$786,322,020**	**12.73%**
Abbott Capital Management 2010	13,033,095	0.21%	(789,610)	2,116,641	11,706,064	0.19%
Abbott Capital Management 2011	24,123,746	0.38%	(825,000)	521,254	24,427,492	0.40%
Abbott Capital Management 2012	23,201,615	0.37%	(800,000)	347,783	23,653,832	0.38%
Abbott Capital Management 2013	23,295,639	0.37%	(700,000)	187,210	23,808,429	0.39%
Abbott Capital Management 2014	27,712,141	0.44%	(700,000)	247,047	28,165,094	0.46%
Abbott Capital Management 2015	24,413,447	0.39%	(1,550,000)	663,562	25,299,885	0.41%
Abbott Capital Management 2016	22,865,243	0.36%	(1,890,000)	851,587	23,903,656	0.39%
Abbott Capital Management 2018	25,885,437	0.41%	(600,000)	1,165,908	25,319,529	0.41%
Abbott Capital Management 2019	24,850,527	0.39%	0	1,008,040	23,842,487	0.39%
Abbott Capital Management 2020	39,051,966	0.62%	0	1,526,341	37,525,625	0.61%
Abbott Capital Management 2021	14,540,872	0.23%	0	458,394	14,082,478	0.23%
Abbott Capital Management 2022	18,468,792	0.29%	1,688,750	437,673	16,342,369	0.26%
Abbott Capital Management 2023	10,386,895	0.16%	1,376,250	352,820	8,657,825	0.14%
Abbott Capital Management 2024	11,389,667	0.18%	1,965,000	354,963	9,069,704	0.15%
Abbott Capital Management 2025	5,591,191	0.09%	2,200,000	(95,349)	3,486,540	0.06%
Mesirow V	23,429,995	0.37%	(1,500,000)	1,411,626	23,518,369	0.38%
Mesirow VI	48,328,224	0.77%	(1,620,000)	1,918,391	48,029,833	0.78%
Mesirow VII	125,654,461	1.99%	(2,900,000)	4,574,239	123,980,222	2.01%
Mesirow VIII	96,845,799	1.54%	0	3,272,462	93,573,337	1.51%
Mesirow IX	23,881,335	0.38%	9,960,000	2,245,169	11,676,166	0.19%
NB Secondary Opp Fund III	6,037,701	0.10%	(350,917)	(74,013)	6,462,631	0.10%
NB Secondary Opp Fund IV	15,159,020	0.24%	(142,325)	244,797	15,056,548	0.24%
NB Secondary Opp Fund V	63,302,456	1.00%	627,982	1,940,491	60,733,983	0.98%
Private Advisors VI	19,211,120	0.30%	0	1,325,926	17,885,194	0.29%
Private Advisors VII	10,749,860	0.17%	(251,504)	(105,013)	11,106,377	0.18%
Private Advisors VIII	17,248,140	0.27%	(406,320)	295,425	17,359,035	0.28%
Private Advisors IX	38,805,613	0.62%	(664,079)	713,783	38,755,909	0.63%
Apogem Capital X	20,036,737	0.32%	0	1,143,330	18,893,407	0.31%
Apogem Capital XI	3,557,830	0.06%	3,150,115	407,715	-	-
Absolute Return	**$506,250,233**	**8.03%**	**$0**	**$10,645,356**	**$495,604,877**	**8.02%**
Aptitude	209,884,201	3.33%	0	5,796,983	204,087,218	3.30%
UBS A & Q	296,366,032	4.70%	0	4,848,373	291,517,659	4.72%
Real Assets	**$202,991,021**	**3.22%**	**$(305,800)**	**$8,625,104**	**$194,671,716**	**3.15%**
Principal DRA	202,991,021	3.22%	(305,800)	8,625,104	194,671,716	3.15%
Total Real Estate	**$490,128,916**	**7.77%**	**$(6,097,100)**	**$4,935,703**	**$491,290,312**	**7.95%**
Real Estate	490,128,916	7.77%	(6,097,100)	4,935,703	491,290,312	7.95%
Total Cash	**$90,660,313**	**1.44%**	**$23,233,228**	**$1,083,820**	**$66,343,265**	**1.07%**
Cash	90,660,313	1.44%	23,233,228	1,083,820	66,343,265	1.07%
Total Fund	**$6,307,480,110**	**100.0%**	**$(118,404,123)**	**$248,659,741**	**$6,177,224,492**	**100.0%**

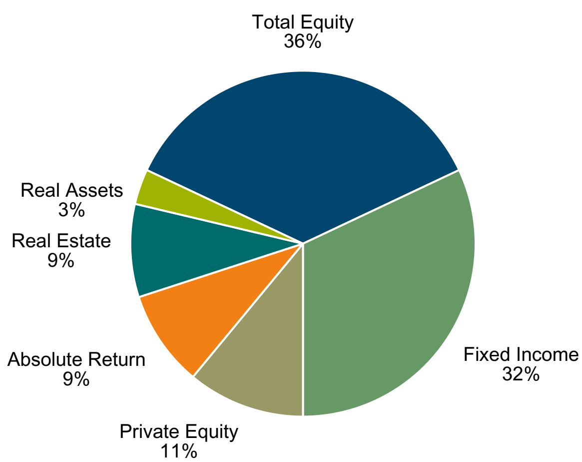
Actual vs Target Asset Allocation
As of September 30, 2025

The first chart below shows the Fund’s asset allocation as of September 30, 2025. The second chart shows the Fund’s target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



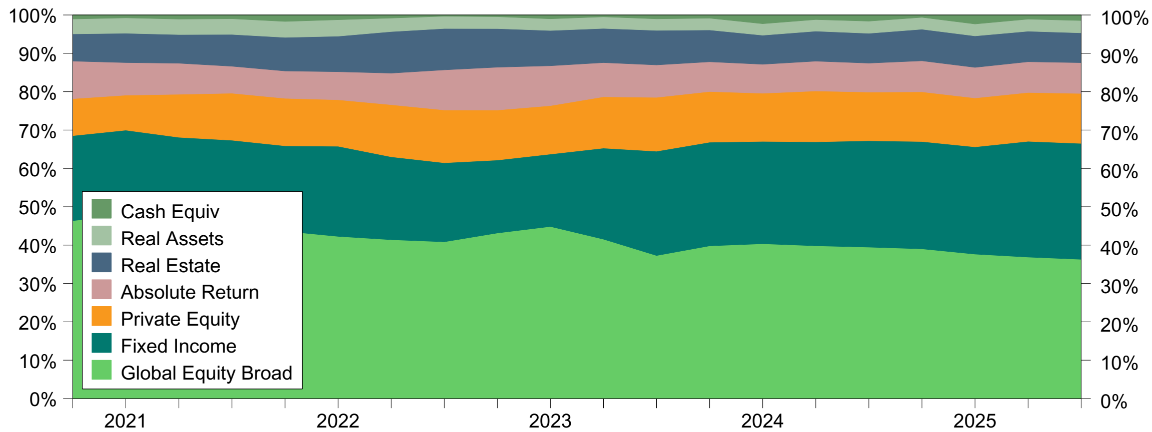
Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Total Equity	2,289,746	36.3%	36.0%	0.3%	19,053
Fixed Income	1,906,645	30.2%	32.0%	(1.8%)	(111,749)
Private Equity	821,059	13.0%	11.0%	2.0%	127,236
Absolute Return	506,250	8.0%	9.0%	(1.0%)	(61,423)
Real Estate	490,129	7.8%	8.7%	(0.9%)	(58,622)
Real Assets	202,991	3.2%	3.3%	(0.1%)	(5,156)
Cash	90,660	1.4%	0.0%	1.4%	90,660
Total	6,307,480	100.0%	100.0%		

* Current Quarter Target = 36.0% MSCI ACWI IMI, 32.0% Blmbg:Aggregate, 11.0% Russell 3000 Index lagged 3 months+2.0%, 9.0% 3-month Treasury Bill+3.0%, 8.7% NCREIF NFI-ODCE Val Wt Nt lagged 3 months and 3.3% Principal DRA Blend Index.

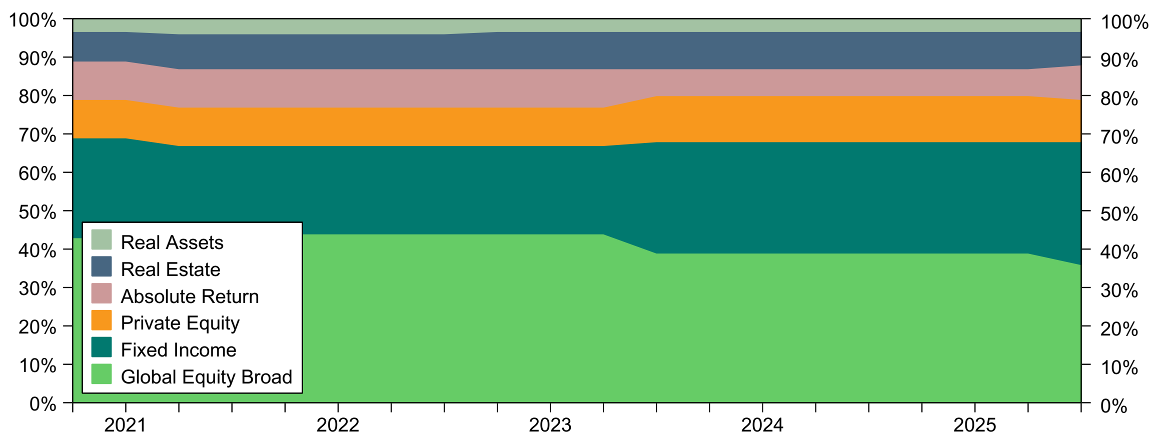
Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, the fund's historical target asset allocation, and the historical asset allocation of the average fund in the Callan Public Fund Sponsor Database.

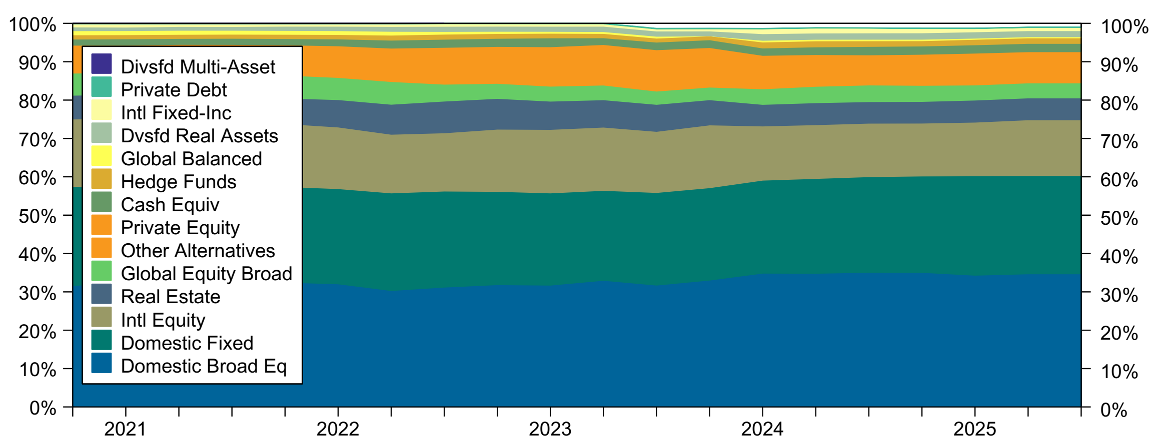
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average Callan Public Fund Sponsor Database Historical Asset Allocation



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Total Fund
Period Ended September 30, 2025

Investment Philosophy

The Public Fund Sponsor Database consists of public employee pension total funds including both Callan Associates client and surveyed non-client funds. Current Quarter Target = 36.0% MSCI ACWI IMI, 32.0% Blmbg:Aggregate, 11.0% Russell 3000 Index lagged 3 months+2.0%, 9.0% 3-month Treasury Bill+3.0%, 8.7% NCREIF NFI-ODCE Val Wt Nt lagged 3 months and 3.3% Principal DRA Blend Index.

Quarterly Summary and Highlights

- Total Fund's portfolio posted a 4.06% return for the quarter placing it in the 76 percentile of the Callan Public Fund Sponsor Database group for the quarter and in the 88 percentile for the last year.
- Total Fund's portfolio underperformed the Total Fund Index by 0.95% for the quarter and underperformed the Total Fund Index for the year by 1.80%.

