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DATE: September 5, 2018

TO: Board of Retirement

FROM: Donald C. Kendig, CPA, Retirement Administrator

CONTACT: Jeffrey MacLean, Verus

SUBJECT: **Consideration of the Approval of the Revised FCERA Investment Policy Statement – APPROVE**

Recommended Action

1. Approve the revised Investment Policy Statement (IPS).

Fiscal and Financial Impacts

Adoption of the revised IPS brings the IPS current for Board directed changes made on August 1, 2018. Staff cannot predict the exact fiscal and financial impacts of the actual policy positions contained within the IPS and the Board has already held extensive discussions on just that.

Background and Discussion

The Board undertook a six month study of its asset allocation and liabilities and made policy decisions that are reflected in the revised IPS. The IPS was first presented, reflecting those changes, on August 1, 2018. At that time the Board provided direction for additional wording changes and to return with the revised IPS.

Please review the attached and either approve it as revised or with additional changes.

Attachments

1. Revised Investment Policy Statement
2. Revised Investment Policy Statement (redline)
3. [Verus Asset/Liability/IPS presentation from August 1, 2018](#) (for reference)

FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION (FCERA)
INVESTMENT POLICY STATEMENT (IPS)
ON
INVESTMENT POLICIES, GUIDELINES AND PERFORMANCE
AS OF SEPTEMBER 5, 2018

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II. INTRODUCTION

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

III. PURPOSE

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

IV. RESPONSIBILITIES

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

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

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

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

V. INVESTMENT PHILOSOPHY

- 1) The Board understands the responsibility to balance the objective of protecting the corpus of the Fund and protecting the purchasing power of assets against erosion by inflation, while at the same time incurring the risk necessary to earn adequate returns required to satisfy the ongoing financial obligations of the Fund. This requires a careful understanding of risk and return trade-offs in an always uncertain investment environment.
- 2) The Board recognizes the potentially severe consequences associated with a large loss of the Fund corpus and seeks to balance this risk against the necessity to achieve the Fund's investment return objectives¹. The Board's paramount objective is to provide for the agreed upon retirement benefits in accordance with the County Employees Retirement Law of 1937. This requires an asset allocation policy that may cause the portfolio to suffer meaningful depreciation in value in exchange for the potential to earn higher returns over the longer term, consistent with the long duration of the Plan's liabilities. The Board seeks to manage drawdown risk using prudent diversification.

VI. INVESTMENT OBJECTIVES

The Investment Objectives of the Fund shall be:

- 1) Funding Benefits: to earn a long-term rate of return that will support the obligation to pay all promised benefits.
- 2) Long-Term Growth of Capital: To emphasize long-term growth of principal while avoiding excessive downside risk. To the extent it is prudent, short-term volatility will be tolerated to the extent it is consistent with the volatility of a comparable risk benchmark.
- 3) Preserving Purchasing Power: To achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of assets.

¹ FCERA acknowledges Fresno County Board of Supervisors letter (dated April 17, 2018) supporting FCERA's increased allocation in equities, recognizing this could create a potential for larger drawdowns and increase volatility.

- 4) Maintaining Adequate Liquidity: To assure that funds are available to meet near-term benefit obligations and administrative and investment expenses of the Fund.
- 5) Long-term Perspective: The Investment Objectives for this Fund will be for the asset value, exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the medium term (3 years) and long term (5 years), net of fees.

VII. MEDIUM TERM PERFORMANCE OBJECTIVES

- 1) Total Fund performance compounded over a 3-5 year term is expected to exceed the compounded return of a custom index reflecting the asset class benchmarks and allocation weights as specified in Appendix A.
- 2) “Active” Investment Managers are expected to exceed their respective assigned benchmark returns.
- 3) For purposes of Total Fund valuation, Private Equity, Private Credit, and Closed End Real Estate performance will be lagged by one quarter and neutralized.
- 4) The committed but yet-to-be-invested portion of Private Equity shall be benchmarked against the Russell 2000 Index.
- 5) The committed but yet-to-be-invested portion of Private Credit shall be benchmarked against the Barclays US Corp. High Yield Index.

VIII. LONG TERM PERFORMANCE OBJECTIVES

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

IX. ASSET ALLOCATION

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

X. GENERAL INVESTMENT GUIDELINES

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

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

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

- 2) Liquidity: The Administrator and Staff are charged with assuring sufficient liquidity to timely fund benefit payments and pay administrative and investment expenses while minimizing transaction and market opportunity costs. Cash flow forecasting and portfolio rebalancing activities will incorporate liquidity considerations, and the Administrator will

regularly apprise the Board of related actions or plans, and seek input from the Board and/or the Investment Consultant, as needed.

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

In order to minimize the need for physical rebalancing, the Board has retained an overlay manager to implement synthetic rebalancing (refer to Overlay Investment Guidelines).

- 4) Proxy Voting: Voting of proxies in stocks held by the Fund will be done in a manner which is in the best financial and economic interests of the Fund and its beneficiaries by those best able to make such assessments. While the Board reserves the right to vote proxies at its discretion, it will generally delegate such decisions to its Investment Managers. Investment Managers must exercise due diligence in ascertaining the facts and circumstances of the matter being voted on. Investment Managers are required to report their proxy voting activities to the Administrator on an annual basis. The Board may engage a proxy-voting service to assist it in prudently exercising its rights.
- 5) Environmental, Social and Governance Investing: The Board may consider investing in, or divesting from, investments that are expected to accrue benefits in the area of economic development, environment, health, corporate governance and other social or moral issues. However, these investment determinations must satisfy applicable “costlessness” standards, including that their expected risk adjusted returns and associated costs shall not be more costly to the Fund than comparable investment actions absent the expected environmental, social or corporate governance characteristics.
- 6) Trading and Execution: Investment Managers shall use their best efforts to obtain execution of orders through responsible brokerage firms at the most favorable prices and

competitive commission rates. California law limits and requires disclosures regarding prime brokers and “soft-dollar” transactions and Investment Managers are expected to comply with the law. Recognizing the primary importance of best execution, an Investment Manager may accept the instructions of the Board to place transaction orders with a particular broker-dealer firm provided that such instruction is in writing and contains the Boards' representation that such instructions are permitted by the Fund's underlying instruments, are in the interests of FCERA participants and beneficiaries, and will not result in a violation CERL.

- 7) Transition Management: Transition Management is a useful tool to mitigate transition costs and manage market exposure risks associated with certain changes to the Fund's asset allocation. It is the responsibility of the Investment Consultant to advise the Administrator and the Board which transitions are appropriate candidates for Transition Management. The Administrator, in conjunction with the advice of the Investment Consultant, has the authority to select the Transition Management vendor and manage the transition process.
- 8) Securities Lending: The Board may authorize the execution of a Securities Lending Program to be performed by the Custodian in conformance with the Custodial Agreement. The program will be monitored and reviewed by Administrator, with particular attention to the liquidity, duration and risk characteristics of the associated collateral pool. Securities lending is intended primarily to offset costs of custody; secondly as a means to efficiently deploy idle security holdings of the Fund to obtain incremental gains thereon. The Board does not deem securities lending to be an investment strategy per se. The design, management and oversight of this activity shall reflect these policies.

XI. INVESTMENT PERFORMANCE REVIEW AND EVALUATION

- 1) The Board shall review the investment results of the Fund at least on a quarterly basis. Performance comparisons will be made against the various benchmarks established for the Fund and each Investment Manager as set forth in this IPS and the Investment Manager Agreements.
- 2) The Board, with the assistance of the Investment Consultant, shall periodically evaluate developments affecting each Investment Manager. This evaluation should include: changes in ownership, personnel turnover, adherence to investment style and philosophy, relative peer performance, co-investor confidence and any other qualities that the Board deems appropriate. This evaluation should also include an assessment as to whether each Investment Manager has operated within the parameters established by the consultant and reported to the Board on a quarterly basis.
- 3) The Board shall hold each Investment Manager accountable for the performance of the assets over which the manager exercises discretion or control. If an Investment Manager fails to accomplish its investment objectives over a market cycle (typically at least five years), the Board may notify the Investment Manager in writing that it has failed to

accomplish its performance objectives and that the Board has placed them on probation. The Board will continue to monitor the investment results until it determines whether removal of probation or termination of the Investment Manager is warranted. To assist in the evaluation, the Board will maintain a “watch list”. This watch list will include the following “flags” that will be monitored on an ongoing basis:

- a) Manager has underperformed the benchmark index more than half the time over the last 20 quarters.
- b) Manager has returned less than 105% of the benchmark index over a three-year period (110% for equity managers).
- c) Manager has underperformed the 50th percentile in the appropriate style universe in more than two of the last five years of consecutive returns.
- d) Manager’s Sharpe Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.
- e) Managers Information Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.
- f) Manager experiences non-performance related issues including personnel turnover, changes in investment philosophy or drift, excessive asset growth, change in ownership, or any other reason that raises concern.

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

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

XII. ADMINISTRATIVE PRACTICES

- 1) Communication and Reporting of Investment Managers: The Investment Managers are responsible for frequent and open communication in writing with the Board on all significant matters pertaining to investment policies and the management of the Fund’s

assets. Each Investment Manager must include a copy of their individual portfolio guidelines along with the quarterly report. Investment Managers are required to advise the Board in writing of any violation or any need for changes to the portfolio guidelines.

- 2) Compensation of Investment Managers: Each Investment Manager retained by the Fund shall be compensated quarterly by a formula contained in the Investment Manager Agreement. No Investment Manager retained by the fund shall receive a payment of commission or other fees on a particular investment transaction. Further, each Investment Manager must disclose to the Board any indirect compensation received in addition to its fees as a result of servicing the Fund.
- 3) Brokerage Disclosure: Each Investment Manager retained by the Fund shall provide a written quarterly report detailing the name of each brokerage institution which received commissions from the Fund as the result of the discretionary trading authority bestowed upon the Investment Manager by the Board. Investment Managers shall provide to the Board a commission report detailing the name of the brokerage firm, the number of shares, average cost per share traded, and the commissions paid.
- 4) Fiduciary Responsibility: Each Investment Manager is expected to agree in writing that they are subject to and performing their duties consistent with the full responsibilities of a fiduciary under CERL and appropriate federal and state laws. Each Investment Manager shall maintain in full force and effect the levels of insurance and bonding required by their Investment Manager Agreements.
- 5) Specific Disclosures regarding Fees and Expenses: California Assembly Bill 2833 (AB2833) requires a public pension or retirement system to require limited partnerships, limited liability companies or similar legal structures (hereafter referred to as Alternative Investment Vehicles – AIVs) to make specific disclosures regarding fees and expenses, for contracts entered into, extended, renewed, or amended on or after January 1, 2017. Consistent with requirements relating to public records, the plan must disclose, at least annually, the information received in connection with the AIVs at an open public meeting. The intent of AB2833 is to increase the transparency regarding the character and amounts of fees paid by a public pension fund to AIVs. The following information is required by each AIV:
 - a) The fees and expenses that the retirement system pays directly to the AIV, the fund manager, or related parties subject to the agreement.
 - b) The pro rata share of fees and expenses not included in paragraph (a) that are paid from the AIV to the fund manager or related parties.
 - c) The public fund's pro rata share of carried interest distributed to the fund manager or related parties.
 - d) The public fund's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the AIV to the fund manager or related parties.

e) Any additional information described in Government Code 6254.26 subdivision (b)

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

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

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

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

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

XIII. POLICY REVIEW

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

XIV. POLICY HISTORY

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

XV. SECRETARIES CERTIFICATE

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

September 5, 2018

Date of Action:

By: Retirement Administrator

APPENDIX A – STRATEGIC ASSET ALLOCATION

APPENDIX A – STRATEGIC ASSET ALLOCATION

At the June 6, 2018 Board Meeting, as a result of a comprehensive asset-liability study, the Board of Trustees approved a new target asset allocation. The Board also approved a 1% quarterly re-risking strategy designed to minimize the timing impact of rebalancing the portfolio. The intention of this strategy is to increase the total public equity exposure by 1% per quarter until the Ending Target is reached. A detailed version of this Glidepath Is included as Appendix B – Asset Allocation Glidepath. The beginning and ending targets for this glidepath are summarized below.

Beginning & Ending Targets, Asset Class Benchmarks:

Asset Class	Beginning Target	Ending Target	Benchmark
Domestic Equities	17%	25%	Russell 3000 Index
Large Cap	14%	20%	
Small/Mid Cap	3%	5%	
International Equities	19%	24%	MSCI ACWI ex US Index
International Large	9%	15%	
International Small	3%	3%	
Emerging Markets	7%	6%	
Fixed Income	31%	23%	Barclays Global Aggregate Index
US Credit Fixed Income	5%	4%	
High Yield Fixed Income	5%	3%	
Bank Loans	5%	3%	
Global Sovereign	7%	7%	
Emg Markets Debt Local	5%	3%	
TIPS	4%	3%	
Real Assets	11%	8%	
Commodities	3%	0%	DJ UBS Commodity Index
Real Estate	5%	5%	NCREIF ODCE Index
Infrastructure	3%	3%	NCREIF ODCE Index
Alternative Investments	22%	20%	
Hedge Funds	8%	6%	HFRI FoF Composite Index
Private Equity	6%	6%	Russell 2000 Index
Private Credit	8%	8%	Barclays US Corp. High Yield Index
Total	100%	100%	

Rebalancing Strategy:

The Board wishes to rebalance the portfolio on a methodical and gradual basis while preserving the flexibility to revise the Asset Allocation Glidepath, and the corresponding timing of reaching the Ending Target, dependent on future market conditions. In order to minimize transaction costs while rebalancing, the target exposure will be managed using a combination of physical and synthetic market exposure. With assistance from the Overlay Manager and the Investment Consultant, FCERA Administrator and Staff will be responsible for managing the market exposure relative to the Glidepath specified in Appendix B. The rebalancing is intended to function as follows:

- 1) The Overlay Manager will adjust its target public equity and public fixed income exposures at the end of each quarter, consistent with the quarterly targets as specified in Appendix B.
- 2) Consistent with current practice, the Overlay Manager will manage the overall exposure (physical exposure and synthetic exposure) to a 5% relative band using the quarterly targets as specified in Appendix B (e.g. for a 10% target weight, the portfolio would be rebalanced synthetically when the actual exposure is less than 9.5% or greater than 10.5%).
- 3) The Overlay Manager will notify FCERA Administrator and Staff when the physical exposure deviates from the Glidepath Targets by more than 2%. At such time, Staff will rebalance the portfolio as necessary.
- 4) Independent of the Overlay Manager notifications discussed above, FCERA Staff will periodically review the current market values relative to the Glidepath Targets and rebalance as necessary, in consultation with the Investment Consultant and Overlay Manager.

APPENDIX B – ASSET ALLOCATION GLIDEPATH

APPENDIX B – ASSET ALLOCATION GLIDEPATH

In order to transition from the Beginning Target to the Ending Target (as specified in Appendix A), the following Asset Allocation Glidepath shall serve as the basis for interim quarterly targets to each asset class.