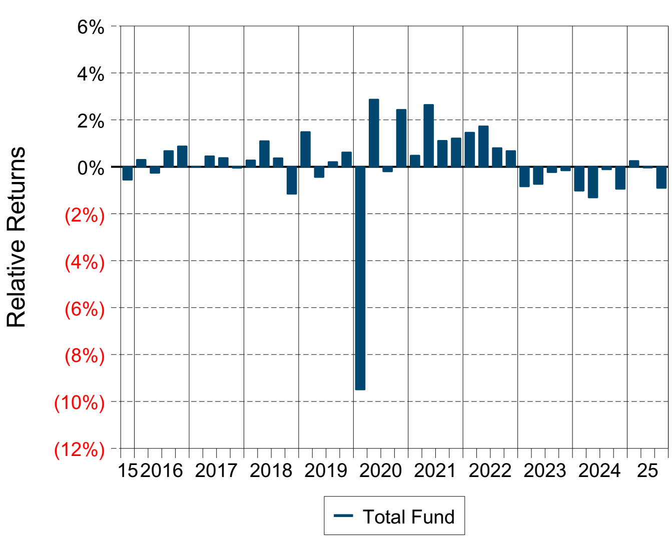
Quarterly Asset Growth

Beginning Market Value	$6,177,224,492
Net New Investment	$-118,404,123
Investment Gains/(Losses)	$248,659,741
Ending Market Value	$6,307,480,110

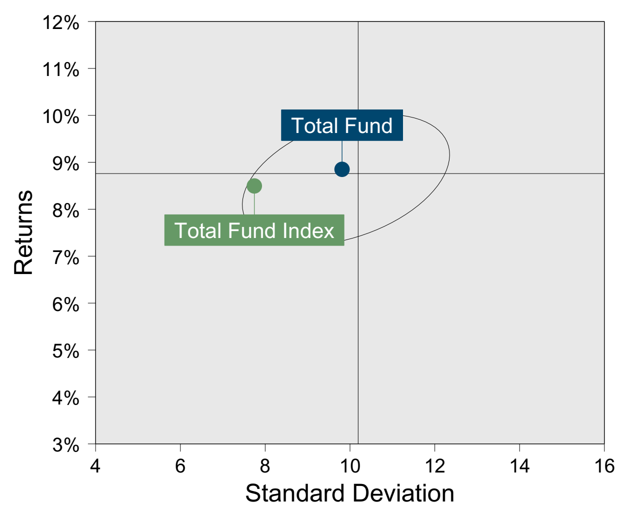
Performance vs Callan Public Fund Sponsor Database (Gross)

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	5.31	12.01	16.01	10.46	9.75
25th Percentile	5.01	11.14	14.63	9.76	9.20
Median	4.58	10.23	13.39	9.09	8.76
75th Percentile	4.10	9.33	12.00	8.29	8.18
90th Percentile	3.59	8.11	10.43	7.31	7.43
Total Fund ●	4.06	8.48	11.13	9.97	8.85
Total Fund Index ▲	5.01	10.28	13.16	8.58	8.50

Relative Return vs Total Fund Index



Callan Public Fund Sponsor Database (Gross)
Annualized Ten Year Risk vs Return

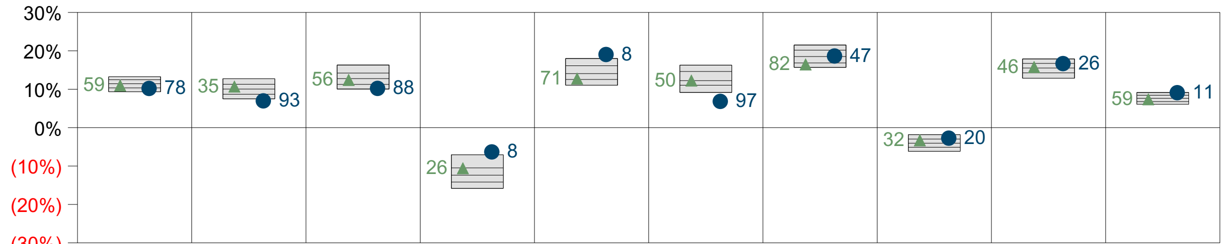


Total Fund
Return Analysis Summary

Return Analysis

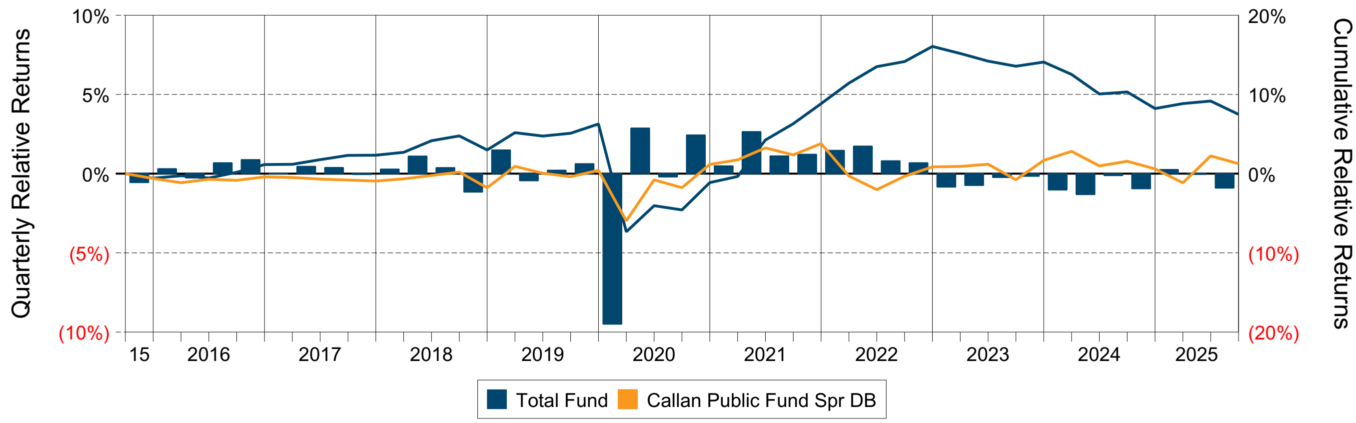
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Callan Public Fund Sponsor Database (Gross)

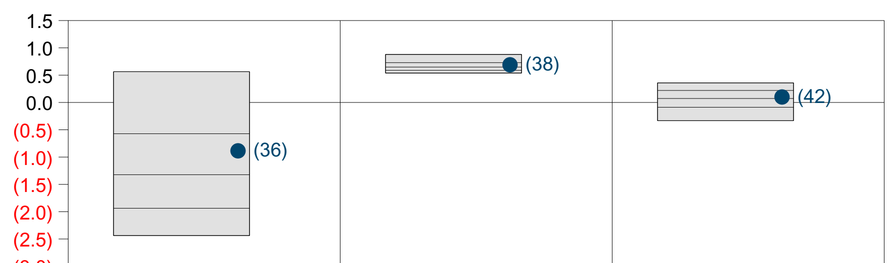


	12/24- 9/25	2024	2023	2022	2021	2020	2019	2018	2017	2016
10th Percentile	13.26	12.73	16.30	(7.07)	18.00	16.27	21.51	(1.83)	17.90	9.14
25th Percentile	12.47	11.30	14.21	(10.49)	16.12	14.63	20.18	(2.97)	16.73	8.44
Median	11.43	10.05	12.77	(12.38)	14.07	12.24	18.51	(4.05)	15.52	7.64
75th Percentile	10.35	8.70	11.26	(14.16)	12.55	11.05	16.85	(5.10)	14.27	6.79
90th Percentile	9.34	7.50	10.05	(15.82)	11.05	9.17	15.70	(6.16)	12.87	6.09
Total Fund ●	10.21	6.97	10.22	(6.32)	19.05	6.84	18.66	(2.74)	16.68	9.11
Total Fund Index ▲	10.98	10.69	12.43	(10.58)	12.77	12.25	16.46	(3.30)	15.79	7.39

Cumulative and Quarterly Relative Returns vs Total Fund Index



Risk Adjusted Return Measures vs Total Fund Index
Rankings Against Callan Public Fund Sponsor Database (Gross)
Ten Years Ended September 30, 2025



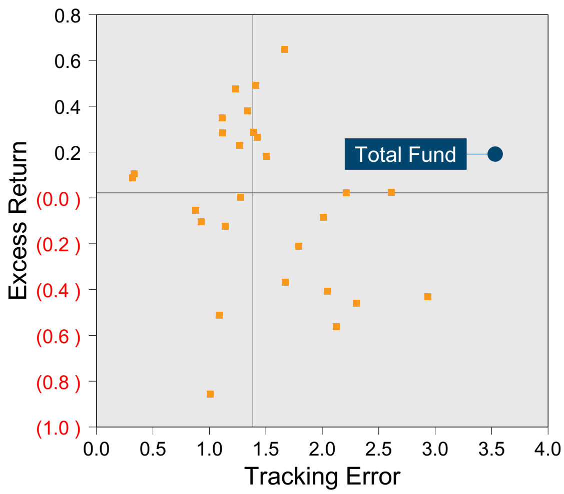
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.56	0.88	0.36
25th Percentile	(0.57)	0.73	0.22
Median	(1.32)	0.65	0.07
75th Percentile	(1.94)	0.59	(0.09)
90th Percentile	(2.44)	0.54	(0.33)
Total Fund ●	(0.89)	0.69	0.10

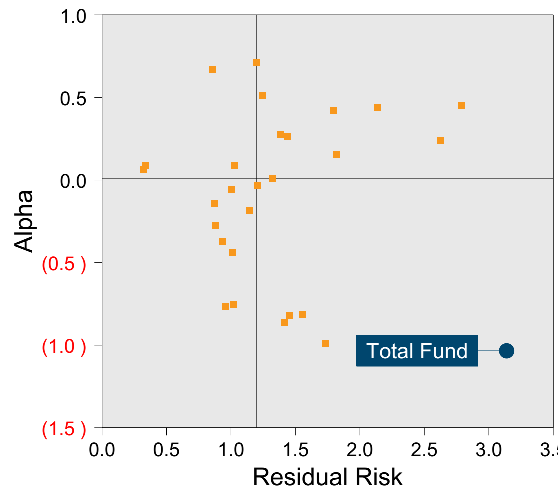
Total Fund
Total Fund vs Target Risk Analysis

Risk Analysis

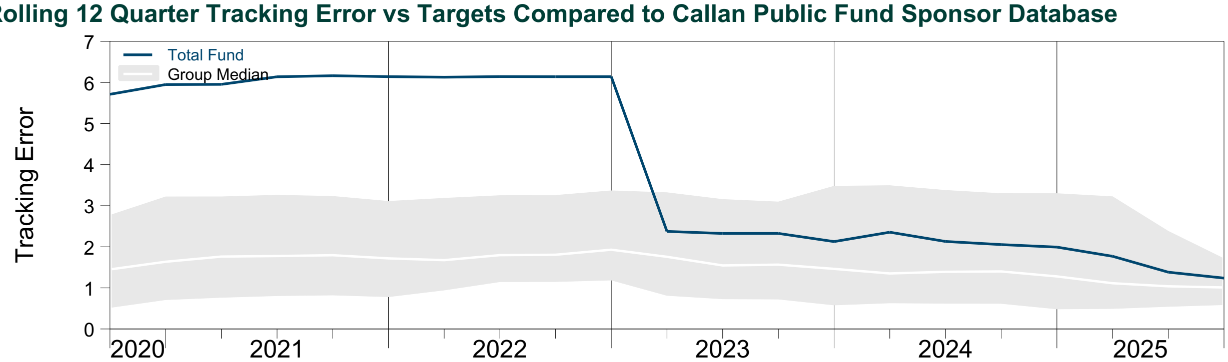
The graphs below analyze the performance and risk of the fund relative to the appropriate target mix. This relative performance is compared to a peer group of funds wherein each member fund is measured against its own target mix. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the target. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns over time compared to the range of tracking error patterns for the peer group. The last two charts show the ranking of the fund's risk statistics versus the peer group.

Risk Analysis vs Callan Public Fund Sponsor Database
Ten Years Ended September 30, 2025

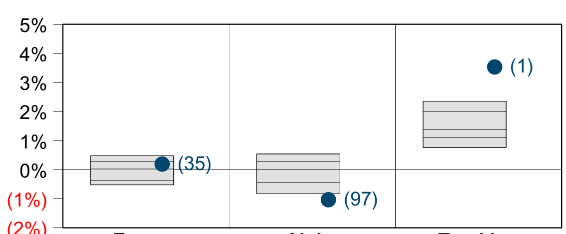


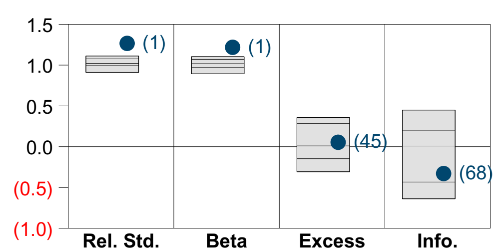


Rolling 12 Quarter Tracking Error vs Targets Compared to Callan Public Fund Sponsor Database



Risk Statistics Rankings vs Targets
Rankings Against Callan Public Fund Sponsor Database
Ten Years Ended September 30, 2025





	Excess Return	Alpha	Tracking Error
10th Percentile	0.48	0.54	2.35
25th Percentile	0.28	0.28	2.00
Median	0.02	0.01	1.39
75th Percentile	(0.37)	(0.44)	1.10
90th Percentile	(0.52)	(0.83)	0.76
Total Fund ●	0.19	(1.03)	3.53

	Rel. Std. Deviation	Beta	Excess Rtn. Ratio	Info. Ratio
10th Percentile	1.11	1.10	0.36	0.45
25th Percentile	1.08	1.07	0.28	0.20
Median	1.02	1.02	0.01	0.01
75th Percentile	0.99	0.97	(0.15)	(0.43)
90th Percentile	0.91	0.89	(0.31)	(0.64)
Total Fund ●	1.27	1.22	0.05	(0.33)

Investment Manager Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment managers over various time periods ended September 30, 2025. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns and Rankings for Periods Ended September 30, 2025

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Since Inception	
Total Public Equity	**6.88%**		**13.72%**		**21.51%**		**13.94%**		**11.62%**	(1/16)
MSCI ACWI IMI	7.67%		16.79%		22.49%		13.30%		11.39%	(1/16)
Total Domestic Equity	**6.45%**	**90**	**9.44%**	**98**	**18.08%**	**95**	**14.08%**	**72**	**8.46%**	(7/98)
Russell 3000 Index	8.18%	32	17.41%	14	24.12%	12	15.74%	24	8.76%	(7/98)
Pub Pln- Dom Equity	7.95%		15.28%		22.41%		15.17%		-	
BlackRock Russell 1000 Value	5.34%	64	9.46%	61	16.98%	68	13.90%	80	9.63%	(4/17)
Russell 1000 Value Index	5.33%	64	9.44%	61	16.96%	68	13.88%	80	9.50%	(4/17)
Callan Large Cap Value	5.84%		10.92%		18.00%		16.44%		-	
DFA Large Cap Value	6.54%	41	9.67%	60	17.77%	54	15.61%	62	9.33%	(11/17)
Russell 1000 Value Index	5.33%	64	9.44%	61	16.96%	68	13.88%	80	9.53%	(11/17)
Callan Large Cap Value	5.84%		10.92%		18.00%		16.44%		-	
Northern Trust Global	8.12%	26	17.59%	26	24.93%	41	16.47%	47	11.34%	(8/88)
S&P 500 Index	8.12%	26	17.60%	26	24.94%	41	16.47%	47	11.30%	(8/88)
Callan Large Cap Core	7.48%		15.55%		24.73%		16.30%		-	
Polen Capital Management	3.44%	90	11.50%	89	19.78%	96	8.00%	96	14.74%	(7/12)
S&P 500 Index	8.12%	31	17.60%	74	24.94%	82	16.47%	20	14.86%	(7/12)
Callan Large Cap Growth	7.29%		21.65%		30.16%		14.84%		-	
Earnest Partners LLC	5.19%	35	3.22%	78	13.34%	79	11.36%	61	11.02%	(5/05)
Russell MidCap Index	5.33%	33	11.11%	36	17.69%	33	12.66%	47	10.11%	(5/05)
Callan Mid Capitalization	4.59%		7.43%		16.24%		12.27%		-	
DFA Small Cap Value	8.82%	42	5.49%	43	16.68%	22	20.73%	10	11.73%	(11/96)
Russell 2000 Value Index	12.60%	8	7.88%	32	13.56%	59	14.59%	68	9.09%	(11/96)
Callan Small Cap Value	7.51%		4.90%		14.82%		16.59%		-	
Total Global Equity	**5.81%**	**47**	**11.68%**	**66**	**21.47%**	**52**	**12.48%**	**55**	**10.28%**	(4/10)
MSCI World	7.27%	27	17.25%	38	23.72%	38	14.41%	30	10.61%	(4/10)
Callan Global Equity	5.53%		15.13%		21.91%		12.96%		-	
BlackRock Global Alpha Tilts	8.86%	12	18.85%	28	25.17%	26	14.59%	29	13.72%	(3/16)
MSCI ACWI Gross	7.74%	22	17.80%	34	23.70%	38	14.07%	34	13.26%	(3/16)
Callan Global Equity	5.53%		15.13%		21.91%		12.96%		-	
MFS Investment Management	2.38%	87	3.61%	90	17.03%	84	9.92%	81	12.00%	(12/12)
MSCI ACWI Gross	7.74%	22	17.80%	34	23.70%	38	14.07%	34	11.40%	(12/12)
Callan Global Equity	5.53%		15.13%		21.91%		12.96%		-	
Total International Equity	**8.06%**	**11**	**20.41%**	**11**	**25.82%**	**1**	**14.26%**	**4**	**7.84%**	(5/96)
MSCI EAFE	4.77%	91	14.99%	72	21.70%	36	11.15%	39	5.40%	(5/96)
Pub Pln- Intl Equity	6.39%		16.16%		21.23%		10.51%		-	
AQR Emerging Markets	7.59%	87	15.26%	83	19.92%	44	8.66%	44	8.11%	(8/16)
MSCI EM Gross	10.95%	46	18.17%	63	18.81%	55	7.51%	54	7.80%	(8/16)
Callan Emerging Broad	10.71%		19.40%		19.40%		8.14%		-	
Brandes Investment Partners	8.61%	6	20.44%	28	31.35%	1	19.45%	1	8.91%	(2/98)
MSCI EAFE	4.77%	60	14.99%	65	21.70%	55	11.15%	51	5.51%	(2/98)
Callan NonUS Eq	5.18%		16.43%		22.02%		11.24%		-	
DFA International Small Cap	10.76%	1	32.99%	1	29.46%	1	18.13%	1	7.00%	(5/06)
MSCI EAFE Small	6.20%	37	17.65%	65	19.65%	63	8.47%	55	5.28%	(5/06)
Callan Intl Small Cap	4.44%		20.38%		20.36%		9.46%		-	
BlackRock ACWI ex US Growth	5.45%	30	-		-		-		6.67%	(6/25)
MSCI ACWI xUS Growth	5.71%	27	12.86%	44	18.33%	66	6.22%	78	9.90%	(6/25)
Callan NonUS Broad Gr Eq	3.06%		11.49%		19.15%		8.37%		-	
Total Fixed Income	**2.24%**	**31**	**4.18%**	**33**	**6.26%**	**38**	**2.12%**	**14**	**6.54%**	(12/87)
Blmbg:Aggregate	2.03%	64	2.88%	81	4.93%	83	(0.45%)	91	5.40%	(12/87)
Pub Pln- Dom Fixed	2.14%		3.62%		5.96%		0.68%		-	
BlackRock US Agg	2.05%	85	-		-		-		3.62%	(6/25)
Blmbg:Aggregate	2.03%	90	2.88%	93	4.93%	93	(0.45%)	97	3.60%	(6/25)
Callan Core Bond FI	2.19%		3.30%		5.48%		0.07%		-	
BlackRock US Govt Bond	1.52%	100	2.13%	99	3.61%	100	-		(0.89%)	(12/21)
Blmbg Government	1.51%	100	2.08%	99	3.58%	100	(1.27%)	100	(0.99%)	(12/21)
Callan Core Bond FI	2.19%		3.30%		5.48%		0.07%		-	

Investment Manager Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment managers over various time periods ended September 30, 2025. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns and Rankings for Periods Ended September 30, 2025

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Since Inception	
Reams Asset Management	2.47%	22	4.13%	28	6.47%	33	0.73%	52	5.03%	(1/01)
Blmbg Aggregate	2.03%	90	2.88%	99	4.93%	97	(0.45%)	98	3.76%	(1/01)
Callan Core Plus FI	2.30%		3.88%		6.30%		0.76%		-	
Loomis, Sayles & Company, L.P.	2.57%	10	6.23%	1	8.24%	1	3.04%	1	8.09%	(12/87)
Blmbg Aggregate	2.03%	90	2.88%	99	4.93%	97	(0.45%)	98	5.40%	(12/87)
Callan Core Plus FI	2.30%		3.88%		6.30%		0.76%		-	
Total Private Equity	**3.74%**		**7.78%**		**4.07%**		**15.88%**		**11.96%**	(6/10)
Private Equity Benchmark (3)	11.38%		17.50%		21.42%		18.32%		-	
Abbott Capital Management 2010	19.39%		13.17%		(0.18%)		10.89%		1.54%	(6/10)
Abbott Capital Management 2011	2.21%		(2.36%)		(5.83%)		8.62%		3.27%	(6/11)
Abbott Capital Management 2012	1.52%		(1.36%)		(4.19%)		10.41%		9.23%	(7/12)
Abbott Capital Management 2013	0.81%		(2.11%)		(3.74%)		10.65%		9.79%	(5/13)
Abbott Capital Management 2014	0.90%		(0.53%)		(3.32%)		11.76%		9.27%	(4/14)
Abbott Capital Management 2015	2.76%		5.91%		3.76%		16.35%		12.24%	(4/15)
Abbott Capital Management 2016	3.76%		7.89%		6.24%		18.48%		12.14%	(3/16)
Abbott Capital Management 2018	4.63%		11.19%		6.07%		15.69%		13.10%	(7/18)
Abbott Capital Management 2019	4.23%		10.58%		6.38%		17.24%		15.12%	(1/20)
Abbott Capital Management 2020	4.07%		10.14%		5.22%		-		15.42%	(1/21)
Abbott Capital Management 2021	3.26%		8.47%		4.68%		-		5.81%	(2/21)
Abbott Capital Management 2022	2.41%		4.02%		0.18%		-		(0.26%)	(2/22)
Abbott Capital Management 2023	3.47%		15.31%		-		-		7.97%	(7/23)
Abbott Capital Management 2024	3.44%		13.47%		-		-		8.93%	(6/24)
Abbott Capital Management 2025	(2.03%)		-		-		-		1.98%	(4/25)
Mesirow V	6.41%		8.65%		1.63%		11.73%		13.21%	(6/10)
Mesirow VI	4.07%		7.65%		1.95%		15.27%		12.02%	(7/13)
Mesirow VII	3.73%		9.61%		6.46%		16.24%		4.73%	(6/17)
Mesirow VIII	3.50%		10.78%		3.59%		1.74%		1.71%	(9/20)
Mesirow IX	17.44%		-		-		-		24.21%	(3/25)
NB Secondary Opp Fund III	(1.17%)		1.55%		7.61%		13.49%		10.95%	(12/13)
NB Secondary Opp Fund IV	1.63%		(0.26%)		2.93%		12.69%		15.78%	(4/17)
NB Secondary Opp Fund V	3.16%		8.64%		10.50%		-		42.50%	(3/22)
Private Advisors VI	7.41%		14.29%		10.04%		24.11%		14.02%	(4/15)
Private Advisors VII	(0.97%)		3.84%		5.81%		17.65%		13.02%	(1/17)
Private Advisors VIII	1.74%		6.49%		10.53%		21.74%		17.21%	(8/18)
Private Advisors IX	1.86%		8.31%		11.20%		17.93%		19.47%	(2/20)
Apogem Capital X	6.05%		12.76%		-		-		18.58%	(5/23)
Absolute Return	**2.15%**		**10.59%**		**9.33%**		**12.90%**		**6.65%**	(6/14)
90 Day T-Bill + 3%	1.80%		7.38%		7.77%		5.98%		4.84%	(6/14)
Aptitude	2.84%	18	12.26%	17	9.74%	5	-		9.46%	(9/22)
30-Day Average SOFR +4%	2.07%	66	8.65%	51	8.90%	18	-		8.83%	(9/22)
Callan Abs Rtn Hedge FoF	2.30%		8.70%		7.82%		8.39%		-	
UBS A & Q	1.66%	75	9.44%	35	8.93%	17	8.93%	44	-	
(Libor thru 2/22) SOFR +4%	2.07%	66	8.65%	51	8.90%	18	7.05%	64	6.02%	(12/14)
Callan Abs Rtn Hedge FoF	2.30%		8.70%		7.82%		8.39%		-	
Real Assets	**4.43%**		**6.53%**		**9.39%**		**8.53%**		**6.17%**	(1/16)
Principal DRA	4.43%	28	6.53%	58	9.39%	29	8.53%	63	6.06%	(1/16)
Principal DRA Blend Index (1)	4.33%	29	7.55%	54	10.19%	25	8.55%	63	5.87%	(1/16)
Callan Alterntive Inv DB	3.41%		7.90%		6.06%		10.86%		-	
Total Real Estate	**1.02%**		**3.90%**		**(4.18%)**		**5.21%**		**6.36%**	(7/86)
Real Estate	1.02%	50	3.90%	51	(4.18%)	54	5.21%	40	6.36%	(7/86)
Blended Benchmark (2)	0.84%	62	2.47%	69	(6.31%)	76	2.74%	70	-	
Callan Tot Real Est DB	1.01%		4.05%		(3.56%)		3.99%		-	
Total Fund	**4.06%**	**76**	**8.48%**	**88**	**11.13%**	**84**	**9.97%**	**17**	**-**	
Total Fund Index*	5.01%	25	10.28%	48	13.16%	55	8.58%	69	-	
Callan Public Fund Spr DB	4.58%		10.23%		13.39%		9.09%		-	

* Current Quarter Target = 36.0% MSCI ACWI IMI, 32.0% Blmbg:Aggregate, 11.0% Russell 3000 Index lagged 3 months+2.0%, 9.0% 3-month Treasury Bill+3.0%, 8.7% NCREIF NFI-ODCE Val Wt Nt lagged 3 months and 3.3% Principal DRA Blend Index.
(1) Current Principal DRA Blend Index = 15% Bloomberg US TIPS Idx, 15% Bloomberg Commodity Idx, 30% S&P Global Infrastructure Idx, 15% S&P Global Natural Resources Idx and 25% FTSE EPRA/NAREIT Developed Market Idx.
(2) Blended Benchmark = NCREIF (NPI) through 6/30/06, NCREIF (NPI 1 Qtr Arrears) through 12/31/13 and NFI-ODCE (1 Qtr Arrears) thereafter.
(3) Private Equity Benchmark = Russell 3000 Index lagged 3 months+3.0% through 12/31/19, Russell 3000 Index lagged 3 months+2.0% thereafter.