Asset Class	Current													Target
	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q3 20	Q1 21	Q2 21	9/30/2021
Domestic Equities	17%	18%	18%	19%	19%	20%	21%	22%	22%	23%	23%	24%	24%	25%
Large Cap	14%	15%	15%	15%	15%	16%	17%	17%	17%	18%	18%	19%	19%	20%
Small/Mid Cap	3%	3%	3%	4%	4%	4%	4%	5%	5%	5%	5%	5%	5%	5%
International Equities	19%	19%	20%	20%	21%	21%	21%	21%	22%	22%	23%	23%	24%	24%
International Large	9%	9%	10%	10%	12%	12%	12%	12%	13%	13%	14%	14%	15%	15%
International Small	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Emerging Markets	7%	7%	7%	7%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Total Public Equity	36%	37%	38%	39%	40%	41%	42%	43%	44%	45%	46%	47%	48%	49%
Fixed Income	31%	30%	29%	28%	27%	27%	26%	25%	25%	25%	24%	23%	23%	23%
US Credit Fixed Income	5%	5%	5%	5%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
High Yield Fixed Income	5%	4%	4%	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%
Bank Loans	5%	5%	4%	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%
Global Sovereign	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Emg Markets Debt Local	5%	5%	5%	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%	3%
TIPS	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%
Real Assets	11%	11%	11%	11%	11%	11%	11%	11%	10%	10%	10%	10%	9%	8%
Commodities	3%	3%	3%	3%	3%	3%	3%	3%	2%	2%	2%	2%	1%	0%
Real Estate	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Infrastructure	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Alternative Investments	22%	22%	22%	22%	22%	21%	21%	21%	21%	20%	20%	20%	20%	20%
Hedge Funds	8%	8%	8%	8%	8%	7%	7%	7%	7%	6%	6%	6%	6%	6%
Private Equity	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Private Credit	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

APPENDIX C – ILPA TEMPLATE AND REPORTING GUIDELINES

APPENDIX C – ILPA TEMPLATE AND REPORTING GUIDELINES

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

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

APPENDIX D – SUPPORTING MANAGER GUIDELINES

APPENDIX D – SUPPORTING MANAGER GUIDELINES
(Last updated September 2018)

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II. DOMESTIC EQUITY MANAGER GUIDELINES

A. ARONSON + JOHNSON + ORTIZ, LP

Separate Account Large Capitalization Value Equity Assignment

1. Investment Assignment

Aronson+Johnson+Ortiz, LP will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Aronson+Johnson+Ortiz, LP will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Aronson+Johnson+Ortiz, LP shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Aronson+Johnson+Ortiz, LP will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the Russell 1000 Value Index as well as the median equity return in a representative large cap value performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Equity Securities: The securities shall be comprised of common stocks, convertible and non-convertible preferred stocks, convertible debt securities, American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. exchanges. The investment manager may also use exchange-traded funds such as S&P Depositary Receipts ("spyders") for the purpose of short-term equitization of unused funds, including cash in the account due to a contribution or pending withdrawal.

Derivatives: Investment in derivative securities is prohibited.

Diversification: The securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No more than 7% of the equity portfolio may be invested in one equity security at market.

Prohibited Investments: The portfolio will not engage in investment transactions involving stock options, short sales, purchase on margin, letter stocks, private placement securities, and commodities. No investments shall be made in foreign securities, except American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. exchanges. Further, no investment transactions shall occur outside the United States and no asset of the Fund shall be held outside the jurisdiction of the United States District Courts.

Quality and Marketability: Common and convertible preferred stocks should be listed on either the New York Stock Exchange, American Stock Exchange, NASDAQ system, or national market exchange which have adequate market liquidity relative to the size of the investment. Further, no single equity position in the portfolio may comprise more than 5% of the company's total market capitalization.

Quality and security should be emphasized over maximum return in all short-term cash investments. Investment managers will have discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

Capitalization: The weighted average market capitalization of the portfolio should not fall below \$5 billion.

Volatility: It is expected that the volatility of the investment manager's portfolio will be reasonably close to the volatility of the customized policy index defined in the Investment Objective section of the Investment Policy Statement.

4. Statement of Acknowledgement

As an authorized representative of Aronson+Johnson+Ortiz, LP provider of investment management services of the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Aronson+Johnson+Ortiz, LP and agree on behalf of Aronson+Johnson+Ortiz, LP to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

B. STATE STREET GLOBAL ADVISORS

Commingled Large Cap Passive Equity Assignment

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

The State Street Global Advisors will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. State Street Global Advisors shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for State Street Global Advisors will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that match the benchmarks established for the long term (5 years). Long Term Performance Objectives: The total equity segment of the portfolio is to match the performance of the S&P 500 Index.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise. With respect to the investment guidelines proposed, it is understood that State Street Global Advisors has been hired to manage a fully replicated passively managed index portfolio. The universe of eligible investments is therefore identical to the list of index constituents as determined by the index provider selected by the Fresno County Employees' Retirement Association. If the guidelines became in conflict with the universe of eligible investments as defined by the comparative index, the investment manager needs to notify the client in writing of the changes and prepare the necessary changes to this addendum.

Allowable Securities: The portfolio shall be solely comprised of units of the SSgA S&P 500 Flagship Fund (the "Fund"). Further, the investment policies, proxy voting policies and expenses of the Fund shall be governed by the Declaration of Trust (as amended) for the State Street Bank and Trust Company Investment Funds for Tax Exempt Retirement Plans, as well as the State Street Bank and Trust Company Investment Funds for Tax Exempt Retirement Plans Amended Fund Declaration for the S&P 500® Flagship Securities Lending Fund

4. Commingled Vehicle Election

The Association's investment in the SSgA S&P 500 Flagship Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

C. SYSTEMATIC FINANCIAL MANAGEMENT, L.P.

Separate Account Small Capitalization Value Equity Assignment

1. Investment Assignment

Systematic Financial Management, L.P. will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Systematic Financial Management, L.P. will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Systematic Financial Management, L.P. shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Systematic Financial Management, L.P. will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmark established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the Russell 2500 Value Index as well as the median equity return in a representative small cap style performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees, to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Equity Securities: The securities shall be comprised of common stocks, convertible and non-convertible preferred stocks, convertible debt securities, American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. and Canadian exchanges.

Derivatives: Investment in derivative securities is prohibited.

Diversification: The securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No more than 8% of the equity portfolio may be invested in one equity security at market at time of purchase.

Prohibited Investments: The portfolio will not engage in investment transactions

involving stock options, short sales, purchase on margin, letter stocks, private placement securities, and commodities. No investments shall be made in foreign securities, except American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. and Canadian exchanges. Further, no investment transactions shall occur outside the United States and no asset of the Fund shall be held outside the jurisdiction of the United States District Courts.

Quality and Marketability: Common and convertible preferred stocks should be listed on either the New York Stock Exchange, American Stock Exchange, NASDAQ system, or national market exchange which has adequate market liquidity relative to the size of the investment. Further, no single equity position in the portfolio may comprise more than 5% of the company's total market capitalization.

Quality and security should be emphasized over maximum return in all short-term cash investments. Investment managers will have discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

Capitalization: The Manager uses a blend of smaller companies ranging in market capitalization for the portfolio from approximately \$100 million to \$10 billion at the initiation of the position. During some market conditions, the weighted average market capitalization of the portfolio may fall outside this range.

Volatility: It is expected that the volatility of the investment manager's portfolio will be reasonable close to the volatility of the customized policy index defined in the Investment Objectives section of the Investment Policy Statement.

4. Statement of Acknowledgement

As an authorized representative of Systematic Financial Management, L.P. provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Systematic Financial Management, L.P. and agree on behalf of Systematic Financial Management, L.P. to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

D. T ROWE PRICE LARGE CAP GROWTH

To be inserted once finalized.

III. INTERNATIONAL EQUITY MANAGER GUIDELINES

A. ARTISAN PARTNERS

1. Investment Assignment

Artisan Partners will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Artisan Partners will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Artisan Partners shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objective

The investment objectives for Artisan Partners will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the MSCI EAFE Index, as well as the median return in a representative international equity performance universe.

3. Investment Guidelines

- a. The Account shall be invested at the discretion of Artisan Partners with regard to individual security selection, subject to compliance with the Employee Retirement Income Security Act of 1974, as amended, if applicable, and these guidelines.
- b. Holdings will generally consist of publicly traded corporate equities (including common and preferred stocks, warrants, and depositary receipts) of companies across a broad capitalization range.
- c. Investments generally will be made in non-U.S. companies.¹
- d. Holdings outside developed equity markets will generally be limited to a maximum of ten percent (10%) of the value of the Account at the time of purchase. For the purposes of this guideline, developed equity markets are the component countries of the MSCI EAFE® Index plus Canada, Luxembourg and the United States.
- e. The Account will generally be diversified across a minimum of eighteen (18) countries. The maximum allocation to any one country will not generally exceed thirty percent (30%) of the value of the Account at the time of purchase.

- f. Investment in any one industry will not generally exceed twenty-five percent (25%) of the value of the Account at the time of purchase.
- g. No single security will exceed five percent (5%) of the market value of the Account at the time of purchase or ten percent (10%) of the market value of the Account at any time.
- h. The Account may not employ leverage, purchase securities on margin, or sell securities short.
- i. The Account may not purchase securities in private placements other than securities privately placed under Rule 144A or another similar private placement exemption and equity-linked instruments described below.
- j. The Account will not invest in derivative instruments, including futures and options, except the Account may invest in the equity-linked instruments described below, hedge currency as described below and acquire, receive, retain and exercise warrants, rights or similar instruments attached to portfolio securities.
- k. The Account may invest up to ten percent (10%) of the market value of the Account at the time of purchase in listed or over-the-counter un-leveraged, equity-linked instruments; provided, however, that the Account will not invest more than five percent (5%) of the market value of the Account at the time of purchase in such instruments issued by a single counterparty.
- l. Currency hedging may, but is not required to, be utilized to protect the Account's value in U.S. dollars.
- m. The cash portion of the Account shall be invested in such short-term investment funds as FCERA designates from time to time. Cash will not generally exceed five percent (5%) of the value of the Account.
- n. The limitations in items d, e, f, g, k, and m above will not be applied to securities purchases made in connection with the initial funding of the Account or the investment of any subsequent contribution to the Account in order to replicate Artisan Partners' model portfolio in its non-U.S. growth investment strategy.

4. Statement of Acknowledgement

As an authorized representative of Artisan Partners, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Artisan Partners and agree on behalf of the Artisan Partners to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

¹ For purposes of testing compliance with this investment restriction, Artisan Partners uses a third party classification system (currently MSCI) to classify a company as U.S. or non-U.S. That classification system depends generally on a company's place of organization, headquarters, trading and business operations. Because those characteristics may not point to the same country, a company may be classified as a U.S. company even though it is organized or has substantial business operations outside the U.S., or may be classified as non-U.S. even if it is organized or trades or has substantial business operations in the U.S. Country classifications may change over time. For more information, see Artisan Partners' Form ADV.

B. MONDRIAN EMERGING MARKETS EQUITY FUND, LIMITED PARTNERSHIP

Limited Partnership Emerging Markets International Equity Assignment

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Mondrian Investment Group, Incorporated ("Mondrian") will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Mondrian shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Mondrian will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmark established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the MSCI Emerging Markets Free Index as well as the median emerging markets equity return in a representative performance universe.

3. Allowable Securities

The investment shall be solely comprised of shares of the Mondrian Emerging Markets Equity Fund, Limited Partnership. Investments made by Mondrian Investment Group (US), Inc. must be consistent with the Mondrian Emerging Markets Equity Fund, L.P.'s Offering Memorandum.

4. Commingled Vehicle Election

The Association's investment in Mondrian Emerging Markets is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

C. MONDRIAN INTERNATIONAL SMALL CAP EQUITY FUND, LIMITED PARTNERSHIP

Limited Partnership Small Cap International Equity Assignment

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Mondrian Investment Group, Incorporated ("Mondrian") will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Mondrian shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Mondrian will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmark established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the MSCI World Ex-US Small Cap Index as well as the median equity return in a representative performance universe.

3. Allowable Securities

The investment shall be solely comprised of shares of the Mondrian International Small Cap Fund, Limited Partnership. Investments made by Mondrian Investment Group (US), Inc. must be consistent with the Mondrian International Small Cap Equity Fund, L.P.'s Offering Memorandum.

4. Commingled Vehicle Election

The Association's investment in Mondrian Small Cap International fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

D. RESEARCH AFFILIATES INTERNATIONAL EQUITY FUND

International Equity Assignment

1. Investment Assignment

Research Affiliates, LLC. will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Research Affiliates, LLC. will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Research Affiliates, LLC. shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Research Affiliates, LLC. will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the MSCI EAFE Index, as well as the median return in a representative international equity performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Description of the Account: The strategy applies an enhanced version of our patented Research Affiliates Fundamental Index® (the "Fundamental Index®") strategy to international developed markets (non-U.S.) companies. The Fundamental Index® strategy attempts to capture the benefits of indexing and avoid the performance drag associated with cap-weighting by selecting and weighting stocks in an index using fundamental measures of company size (e.g., cash flow, book value, sales and dividends). The Fundamental Index® strategy incorporates additional factors (e.g., quality of earnings, financial distress, etc.) along with more frequent rebalancing in comparison to a passive indexing strategy.

The Fundamental Index® strategy is both defined and weighted by using financial indicators of the value of large publicly traded non-U.S. companies issuing equity securities. Such financial indicators may include book value, sales, revenue, earnings,

earnings per share, income, income growth rate, dividends, dividends per share and other financial or demographic data. Basing selection of the index securities on data relating to the intrinsic worth of the issuing companies offers investors a means to participate in a market or market segment with different risk characteristics than are otherwise offered by traditional indexed funds. The Account's strategy uses its additional screens to expand the selection process.

Equity Securities: Equity securities shall be restricted to those issues listed on the major local-country stock exchanges as well as American Depositary Receipts (ADRs), and Global Depositary Receipts (GDRs). The markets that Research Affiliates can invest in are those within the Morgan Stanley Capital International Europe, Australia, and Far East (MSCI EAFE) Index as well as Bermuda, Canada, and Cayman Islands.

Derivatives: Investment in derivative securities is prohibited.

Diversification: The securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No more than 5% of the equity portfolio may be invested in one equity security at market.

Prohibited Investments: The portfolio will not engage in investment transactions involving stock options, short sales, purchase on margin, letter stocks, private placement securities, and commodities without the written consent of the Association.

Quality and Marketability: Common and convertible preferred stocks should be listed on a major local country exchange which have adequate market liquidity relative to the size of the investment. Further, no single equity position in the portfolio may comprise more than 5% of the company's total market capitalization.

Quality and security should be emphasized over maximum return in all short-term cash investments. Investment managers will have discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

Capitalization: The weighted average market capitalization of the portfolio should not fall below \$1 billion.

Volatility: It is expected that the volatility of the investment manager's portfolio will be reasonably close to the volatility of the customized policy index defined in the Investment Objectives section of the Investment Policy Statement.

4. Statement of Acknowledgment

As an authorized representative of Research Affiliates, LLC., provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Research Affiliates, LLC. and agree on behalf of the

Research Affiliates, LLC. to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

IV. **GLOBAL FIXED INCOME MANAGER GUIDELINES**

A. BRANDYWINE GLOBAL INVESTMENT MANAGEMENT

Separate Account Global Investment-Grade Sovereign Fixed Income Assignment

1. Investment Assignment

Brandywine Global will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Brandywine Global will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Brandywine Global shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Brandywine Global will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the Citigroup World Government Bond Index (unhedged), as well as the median return in a representative fixed income performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Permissible Investments: Debt obligations issued or guaranteed by sovereign governments, supranational or multinational entities, and Australian states or Canadian provinces. The investment universe shall consist of countries or currencies included in the Citigroup World Government Bond Index or specified in the "Diversification" section.

Eligible commingled investment vehicles include interests in privately and publicly offered commingled investment vehicles advised by Brandywine Global or its affiliates ("Investment Products"), with the understanding that FCERA will not pay any additional management fee for such investment, and provided any investment in such Investment Products are consistent with these Investment Guidelines.

Eligible cash equivalents include commercial paper, short-term investment fund designated by FCERA, and eligible fixed income instruments with a maturity of less than one year.

Derivatives: Permissible derivative instruments include forwards, futures, options, and swaps. At its discretion, Brandywine may hedge all, some, or none of the portfolio's currency exposure. Brandywine may also cross hedge currency positions, but may not be net short any currency, or long more than 100% of the portfolio. Brandywine shall not use derivatives to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. Under no circumstances will the portfolio manager undertake an investment that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed limits specified herein.

Diversification: The fixed income securities should be well diversified to avoid undue exposure to any single economic sector or individual security. Individual country or currency exposures typically will not exceed at purchase:

	Country Allocation	Currency Allocation
<u>North America</u>		
United States	0% - 65%	0% - 100%
Canada	0% - 25%	0% - 25%
<u>Europe</u>		
Euro		0% - 70%
Germany	0% - 40%	
France	0% - 40%	
Italy	0% - 30%	
Belgium	0% - 20%	
Netherlands	0% - 20%	
Spain	0% - 20%	
<u>Other Europe</u>		
United Kingdom	0% - 40%	0% - 40%
Denmark	0% - 20%	0% - 20%
Sweden	0% - 20%	0% - 20%
<u>Pacific Rim</u>		
Japan	0% - 60%	0% - 60%
New Zealand	0% - 10%	0% - 10%
Other Countries contained in the WGBI Index (each):	0% - 15%	0% - 15%

	Country Allocation	Currency Allocation
Other Non-WGBI Countries (each): rated A or better by an NRSRO*	0% - 10%	0% - 10%
Other Non-WGBI Countries (each): rated BBB or better rating by an NRSRO*	0% - 5%	0% - 5%
Other Non-WGBI Countries (in aggregate): Below A rating by all NRSRO* and BBB or better rating by an NRSRO*	0 – 20%	0% - 20%
NRSRO means one of the following Nationally Recognized Statistical Rating Organizations: Standard & Poor's Rating Services, Moody's Investor Service, and Fitch, Inc. Ratings for country and currency include sub-categories or graduations therein and are determined by the local currency long-term debt ratings assigned by NRSROs.		

Quality and Marketability: Fixed income securities and cash in the portfolio shall have a weighted average rating of A- or better according to the methodology used by the Barclays Capital Global Bond Indices. All investments shall be of investment grade quality at time of purchase, as determined by an NRSRO. Brandywine Global may continue to hold instruments that are downgraded in quality subsequent to their purchase if, in the opinion of Brandywine Global, it would be advantageous to do so.

Duration: The portfolio duration shall be limited to a range of 1 – 10 years.

Market Movement: If any of the parameters described above are breached (except those that are to be determined at the time of purchase), as a result of market movements, capital additions or withdrawals or other events not within the control of Brandywine Global, Brandywine Global shall have a reasonable period of time, not to exceed three months, to bring the portfolio into compliance with the applicable investment guidelines.

4. Statement of Acknowledgment

As an authorized representative of Brandywine Global, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Brandywine Global and agree on behalf of Brandywine Global to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

B. EATON VANCE INVESTMENT MANAGERS

Commingled Senior Floating Rate Assignment

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

The Eaton Vance Investment Managers will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Eaton Vance Investment Managers will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Eaton Vance Investment Managers shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Eaton Vance Investment Managers will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that match the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The portfolio is to exceed the performance of the S&P/LSTA Leveraged Loan Index as well as exceed the median return in a representative style performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the Eaton Vance Investment Managers' Senior Floating Rate Assignment (the "Fund"). Investments made by Eaton Vance Investment Managers must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in Eaton Vance Investment Managers Senior Floating Rate Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the Fund.

C. LOOMIS SAYLES & COMPANY

Separate Account High Yield Full Discretion Fixed Income Assignment

1. Investment Assignment

Loomis Sayles & Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Loomis Sayles & Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Loomis Sayles & Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Loomis Sayles & Company will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the Barclays US Corporate High Yield Index, as well as the median return in a representative fixed income performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Permissible Investments: Public or private debt obligations issued or guaranteed by U.S. or foreign issuers, including but not limited to corporations, governments (including their agencies, instrumentalities and sponsored entities), supranational entities, partnerships and trusts, and such obligations may be issued at fixed, variable, adjustable or zero coupon rates or convertible into equity instruments; preferred, hybrid, mortgage or asset-backed instruments issued by any of the above-named entities; common stocks; and foreign currency exchange contracts including non-deliverable forward foreign exchange contracts and cross hedges.

Eligible commingled investment vehicles include interests in privately and publicly offered commingled investment vehicles, including those advised by Loomis Sayles or its affiliates. Investments in commingled investment vehicles shall not be subject to any guidelines or restriction included herein, with the exception of the credit quality, country, duration and

currency restrictions. In applying these restrictions, the credit quality, country, duration and currency of the applicable commingled funds will be used and not the credit qualities, country, durations and currencies of the underlying instruments in the commingled funds.

Eligible cash equivalents include commercial paper, short-term investment fund designated by Client, and eligible fixed income instruments with a maturity of less than one year.

At the time of purchase, the account may invest up to 5% of the market value of the portfolio in common stock, up to 15% in convertible instruments, up to 5% in non-US Dollar denominated corporate instruments, and up to 15% in securitized instruments (including individual securities as well as any investment in a commingled vehicle such as the Loomis Sayles Full Discretion Institutional Securitized Fund).

Up to 45% of the portfolio may be invested in off-benchmark sectors (defined broadly as any sector or instrument type that is not included in the benchmark).

Derivatives: The investment manager shall not use derivatives to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. Moreover, the portfolio manager will not use derivatives to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the portfolio. Under no circumstances will the portfolio manager undertake an investment that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed limits specified herein. The portfolio manager will report on the use of derivatives on a quarterly basis to the Board of Trustees.

Credit derivative products can be used in the portfolio as substitutes for cash investments to manage default risk and credit exposure. These products include single-name Credit Default Swaps (CDS) and Credit Default Swap index products. Single name CDS will be assigned the characteristics of the reference entity and will factor into any compliance test that would evaluate the underlying reference instrument, such as credit quality, country, currency, issue and industry limits set forth above. CDS Index products will not be subject to the limitations stated herein.

Eligible derivatives instruments also include contracts to buy or sell futures on instruments, indices, interest rates and currencies ("Futures"); structured notes, including currency-, credit- and index-linked notes; forward contracts for instruments, indices, interest rates and currencies; swap contracts for instruments, indices, interest rates and currencies ("Swaps"); put and call options on instruments, indices, interest rates, Futures, Swaps and currencies.

To manage the duration and yield curve exposure of the portfolio, Loomis Sayles may use Futures to create exposures to securities, currencies, indices or any other financial instruments that are permitted under the investment guidelines and restriction of the

portfolio, and subject to any limits and constraints on such permissible investments. Loomis Sayles will not use futures contracts for borrowing purposes and will not limit the extent to which it uses Futures for risk management purposes.

Diversification: The fixed income securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No instrument, except instruments issued or guaranteed by the U.S. Government, its agencies, or instrumentalities or government sponsored entities, or any permissible commingled fund, will comprise more than 5% of the market value of the portfolio, as determined at the time of purchase.

Furthermore, no industry, as defined by Barclays, except instruments issued or guaranteed by the U.S. Government, its agencies or instrumentalities or government sponsored entities will comprise more than 25% of the market value of the portfolio, as determined at the time of purchase.

Prohibited Investments: Investment in non-US sovereign issuers and senior loans is prohibited.

Quality and Marketability: There is no minimum credit quality requirement for any instrument. 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 rating agencies will be used. If an instrument is not rated by Standard & Poor's, Moody's, and/or Fitch, the equivalent rating determined by the Loomis Sayles Research Department will be used.

Loomis Sayles may continue to hold instruments that are downgraded in quality subsequent to their purchase if, in the opinion of Loomis Sayles, it would be advantageous to do so.

Conversion: Notwithstanding the foregoing, the portfolio may receive instruments prohibited or not contemplated herein through the conversion, exchange, reorganization, corporate action or bankruptcy of an otherwise permissible investment. Loomis Sayles may hold or dispose of these investments at its discretion.

Duration: The effective duration of the fixed income portfolio shall not exceed the duration of the Barclays US Corporate High Yield Index by more than 5 years.

Market Movement: If any of the parameters described above are breached (except those that are to be determined at the time of purchase), as a result of market movements, capital additions or withdrawals or other events not within the control of Loomis Sayles, Loomis Sayles shall have a reasonable period of time, not to exceed three months, to bring the portfolio into compliance with the applicable investment guidelines.

4. Statement of Acknowledgment

As an authorized representative of Loomis Sayles & Company, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Loomis Sayles & Company and agree on behalf of Loomis Sayles & Company to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

D. THE NORTHERN TRUST COMPANY

Commingled Barclays Aggregate Index Fund

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

The Northern Trust Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The Northern Trust Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. The Northern Trust Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for The Northern Trust Company will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that match the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The portfolio is to match the performance of the Barclays US Aggregate Index.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the Northern Trust Company Collective Aggregate Bond Index Fund (the "Fund"). Investments made by The Northern Trust Company must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in The Northern Trust Company's Collective Aggregate Bond Index Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

E. PACIFIC INVESTMENT MANAGEMENT COMPANY (PIMCO)

Separate Account Emerging Local Bond Investment Assignment

1. Investment Assignment

The Pacific Investment Management Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The Pacific Investment Management Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. The Pacific Investment Management Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

Benchmark: JPMorgan GBI-EM Global Diversified, unhedged

3. Investment Guidelines

The Manager will have full discretion within the guidelines to invest in the currencies of, or in fixed income instruments denominated in the currencies of, emerging markets. While the Manager generally defines an "emerging market" as any non-US country, excluding those that have been classified by the World Bank as high-income OECD countries for the past consecutive five years, the Manager retains broad discretion to invest in additional countries based on its assessment of their development phase. Unless otherwise stated below, the following guidelines will be applied at the time of purchase.

Portfolio Duration Range: + / - 2 years relative to benchmark duration

Portfolio duration and benchmark duration will be calculated using PIMCO's duration models

Credit Quality Minimums: The Manager will apply quality ratings using the higher of Moody's, S&P or Fitch. If an issue is not rated by one of these rating agencies, then the Manager will determine a rating.

<u>Minimum Issue Quality:</u>	CCC- Rating
<u>Minimum Average Portfolio Credit Quality:</u>	BB- Rating
<u>Minimum Commercial Paper Quality:</u>	A2/P2/F2

Should an issue be downgraded below these minimums, the Manager will determine the appropriate action (sell or hold) based on the perceived risk and expected return.

Transaction Types: Purchases and sales may be transacted for regular or deferred/forward settlement, including repos & reverse repos. Hedging, spread, and income generating strategies may include the use of short sales. The Manager may, but

is not required to, hedge exposure to non-U.S. currencies. Currency spot and forward transactions can be used as a means of hedging or taking active currency exposure within risk limits specified.

Transactions Types Explicitly Prohibited: None

Asset Types and Investment Vehicles: The Manager will have discretion to invest in the following sectors:

- Sovereign debt
- Corporate securities
- Non-US Dollar-denominated Securities (including local currency securities)
- Bank Loans
- Privately placed securities (including 144As)
- Certificates of deposit
- Repos/ Reverse repos/Sell/Buybacks (only for taxable accounts)
- Structured Notes and Credit Linked Notes
- Yankee, Euro and Global Bonds
- Asset-Backed Securities
- Convertible Securities
- Futures and Forwards
- Options, Caps and Floors
- Swaps and swaptions, including Total Return Swaps
- Credit Default Swaps (Buy Protection and Sell Protection)
- Short sales
- Foreign Currency (naked currency, including deliverable and non-deliverable forwards)
- PIMCO Pooled Funds

Asset Types/Vehicles Explicitly Prohibited: None

Concentration Limits: The Manager will limit the concentrations within the portfolio to the following:

Single sovereign/quasi-sovereign issuer/issue: Benchmark weight +/- 20%

Single corporate issuer/issue (excludes quasi-sovereigns*): 5%

*A quasi-sovereign is defined as: the debt of any institution considered by the Manager to be owned, controlled, sponsored or guaranteed by a federal or national government.

4. Statement of Acknowledgement

As an authorized representative of Pacific Investment Management Company, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Pacific Investment Management Company and agree on behalf of Pacific Investment Management Company to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

F. STATE STREET GLOBAL ADVISORS

Commingled TIPS Index Fund

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

The State Street Global Advisors will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The State Street Global Advisors will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. The State Street Global Advisors shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for State Street Global Advisors will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that match the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The portfolio is to match the performance of the Barclays Capital US Treasury Inflation Protected Securities ("TIPS") Index as well as the median equity return in a representative style performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the State Street Global Advisors TIPS Index NL Fund (the "Fund"). Investments made by State Street Global advisors must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in State Street Global Advisors TIPS Index NL Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

G. WESTERN ASSET MANAGEMENT COMPANY

Separate Account Investment Grade Credit Assignment

1. Investment Assignment

Western Asset Management Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Western Asset Management Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Western Asset Management Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Western Asset Management Company will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the Barclays Capital Credit Index as well as the median return in a representative fixed income performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Fixed Income Securities: Any of the following fixed income securities, denominated in USD or non-USD, and their futures or options derivatives, individually or in commingled vehicles, subject to credit, diversification and marketability guidelines below, may be held outright and under resale agreement (REPO):

- a. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal agencies or U.S. government-sponsored corporations and agencies (for the avoidance of doubt, U.S. agency structured product is prohibited);

- b. Obligations of U.S. and non-U.S. corporations such as convertible and non-convertible notes and debentures, loan participations, preferred stocks, commercial paper, certificates of deposit and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organizations;
- c. Securities defined under Rule 144A and Commercial Paper defined under Section 4(2) of the Securities Act of 1933;
- d. Common stock, warrants or rights issued in exchange of, or as part of, a bond or bond unit;
- e. Obligations, denominated in U.S. dollars or foreign currencies, including, but not limited to: the securities of emerging market corporate issuers, international agencies, supranational entities, foreign governments (or their subdivisions or agencies), foreign currency exchange-related securities, warrants and forward contracts;
- f. Taxable and tax exempt obligations issued or guaranteed by U.S. local, city and state governments, instrumentalities and agencies;
- g. Non-U.S. dollar securities may be held on a currency hedged basis. To this end, the portfolio may invest in currency exchange transactions on a spot or forward basis;

Derivatives: Futures, swaps, forwards, options on swaps, and options on forwards are permitted. The investment manager shall not use derivatives to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. Moreover, the portfolio manager will not use derivatives to gain exposure that would not otherwise be permitted in the portfolio. Under no circumstances will the portfolio be leveraged. Moreover, the portfolio duration will not exceed +/- 10% of benchmark duration. The portfolio manager will report on the use of derivatives on a quarterly basis to the Board of Trustees.