Investment Manager Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2024-9/2025		2024		2023		2022		2021	
Total Public Equity	**17.40%**		**12.05%**		**21.40%**		**(15.78%)**		**20.92%**	
MSCI ACWI IMI	18.25%		16.37%		21.58%		(18.40%)		18.22%	
Total Domestic Equity	**9.62%**	**97**	**14.70%**	**97**	**19.73%**	**89**	**(15.68%)**	**13**	**28.12%**	**16**
Russell 3000 Index	14.40%	24	23.81%	13	25.96%	17	(19.21%)	79	25.66%	54
Pub Pln- Dom Equity	13.34%		21.51%		23.69%		(17.91%)		25.80%	
BlackRock Russell 1000 Value	11.67%	54	14.39%	57	11.47%	63	(7.54%)	80	25.18%	79
Russell 1000 Value Index	11.65%	55	14.37%	57	11.46%	63	(7.54%)	80	25.16%	79
Callan Large Cap Value	12.33%		15.56%		12.85%		(4.93%)		28.35%	
DFA Large Cap Value	11.78%	54	13.84%	59	12.33%	53	(4.95%)	50	27.52%	64
Russell 1000 Value Index	11.65%	55	14.37%	57	11.46%	63	(7.54%)	80	25.16%	79
Callan Large Cap Value	12.33%		15.56%		12.85%		(4.93%)		28.35%	
Northern Trust Global	14.82%	28	25.00%	47	26.30%	48	(18.08%)	58	28.69%	54
S&P 500 Index	14.83%	28	25.02%	47	26.29%	48	(18.11%)	59	28.71%	54
Callan Large Cap Core	13.33%		24.81%		26.16%		(17.42%)		29.05%	
Polen Capital Management	6.65%	96	16.07%	90	38.20%	61	(37.72%)	89	24.84%	44
S&P 500 Index	14.83%	48	25.02%	70	26.29%	89	(18.11%)	6	28.71%	21
Callan Large Cap Growth	14.77%		30.20%		40.56%		(30.21%)		24.35%	
Earnest Partners LLC	6.23%	63	8.20%	86	17.57%	52	(15.13%)	52	26.09%	48
Russell MidCap Index	10.42%	28	15.34%	35	17.23%	53	(17.32%)	58	22.58%	58
Callan Mid Capitalization	7.34%		13.28%		17.82%		(14.34%)		25.38%	
DFA Small Cap Value	5.55%	52	7.87%	64	21.85%	13	(1.69%)	10	40.61%	16
Russell 2000 Value Index	9.04%	21	8.05%	63	14.65%	65	(14.48%)	84	28.27%	64
Callan Small Cap Value	5.61%		9.03%		16.41%		(10.51%)		31.82%	
Total Global Equity	**13.78%**	**72**	**15.82%**	**45**	**22.29%**	**47**	**(17.35%)**	**47**	**19.03%**	**53**
MSCI World	17.43%	50	18.67%	35	23.79%	35	(18.14%)	52	21.82%	28
Callan Global Equity	17.40%		14.47%		21.74%		(17.81%)		19.42%	
BlackRock Global Alpha Tilts	19.81%	30	19.03%	32	23.27%	40	(16.80%)	43	18.73%	56
MSCI ACWI Gross	18.86%	36	18.02%	37	22.81%	43	(17.96%)	51	19.04%	53
Callan Global Equity	17.40%		14.47%		21.74%		(17.81%)		19.42%	
MFS Investment Management	6.94%	95	11.87%	60	21.00%	52	(18.14%)	52	19.56%	49
MSCI ACWI Gross	18.86%	36	18.02%	37	22.81%	43	(17.96%)	51	19.04%	53
Callan Global Equity	17.40%		14.47%		21.74%		(17.81%)		19.42%	
Total International Equity	**30.23%**	**6**	**6.58%**	**36**	**22.82%**	**3**	**(15.36%)**	**21**	**13.08%**	**11**
MSCI EAFE	25.14%	51	3.82%	81	18.24%	20	(14.45%)	16	11.26%	19
Pub Pln- Intl Equity	25.19%		5.41%		16.51%		(16.85%)		8.40%	
AQR Emerging Markets	23.55%	82	7.37%	54	18.78%	12	(20.29%)	38	1.23%	36
MSCI EM Gross	28.22%	52	8.05%	46	10.27%	59	(19.74%)	35	(2.22%)	55
Callan Emerging Broad	28.48%		7.71%		11.91%		(21.94%)		(0.59%)	
Brandes Investment Partners	32.81%	11	7.12%	37	31.34%	1	(6.79%)	5	14.42%	18
MSCI EAFE	25.14%	58	3.82%	69	18.24%	47	(14.45%)	43	11.26%	53
Callan NonUS Eq	26.04%		5.96%		18.13%		(15.29%)		11.54%	
DFA International Small Cap	42.06%	1	8.35%	25	18.04%	22	(9.42%)	5	16.47%	14
MSCI EAFE Small	28.39%	54	1.82%	59	13.16%	66	(21.39%)	52	10.10%	72
Callan Intl Small Cap	28.84%		2.90%		15.18%		(20.63%)		12.78%	

Investment Manager Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2024-9/2025		2024		2023		2022		2021	
Total Fixed Income	**6.98%**	**21**	**2.49%**	**52**	**6.63%**	**46**	**(6.83%)**	**8**	**(0.36%)**	**41**
Blmbg Aggregate	6.13%	67	1.25%	87	5.53%	82	(13.01%)	71	(1.54%)	89
Pub Pln- Dom Fixed	6.32%		2.52%		6.46%		(12.26%)		(0.71%)	
BlackRock US Govt Bond	5.37%	100	0.79%	98	4.24%	100	(12.43%)	22	-	
Blmbg Government	5.35%	100	0.62%	98	4.09%	100	(12.32%)	16	(2.28%)	100
Callan Core Bond FI	6.45%		1.93%		6.17%		(12.91%)		(1.03%)	
Reams Asset Management	7.37%	13	1.76%	86	6.76%	57	(11.39%)	13	(1.23%)	91
Blmbg Aggregate	6.13%	98	1.25%	95	5.53%	96	(13.01%)	41	(1.54%)	97
Callan Core Plus FI	6.77%		2.74%		6.90%		(13.27%)		(0.27%)	
Loomis, Sayles & Company, L.P.	7.95%	3	5.26%	1	8.56%	2	(12.12%)	18	2.13%	5
Blmbg Aggregate	6.13%	98	1.25%	95	5.53%	96	(13.01%)	41	(1.54%)	97
Callan Core Plus FI	6.77%		2.74%		6.90%		(13.27%)		(0.27%)	
Total Private Equity	**5.94%**		**5.67%**		**2.89%**		**(4.88%)**		**67.66%**	
Private Equity Benchmark (3)	10.18%		37.37%		22.76%		(15.10%)		34.08%	
Abbott Capital Management 2010	15.53%		(4.74%)		(6.70%)		(16.87%)		65.55%	
Abbott Capital Management 2011	(1.89%)		(3.37%)		(7.55%)		(18.97%)		76.29%	
Abbott Capital Management 2012	(1.48%)		(3.47%)		(3.85%)		(13.14%)		72.85%	
Abbott Capital Management 2013	(2.43%)		(1.99%)		(2.85%)		(12.51%)		70.21%	
Abbott Capital Management 2014	(0.46%)		(2.66%)		(3.96%)		(9.41%)		75.52%	
Abbott Capital Management 2015	3.78%		4.16%		3.60%		(0.79%)		75.81%	
Abbott Capital Management 2016	5.43%		8.60%		5.24%		2.90%		71.04%	
Abbott Capital Management 2018	7.58%		7.54%		3.96%		7.44%		47.06%	
Abbott Capital Management 2019	7.48%		8.63%		3.43%		7.54%		57.22%	
Abbott Capital Management 2020	8.04%		7.88%		1.70%		0.81%		65.36%	
Abbott Capital Management 2021	6.41%		5.84%		2.00%		1.72%		-	
Abbott Capital Management 2022	2.19%		(0.81%)		4.87%		-		-	
Abbott Capital Management 2023	12.62%		5.80%		-		-		-	
Abbott Capital Management 2024	9.81%		-		-		-		-	
Mesirow V	7.16%		2.53%		(0.80%)		(19.60%)		78.52%	
Mesirow VI	5.38%		4.28%		(0.52%)		(13.41%)		88.26%	
Mesirow VII	7.05%		7.72%		5.78%		(0.68%)		60.27%	
Mesirow VIII	8.73%		6.43%		0.22%		(2.15%)		10.14%	
NB Secondary Opp Fund III	(0.29%)		7.67%		17.34%		(2.34%)		30.34%	
NB Secondary Opp Fund IV	(1.48%)		7.46%		4.64%		0.29%		48.73%	
NB Secondary Opp Fund V	5.70%		19.22%		21.41%		-		-	
Private Advisors VI	14.10%		11.63%		4.68%		9.97%		83.78%	
Private Advisors VII	0.84%		9.22%		7.32%		21.61%		52.55%	
Private Advisors VIII	5.39%		13.69%		9.80%		27.61%		47.25%	
Private Advisors IX	5.47%		8.98%		13.33%		24.00%		37.25%	
Apogem Capital X	11.72%		4.59%		-		-		-	
Absolute Return	**6.91%**		**11.53%**		**6.09%**		**26.46%**		**8.87%**	
90 Day T-Bill + 3%	5.39%		8.25%		8.01%		4.46%		3.05%	
Aptitude	7.89%	21	13.13%	20	5.24%	59	-		-	
30-Day Average SOFR +4%	6.31%	51	9.44%	52	9.09%	1	-		-	
Callan Abs Rtn Hedge FoF	6.33%		9.58%		5.87%		3.34%		6.76%	
UBS A & Q	6.22%	54	10.48%	40	6.48%	30	8.85%	13	8.08%	45
(Libor thru 2/22) SOFR +4%	6.31%	51	9.44%	52	9.09%	1	5.32%	25	4.11%	77
Callan Abs Rtn Hedge FoF	6.33%		9.58%		5.87%		3.34%		6.76%	
Real Assets	**12.43%**		**3.92%**		**3.95%**		**(5.29%)**		**18.24%**	
Principal DRA	12.43%	13	3.92%	80	3.95%	51	(5.29%)	85	18.24%	43
Principal DRA Blend Index (1)	13.84%	10	4.21%	78	4.31%	50	(5.07%)	85	15.87%	46
Callan Alterntive Inv DB	8.43%		6.95%		4.25%		8.68%		13.64%	
Total Real Estate	**2.91%**		**(2.35%)**		**(10.23%)**		**13.88%**		**23.85%**	
Real Estate	2.91%	58	(2.35%)	71	(10.23%)	71	13.88%	30	23.85%	38
Blended Benchmark (2)	2.54%	68	(8.44%)	87	(13.08%)	79	21.68%	21	14.83%	61
Callan Tot Real Est DB	3.07%		0.82%		(2.59%)		8.61%		19.65%	
Total Fund	**10.21%**	**78**	**6.97%**	**93**	**10.22%**	**88**	**(6.32%)**	**8**	**19.05%**	**8**
Total Fund Index*	10.98%	59	10.69%	35	12.43%	56	(10.58%)	26	12.77%	71
Callan Public Fund Spr DB	11.43%		10.05%		12.77%		(12.38%)		14.07%	