No more than 5% of the portfolio will be invested in original futures margin and option premiums, exclusive of any in-the-money portion of the premiums. Short (sold) options positions will generally be hedged with cash, cash equivalents, current portfolio security holdings, or other options or futures positions.

Diversification: The fixed income securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. To this end, the following limits will apply. Except for obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies and investments in commingled vehicles, no more than 5% of the fixed income portfolio based on market value shall be invested in securities of any one issuing entity at the time of purchase. Up to 20% of the portfolio may be invested in non-USD denominated securities,

fully hedged back to the US Dollar. Up to 25% of the portfolio may be invested in global sovereign bonds (excluding United States Treasury and Agency bonds).

Prohibited Investments: Investments in emerging market sovereign debt (USD denominated and foreign currency denominated) and bank loans are prohibited.

Quality and Marketability: In all categories emphasis will be on investment grade securities. Holdings are subject to the following limitations:

Quality and security should be emphasized over maximum return in all short-term cash investments. Investment managers will have discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

A minimum of 95% of the portfolio will be invested in investment grade securities at time of purchase and up to 5% of the portfolio can be invested in below investment grade securities (including downgrades). Security ratings will be determined as follows. If a security is rated by Moody's, S&P, and Fitch, then the middle rating of the three agencies will apply. In the event that the security is rated by two of the agencies, and the third is non-rated, then the lower rating of the two agencies will apply. If only one agency assigns a rating, then that rating will apply. Securities not covered by the standards noted above will normally be, in the judgment of Western Asset Management, at least equal in credit quality to the criteria implied in those standards.

In the event downgraded securities cause a breach of the Investment Guidelines, Western Asset Management may continue to hold the positions but will not make any further purchases to increase the position while the breach remains.

For securities with legal final maturities of 270 days or less, Western Asset Management may use the underlying credit's short term ratings as proxy for establishing the minimum credit requirement.

Futures and options contracts will be limited to liquid instruments actively traded on major exchanges or, if over-the-counter for options, executed with major dealers.

Volatility: It is expected that the volatility of the portfolio will be reasonably close to the volatility of the Barclays Capital Credit Index over a market cycle. The duration of the fixed income portfolio shall not exceed the duration of the Barclays Capital Credit Index by more than 10% .

Market Movement: If any of the parameters described above are not to be determined at the time of purchase and are not met as a result of market movements, capital additions or withdrawals, or other events not within the control of the investment

manager, the investment manager shall have a reasonable period of time, not to exceed 30 days, to bring the portfolio into compliance with the foregoing investment guidelines.

4. Statement of Acknowledgment

As an authorized representative of Western Asset Management Company, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Western Asset Management Company and agree on behalf of Western Asset Management Company to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

V.OPEN END REAL ESTATE MANAGER GUIDELINES

A. INVESCO REALTY, INC.

Invesco Core Real Estate Fund – U.S.A., L.P.

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Invesco Realty, Inc. will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The Invesco Realty, Inc. will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Invesco Realty, Inc. shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Invesco Realty, Inc. will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that exceed the benchmarks established for the long term (5 years) and exceed the 50th percentile in a representative peer universe.

Long Term Performance Objectives: The portfolio is to exceed the performance of the NCREIF-ODCE Index and exceed the 50th percentile in a representative peer universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the Invesco Core Real Estate Fund – U.S.A., L.P. (the "Fund"). Investments made by Invesco Realty, Inc. must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in the Invesco Core Real Estate Fund – U.S.A., L.P. is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

B. IFM INVESTORS

IFM Global Infrastructure (US), L.P.

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

IFM Investors will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. IFM Investors will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. IFM Investors shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for IFM Investors will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that exceed the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The portfolio is to exceed the performance of a CPI + 5% index.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the IFM Global Infrastructure (US), L.P. (the "Fund"). Investments made by IFM Investors must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in the IFM Global Infrastructure (US), L.P. is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

VI. HEDGE FUND MANAGER GUIDELINES

A. GROSVENOR CAPITAL MANAGEMENT – F-o-F

Hedge Fund of Funds

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Grosvenor Capital Management, L.P. ("Grosvenor") will be given full discretion within the scope of these mutually agreed upon investment guidelines. Grosvenor shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Grosvenor will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the return of the HFRI FoF Composite Index.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The limited partnership agreement of Grosvenor Institutional Partners, L.P. shall govern the investment of the Grosvenor Institutional Partners, L.P. Fund. The allowable securities shall be solely comprised of those investments made by the limited partnership.

Investments made by Grosvenor Institutional Partners, L.P. Fund must be consistent with the Agreement regardless of whether such Agreement is consistent with the Investment Policy Statement.

B. GROSVENOR CAPITAL MANAGEMENT – BFF

GCM Better Futures Fund

1. Investment Assignment

Grosvenor Capital Management (“Grosvenor”) will be given full discretion within the scope of these mutually agreed upon investment guidelines. Grosvenor shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The purpose of the Fund is to complement FCERA’s existing hedge fund investments in order to achieve the desired asset class exposure in a cost effective and transparent manner. The Fund will focus primarily on absolute return oriented investments that seek to generate returns by exploiting mispricing and inefficiencies in global capital markets, while attempting to reduce exposure to primary market factors (e.g., interest rates and equities) through various hedging techniques.

Broadly speaking, the Fund’s objectives are (i) to generate a superior absolute and risk-adjusted rate of return, with low performance volatility and low correlation with global equity and fixed-income markets, over a full market cycle; and (ii) to preserve capital during challenging market environments.

Performance Objectives:

Target Absolute Annualized Return: 90-day U.S. T-Bills plus 500 basis points

Target Relative Annualized Return: HFRI RV: Multi-Strategy Index

Target Annualized Standard Deviation: $\leq 8\%$

Beta to MSCI All Country World Index: ≤ 0.30

Beta to Barclays Global Aggregate Index ≤ 0.30

Fund-Level ROR Impact of Severe Case Loss not more than 12.5%

The Fund will generally be evaluated over the long-term (3-5 years +) relative to the absolute return benchmark and over the shorter term to the relative return benchmark.

3. Investment Guidelines

Grosvenor Capital Management, L.P. (“Grosvenor”), in its capacity as the non-discretionary manager of the Fund will identify to the Fund’s sole investor for its consideration for inclusion in the Fund certain third party investment management firms (each, an “Investment Manager”) that invest, both long and short, in a wide range of “alternative” investment strategies. The investment approach for the Fund is designed to achieve broad diversification across global capital markets and strategies.

The Fund allocates its assets to Investment Managers by investing in limited liability private investment vehicles (each, a “Portfolio Fund”) managed by them.

In addition, the Fund may invest in one or several dedicated portfolio hedges, including short credit and tail risk strategies (“Hedge Strategies”).

In addition, Grosvenor may, from time to time, request that an Investment Manager form and/or manage a Portfolio Fund for primary or exclusive investment by accounts managed by Grosvenor, including the Fund. In the case of any such Portfolio Fund that is sponsored and/or controlled by Grosvenor (each, a “Grosvenor-Controlled Portfolio Fund”), such Portfolio Fund will retain the investment management or investment advisory services of a party other than Grosvenor and its affiliates. The Fund may bear its pro rata share of the usual and customary expenses of Grosvenor-Controlled Portfolio Funds, including its pro rata share of the fees charged by the investment managers or investment advisers of such Grosvenor-Controlled Portfolio Funds, but (i) the Fund shall not directly or indirectly bear any fees payable to Grosvenor or any of its affiliates in connection with an investment in any Grosvenor-Controlled Portfolio Fund; and (ii) neither Grosvenor nor any of its affiliates may have an equity or other economic interest in the investment manager or investment adviser of any Grosvenor-Controlled Portfolio Fund. Each Grosvenor-Controlled Portfolio Fund shall be considered a Portfolio Fund for purposes of this document.

The Fund is denominated in U.S. Dollars.

Portfolio Constraints: The Fund seeks to be diversified across and within strategies, without regard to the specific vehicle (i.e., recognizing that Portfolio Funds may encompass more than one strategy). The following look-through exposure categories shall be represented in the Fund:

Relative Value Strategies

Relative Value strategies seek to earn excess returns by identifying mispriced securities without taking broad asset class directional risk. Representative strategies include convertible arbitrage, fixed income arbitrage, credit arbitrage, option volatility arbitrage, and equity market neutral strategies.

Event Driven Strategies

Event Driven strategies identify securities that can benefit from extraordinary transactions or events such as restructurings, takeovers, mergers, spin-offs, and bankruptcies. Representative strategies include merger/statistical arbitrage, corporate credit (including distressed credit) and structured credit.

Long/Short Equity Strategies

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

Opportunistic Strategies

Opportunistic strategies include shifting from directionally biased to non-directionally biased portfolios. Representative strategies include global macro, commodities trading advisors (CTAs), and tail risk hedging strategies.

Target number of Portfolio Funds: 4 to 8

Portfolio Fund Liquidity: The Fund may not allocate any of its capital to Portfolio Funds that impose “lock-ups” (measured either from the time the Fund first invests in such a Portfolio Fund or on an investment-by-investment basis in such a Portfolio Fund, as applicable, and not from the time of any capital commitment to a Portfolio Fund) of more than 24 months.

Minimum capital invested with Portfolio Funds (after applicable “lock-ups” expire) with annual or more frequent liquidity: 75%

For purposes of applying the liquidity constraints immediately above, Portfolio Fund mandatory investor-level “gates” are taken into account, but all other types of “gates” (e.g., mandatory share-class or Portfolio Fund-level “gates,” and all discretionary “gates”) are not taken into account. In addition, the Fund’s exposure to Side Pocket Investments (defined below) shall not be taken into consideration.

Portfolio Fund Sizing and Rebalancing Protocol: The relative monthly performance of each Portfolio Fund will cause the position size of each Portfolio Fund to diverge from the time such position size is implemented or the portfolio composition is modified. Should the position size of any Portfolio Fund, either initially or at the time any Portfolio Fund is added to or removed from the Fund (each, a “Measurement Point”), diverge more than +/- 25% from the position size of such Portfolio Fund on the Measurement Point (for example, if the Fund launched with 5 Portfolio Funds each at a 20% position size, and one Portfolio Fund increases to greater than 25% or decreases to less than 15%) as the result of the relative performance or by addition or removal of a Portfolio Fund, Grosvenor will inform the Fund’s sole investor and, together, they will commence a dialogue to determine whether a rebalancing of the Portfolio Funds shall take place.

Borrowing: The Fund may borrow on a secured or unsecured basis in order to: (i) address timing mismatches between inflows and outflows of capital to and from the Fund in connection with (a) investor subscriptions and redemptions/withdrawals, (b) the Fund’s investment activities, and (c) the payment of fees, expenses and other obligations of the Fund in the ordinary course of business; and/or (ii) engage in hedging transactions. The Fund may not borrow for longer-term, strategic investment purposes.

Investment Selection Criteria & Process: While ultimate approval for the selection of potential investments resides with the Board, they will rely on guidance from Grosvenor in order to identify to the Board Portfolio Funds that are consistent with these Guidelines. In sourcing potential Investment Managers and Portfolio Funds for consideration by the Board, Grosvenor should consider, but not limited to, the following attributes:

- Investment Manager performance history;
- Terms and structure of Portfolio Fund;
- Fit within the existing investments held by the Fund;
- Existing exposures held indirectly through investments managed by Grosvenor outside of the Fund;
- Investment team, including staffing, key person dependency, turnover, compensation, and ownership;
- Risk management, including philosophy, systems, risk exposure, and leverage, position sizing, and preferential terms;
- Operations and Infrastructure, including fund transparency, business philosophy, business complexity, processes, non-investment staffing, independence of net asset value calculation; and
- Regulatory, compliance, and financial statement review.

Investment Monitoring and Disposition of Assets: Grosvenor will provide the monitoring and reporting services to the Fund described in the Fund's LLC Agreement (in Schedule I and otherwise). The ultimate decision as to whether to dispose of an investment resides with the Board.

Designated/Side Pocket Investments: The Fund may allocate assets to Portfolio Funds that are authorized to make so-called "side pocket" or "designated" investments (collectively, "Side Pocket Investments"). Where offered by a Portfolio Fund as an election, the Fund, as an investor in such Portfolio Fund, shall elect to not participate in such investments unless the Fund's sole investor consents otherwise

VII. COMMODITIES MANAGER GUIDELINES

A. INVESCO TRUST COMPANY

Invesco Balanced-Risk Commodity Trust – U.S.A., L.P.

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Invesco Trust Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The Invesco Trust Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Invesco Trust Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Invesco Trust Company will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that exceed the benchmarks established for the long term (5 years) and exceed the 50th percentile in a representative peer universe.

Long Term Performance Objectives: The portfolio is to exceed the performance of the Bloomberg Commodity Index and exceed the 50th percentile in a representative peer universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the Invesco Balanced-Risk Commodity Trust – U.S.A., L.P. Investments made by Invesco Realty, Inc. must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in the Invesco Core Real Estate Fund – U.S.A., L.P. is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

VIII. CLOSED END REAL ESTATE INFORMATION

CLOSED END, PRIVATE REAL ESTATE INFORMATION

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

The following investment managers are regulated by contracts and side-letters negotiated by FCERA's legal counsel and approved by the Board of Trustees. Each strategy attempts to provide superior risk-adjusted returns by generally adhering to the following fund strategies:

A. TA ASSOCIATES REALTY IX

The \$1.8B value added, closed-end commingled fund was created to invest in a portfolio of well-located office, industrial, retail and multifamily properties diversified across multiple primary markets throughout the United States.

B. KENNEDY WILSON REAL ESTATE FUND IV

The \$500 million value added fund targets primarily office and multifamily units within the Western United States' top markets with dense populations, high barriers to entry and limited land availability. It looks to identify distressed owners, forced sellers and under-managed or under-leased properties.

C. GERDING ELDEN GREEN CITIES III

The \$350 million fund focuses on retrofitting/repositioning of office properties and multifamily development in high growth markets such as Seattle, San Francisco, Chicago and Boston.

D. INVESCO VALUE-ADD FUND V

This \$1.2B fund targets multi-family, office, industrial, and retail properties located in U.S. primary markets. Primary markets include Boston, Los Angeles, New York, Seattle, San Francisco, and Washington D.C. The Fund's acquisitions generally fall into three categories; Broken Core, Manufacture Core, and Mispriced Opportunities.

IX. PRIVATE EQUITY GUIDELINES

A. HAMILTON LANE PRIVATE EQUITY SEPARATE ACCOUNT

Eligible investments: The Assets may be invested in private markets funds, including HL Products dedicated to secondary funds or co-investments.

Allocations: Capital Commitments shall initially be allocated based upon the following parameters:

Secondaries \$25 million

Primaries: \$225 million

The portfolio should be diversified based on geography, industry, fund manager, sub-asset class and vintage year. The following long-term diversification guidelines should be taken into consideration:

Geography Targets:

North America 65% to 70%

Western Europe 10% to 20%

Rest of World 5% to 15%

Permitted Strategies:

Corporate Finance/Buyout

Special Situations

Capital/Growth

Secondaries

Restrictions:

Maximum commitment to a single Investment: \$15 million

May not represent more than 20% of commitments to a single Investment

X. PRIVATE CREDIT GUIDELINES

A. THE CARLYLE GROUP

Investments in Private Credit are managed by the Carlyle Group across three strategies.