* Current Quarter Target = 36.0% MSCI ACWI IMI, 32.0% Blmbg:Aggregate, 11.0% Russell 3000 Index lagged 3 months+2.0%, 9.0% 3-month Treasury Bill+3.0%, 8.7% NCREIF NFI-ODCE Val Wt Nt lagged 3 months and 3.3% Principal DRA Blend Index.
(1) Current Principal DRA Blend Index = 15% Bloomberg US TIPS Idx, 15% Bloomberg Commodity Idx, 30% S&P Global Infrastructure Idx, 15% S&P Global Natural Resources Idx and 25% FTSE EPRA/NAREIT Developed Market Idx.
(2) Blended Benchmark = NCREIF (NPI) through 6/30/06, NCREIF (NPI 1 Qtr Arrears) through 12/31/13 and NFI-ODCE (1 Qtr Arrears) thereafter.
(3) Private Equity Benchmark = Russell 3000 Index lagged 3 months+3.0% through 12/31/19, Russell 3000 Index lagged 3 months+2.0% thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2025. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended September 30, 2025

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-1/2 Years
Net of Fee Returns					
Total Domestic Equity	**6.39%**	**9.14%**	**17.74%**	**13.80%**	**12.15%**
Russell 3000 Index	8.18%	17.41%	24.12%	15.74%	15.25%
BlackRock Russell 1000 Value	5.34%	9.44%	16.96%	13.89%	10.61%
Russell 1000 Value Index	5.33%	9.44%	16.96%	13.88%	10.50%
DFA Large Cap Value	6.49%	9.48%	17.56%	15.41%	10.56%
Russell 1000 Value Index	5.33%	9.44%	16.96%	13.88%	10.50%
Northern Trust Global	8.12%	17.57%	24.92%	16.46%	15.95%
S&P 500 Index	8.12%	17.60%	24.94%	16.47%	15.96%
Polen Capital Management	3.34%	11.06%	19.33%	7.58%	11.91%
S&P 500 Index	8.12%	17.60%	24.94%	16.47%	15.96%
Earnest Partners LLC	5.05%	2.67%	12.74%	10.80%	10.91%
Russell MidCap Index	5.33%	11.11%	17.69%	12.66%	11.13%
DFA Small Cap Value	8.70%	4.89%	15.95%	20.17%	11.90%
Russell 2000 Value Index	12.60%	7.88%	13.56%	14.59%	8.46%
Total Global Equity	**5.68%**	**11.20%**	**21.00%**	**12.13%**	**12.28%**
MSCI World	7.27%	17.25%	23.72%	14.41%	13.39%
BlackRock Global Alpha Tilts	8.71%	18.34%	24.72%	14.32%	13.20%
MSCI ACWI Gross	7.74%	17.80%	23.70%	14.07%	13.11%
MFS Investment Management	2.27%	3.18%	16.54%	9.45%	11.33%
MSCI ACWI Gross	7.74%	17.80%	23.70%	14.07%	13.11%
Total International Equity	**7.97%**	**19.88%**	**25.25%**	**13.74%**	**10.83%**
MSCI EAFE Index	4.77%	14.99%	21.70%	11.15%	8.98%
AQR Emerging Markets	7.39%	14.42%	19.05%	7.86%	7.19%
MSCI EM Gross	10.95%	18.17%	18.81%	7.51%	6.85%
Brandes Investment Partners	8.50%	19.97%	30.84%	18.99%	11.88%
MSCI EAFE Index	4.77%	14.99%	21.70%	11.15%	8.98%
DFA International Small Cap	10.65%	32.43%	28.90%	17.60%	12.15%
MSCI EAFE Small	6.20%	17.65%	19.65%	8.47%	7.75%
BlackRock ACWI ex US Growth	5.43%	-	-	-	-
MSCI ACWI xUS Growth	5.71%	12.86%	18.33%	6.22%	7.95%

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2025. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended September 30, 2025

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-1/2 Years
Net of Fee Returns					
Total Fixed Income	**2.22%**	**4.12%**	**6.17%**	**2.03%**	**1.96%**
Blmbg:Aggregate	2.03%	2.88%	4.93%	(0.45%)	1.52%
BlackRock US Agg	2.05%	-	-	-	-
Blmbg:Aggregate	2.03%	2.88%	4.93%	(0.45%)	1.52%
BlackRock US Govt Bond	1.52%	2.12%	3.59%	-	-
Blmbg Government	1.51%	2.08%	3.58%	(1.27%)	1.02%
Reams Asset Management	2.44%	4.10%	6.38%	0.63%	3.54%
Blmbg:Aggregate	2.03%	2.88%	4.93%	(0.45%)	1.52%
Loomis, Sayles & Company, L.P.	2.53%	6.08%	8.08%	2.89%	3.77%
Blmbg:Aggregate	2.03%	2.88%	4.93%	(0.45%)	1.52%
Total Private Equity	**3.74%**	**7.78%**	**4.07%**	**15.88%**	**15.98%**
Private Equity Benchmark	11.38%	17.50%	21.42%	18.32%	18.76%
Abbott Capital Management 2010	19.39%	13.17%	(0.18%)	10.89%	11.67%
Abbott Capital Management 2011	2.21%	(2.36%)	(5.83%)	8.62%	10.68%
Abbott Capital Management 2012	1.52%	(1.36%)	(4.19%)	10.41%	12.00%
Abbott Capital Management 2013	0.81%	(2.11%)	(3.74%)	10.65%	12.55%
Abbott Capital Management 2014	0.90%	(0.53%)	(3.32%)	11.76%	13.22%
Abbott Capital Management 2015	2.76%	5.91%	3.76%	16.35%	15.99%
Abbott Capital Management 2016	3.76%	7.89%	6.24%	18.48%	17.07%
Abbott Capital Management 2018	4.63%	11.19%	6.07%	15.69%	15.26%
Abbott Capital Management 2019	4.23%	10.58%	6.38%	17.24%	-
Abbott Capital Management 2020	4.07%	10.14%	5.22%	-	-
Abbott Capital Management 2021	3.26%	8.47%	4.68%	-	-
Abbott Capital Management 2022	2.41%	4.02%	0.18%	-	-
Abbott Capital Management 2023	3.47%	15.31%	-	-	-
Abbott Capital Management 2024	3.44%	13.47%	-	-	-
Abbott Capital Management 2025	(2.03%)	-	-	-	-
Mesirow V	6.41%	8.65%	1.63%	11.73%	12.96%
Mesirow IV	4.07%	7.65%	1.95%	15.27%	17.39%
Mesirow VII	3.73%	9.61%	6.46%	16.24%	14.11%
Mesirow VIII	3.50%	10.78%	3.59%	1.74%	-
Mesirow IX	17.44%	-	-	-	-
NB Secondary Opp Fund III	(1.17%)	1.55%	7.61%	13.49%	10.15%
NB Secondary Opp Fund IV	1.63%	(0.26%)	2.93%	12.69%	13.22%
NB Secondary Opp Fund V	3.16%	8.64%	10.50%	-	-
Private Advisors VI	7.41%	14.29%	10.04%	24.11%	22.32%
Private Advisors VII	(0.97%)	3.84%	5.81%	17.65%	15.39%
Private Advisors VIII	1.74%	6.49%	10.53%	21.74%	16.81%
Private Advisors IX	1.86%	8.31%	11.20%	17.93%	-
Apogem Capital X	6.05%	12.76%	-	-	-
Absolute Return	**2.15%**	**10.59%**	**9.33%**	**12.86%**	**7.64%**
90 Day T-Bill + 3%	1.80%	7.38%	7.77%	5.98%	5.64%
Aptitude	2.84%	12.26%	9.74%	-	-
30-Day Average SOFR +4%	2.07%	8.65%	8.90%	-	-
UBS A & Q	1.66%	9.44%	8.93%	8.93%	9.18%
(Libor thru 2/22) SOFR +4%	2.07%	8.65%	8.90%	7.05%	6.69%
Real Assets	**4.27%**	**5.87%**	**8.72%**	**7.86%**	**5.90%**
Principal DRA	4.27%	5.87%	8.72%	7.86%	5.90%
Principal DRA Blend Index	4.33%	7.55%	10.19%	8.55%	6.09%
Total Real Estate	**0.93%**	**3.57%**	**(4.48%)**	**4.88%**	**4.35%**
Real Estate	0.93%	3.57%	(4.48%)	4.88%	4.35%
Blended Benchmark	0.84%	2.47%	(6.31%)	2.74%	2.77%
Total Fund	**4.01%**	**8.27%**	**10.90%**	**9.74%**	**8.36%**
Total Fund Index	5.01%	10.28%	13.16%	8.58%	8.70%

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2024-9/2025	2024	2023	2022	2021
Net of Fee Returns					
Total Domestic Equity	**9.40%**	**14.38%**	**19.38%**	**(15.89%)**	**27.88%**
Russell 3000 Index	14.40%	23.81%	25.96%	(19.21%)	25.66%
BlackRock Russell 1000 Value	11.66%	14.37%	11.46%	(7.55%)	25.17%
Russell 1000 Value Index	11.65%	14.37%	11.46%	(7.54%)	25.16%
DFA Large Cap Value	11.63%	13.64%	12.12%	(5.12%)	27.35%
Russell 1000 Value Index	11.65%	14.37%	11.46%	(7.54%)	25.16%
Northern Trust Global	14.81%	24.99%	26.29%	(18.09%)	28.68%
S&P 500 Index	14.83%	25.02%	26.29%	(18.11%)	28.71%
Polen Capital Management	6.33%	15.61%	37.75%	(37.97%)	24.34%
S&P 500 Index	14.83%	25.02%	26.29%	(18.11%)	28.71%
Earnest Partners LLC	5.81%	7.62%	16.95%	(15.58%)	25.59%
Russell MidCap Index	10.42%	15.34%	17.23%	(17.32%)	22.58%
DFA Small Cap Value	5.10%	7.19%	21.04%	(2.12%)	40.38%
Russell 2000 Value Index	9.04%	8.05%	14.65%	(14.48%)	28.27%
Total Global Equity	**13.41%**	**15.34%**	**21.88%**	**(17.55%)**	**18.80%**
MSCI World	17.43%	18.67%	23.79%	(18.14%)	21.82%
BlackRock Global Alpha Tilts	19.42%	18.55%	22.93%	(16.89%)	18.67%
MSCI ACWI Gross	18.86%	18.02%	22.81%	(17.96%)	19.04%
MFS Investment Management	6.61%	11.41%	20.50%	(18.50%)	19.05%
MSCI ACWI Gross	18.86%	18.02%	22.81%	(17.96%)	19.04%
Total International Equity	**29.81%**	**6.09%**	**22.25%**	**(15.75%)**	**12.57%**
MSCI EAFE Index	25.14%	3.82%	18.24%	(14.45%)	11.26%
AQR Emerging Markets	22.89%	6.62%	17.92%	(20.93%)	0.47%
MSCI EM Gross	28.22%	8.05%	10.27%	(19.74%)	(2.22%)
Brandes Investment Partners	32.42%	6.70%	30.84%	(7.15%)	14.00%
MSCI EAFE Index	25.14%	3.82%	18.24%	(14.45%)	11.26%
DFA International Small Cap	41.62%	7.89%	17.52%	(9.80%)	15.89%
MSCI EAFE Small	28.39%	1.82%	13.16%	(21.39%)	10.10%

Investment Manager Returns

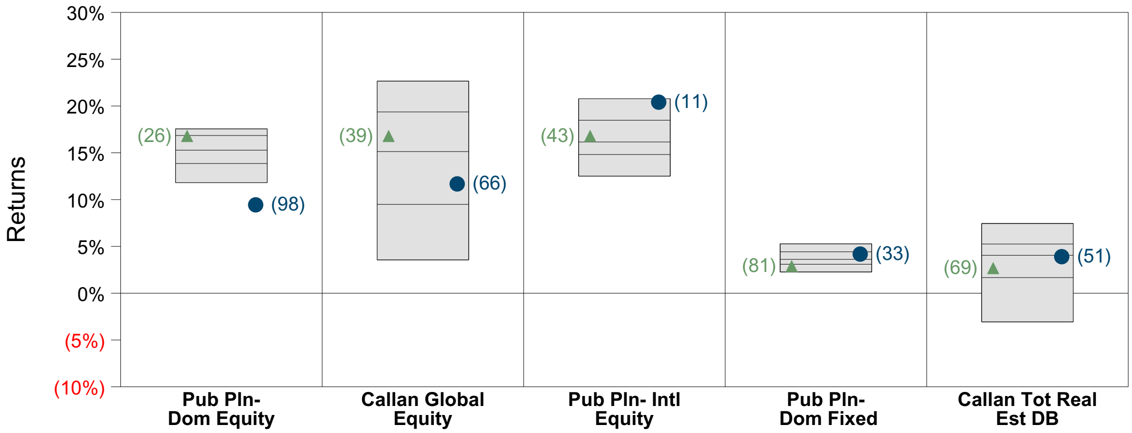
The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2024-9/2025	2024	2023	2022	2021
Net of Fee Returns					
Total Fixed Income	**6.93%**	**2.42%**	**6.52%**	**(6.93%)**	**(0.45%)**
Blmbg Aggregate	6.13%	1.25%	5.53%	(13.01%)	(1.54%)
BlackRock US Govt Bond	5.36%	0.77%	4.22%	(12.44%)	-
Blmbg Government	5.35%	0.62%	4.09%	(12.32%)	(2.28%)
Reams Asset Management	7.34%	1.70%	6.62%	(11.50%)	(1.36%)
Blmbg Aggregate	6.13%	1.25%	5.53%	(13.01%)	(1.54%)
Loomis, Sayles & Company, L.P.	7.84%	5.10%	8.41%	(12.26%)	1.98%
Blmbg Aggregate	6.13%	1.25%	5.53%	(13.01%)	(1.54%)
Total Private Equity	**5.94%**	**5.67%**	**2.89%**	**(4.88%)**	**67.66%**
Private Equity Benchmark	10.18%	37.37%	22.76%	(15.10%)	34.08%
Abbott Capital Management 2010	15.53%	(4.74%)	(6.70%)	(16.87%)	65.55%
Abbott Capital Management 2011	(1.89%)	(3.37%)	(7.55%)	(18.97%)	76.29%
Abbott Capital Management 2012	(1.48%)	(3.47%)	(3.85%)	(13.14%)	72.85%
Abbott Capital Management 2013	(2.43%)	(1.99%)	(2.85%)	(12.51%)	70.21%
Abbott Capital Management 2014	(0.46%)	(2.66%)	(3.96%)	(9.41%)	75.52%
Abbott Capital Management 2015	3.78%	4.16%	3.60%	(0.79%)	75.81%
Abbott Capital Management 2016	5.43%	8.60%	5.24%	2.90%	71.04%
Abbott Capital Management 2018	7.58%	7.54%	3.96%	7.44%	47.06%
Abbott Capital Management 2019	7.48%	8.63%	3.43%	7.54%	57.22%
Abbott Capital Management 2020	8.04%	7.88%	1.70%	0.81%	65.36%
Abbott Capital Management 2021	6.41%	5.84%	2.00%	1.72%	-
Abbott Capital Management 2022	2.19%	(0.81%)	4.87%	-	-
Abbott Capital Management 2023	12.62%	5.80%	-	-	-
Abbott Capital Management 2024	9.81%	-	-	-	-
Mesirow V	7.16%	2.53%	(0.80%)	(19.60%)	78.52%
Mesirow IV	5.38%	4.28%	(0.52%)	(13.41%)	88.26%
Mesirow VII	7.05%	7.72%	5.78%	(0.68%)	60.27%
Mesirow VIII	8.73%	6.43%	0.22%	(2.15%)	10.14%
NB Secondary Opp Fund III	(0.29%)	7.67%	17.34%	(2.34%)	30.34%
NB Secondary Opp Fund IV	(1.48%)	7.46%	4.64%	0.29%	48.73%
NB Secondary Opp Fund V	5.70%	19.22%	21.41%	-	-
Private Advisors VI	14.10%	11.63%	4.68%	9.97%	83.78%
Private Advisors VII	0.84%	9.22%	7.32%	21.61%	52.55%
Private Advisors VIII	5.39%	13.69%	9.80%	27.61%	47.25%
Private Advisors IX	5.47%	8.98%	13.33%	24.00%	37.25%
Apogem Capital X	11.72%	4.59%	-	-	-
Absolute Return	**6.91%**	**11.53%**	**6.09%**	**26.46%**	**8.77%**
90 Day T-Bill + 3%	5.39%	8.25%	8.01%	4.46%	3.05%
Aptitude	7.89%	13.13%	5.24%	-	-
30-Day Average SOFR +4%	6.31%	9.44%	9.09%	-	-
UBS A & Q	6.22%	10.48%	6.48%	8.85%	8.08%
(Libor thru 2/22) SOFR +4%	6.31%	9.44%	9.09%	5.32%	4.11%
Real Assets	**11.93%**	**3.28%**	**3.31%**	**(5.91%)**	**17.51%**
Principal DRA	11.93%	3.28%	3.31%	(5.91%)	17.51%
Principal DRA Blend Index	13.84%	4.21%	4.31%	(5.07%)	15.87%
Total Real Estate	**2.68%**	**(2.67%)**	**(10.54%)**	**13.58%**	**23.45%**
Real Estate	2.68%	(2.67%)	(10.54%)	13.58%	23.45%
Blended Benchmark	2.54%	(8.44%)	(13.08%)	21.68%	14.83%
Total Fund	**10.05%**	**6.74%**	**9.97%**	**(6.51%)**	**18.80%**
Total Fund Index	10.98%	10.69%	12.43%	(10.58%)	12.77%

Asset Class Rankings

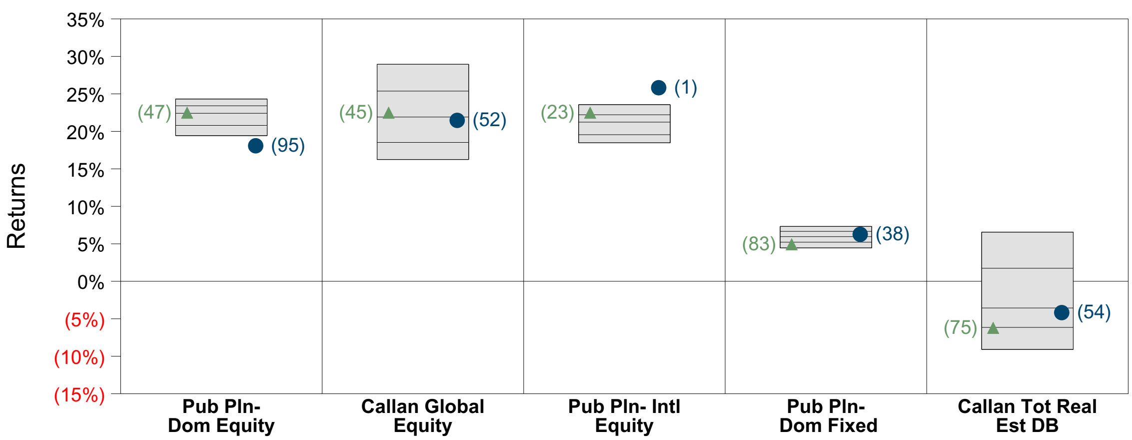
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases.

Total Asset Class Performance
One Year Ended September 30, 2025



	Pub Pln- Dom Equity	Callan Global Equity	Pub Pln- Intl Equity	Pub Pln- Dom Fixed	Callan Tot Real Est DB
10th Percentile	17.56	22.66	20.78	5.27	7.45
25th Percentile	16.85	19.36	18.48	4.42	5.25
Median	15.28	15.13	16.16	3.62	4.05
75th Percentile	13.85	9.49	14.82	3.09	1.67
90th Percentile	11.80	3.56	12.51	2.27	(3.07)
Asset Class Composite ●	9.44	11.68	20.41	4.18	3.90
Composite Benchmark ▲	16.79	16.79	16.79	2.88	2.67

Total Asset Class Performance
Three Years Ended September 30, 2025



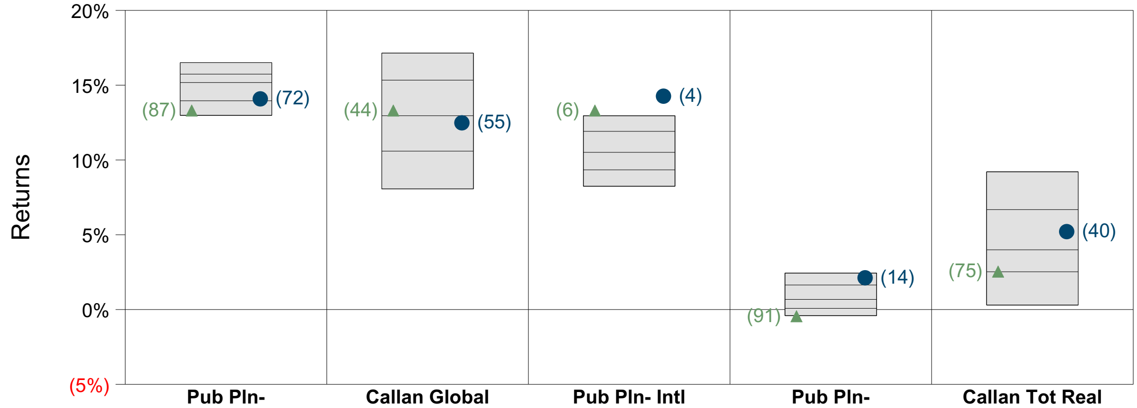
	Pub Pln- Dom Equity	Callan Global Equity	Pub Pln- Intl Equity	Pub Pln- Dom Fixed	Callan Tot Real Est DB
10th Percentile	24.32	28.95	23.57	7.32	6.56
25th Percentile	23.41	25.37	22.22	6.66	1.74
Median	22.41	21.91	21.23	5.96	(3.56)
75th Percentile	20.80	18.53	19.55	5.22	(6.15)
90th Percentile	19.43	16.24	18.47	4.46	(9.09)
Asset Class Composite ●	18.08	21.47	25.82	6.26	(4.18)
Composite Benchmark ▲	22.49	22.49	22.49	4.93	(6.21)

* Current Quarter Target = 36.0% MSCI ACWI IMI, 32.0% Blmbg:Aggregate, 11.0% Russell 3000 Index lagged 3 months+2.0%, 9.0% 3-month Treasury Bill+3.0%, 8.7% NCREIF NFI-ODCE Val Wt Nt lagged 3 months and 3.3% Principal DRA Blend Index.

Asset Class Rankings

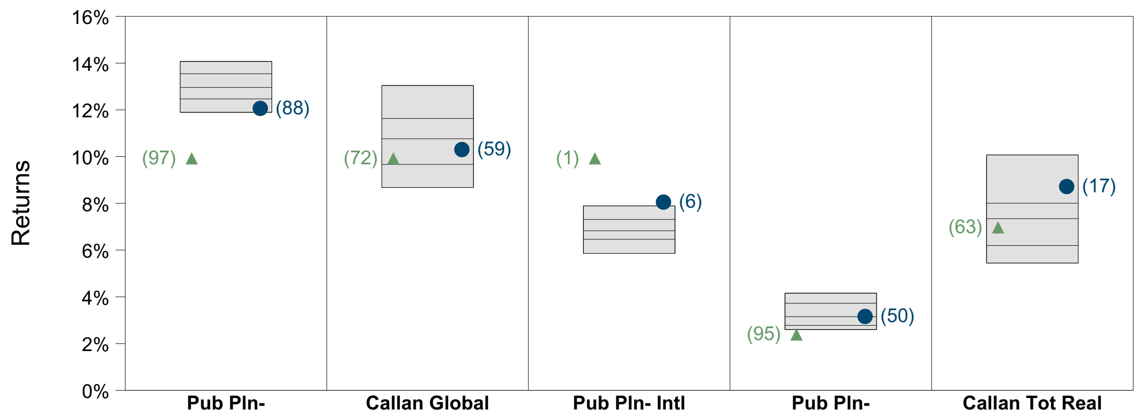
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases.