- 1) **A middle market private credit fund (TCG BDC II).** TCG BDC II is a commingled closed-end fund that functions similar to a limited partnership. The Fund's primary objective is to generate attractive risk-adjusted returns and current income by primarily investing in senior secured term loans to U.S. middle market companies supported by private equity sponsors. FCERA's commitment to TCG BDC II is \$150 million. The Fund targets a 1:1 leverage ratio, is structured with a three-year investment period, and a total fund life of seven years from the final close. A maximum of 10% of the Fund can be invested outside of North America. The Fund cannot target greater than 10% for any single investment.
- 2) **A middle market direct lending fund of one (CPC V).** The investment objective of CPC V is similar to TCG BDC II, with the exception that CPC V will target a greater portion of senior secured loans (relative to second lien, etc), will utilize approximately half as much leverage, and be slightly more diversified by issuer.

The strategy focuses on senior secured term loans to U.S. middle market companies supported by private equity sponsors. The Partnership's investments may include first lien senior secured debt, unitranche debt, "last out" unitranche debt, second lien debt and senior subordinated debt, including mezzanine debt, and may also include minority equity investments in connection with its debt investments, as well as other investments (the securities or other interests in which the Partnership or any Alternative Investment Vehicle has actually invested or the securities or other interests issued as a dividend thereon, in a reclassification with respect thereto or in an exchange therefor, are referred to herein as "Investments"). Without limiting the foregoing, the Partnership is expected to pursue a target Investment allocation of approximately: (i) 95% of aggregate Capital Subscriptions in first lien senior secured term loan Investments and (ii) 5% of aggregate Capital Subscriptions in second lien loan, "last out" unitranche loan, mezzanine loan and/or equity Investments.

Without prior approval of the FCERA Limited Partner, the Partnership shall not: (i) invest more than 5% of the aggregate Capital Subscriptions in any one Investment or (ii) invest more than 10% of the aggregate Capital Subscriptions in securities or obligations of Portfolio Companies outside of North America (defined as businesses that are organized and that have their principal place of business outside North America).

A fund of one investing in third-party private credit funds (AlpInvest FC Credit Fund). FCERA committed a total of \$100 million to be diversified across three to five different private credit funds managed by firms other than Carlyle. This portfolio is intended to complement the higher-credit quality characteristics of TCG BDC II and CPC V by investing in mezzanine and other subordinated debt strategies. The total commitments are to be allocated across a three-year period. Mezzanine investment strategies are limited to no more than 30% of aggregate commitments.

XI. OVERLAY MANAGER GUIDELINES

A. PARAMETRIC GUIDELINES

Benchmark: Custom benchmark based on Investment Strategy

Fund Asset Allocation: Defined in Appendix A of Parametric Agreement

Investment Objectives and Guidelines:

Client may seek to securitize fund level cash in a manner consistent with the stated benchmark(s) and methodology as defined in Appendix B. To the extent possible, Client will notify Investment Manager in advance of any material cash flows into or out of fund accounts which are used to determine required overlay positions.

Client may seek to securitize cash held in designated manager portfolios as defined in Appendix A. Cash will be securitized as specified in Appendix B. Client will notify Investment Manager in the event changes to the manager cash overlay component are desired.

Client may seek to adjust market exposures or to rebalance the fund's liquid asset class exposures. The specifics of how portfolio exposure changes or how rebalancing moves will be made are defined in Appendix C.

Client may seek to manage gaps in market exposure resulting from transition events including, but not limited to: A) change in managers, B) change in asset allocation, C) fund contribution or distributions, D) or other related temporary fund disruptions. The specific parameters related to each "transition event" are defined in Appendix D. Each transition event will be reviewed individually and clear written instructions must be provided to Investment Manager by Client for each transition in which Investment Manager is asked to participate.

The Client may seek to manage interest rate risk. The fund's duration may be modified, subject to the duration constraints of the fund. The duration overlay position, when combined with the estimated duration of Client's fixed income portfolio and the assumed duration of other asset positions identified by Client to be used in the calculation, will seek to achieve effective fixed income allocation duration consistent with the established target and related ranges as defined in Appendix E.

The Client may seek to manage currency exposure. The currency overlay position, when combined with the underlying assets in the fund, seeks to achieve an effective currency exposure consistent with the established target and related ranges defined in Appendix F.

The Client may seek to manage the beta component of an Alpha Transport program. The overlay program can be used to transport alpha from one asset class to another. Appendix F outlines the terms of the strategy.

Portfolio Monitoring

On a daily basis, Investment Manager will seek to obtain relevant information from the custodian regarding the market value of the Client's designated cash and/or external manager portfolios

("Information") involved in the Investment Strategy. In the case of commingled funds (e.g. mutual funds) or other assets where a daily market value is not available, a proxy pricing methodology may be established for the designated portfolio as defined in Appendix H.

Subject to the foregoing, where electronic interfacing is reasonably available for the purposes set forth herein, Investment Manager will be responsible for establishing a communication link and electronic interface methodology enabling the transfer of Information from the Custodian. Client acknowledges and agrees that Investment Manager will rely on Information provided by these methods without further investigation or confirmation. From time to time, such communication link may be unavailable due to system outages or other technical issues outside of Investment Manager's reasonable control, which include, but are not limited to internet problems, hardware or software issues. In the event that Information cannot be transferred on any given day, regardless of the reason, Investment Manager will attempt to receive Information through an alternative method. Client will reasonably assist Investment Manager in obtaining Information.

If, as part of the Investment Strategy, Investment Manager is required to monitor Client assets beyond Overlay Portfolio, Investment Manager will review the asset data in an attempt to verify its accuracy but it makes no assurances in this regard.

Execution Guidelines

In accordance with these guidelines, Investment Manager has the authority to execute trades which are intended to achieve Investment Strategy objectives and are consistent with the structure as described herein.

A Daily Tracking Report ("DTR") will be generated by Investment Manager using information as described above, subject to certain limitations. If transactions are not executed due to uncontrollable events (e.g. trading halts), the Investment Manager will contact Client to discuss alternatives.

A margin pool will be established in a designated Custodian account for Investment Manager to provide the initial and variation margin necessary to support and manage overlay positions required by all Investment Strategies. The size of the margin pool will be a function of the size of overlay positions as well as Client's desire to increase the level of overall fund liquidity. Investment Manager is responsible for providing Client's representative(s) with an estimate of the initial margin required to support the overlay positions as specified by the exchange on which the overlay positions are traded; recommended variation margin, or liquidity buffer, required to meet ongoing mark-to-market obligations; and margin pool level for the Investment Strategy on a daily basis via Investment Manager's website: www.parametricportfolio.com. Investment Manager will seek to contact Client's representative if the margin pool moves to a level requiring the addition of variation margin or if margin pool balance has grown to a level estimated to be significantly beyond recommended levels.

While margin is regarded as a form of leverage, Client agrees that PIOS® is not regarded as a levered strategy as positions are managed to align with underlying collateral. However, due to market factors, timing differences, and/or actions taken by Client outside the control of the Investment Manager; or

during periods of trading activity by Investment Manager required to achieve Overlay Program objectives, there may be periods where the notional value of the Overlay Portfolio exceeds that of the underlying collateral. By example, if overlay positions to be traded in non-U.S. markets are targeted for purchase, any portion of that purchase requiring offsetting sales in U.S. markets will be managed such that the final value of overlay positions do not exceed the estimated, final value of the underlying collateral.

By way of further example, removing fixed income duration through futures contracts does not typically require sale of a notional amount of contracts equal to the notional amount of underlying fixed income securities held (e.g., \$10 in fixed income holdings with a duration of 5 can become "zero" duration cash through the sale of \$5 in treasury futures with a duration of 10). An opposite example occurs for gaining international equity exposure in that for every dollar of aggregate exposure desired, one dollar of foreign stock index futures contracts plus one dollar of foreign currency futures contracts are needed (e.g., to gain \$10 in FTSE 100 index exposure, \$10 in FTSE 100 futures are required plus \$10 in British pound futures). This is because foreign stock index futures alone do not include exposure to exchange rates.

In each of the foregoing examples, it is the synthetic index exposure which remains unleveraged. By combining the foregoing two principles, the concept of not introducing leverage within the PIOS® program is illustrated:

Assume under the PIOS® program a client fund ("Fund X") has \$100 in total assets consisting of \$30 in large cap equity securities at a manager with a S&P 500 benchmark, \$50 in fixed income securities with a duration of 5 at a manager with a Barclays Capital Aggregate Index benchmark, \$10 in international equity exposure with an MSCI EAFE Index benchmark and \$10 in cash. Fund X desires to be fully invested 40% in large cap, 40% in fixed income with a duration of 5, and 20% in international equity. Under the PIOS® program, Investment Manager would purchase \$10 in S&P 500 futures contracts, sell \$5 in fixed income futures contracts with a duration of 10 and purchase \$10 in foreign stock index futures and \$10 in foreign currency futures to bring Fund X into compliance with its asset allocation targets.

The net notional amount of contracts outstanding would be \$25 (long \$10 in S&P index futures minus \$5 short in treasury futures for the fixed income exposure reduction plus \$20 in foreign stock index and currency futures to gain the international equity exposure). Yet the position is neutral from a market exposure stand point because the synthetic index exposure of \$10 in long S&P futures, \$10 in short Barclays index exposure and \$10 in long MSCI EAFE index exposure (with \$10 in currency exposure) does not exceed the then cash amount of \$10 in Fund X.

Notwithstanding the foregoing discussion of leverage, the use of margin, which is a form of leverage, has special consideration as described above under the caption "Special Considerations and Risks."

Permissible Instruments:

The permissible instruments for the Investment Strategy include:

- Domestic and international equity futures
- Domestic and international fixed income futures
- Foreign currency futures, forwards, and physical holdings
- Domestic and international equities
- Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs)
- Exchange Traded Options on Equities, ETFs and indexes
- U.S. Government/Agency Securities

Investment Manager will have discretion to employ long or short permissible instruments to seek to achieve the Investment Strategy(ies) consistent with the Investment Objectives and consistent with these guidelines. Client recognizes that this process may produce tracking error with the Benchmark(s). For the avoidance of doubt, the classification of international is determined from a U.S. domiciled perspective unless otherwise stated.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (FCERA)
INVESTMENT POLICY STATEMENT (IPS)
ON
INVESTMENT POLICIES, GUIDELINES AND PERFORMANCE
AS OF SEPTEMBER 5, 2018

Redline for reference. Page numbers and text positioning will vary in the final document - DK

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II. INTRODUCTION

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

III. PURPOSE

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

IV. RESPONSIBILITIES

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

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

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

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

V. INVESTMENT PHILOSOPHY

- 1) The Board understands the responsibility to balance the objective of protecting the corpus of the Fund and protecting the purchasing power of assets against erosion by inflation, while at the same time incurring the risk necessary to earn adequate returns required to satisfy the ongoing financial obligations of the Fund. This requires a careful understanding of risk and return trade-offs in an always uncertain investment environment.
- 2) The Board recognizes the potentially severe consequences associated with a large loss of the Fund corpus and considers seeks to balance this risk when determining how much overall risk in against the necessity to achieve the Fund's holdings is appropriate at any given time. The Board believes its investment return objectives¹. The Board's paramount objective is to satisfy the financial obligations of provide for the Fund and not to be overly influenced by peers, transitory investment theories, or outside interests. These beliefs, coupled agreed upon retirement benefits in accordance with long the County Employees Retirement Law of 1937. This requires an asset allocation policy that may cause the portfolio to suffer meaningful depreciation in value in exchange for the potential to earn higher returns over the longer term nature, consistent with the long duration of the Fund's Plan's liabilities, provide the overall framework from which the Board sets policy and directs the investment of the assets. The Board seeks to manage drawdown risk using prudent diversification.

VI. INVESTMENT OBJECTIVES

The Investment Objectives of the Fund shall be:

- 1) Funding Benefits: to earn a long-term rate of return that will support the obligation to pay all promised benefits.

¹ FCERA acknowledges Fresno County Board of Supervisors letter (dated April 17, 2018) supporting FCERA's increased allocation in equities, recognizing this could create a potential for larger drawdowns and increase volatility.

- 2) Long-Term Growth of Capital: To emphasize long-term growth of principal while avoiding excessive downside risk. To the extent it is prudent, short-term volatility will be tolerated to the extent it is consistent with the volatility of a comparable risk benchmark.
- 3) Preserving Purchasing Power: To achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of assets.
- 4) Maintaining Adequate Liquidity: To assure that funds are available to meet near-term benefit obligations and administrative and investment expenses of the Fund.
- 5) Long-term Perspective: The Investment Objectives for this Fund will be for the asset value, exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the medium term (3 years) and long term (5 years), net of fees.

VII. MEDIUM TERM PERFORMANCE OBJECTIVES

- 1) ~~Return~~Total Fund performance ~~of the Total Fund~~ compounded over a 3-5 year term is expected to exceed the compounded return of a custom, ~~weighted~~ index ~~constructed of the following components:~~reflecting the asset class benchmarks and allocation weights as specified in Appendix A.

~~31% — Barclays Global Aggregate Bond Index~~
~~17% — Russell 3000 Index~~
~~19% — MSCI ACWI Ex-US~~
~~8% — HFRI Fund of Funds Composite Index~~
~~6% — Russell 2000 Index~~
~~8% — Barclays US Corp. High Yield Index~~
~~8% — NCREIF Open-End Diversified Core (ODCE) Index Net~~
~~3% — Dow Jones UBS Commodity Index~~
- 2) "Active" Investment Managers are expected to exceed their respective assigned benchmark returns.
- 3) For purposes of Total Fund valuation, Private Equity, Private Credit, and Closed End Real Estate performance will be lagged by one quarter and neutralized.
- 4) The committed but yet-to-be-invested portion of Private Equity shall be benchmarked against the Russell 2000 Index.
- 5) The committed but yet-to-be-invested portion of Private Credit shall be benchmarked against the Barclays US Corp. High Yield Index.

VIII. LONG TERM PERFORMANCE OBJECTIVES

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

IX. ASSET ALLOCATION

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

X. GENERAL INVESTMENT GUIDELINES

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

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

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

- 2) Liquidity: The Administrator and Staff are charged with assuring sufficient liquidity to timely fund benefit payments and pay administrative and investment expenses while minimizing transaction and market opportunity costs. Cash flow forecasting and portfolio rebalancing activities will incorporate liquidity considerations, and the Administrator will

regularly apprise the Board of related actions or plans, and seek input from the Board and/or the Investment Consultant, as needed.

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

In order to minimize the need for physical rebalancing, the Board has retained an overlay manager to implement synthetic rebalancing (refer to Overlay Investment Guidelines).

- 4) Proxy Voting: Voting of proxies in stocks held by the Fund will be done in a manner which is in the best financial and economic interests of the Fund and its beneficiaries by those best able to make such assessments. While the Board reserves the right to vote proxies at its discretion, it will generally delegate such decisions to its Investment Managers. Investment Managers must exercise due diligence in ascertaining the facts and circumstances of the matter being voted on. Investment Managers are required to report their proxy voting activities to the Administrator on an annual basis. The Board may engage a proxy-voting service to assist it in prudently exercising its rights.
- 5) Environmental, Social and Governance Investing: The Board may consider investing in, or divesting from, investments that are expected to accrue benefits in the area of economic development, environment, health, corporate governance and other social or moral issues. However, these investment determinations must satisfy applicable “costlessness” standards, including that their expected risk adjusted returns and associated costs shall not be more costly to the Fund than comparable investment actions absent the expected environmental, social or corporate governance characteristics.
- 6) Trading and Execution: Investment Managers shall use their best efforts to obtain execution of orders through responsible brokerage firms at the most favorable prices and

competitive commission rates. California law limits and requires disclosures regarding prime brokers and “soft-dollar” transactions and Investment Managers are expected to comply with the law. Recognizing the primary importance of best execution, an Investment Manager may accept the instructions of the Board to place transaction orders with a particular broker-dealer firm provided that such instruction is in writing and contains the Boards' representation that such instructions are permitted by the Fund's underlying instruments, are in the interests of FCERA participants and beneficiaries, and will not result in a violation CERL.