Total Asset Class Performance
Five Years Ended September 30, 2025



	Pub Pln- Dom Equity	Callan Global Equity	Pub Pln- Intl Equity	Pub Pln- Dom Fixed	Callan Tot Real Est DB
10th Percentile	16.51	17.15	12.96	2.44	9.21
25th Percentile	15.74	15.34	11.91	1.64	6.68
Median	15.17	12.96	10.51	0.68	3.99
75th Percentile	13.96	10.59	9.34	0.08	2.52
90th Percentile	12.98	8.06	8.24	(0.41)	0.30
Asset Class Composite ●	14.08	12.48	14.26	2.12	5.21
Composite Benchmark ▲	13.30	13.30	13.30	(0.45)	2.54

Total Asset Class Performance
Fourteen and Three-Quarter Years Ended September 30, 2025



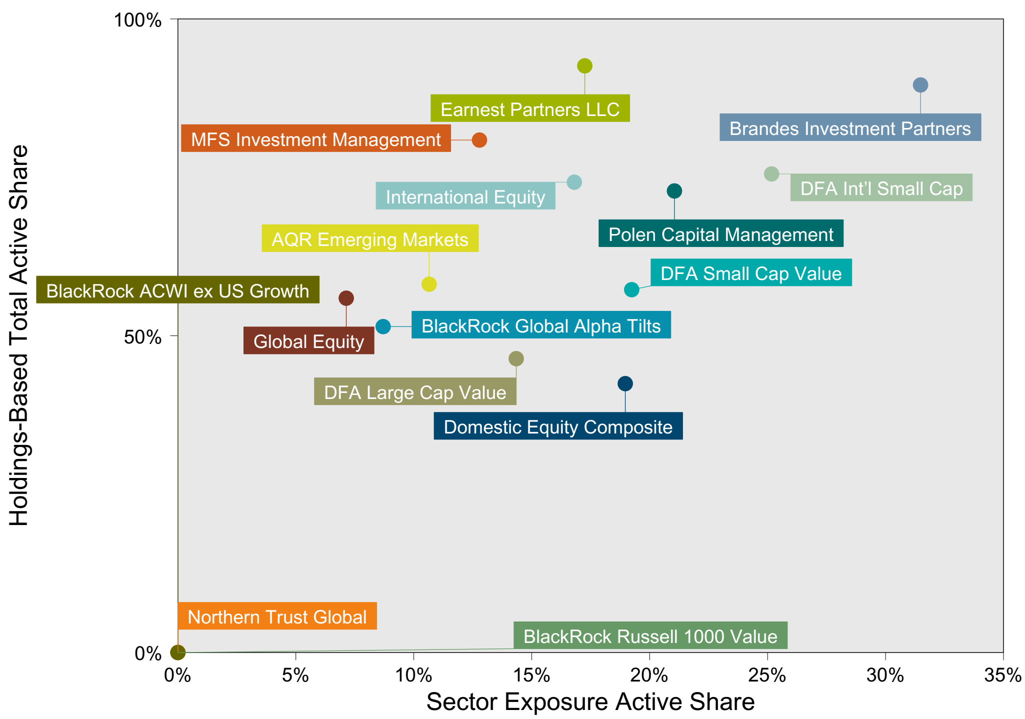
	Pub Pln- Dom Equity	Callan Global Equity	Pub Pln- Intl Equity	Pub Pln- Dom Fixed	Callan Tot Real Est DB
10th Percentile	14.07	13.04	7.89	4.16	10.07
25th Percentile	13.55	11.63	7.31	3.73	8.01
Median	12.96	10.76	6.83	3.15	7.35
75th Percentile	12.47	9.67	6.46	2.78	6.20
90th Percentile	11.90	8.68	5.86	2.60	5.45
Asset Class Composite ●	12.06	10.30	8.05	3.16	8.72
Composite Benchmark ▲	9.92	9.92	9.92	2.38	6.97

* Current Quarter Target = 36.0% MSCI ACWI IMI, 32.0% Blmbg:Aggregate, 11.0% Russell 3000 Index lagged 3 months+2.0%, 9.0% 3-month Treasury Bill+3.0%, 8.7% NCREIF NFI-ODCE Val Wt Nt lagged 3 months and 3.3% Principal DRA Blend Index.

Active Share Structure Analysis
For One Quarter Ended September 30, 2025

This analysis compares multiple portfolios and composites in an active share context, illustrating the varying degrees of active risk taken by individual portfolios, and how they combine into active risk profiles for composites and the equity structure. Two sources of active share (active risk) are shown: 1) Total Holdings-Based Active Share based on individual position comparisons to the index (and the subcomponent from holding non-index securities), and 2) Sector Exposure Active Share that quantifies the more macro-level sector differences from the index.

Active Share Analysis
Ended September 30, 2025



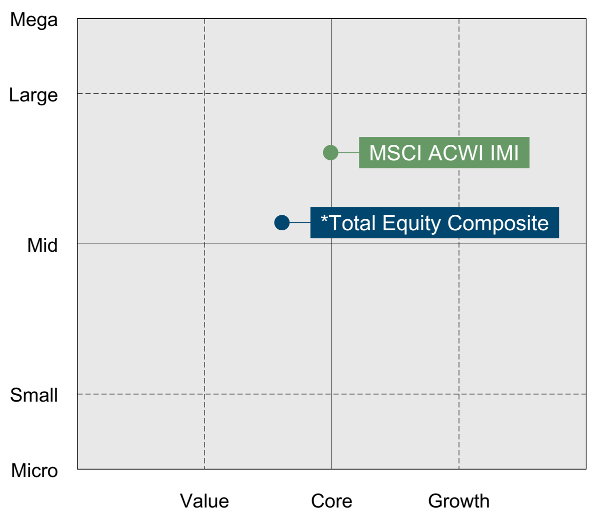
	Index	Total Act Share	Non-Idx Act Share	Sector Act Share	Number Securities	Security Diverse
***Domestic Equity Composite**	**Russell 3000**	**42.44%**	**0.95%**	**18.97%**	**1765**	**94.71**
BlackRock Russell 1000 Value	Russell 1000 Value	0.00%	0.00%	0.00%	870	64.49
DFA Large Cap Value	Russell 1000 Value	46.38%	1.31%	14.34%	350	54.02
Northern Trust Global	S&P 500	0.04%	0.00%	0.00%	504	22.58
Polen Capital Management	S&P 500	72.85%	2.63%	21.05%	28	8.01
Earnest Partners LLC	Russell MidCap	92.60%	9.08%	17.25%	59	21.88
DFA Small Cap Value	Russell 2000 Value	57.27%	22.18%	19.24%	948	116.34
Global Equity	**MSCI World**	**55.93%**	**6.50%**	**7.14%**	**411**	**39.02**
BlackRock Global Alpha Tilts	MSCI ACWI GD	51.44%	2.97%	8.70%	363	37.45
MFS Investment Management	MSCI ACWI GD	80.88%	1.94%	12.79%	71	18.32
International Equity	**MSCI EAFE**	**74.23%**	**28.51%**	**16.81%**	**3201**	**82.29**
AQR Emerging Markets	MSCI EM GD	58.13%	3.46%	10.65%	309	33.20
Brandes Investment Partners	MSCI EAFE	89.58%	18.72%	31.48%	64	22.30
DFA Int'l Small Cap	MSCI EAFE Small	75.53%	18.32%	25.17%	1811	133.38
BlackRock ACWI ex US Growth	MSCI ACWI xUS Growth GD	0.00%	0.00%	0.00%	1092	65.58

* 9/30/25 portfolio characteristics generated using most recently available holdings (6/30/25) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Current Holdings Based Style Analysis
Total Equity Composite
As of September 30, 2025

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

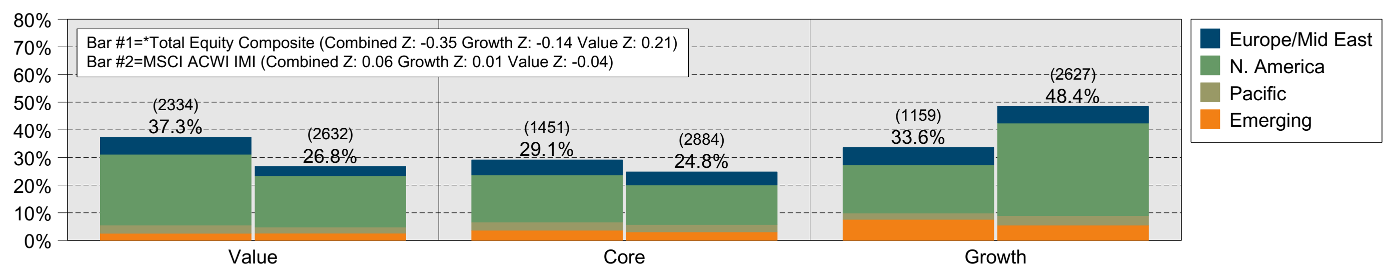
Style Map vs Callan Public Fund Spr DB
Holdings as of September 30, 2025



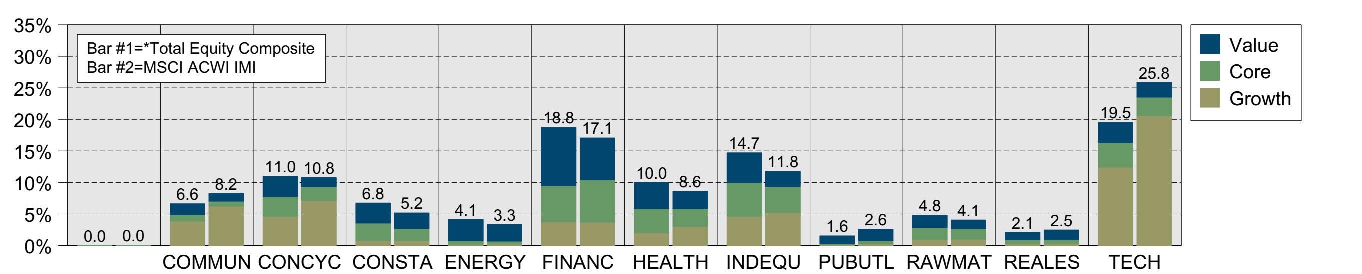
Style Exposure Matrix
Holdings as of September 30, 2025

	Value	Core	Growth	Total
Europe/ Mid East	6.1% (416) 3.4% (388)	5.5% (309) 4.8% (455)	6.3% (242) 6.0% (484)	**17.9% (967)** **14.1% (1327)**
N. America	25.6% (1036) 18.6% (881)	17.0% (547) 14.3% (866)	17.5% (300) 33.4% (653)	**60.0% (1883)** **66.3% (2400)**
Pacific	3.0% (715) 2.2% (434)	3.0% (300) 2.7% (489)	2.3% (166) 3.5% (439)	**8.3% (1181)** **8.4% (1362)**
Emerging	2.5% (167) 2.6% (929)	3.7% (295) 3.1% (1074)	7.6% (451) 5.5% (1051)	**13.8% (913)** **11.1% (3054)**
Total	**37.3% (2334)** **26.8% (2632)**	**29.1% (1451)** **24.8% (2884)**	**33.6% (1159)** **48.4% (2627)**	**100.0% (4944)** **100.0% (8143)**

Combined Z-Score Style Distribution
Holdings as of September 30, 2025



Sector Weights Distribution
Holdings as of September 30, 2025

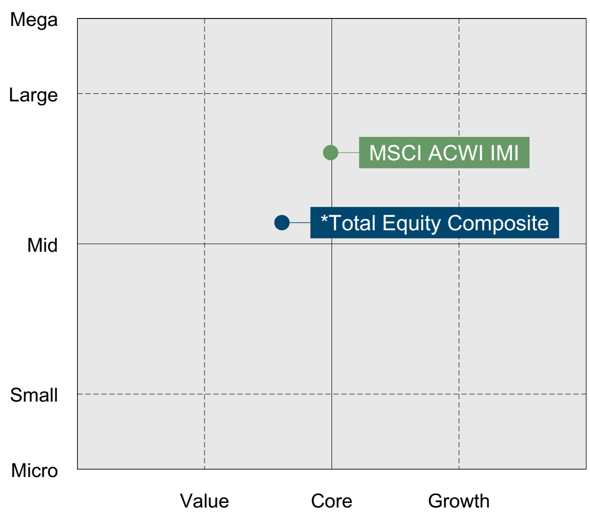


*9/30/25 portfolio characteristics generated using most recently available holdings (6/30/25) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Current Holdings Based Style Analysis
Total Equity Composite
As of September 30, 2025

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

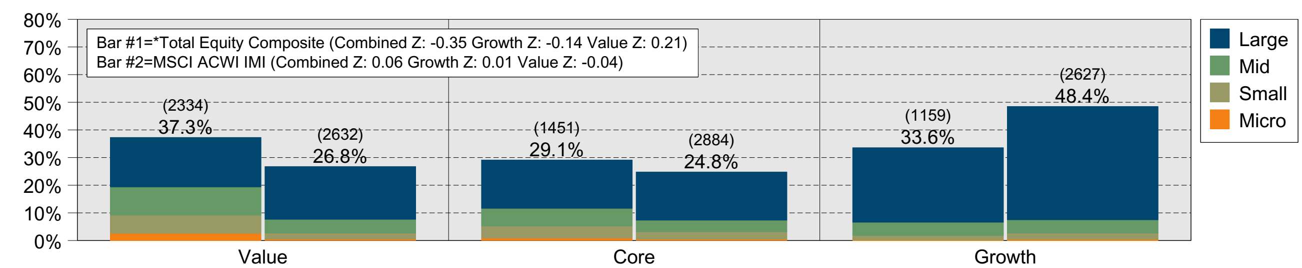
Style Map vs Callan Public Fund Spr DB
Holdings as of September 30, 2025



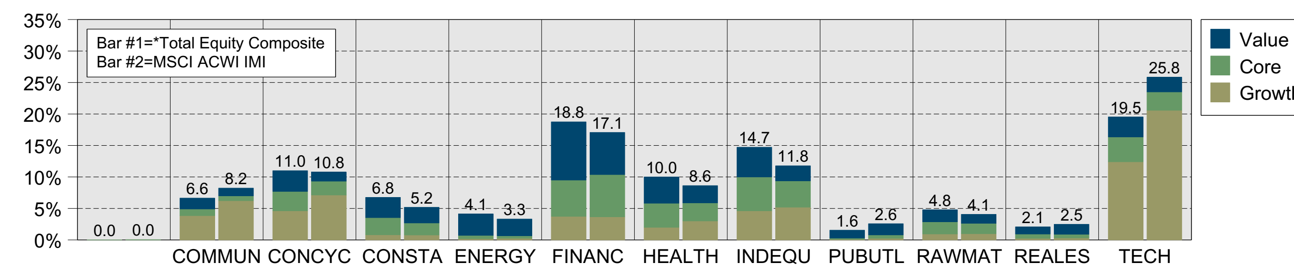
Style Exposure Matrix
Holdings as of September 30, 2025

	Value	Core	Growth	Total
Large	17.9% (216) 19.1% (286)	17.5% (211) 17.4% (254)	27.0% (265) 41.0% (273)	**62.4% (692)** **77.5% (813)**
Mid	10.2% (328) 5.0% (509)	6.4% (402) 4.2% (524)	4.8% (512) 4.8% (596)	**21.4% (1242)** **14.0% (1629)**
Small	6.5% (435) 2.1% (945)	4.3% (462) 2.7% (1256)	1.6% (259) 2.3% (1057)	**12.4% (1156)** **7.1% (3258)**
Micro	2.6% (1355) 0.5% (892)	0.9% (376) 0.5% (850)	0.2% (123) 0.4% (701)	**3.7% (1854)** **1.4% (2443)**
Total	**37.3% (2334)** **26.8% (2632)**	**29.1% (1451)** **24.8% (2884)**	**33.6% (1159)** **48.4% (2627)**	**100.0% (4944)** **100.0% (8143)**

Combined Z-Score Style Distribution
Holdings as of September 30, 2025



Sector Weights Distribution
Holdings as of September 30, 2025

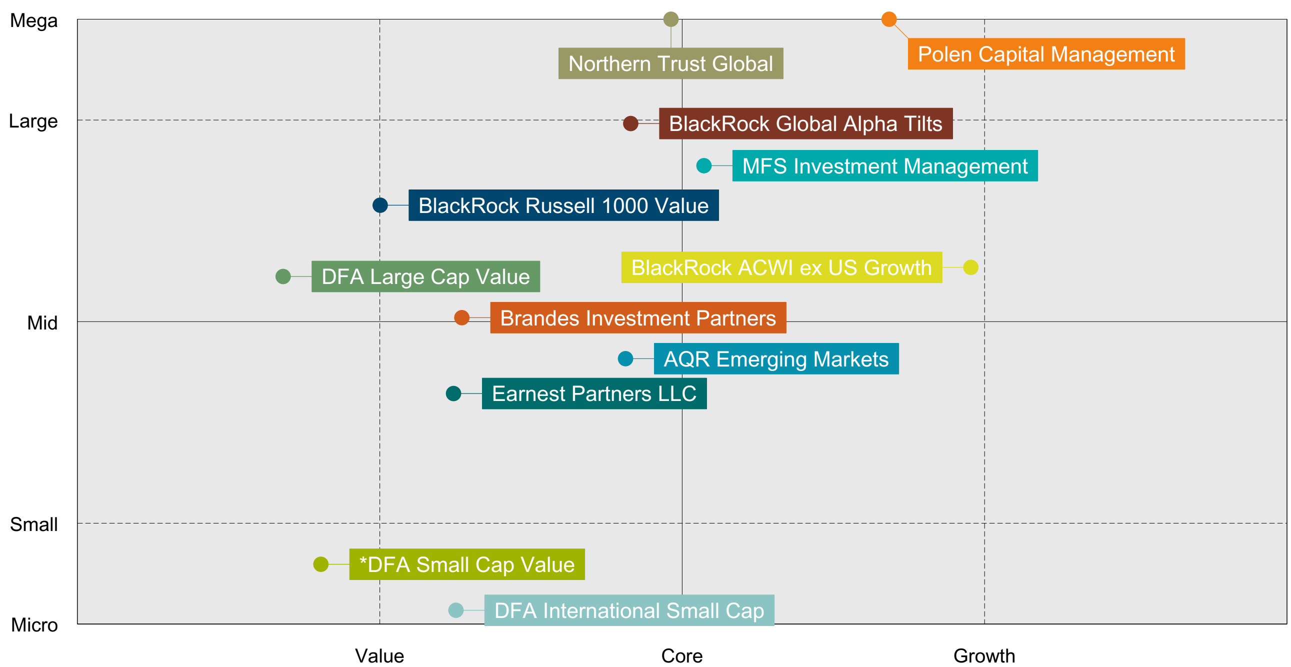


*9/30/25 portfolio characteristics generated using most recently available holdings (6/30/25) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Global Holdings Based Style Analysis
For One Quarter Ended September 30, 2025

This page analyzes and compares the investment styles of multiple portfolios using a detailed holdings-based style analysis methodology. The size component of style is measured by the weighted median market capitalization of the holdings. The value/core/growth style dimension is captured by the "Combined Z-Score" of the portfolio. This score is based on eight fundamental factors used in the MSCI stock style scoring system. The table below gives a more detailed breakdown of several relevant style metrics on the portfolios.

Style Map
Holdings for One Quarter Ended September 30, 2025



	Weight %	Wtd Median Mkt Cap	Combined Z-Score	Growth Z-Score	Value Z-Score	Number of Securities	Security Diversification
BlackRock Russell 1000 Value	8.68%	115.76	(0.99)	(0.45)	0.54	870	64.49
DFA Large Cap Value	6.19%	62.91	(1.33)	(0.46)	0.87	350	54.02
Northern Trust Global	8.72%	405.74	0.03	0.00	(0.03)	504	22.58
Polen Capital Management	4.82%	549.60	0.72	0.26	(0.46)	28	8.01
Earnest Partners LLC	7.95%	20.68	(0.74)	(0.35)	0.39	59	21.88
*DFA Small Cap Value	8.26%	3.90	(1.20)	(0.32)	0.88	948	116.34
MFS Investment Management	9.36%	145.07	0.13	(0.09)	(0.23)	71	18.32
BlackRock Global Alpha Tilts	11.09%	176.33	(0.11)	(0.09)	0.02	363	37.45
AQR Emerging Markets	4.83%	24.92	(0.13)	0.05	0.18	309	33.20
Brandes Investment Partners	13.11%	32.37	(0.71)	(0.24)	0.47	64	22.30
DFA International Small Cap	7.38%	2.79	(0.73)	(0.18)	0.54	1811	133.38
BlackRock ACWI ex US Growth	9.61%	69.66	0.97	0.35	(0.63)	1092	65.58

* 9/30/25 portfolio characteristics generated using most recently available holdings (6/30/25) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Callan

Quarterly List as of September 30, 2025

List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry, and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor, and disclose potential conflicts on an ongoing basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database, or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please note that if an investment manager receives a product or service on a complimentary basis (e.g., attending an educational event), they are not included in the list below. Callan is committed to ensuring that we do not consider an investment manager's business relationship with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group, and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance department.

Manager Name
Aberdeen Investments
Acadian Asset Management LLC
Adams Street Partners, LLC
Aegon Asset Management
AEW Capital Management, L.P.
Agincourt Capital Management, LLC
AllianceBernstein
Allspring Global Investments, LLC
Altrinsic Global Advisors, LLC
American Century Investments
Antares Capital LP
Apollo Global Management, Inc.
AQR Capital Management
Ares Management LLC
ARGA Investment Management, LP
Ariel Investments, LLC
Aristotle Capital Management, LLC

Manager Name
Atlanta Capital Management Co., LLC
Baillie Gifford International, LLC
Baird Advisors
Barings LLC
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
Black Creek Investment Management Inc.
BlackRock
Blackstone Group (The)
Blue Owl Capital, Inc.
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brookfield Asset Management Inc.
Brown Brothers Harriman & Company
Brown Investment Advisory & Trust Company

Manager Name
Capital Group
CastleArk Management, LLC
Centerbridge Partners, L.P.
Cercano Management LLC
CFI Partners, LLC
CIBC Asset Management
CIM Group, LP
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Threadneedle Investments
Comgest
Comvest Partners
Conestoga Capital Advisors
Crescent Capital Group LP
Dana Investment Advisors, Inc.
DePrince, Race & Zollo, Inc.
Dimensional Fund Advisors L.P.
DoubleLine
DWS
EARNEST Partners, LLC
Fayez Sarofim & Company
Federated Hermes, Inc.
Fengate Asset Management
Fidelity Institutional Asset Management
Fiera Capital Corporation
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
Fisher Investments
Fortress Investment Group
Franklin Templeton
Fred Alger Management, LLC
GAMCO Investors, Inc.
GlobeFlex Capital, L.P.
Goldman Sachs
Golub Capital
GW&K Investment Management
Harbor Capital Group Trust
Hardman Johnston Global Advisors LLC
Heitman LLC
Hotchkis & Wiley Capital Management, LLC

Manager Name
HPS Investment Partners, LLC
IFM Investors
Impax Asset Management LLC
Income Research + Management
Insight Investment
Invesco
I Squared Capital Advisors (US) LLC
J.P. Morgan
Janus
Jennison Associates LLC
JLC Infrastructure
Jobs Peak Advisors
Kayne Anderson Capital Advisors LP
Kayne Anderson Rudnick Investment Management, LLC
King Street Capital Management, L.P.
L&G - Asset Management, America (formerly LGIM America)
Lazard Asset Management
Lincoln National Corporation
Longview Partners
Loomis, Sayles & Company, L.P.
Lord, Abbett & Co.
LSV Asset Management
MacKay Shields LLC
Mackenzie Investments
Macquarie Asset Management
Magnitude Capital, LLC
Man Group
Manulife Investment Management
Marathon Asset Management, L.P.
Mawer Investment Management Ltd.
MetLife Investment Management
MFS Investment Management
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Moran Wealth Management
Morgan Stanley Investment Management
MUFG Bank, Ltd.
Natixis Investment Managers
Neuberger Berman
Newton Investment Management

Manager Name
New York Life Investment Management LLC (NYLIM)
Ninety One North America, Inc.
Nordea Asset Management
Nomura Capital Management, LLC
Northern Trust Asset Management
Nuveen
Oak Hill Advisors, L.P.
Oaktree Capital Management, L.P.
ORIX Corporation USA
P/E Investments
Pacific Investment Management Company
Pantheon Ventures
Parametric Portfolio Associates LLC
Parnassus Investments
Partners Group (USA) Inc.
Pathway Capital Management, LP
Payden & Rygel
Peavine Capital
Peregrine Capital Management, LLC
PGIM DC Solutions
PGIM Fixed Income
PGIM Quantitative Solutions LLC
Pictet Asset Management
PineBridge Investments
Polaris Capital Management, LLC
Polen Capital Management, LLC
PPM America, Inc.
Pretium Partners, LLC
Principal Asset Management
Raymond James Investment Management
RBC Global Asset Management
Regions Financial Corporation

Manager Name
Riverbridge Partners LLC
Robeco Institutional Asset Management, US Inc.
Sands Capital Management
Schroder Investment Management North America Inc.
Segall Bryant & Hamill
Silver Point Capital, LP
SLC Management
Star Mountain Capital, LLC
State Street Investment Management
Strategic Global Advisors, LLC
T. Rowe Price Associates, Inc.
TD Global Investment Solutions – TD Epoch
The Carlyle Group
The D.E. Shaw Group
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
TPG Angelo Gordon
ULLICO Investment Advisors, Inc.
VanEck
Victory Capital Management Inc.
Virtus Investment Partners, Inc.
Vontobel Asset Management, Inc.
Voya
Walter Scott & Partners Limited
Wasatch Global Investors
WCM Investment Management
Wellington Management Company LLP
Western Asset Management Company LLC
Westfield Capital Management Company, L.P.
William Blair & Company LLC
Xponance, Inc.

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