- 7) Transition Management: Transition Management is a useful tool to mitigate transition costs and manage market exposure risks associated with certain changes to the Fund's asset allocation. It is the responsibility of the Investment Consultant to advise the Administrator and the Board which transitions are appropriate candidates for Transition Management. The Administrator, in conjunction with the advice of the Investment Consultant, has the authority to select the Transition Management vendor and manage the transition process.
- 8) Securities Lending: The Board may authorize the execution of a Securities Lending Program to be performed by the Custodian in conformance with the Custodial Agreement. The program will be monitored and reviewed by Administrator, with particular attention to the liquidity, duration and risk characteristics of the associated collateral pool. Securities lending is intended primarily to offset costs of custody; secondly as a means to efficiently deploy idle security holdings of the Fund to obtain incremental gains thereon. The Board does not deem securities lending to be an investment strategy per se. The design, management and oversight of this activity shall reflect these policies.

XI. INVESTMENT PERFORMANCE REVIEW AND EVALUATION

- 1) The Board shall review the investment results of the Fund at least on a quarterly basis. Performance comparisons will be made against the various benchmarks established for the Fund and each Investment Manager as set forth in this IPS and the Investment Manager Agreements.
- 2) The Board, with the assistance of the Investment Consultant, shall periodically evaluate developments affecting each Investment Manager. This evaluation should include: changes in ownership, personnel turnover, adherence to investment style and philosophy, relative peer performance, co-investor confidence and any other qualities that the Board deems appropriate. This evaluation should also include an assessment as to whether each Investment Manager has operated within the parameters established by the consultant and reported to the Board on a quarterly basis.
- 3) The Board shall hold each Investment Manager accountable for the performance of the assets over which the manager exercises discretion or control. If an Investment Manager fails to accomplish its investment objectives over a market cycle (typically ~~three to at least~~ five years), the Board may notify the Investment Manager in writing that it has failed to

accomplish its performance objectives and that the Board has placed them on probation. The Board will continue to monitor the investment results until it determines whether removal of probation or termination of the Investment Manager is warranted. To assist in the evaluation, the Board will maintain a “watch list”. This watch list will include the following “flags” that will be monitored on an ongoing basis:

- a) Manager has underperformed the benchmark index more than half the time over the last 20 quarters.
- b) Manager has returned less than 105% of the benchmark index over a three-year period (110% for equity managers).
- c) Manager has underperformed the 50th percentile in the appropriate style universe in more than two of the last five years of consecutive returns.
- d) Manager’s Sharpe Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.
- e) Managers Information Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.
- f) Manager experiences non-performance related issues including personnel turnover, changes in investment philosophy or drift, excessive asset growth, change in ownership, or any other reason that raises concern.

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

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

XII. ADMINISTRATIVE PRACTICES

- 1) Communication and Reporting of Investment Managers: The Investment Managers are responsible for frequent and open communication in writing with the Board on all significant matters pertaining to investment policies and the management of the

~~Fund's~~Fund's assets. Each Investment Manager must include a copy of their individual portfolio guidelines along with the quarterly report. Investment Managers are required to advise the Board in writing of any violation or any need for changes to the portfolio guidelines.

- 2) Compensation of Investment Managers: Each Investment Manager retained by the Fund shall be compensated quarterly by a formula contained in the Investment Manager Agreement. No Investment Manager retained by the fund shall receive a payment of commission or other fees on a particular investment transaction. Further, each Investment Manager must disclose to the Board any indirect compensation received in addition to its fees as a result of servicing the Fund.
- 3) Brokerage Disclosure: Each Investment Manager retained by the Fund shall provide a written quarterly report detailing the name of each brokerage institution which received commissions from the Fund as the result of the discretionary trading authority bestowed upon the Investment Manager by the Board. Investment Managers shall provide to the Board a commission report detailing the name of the brokerage firm, the number of shares, average cost per share traded, and the commissions paid.
- 4) Fiduciary Responsibility: Each Investment Manager is expected to agree in writing that they are subject to and performing their duties consistent with the full responsibilities of a fiduciary under CERL and appropriate federal and state laws. Each Investment Manager shall maintain in full force and effect the levels of insurance and bonding required by their Investment Manager Agreements.
- 5) Specific Disclosures regarding Fees and Expenses: California Assembly Bill 2833 (AB2833) requires a public pension or retirement system to require limited partnerships, limited liability companies or similar legal structures (hereafter referred to as Alternative Investment Vehicles – AIVs) to make specific disclosures regarding fees and expenses, for contracts entered into, extended, renewed, or amended on or after January 1, 2017. Consistent with requirements relating to public records, the plan must disclose, at least annually, the information received in connection with the AIVs at an open public meeting. The intent of AB2833 is to increase the transparency regarding the character and amounts of fees paid by a public pension fund to AIVs. The following information is required by each AIV:
 - a) The fees and expenses that the retirement system pays directly to the AIV, the fund manager, or related parties subject to the agreement.
 - b) The pro rata share of fees and expenses not included in paragraph (a) that are paid from the AIV to the fund manager or related parties.
 - c) The public fund's pro rata share of carried interest distributed to the fund manager or related parties.

- d) The public fund's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the AIV to the fund manager or related parties.
- e) Any additional information described in Government Code 6254.26 subdivision (b)

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

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

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

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

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

XIII. POLICY REVIEW

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

XIV. POLICY HISTORY

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

XV. SECRETARIES CERTIFICATE

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

~~August 2, 2017~~September 5, 2018
Date of Action:

By: Retirement Administrator

APPENDIX A – STRATEGIC ASSET ALLOCATION

APPENDIX A — STRATEGIC ASSET ALLOCATION

At the June 6, 2018 Board Meeting, as a result of a comprehensive asset-liability study, the Board of Trustees approved a new target asset allocation. The Board also approved a 1% quarterly re-risking strategy designed to minimize the timing impact of rebalancing the portfolio. The intention of this strategy is to increase the total public equity exposure by 1% per quarter until the Ending Target is reached. A detailed version of this Glidepath is included as Appendix B – Asset Allocation Glidepath. The beginning and ending targets for this glidepath are summarized below.

Beginning & Ending Targets, Asset Class Benchmarks:

Asset Class	Beginning Target	MinimumEnding Target	Benchmark
Domestic Equities	17%	1225%	Russell 3000 Index
Large Cap	14%	20%	
Small/Mid Cap	3%	5%	
International Equities	19%	24%	MSCI ACWI ex US Index
International Large	9%	15%	
International Small	3%	3%	
Emerging Markets	7%	6%	
Fixed Income	31%	2623%	Barclays Global Aggregate Index
US Credit Fixed Income	5%	4%	
High Yield Fixed Income	5%	3%	
Bank Loans	5%	3%	
Global Sovereign	7%	7%	
Emg Markets Debt Local	5%	3%	
TIPS	4%	3%	
Real Assets	11%	8%	
Commodities	3%	20%	DJ UBS Commodity Index
Real Estate	5%	35%	NCREIF ODCE Index
Infrastructure	3%	13%	NCREIF ODCE Index
Alternative Investments	22%	20%	
Hedge Funds	8%	6%	HFRI FoF Composite Index
Private Equity	6%	N/A6%	Russell 2000 Index
Private Credit	8%	N/A8%	Barclays US Corp. High Yield Index

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FCERA
Investment Policy Statement (IPS)

Total	100%	<u>100%</u>	
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Notes: ~~1) The cash requirements of the Fund will be classified under Fixed Income.~~
~~2) Asset allocation targets, and any rebalancing transactions, should give first priority to maintenance of broad asset group targets, and then sub-class targets. Target ranges are set broadly for flexibility when needed. Rebalancing actions will normally occur before portfolio weights are displaced to those levels.~~

Rebalancing Strategy:

The Board wishes to rebalance the portfolio on a methodical and gradual basis while preserving the flexibility to revise the Asset Allocation Glidepath, and the corresponding timing of reaching the Ending Target, dependent on future market conditions. In order to minimize transaction costs while rebalancing, the target exposure will be managed using a combination of physical and synthetic market exposure. With assistance from the Overlay Manager and the Investment Consultant, FCERA Administrator and Staff will be responsible for managing the market exposure relative to the Glidepath specified in Appendix B. The rebalancing is intended to function as follows:

- 1) The Overlay Manager will adjust its target public equity and public fixed income exposures at the end of each quarter, consistent with the quarterly targets as specified in Appendix B.
- 2) Consistent with current practice, the Overlay Manager will manage the overall exposure (physical exposure and synthetic exposure) to a 5% relative band using the quarterly targets as specified in Appendix B (e.g. for a 10% target weight, the portfolio would be rebalanced synthetically when the actual exposure is less than 9.5% or greater than 10.5%).
- 3) The Overlay Manager will notify FCERA Administrator and Staff when the physical exposure deviates from the Glidepath Targets by more than 2%. At such time, Staff will rebalance the portfolio as necessary.
- 4) Independent of the Overlay Manager notifications discussed above, FCERA Staff will periodically review the current market values relative to the Glidepath Targets and rebalance as necessary, in consultation with the Investment Consultant and Overlay Manager.

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**APPENDIX B – ~~SUPPORTING-MANAGER~~
~~GUIDELINES~~ASSET ALLOCATION GLIDEPATH**

FCERA
Investment Policy Statement (IPS)

In order to transition from the Beginning Target to the Ending Target (as specified in Appendix A), the following Asset Allocation Glidepath shall serve as the basis for interim quarterly targets to each asset class.

Asset Class	Current Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Target 9/30/2021
Domestic Equities	17%	18%	18%	19%	19%	20%	21%	22%	22%	23%	23%	24%	24%	25%
Large Cap	14%	15%	15%	15%	15%	16%	17%	17%	17%	18%	18%	19%	19%	20%
Small/Mid Cap	3%	3%	3%	4%	4%	4%	4%	5%	5%	5%	5%	5%	5%	5%
International Equities	19%	19%	20%	20%	21%	21%	21%	21%	22%	22%	23%	23%	24%	24%
International Large	9%	9%	10%	10%	12%	12%	12%	12%	13%	13%	14%	14%	15%	15%
International Small	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Emerging Markets	7%	7%	7%	7%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Total Public Equity	36%	37%	38%	39%	40%	41%	42%	43%	44%	45%	46%	47%	48%	49%
Fixed Income	31%	30%	29%	28%	27%	27%	26%	25%	25%	25%	24%	23%	23%	23%
US Credit Fixed Income	5%	5%	5%	5%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
High Yield Fixed Income	5%	4%	4%	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%
Bank Loans	5%	5%	4%	4%	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%
Global Sovereign	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Emg Markets Debt Local	5%	5%	5%	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%	3%
TIPS	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%	3%
Real Assets	11%	11%	11%	11%	11%	11%	11%	11%	10%	10%	10%	10%	9%	8%
Commodities	3%	3%	3%	3%	3%	3%	3%	3%	2%	2%	2%	2%	1%	0%
Real Estate	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Infrastructure	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Alternative Investments	22%	22%	22%	22%	22%	21%	21%	21%	21%	20%	20%	20%	20%	20%
Hedge Funds	8%	8%	8%	8%	8%	7%	7%	7%	7%	6%	6%	6%	6%	6%
Private Equity	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Private Credit	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**APPENDIX C – ILPA TEMPLATE AND REPORTING
GUIDELINES**

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

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

APPENDIX D – SUPPORTING MANAGER GUIDELINES

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APPENDIX B – SUPPORTING MANAGER GUIDELINES
(Last updated ~~June 2017~~ September 2018)

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II. DOMESTIC EQUITY MANAGER GUIDELINES

A. ARONSON + JOHNSON + ORTIZ, LP

Separate Account Large Capitalization Value Equity Assignment

1. Investment Assignment

Aronson+Johnson+Ortiz, LP will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Aronson+Johnson+Ortiz, LP will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Aronson+Johnson+Ortiz, LP shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Aronson+Johnson+Ortiz, LP will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the Russell 1000 Value Index as well as the median equity return in a representative large cap value performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Equity Securities: The securities shall be comprised of common stocks, convertible and non-convertible preferred stocks, convertible debt securities, American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. exchanges. The investment manager may also use exchange-traded funds such as S&P Depositary Receipts ("spyders") for the purpose of short-term equitization of unused funds, including cash in the account due to a contribution or pending withdrawal.

Derivatives: Investment in derivative securities is prohibited.

Diversification: The securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No more than 7% of the equity portfolio may be invested in one equity security at market.

Prohibited Investments: The portfolio will not engage in investment transactions involving stock options, short sales, purchase on margin, letter stocks, private placement securities, and commodities. No investments shall be made in foreign securities, except American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. exchanges. Further, no investment transactions shall occur outside the United States and no asset of the Fund shall be held outside the jurisdiction of the United States District Courts.

Quality and Marketability: Common and convertible preferred stocks should be listed on either the New York Stock Exchange, American Stock Exchange, NASDAQ system, or national market exchange which have adequate market liquidity relative to the size of the investment. Further, no single equity position in the portfolio may comprise more than 5% of the company's total market capitalization.

Quality and security should be emphasized over maximum return in all short-term cash investments. Investment managers will have discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

Capitalization: The weighted average market capitalization of the portfolio should not fall below \$5 billion.

Volatility: It is expected that the volatility of the investment manager's portfolio will be reasonably close to the volatility of the customized policy index defined in the Investment Objective section of the Investment Policy Statement.

4. Statement of Acknowledgement

As an authorized representative of Aronson+Johnson+Ortiz, LP provider of investment management services of the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Aronson+Johnson+Ortiz, LP and agree on behalf of Aronson+Johnson+Ortiz, LP to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

B. STATE STREET GLOBAL ADVISORS

Commingled Large Cap Passive Equity Assignment

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

The State Street Global Advisors will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. State Street Global Advisors shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for State Street Global Advisors will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that match the benchmarks established for the long term (5 years). Long Term Performance Objectives: The total equity segment of the portfolio is to match the performance of the S&P 500 Index.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise. With respect to the investment guidelines proposed, it is understood that State Street Global Advisors has been hired to manage a fully replicated passively managed index portfolio. The universe of eligible investments is therefore identical to the list of index constituents as determined by the index provider selected by the Fresno County Employees' Retirement Association. If the guidelines became in conflict with the universe of eligible investments as defined by the comparative index, the investment manager needs to notify the client in writing of the changes and prepare the necessary changes to this addendum.

Allowable Securities: The portfolio shall be solely comprised of units of the SSgA S&P 500 Flagship Fund (the "Fund"). Further, the investment policies, proxy voting policies and expenses of the Fund shall be governed by the Declaration of Trust (as amended) for the State Street Bank and Trust Company Investment Funds for Tax Exempt Retirement Plans, as well as the State Street Bank and Trust Company Investment Funds for Tax Exempt Retirement Plans Amended Fund Declaration for the S&P 500® Flagship Securities Lending Fund

4. Commingled Vehicle Election

The Association's investment in the SSgA S&P 500 Flagship Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

C. SYSTEMATIC FINANCIAL MANAGEMENT, L.P.

Separate Account Small Capitalization Value Equity Assignment

1. Investment Assignment

Systematic Financial Management, L.P. will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Systematic Financial Management, L.P. will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Systematic Financial Management, L.P. shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Systematic Financial Management, L.P. will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmark established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the Russell 2500 Value Index as well as the median equity return in a representative small cap style performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees, to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Equity Securities: The securities shall be comprised of common stocks, convertible and non-convertible preferred stocks, convertible debt securities, American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. and Canadian exchanges.

Derivatives: Investment in derivative securities is prohibited.

Diversification: The securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No more than 8% of the equity portfolio may be invested in one equity security at market at time of purchase.

Prohibited Investments: The portfolio will not engage in investment transactions

involving stock options, short sales, purchase on margin, letter stocks, private placement securities, and commodities. No investments shall be made in foreign securities, except American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. and Canadian exchanges. Further, no investment transactions shall occur outside the United States and no asset of the Fund shall be held outside the jurisdiction of the United States District Courts.

Quality and Marketability: Common and convertible preferred stocks should be listed on either the New York Stock Exchange, American Stock Exchange, NASDAQ system, or national market exchange which has adequate market liquidity relative to the size of the investment. Further, no single equity position in the portfolio may comprise more than 5% of the company's total market capitalization.

Quality and security should be emphasized over maximum return in all short-term cash investments. Investment managers will have discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

Capitalization: The Manager uses a blend of smaller companies ranging in market capitalization for the portfolio from approximately \$100 million to \$10 billion at the initiation of the position. During some market conditions, the weighted average market capitalization of the portfolio may fall outside this range.

Volatility: It is expected that the volatility of the investment manager's portfolio will be reasonable close to the volatility of the customized policy index defined in the Investment Objectives section of the Investment Policy Statement.

4. Statement of Acknowledgement

As an authorized representative of Systematic Financial Management, L.P. provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Systematic Financial Management, L.P. and agree on behalf of Systematic Financial Management, L.P. to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

D. IVY INVESTMENT MANAGEMENT COMPANY/T ROWE PRICE LARGE CAP GROWTH

To be inserted once finalized.

Separate Account Large Capitalization Growth Equity Assignment

1. Investment Assignment

Ivy Investment Management Company ("Ivy") will be given full discretion within the scope of these mutually agreed upon investment guidelines. Ivy will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Ivy shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Ivy will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the Russell 1000 Growth Index as well as the median equity return in a representative large cap growth performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Equity Securities: The securities shall be comprised of common stocks, convertible and non-convertible preferred stocks, convertible debt securities, American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. exchanges.

Diversification: The securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No more than the greater of 7% or 2% over a security's weighting in the Russell 1000 Growth index, at market, may be invested in one equity security in the portfolio.

Prohibited Investments: The portfolio will not engage in investment transactions involving stock options, short sales, purchase on margin, letter stocks, private placement

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Investment Policy Statement (IPS)

~~securities, and commodities. No investments shall be made in foreign securities, except American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), and foreign securities traded on U.S. exchanges. Further, no investment transactions shall occur outside the United States and no asset of the Fund shall be held outside the jurisdiction of the United States District Courts.~~

~~**Quality and Marketability:** Common and convertible preferred stocks should be listed on either the New York Stock Exchange, American Stock Exchange, NASDAQ system, or national market exchange which have adequate market liquidity relative to the size of the investment. Further, no single equity position in the portfolio may comprise more than 5% of the company's total market capitalization.~~

~~**Capitalization:** The weighted average market capitalization of equities should not fall below \$10 billion.~~

~~**Volatility:** It is expected that the volatility of the investment manager's portfolio will be reasonably close to the volatility of the customized policy index defined in the Investment Objective section of the Investment Policy Statement.~~

~~4. Statement of Acknowledgement~~

~~As an authorized representative of Ivy, provider of investment management services to Fresno County Employees Retirement Association, I hereby acknowledge receipt on behalf of Ivy and agree on behalf of Ivy to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.~~

III. INTERNATIONAL EQUITY MANAGER GUIDELINES

A. ARTISAN PARTNERS

1. Investment Assignment

Artisan Partners will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Artisan Partners will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Artisan Partners shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objective

The investment objectives for Artisan Partners will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the MSCI EAFE Index, as well as the median return in a representative international equity performance universe.

3. Investment Guidelines

- a. The Account shall be invested at the discretion of Artisan Partners with regard to individual security selection, subject to compliance with the Employee Retirement Income Security Act of 1974, as amended, if applicable, and these guidelines.
- b. Holdings will generally consist of publicly traded corporate equities (including common and preferred stocks, warrants, and depositary receipts) of companies across a broad capitalization range.
- c. Investments generally will be made in non-U.S. companies.¹
- d. Holdings outside developed equity markets will generally be limited to a maximum of ten percent (10%) of the value of the Account at the time of purchase. For the purposes of this guideline, developed equity markets are the component countries of the MSCI EAFE® Index plus Canada, Luxembourg and the United States.
- e. The Account will generally be diversified across a minimum of eighteen (18) countries. The maximum allocation to any one country will not generally exceed thirty percent (30%) of the value of the Account at the time of purchase.

- f. Investment in any one industry will not generally exceed twenty-five percent (25%) of the value of the Account at the time of purchase.
- g. No single security will exceed five percent (5%) of the market value of the Account at the time of purchase or ten percent (10%) of the market value of the Account at any time.
- h. The Account may not employ leverage, purchase securities on margin, or sell securities short.
- i. The Account may not purchase securities in private placements other than securities privately placed under Rule 144A or another similar private placement exemption and equity-linked instruments described below.
- j. The Account will not invest in derivative instruments, including futures and options, except the Account may invest in the equity-linked instruments described below, hedge currency as described below and acquire, receive, retain and exercise warrants, rights or similar instruments attached to portfolio securities.
- k. The Account may invest up to ten percent (10%) of the market value of the Account at the time of purchase in listed or over-the-counter un-leveraged, equity-linked instruments; provided, however, that the Account will not invest more than five percent (5%) of the market value of the Account at the time of purchase in such instruments issued by a single counterparty.
- l. Currency hedging may, but is not required to, be utilized to protect the Account's value in U.S. dollars.
- m. The cash portion of the Account shall be invested in such short-term investment funds as FCERA designates from time to time. Cash will not generally exceed five percent (5%) of the value of the Account.
- n. The limitations in items d, e, f, g, k, and m above will not be applied to securities purchases made in connection with the initial funding of the Account or the investment of any subsequent contribution to the Account in order to replicate Artisan Partners' model portfolio in its non-U.S. growth investment strategy.

4. Statement of Acknowledgement

As an authorized representative of Artisan Partners, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Artisan Partners and agree on behalf of the Artisan Partners to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

¹ For purposes of testing compliance with this investment restriction, Artisan Partners uses a third party classification system (currently MSCI) to classify a company as U.S. or non-U.S. That classification system depends generally on a company's place of organization, headquarters, trading and business operations. Because those characteristics may not point to the same country, a company may be classified as a U.S. company even though it is organized or has substantial business operations outside the U.S., or may be classified as non-U.S. even if it is organized or trades or has substantial business operations in the U.S. Country classifications may change over time. For more information, see Artisan Partners' Form ADV.

B. MONDRIAN EMERGING MARKETS EQUITY FUND, LIMITED PARTNERSHIP

Limited Partnership Emerging Markets International Equity Assignment

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Mondrian Investment Group, Incorporated ("Mondrian") will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Mondrian shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Mondrian will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmark established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the MSCI Emerging Markets Free Index as well as the median emerging markets equity return in a representative performance universe.

3. Allowable Securities

The investment shall be solely comprised of shares of the Mondrian Emerging Markets Equity Fund, Limited Partnership. Investments made by Mondrian Investment Group (US), Inc. must be consistent with the Mondrian Emerging Markets Equity Fund, L.P.'s Offering Memorandum.

4. Commingled Vehicle Election

The Association's investment in Mondrian Emerging Markets is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

C. MONDRIAN INTERNATIONAL SMALL CAP EQUITY FUND, LIMITED PARTNERSHIP

Limited Partnership Small Cap International Equity Assignment

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Mondrian Investment Group, Incorporated ("Mondrian") will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Mondrian shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Mondrian will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmark established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the MSCI World Ex-US Small Cap Index as well as the median equity return in a representative performance universe.

3. Allowable Securities

The investment shall be solely comprised of shares of the Mondrian International Small Cap Fund, Limited Partnership. Investments made by Mondrian Investment Group (US), Inc. must be consistent with the Mondrian International Small Cap Equity Fund, L.P.'s Offering Memorandum.

4. Commingled Vehicle Election

The Association's investment in Mondrian Small Cap International fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

D. RESEARCH AFFILIATES INTERNATIONAL EQUITY FUND

International Equity Assignment

1. Investment Assignment

Research Affiliates, LLC. will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Research Affiliates, LLC. will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Research Affiliates, LLC. shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Research Affiliates, LLC. will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the MSCI EAFE Index, as well as the median return in a representative international equity performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Description of the Account: The strategy applies an enhanced version of our patented Research Affiliates Fundamental Index® (the "Fundamental Index®") strategy to international developed markets (non-U.S.) companies. The Fundamental Index® strategy attempts to capture the benefits of indexing and avoid the performance drag associated with cap-weighting by selecting and weighting stocks in an index using fundamental measures of company size (e.g., cash flow, book value, sales and dividends). The Fundamental Index® strategy incorporates additional factors (e.g., quality of earnings, financial distress, etc.) along with more frequent rebalancing in comparison to a passive indexing strategy.

The Fundamental Index® strategy is both defined and weighted by using financial indicators of the value of large publicly traded non-U.S. companies issuing equity securities. Such financial indicators may include book value, sales, revenue, earnings,

earnings per share, income, income growth rate, dividends, dividends per share and other financial or demographic data. Basing selection of the index securities on data relating to the intrinsic worth of the issuing companies offers investors a means to participate in a market or market segment with different risk characteristics than are otherwise offered by traditional indexed funds. The Account's strategy uses its additional screens to expand the selection process.

Equity Securities: Equity securities shall be restricted to those issues listed on the major local-country stock exchanges as well as American Depositary Receipts (ADRs), and Global Depositary Receipts (GDRs). The markets that Research Affiliates can invest in are those within the Morgan Stanley Capital International Europe, Australia, and Far East (MSCI EAFE) Index as well as Bermuda, Canada, and Cayman Islands.

Derivatives: Investment in derivative securities is prohibited.

Diversification: The securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No more than 5% of the equity portfolio may be invested in one equity security at market.

Prohibited Investments: The portfolio will not engage in investment transactions involving stock options, short sales, purchase on margin, letter stocks, private placement securities, and commodities without the written consent of the Association.

Quality and Marketability: Common and convertible preferred stocks should be listed on a major local country exchange which have adequate market liquidity relative to the size of the investment. Further, no single equity position in the portfolio may comprise more than 5% of the company's total market capitalization.

Quality and security should be emphasized over maximum return in all short-term cash investments. Investment managers will have discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

Capitalization: The weighted average market capitalization of the portfolio should not fall below \$1 billion.

Volatility: It is expected that the volatility of the investment manager's portfolio will be reasonably close to the volatility of the customized policy index defined in the Investment Objectives section of the Investment Policy Statement.

4. Statement of Acknowledgment

As an authorized representative of Research Affiliates, LLC., provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Research Affiliates, LLC. and agree on behalf of the

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Research Affiliates, LLC. to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

IV. **GLOBAL FIXED INCOME MANAGER GUIDELINES**

A. BRANDYWINE GLOBAL INVESTMENT MANAGEMENT

Separate Account Global Investment-Grade Sovereign Fixed Income Assignment

1. Investment Assignment

Brandywine Global will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Brandywine Global will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Brandywine Global shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Brandywine Global will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the Citigroup World Government Bond Index (unhedged), as well as the median return in a representative fixed income performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Permissible Investments: Debt obligations issued or guaranteed by sovereign governments, supranational or multinational entities, and Australian states or Canadian provinces. The investment universe shall consist of countries or currencies included in the Citigroup World Government Bond Index or specified in the "Diversification" section.

Eligible commingled investment vehicles include interests in privately and publicly offered commingled investment vehicles advised by Brandywine Global or its affiliates ("Investment Products"), with the understanding that FCERA will not pay any additional management fee for such investment, and provided any investment in such Investment Products are consistent with these Investment Guidelines.

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Eligible cash equivalents include commercial paper, short-term investment fund designated by FCERA, and eligible fixed income instruments with a maturity of less than one year.

Derivatives: Permissible derivative instruments include forwards, futures, options, and swaps. At its discretion, Brandywine may hedge all, some, or none of the portfolio's currency exposure. Brandywine may also cross hedge currency positions, but may not be net short any currency, or long more than 100% of the portfolio. Brandywine shall not use derivatives to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. Under no circumstances will the portfolio manager undertake an investment that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed limits specified herein.

Diversification: The fixed income securities should be well diversified to avoid undue exposure to any single economic sector or individual security. Individual country or currency exposures typically will not exceed at purchase:

	Country Allocation	Currency Allocation
<u>North America</u>		
United States	0% - 65%	0% - 100%
Canada	0% - 25%	0% - 25%
<u>Europe</u>		
Euro		0% - 70%
Germany	0% - 40%	
France	0% - 40%	
Italy	0% - 30%	
Belgium	0% - 20%	
Netherlands	0% - 20%	
Spain	0% - 20%	
<u>Other Europe</u>		
United Kingdom	0% - 40%	0% - 40%
Denmark	0% - 20%	0% - 20%
Sweden	0% - 20%	0% - 20%
<u>Pacific Rim</u>		
Japan	0% - 60%	0% - 60%
New Zealand	0% - 10%	0% - 10%
Other Countries contained in the WGBI Index (each):	0% - 15%	0% - 15%

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	Country Allocation	Currency Allocation
Other Non-WGBI Countries (each): rated A or better by an NRSRO*	0% - 10%	0% - 10%
Other Non-WGBI Countries (each): rated BBB or better rating by an NRSRO*	0% - 5%	0% - 5%
Other Non-WGBI Countries (in aggregate): Below A rating by all NRSRO* and BBB or better rating by an NRSRO*	0 – 20%	0% - 20%
NRSRO means one of the following Nationally Recognized Statistical Rating Organizations: Standard & Poor's Rating Services, Moody's Investor Service, and Fitch, Inc. Ratings for country and currency include sub-categories or graduations therein and are determined by the local currency long-term debt ratings assigned by NRSROs.		

Quality and Marketability: Fixed income securities and cash in the portfolio shall have a weighted average rating of A- or better according to the methodology used by the Barclays Capital Global Bond Indices. All investments shall be of investment grade quality at time of purchase, as determined by an NRSRO. Brandywine Global may continue to hold instruments that are downgraded in quality subsequent to their purchase if, in the opinion of Brandywine Global, it would be advantageous to do so.

Duration: The portfolio duration shall be limited to a range of 1 – 10 years.

Market Movement: If any of the parameters described above are breached (except those that are to be determined at the time of purchase), as a result of market movements, capital additions or withdrawals or other events not within the control of Brandywine Global, Brandywine Global shall have a reasonable period of time, not to exceed three months, to bring the portfolio into compliance with the applicable investment guidelines.

4. Statement of Acknowledgment

As an authorized representative of Brandywine Global, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Brandywine Global and agree on behalf of Brandywine Global to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

B. EATON VANCE INVESTMENT MANAGERS

Commingled Senior Floating Rate Assignment

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

The Eaton Vance Investment Managers will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Eaton Vance Investment Managers will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Eaton Vance Investment Managers shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Eaton Vance Investment Managers will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that match the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The portfolio is to exceed the performance of the S&P/LSTA Leveraged Loan Index as well as exceed the median return in a representative style performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the Eaton Vance Investment Managers' Senior Floating Rate Assignment (the "Fund"). Investments made by Eaton Vance Investment Managers must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in Eaton Vance Investment Managers Senior Floating Rate Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the Fund.

C. LOOMIS SAYLES & COMPANY

Separate Account High Yield Full Discretion Fixed Income Assignment

1. Investment Assignment

Loomis Sayles & Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Loomis Sayles & Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Loomis Sayles & Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Loomis Sayles & Company will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the Barclays US Corporate High Yield Index, as well as the median return in a representative fixed income performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Permissible Investments: Public or private debt obligations issued or guaranteed by U.S. or foreign issuers, including but not limited to corporations, governments (including their agencies, instrumentalities and sponsored entities), supranational entities, partnerships and trusts, and such obligations may be issued at fixed, variable, adjustable or zero coupon rates or convertible into equity instruments; preferred, hybrid, mortgage or asset-backed instruments issued by any of the above-named entities; common stocks; and foreign currency exchange contracts including non-deliverable forward foreign exchange contracts and cross hedges.

Eligible commingled investment vehicles include interests in privately and publicly offered commingled investment vehicles, including those advised by Loomis Sayles or its affiliates. Investments in commingled investment vehicles shall not be subject to any guidelines or restriction included herein, with the exception of the credit quality, country, duration and

currency restrictions. In applying these restrictions, the credit quality, country, duration and currency of the applicable commingled funds will be used and not the credit qualities, country, durations and currencies of the underlying instruments in the commingled funds.

Eligible cash equivalents include commercial paper, short-term investment fund designated by Client, and eligible fixed income instruments with a maturity of less than one year.

At the time of purchase, the account may invest up to 5% of the market value of the portfolio in common stock, up to 15% in convertible instruments, up to 5% in non-US Dollar denominated corporate instruments, and up to 15% in securitized instruments (including individual securities as well as any investment in a commingled vehicle such as the Loomis Sayles Full Discretion Institutional Securitized Fund).

Up to 45% of the portfolio may be invested in off-benchmark sectors (defined broadly as any sector or instrument type that is not included in the benchmark).

Derivatives: The investment manager shall not use derivatives to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. Moreover, the portfolio manager will not use derivatives to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the portfolio. Under no circumstances will the portfolio manager undertake an investment that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed limits specified herein. The portfolio manager will report on the use of derivatives on a quarterly basis to the Board of Trustees.

Credit derivative products can be used in the portfolio as substitutes for cash investments to manage default risk and credit exposure. These products include single-name Credit Default Swaps (CDS) and Credit Default Swap index products. Single name CDS will be assigned the characteristics of the reference entity and will factor into any compliance test that would evaluate the underlying reference instrument, such as credit quality, country, currency, issue and industry limits set forth above. CDS Index products will not be subject to the limitations stated herein.

Eligible derivatives instruments also include contracts to buy or sell futures on instruments, indices, interest rates and currencies ("Futures"); structured notes, including currency-, credit- and index-linked notes; forward contracts for instruments, indices, interest rates and currencies; swap contracts for instruments, indices, interest rates and currencies ("Swaps"); put and call options on instruments, indices, interest rates, Futures, Swaps and currencies.

To manage the duration and yield curve exposure of the portfolio, Loomis Sayles may use Futures to create exposures to securities, currencies, indices or any other financial instruments that are permitted under the investment guidelines and restriction of the

portfolio, and subject to any limits and constraints on such permissible investments. Loomis Sayles will not use futures contracts for borrowing purposes and will not limit the extent to which it uses Futures for risk management purposes.

Diversification: The fixed income securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No instrument, except instruments issued or guaranteed by the U.S. Government, its agencies, or instrumentalities or government sponsored entities, or any permissible commingled fund, will comprise more than 5% of the market value of the portfolio, as determined at the time of purchase.

Furthermore, no industry, as defined by Barclays, except instruments issued or guaranteed by the U.S. Government, its agencies or instrumentalities or government sponsored entities will comprise more than 25% of the market value of the portfolio, as determined at the time of purchase.

Prohibited Investments: Investment in non-US sovereign issuers and senior loans is prohibited.

Quality and Marketability: There is no minimum credit quality requirement for any instrument. 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 rating agencies will be used. If an instrument is not rated by Standard & Poor's, Moody's, and/or Fitch, the equivalent rating determined by the Loomis Sayles Research Department will be used.

Loomis Sayles may continue to hold instruments that are downgraded in quality subsequent to their purchase if, in the opinion of Loomis Sayles, it would be advantageous to do so.

Conversion: Notwithstanding the foregoing, the portfolio may receive instruments prohibited or not contemplated herein through the conversion, exchange, reorganization, corporate action or bankruptcy of an otherwise permissible investment. Loomis Sayles may hold or dispose of these investments at its discretion.

Duration: The effective duration of the fixed income portfolio shall not exceed the duration of the Barclays US Corporate High Yield Index by more than 5 years.

Market Movement: If any of the parameters described above are breached (except those that are to be determined at the time of purchase), as a result of market movements, capital additions or withdrawals or other events not within the control of Loomis Sayles, Loomis Sayles shall have a reasonable period of time, not to exceed three months, to bring the portfolio into compliance with the applicable investment guidelines.

4. Statement of Acknowledgment

As an authorized representative of Loomis Sayles & Company, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Loomis Sayles & Company and agree on behalf of Loomis Sayles & Company to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

D. THE NORTHERN TRUST COMPANY

Commingled Barclays Aggregate Index Fund

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

The Northern Trust Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The Northern Trust Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. The Northern Trust Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for The Northern Trust Company will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that match the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The portfolio is to match the performance of the Barclays US Aggregate Index.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the Northern Trust Company Collective Aggregate Bond Index Fund (the "Fund"). Investments made by The Northern Trust Company must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in The Northern Trust Company's Collective Aggregate Bond Index Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

E. PACIFIC INVESTMENT MANAGEMENT COMPANY (PIMCO)

Separate Account Emerging Local Bond Investment Assignment

1. Investment Assignment

The Pacific Investment Management Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The Pacific Investment Management Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. The Pacific Investment Management Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

Benchmark: JPMorgan GBI-EM Global Diversified, unhedged

3. Investment Guidelines

The Manager will have full discretion within the guidelines to invest in the currencies of, or in fixed income instruments denominated in the currencies of, emerging markets. While the Manager generally defines an "emerging market" as any non-US country, excluding those that have been classified by the World Bank as high-income OECD countries for the past consecutive five years, the Manager retains broad discretion to invest in additional countries based on its assessment of their development phase. Unless otherwise stated below, the following guidelines will be applied at the time of purchase.

Portfolio Duration Range: + / - 2 years relative to benchmark duration

Portfolio duration and benchmark duration will be calculated using PIMCO's duration models

Credit Quality Minimums: The Manager will apply quality ratings using the higher of Moody's, S&P or Fitch. If an issue is not rated by one of these rating agencies, then the Manager will determine a rating.

<u>Minimum Issue Quality:</u>	CCC- Rating
<u>Minimum Average Portfolio Credit Quality:</u>	BB- Rating
<u>Minimum Commercial Paper Quality:</u>	A2/P2/F2

Should an issue be downgraded below these minimums, the Manager will determine the appropriate action (sell or hold) based on the perceived risk and expected return.

Transaction Types: Purchases and sales may be transacted for regular or deferred/forward settlement, including repos & reverse repos. Hedging, spread, and income generating strategies may include the use of short sales. The Manager may, but

is not required to, hedge exposure to non-U.S. currencies. Currency spot and forward transactions can be used as a means of hedging or taking active currency exposure within risk limits specified.

Transactions Types Explicitly Prohibited: None

Asset Types and Investment Vehicles: The Manager will have discretion to invest in the following sectors:

- Sovereign debt
- Corporate securities
- Non-US Dollar-denominated Securities (including local currency securities)
- Bank Loans
- Privately placed securities (including 144As)
- Certificates of deposit
- Repos/ Reverse repos/Sell/Buybacks (only for taxable accounts)
- Structured Notes and Credit Linked Notes
- Yankee, Euro and Global Bonds
- Asset-Backed Securities
- Convertible Securities
- Futures and Forwards
- Options, Caps and Floors
- Swaps and swaptions, including Total Return Swaps
- Credit Default Swaps (Buy Protection and Sell Protection)
- Short sales
- Foreign Currency (naked currency, including deliverable and non-deliverable forwards)
- PIMCO Pooled Funds

Asset Types/Vehicles Explicitly Prohibited: None

Concentration Limits: The Manager will limit the concentrations within the portfolio to the following:

Single sovereign/quasi-sovereign issuer/issue: Benchmark weight +/- 20%

Single corporate issuer/issue (excludes quasi-sovereigns*): 5%

*A quasi-sovereign is defined as: the debt of any institution considered by the Manager to be owned, controlled, sponsored or guaranteed by a federal or national government.

4. Statement of Acknowledgement

As an authorized representative of Pacific Investment Management Company, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Pacific Investment Management Company and agree on behalf of Pacific Investment Management Company to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

F. STATE STREET GLOBAL ADVISORS

Commingled TIPS Index Fund

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

The State Street Global Advisors will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The State Street Global Advisors will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. The State Street Global Advisors shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for State Street Global Advisors will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that match the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The portfolio is to match the performance of the Barclays Capital US Treasury Inflation Protected Securities ("TIPS") Index as well as the median equity return in a representative style performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the State Street Global Advisors TIPS Index NL Fund (the "Fund"). Investments made by State Street Global advisors must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in State Street Global Advisors TIPS Index NL Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

G. WESTERN ASSET MANAGEMENT COMPANY

Separate Account Investment Grade Credit Assignment

1. Investment Assignment

Western Asset Management Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. Western Asset Management Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Western Asset Management Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Western Asset Management Company will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the Barclays Capital Credit Index as well as the median return in a representative fixed income performance universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Fixed Income Securities: Any of the following fixed income securities, denominated in USD or non-USD, and their futures or options derivatives, individually or in commingled vehicles, subject to credit, diversification and marketability guidelines below, may be held outright and under resale agreement (REPO):

- a. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal agencies or U.S. government-sponsored corporations and agencies (for the avoidance of doubt, U.S. agency structured product is prohibited);

- b. Obligations of U.S. and non-U.S. corporations such as convertible and non-convertible notes and debentures, loan participations, preferred stocks, commercial paper, certificates of deposit and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organizations;
- c. Securities defined under Rule 144A and Commercial Paper defined under Section 4(2) of the Securities Act of 1933;
- d. Common stock, warrants or rights issued in exchange of, or as part of, a bond or bond unit;
- e. Obligations, denominated in U.S. dollars or foreign currencies, including, but not limited to: the securities of emerging market corporate issuers, international agencies, supranational entities, foreign governments (or their subdivisions or agencies), foreign currency exchange-related securities, warrants and forward contracts;
- f. Taxable and tax exempt obligations issued or guaranteed by U.S. local, city and state governments, instrumentalities and agencies;
- g. Non-U.S. dollar securities may be held on a currency hedged basis. To this end, the portfolio may invest in currency exchange transactions on a spot or forward basis;

Derivatives: Futures, swaps, forwards, options on swaps, and options on forwards are permitted. The investment manager shall not use derivatives to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. Moreover, the portfolio manager will not use derivatives to gain exposure that would not otherwise be permitted in the portfolio. Under no circumstances will the portfolio be leveraged. Moreover, the portfolio duration will not exceed +/- 10% of benchmark duration. The portfolio manager will report on the use of derivatives on a quarterly basis to the Board of Trustees.

No more than 5% of the portfolio will be invested in original futures margin and option premiums, exclusive of any in-the-money portion of the premiums. Short (sold) options positions will generally be hedged with cash, cash equivalents, current portfolio security holdings, or other options or futures positions.

Diversification: The fixed income securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. To this end, the following limits will apply. Except for obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies and investments in commingled vehicles, no more than 5% of the fixed income portfolio based on market value shall be invested in securities of any one issuing entity at the time of purchase. Up to 20% of the portfolio may be invested in non-USD denominated securities,

fully hedged back to the US Dollar. Up to 25% of the portfolio may be invested in global sovereign bonds (excluding United States Treasury and Agency bonds).

Prohibited Investments: Investments in emerging market sovereign debt (USD denominated and foreign currency denominated) and bank loans are prohibited.

Quality and Marketability: In all categories emphasis will be on investment grade securities. Holdings are subject to the following limitations:

Quality and security should be emphasized over maximum return in all short-term cash investments. Investment managers will have discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

A minimum of 95% of the portfolio will be invested in investment grade securities at time of purchase and up to 5% of the portfolio can be invested in below investment grade securities (including downgrades). Security ratings will be determined as follows. If a security is rated by Moody's, S&P, and Fitch, then the middle rating of the three agencies will apply. In the event that the security is rated by two of the agencies, and the third is non-rated, then the lower rating of the two agencies will apply. If only one agency assigns a rating, then that rating will apply. Securities not covered by the standards noted above will normally be, in the judgment of Western Asset Management, at least equal in credit quality to the criteria implied in those standards.

In the event downgraded securities cause a breach of the Investment Guidelines, Western Asset Management may continue to hold the positions but will not make any further purchases to increase the position while the breach remains.

For securities with legal final maturities of 270 days or less, Western Asset Management may use the underlying credit's short term ratings as proxy for establishing the minimum credit requirement.

Futures and options contracts will be limited to liquid instruments actively traded on major exchanges or, if over-the-counter for options, executed with major dealers.

Volatility: It is expected that the volatility of the portfolio will be reasonably close to the volatility of the Barclays Capital Credit Index over a market cycle. The duration of the fixed income portfolio shall not exceed the duration of the Barclays Capital Credit Index by more than 10% .

Market Movement: If any of the parameters described above are not to be determined at the time of purchase and are not met as a result of market movements, capital additions or withdrawals, or other events not within the control of the investment

manager, the investment manager shall have a reasonable period of time, not to exceed 30 days, to bring the portfolio into compliance with the foregoing investment guidelines.

4. Statement of Acknowledgment

As an authorized representative of Western Asset Management Company, provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of Western Asset Management Company and agree on behalf of Western Asset Management Company to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

V. OPEN END REAL ESTATE MANAGER GUIDELINES

A. INVESCO REALTY, INC.

Invesco Core Real Estate Fund – U.S.A., L.P.

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Invesco Realty, Inc. will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The Invesco Realty, Inc. will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Invesco Realty, Inc. shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Invesco Realty, Inc. will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that exceed the benchmarks established for the long term (5 years) and exceed the 50th percentile in a representative peer universe.

Long Term Performance Objectives: The portfolio is to exceed the performance of the NCREIF-ODCE Index and exceed the 50th percentile in a representative peer universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the Invesco Core Real Estate Fund – U.S.A., L.P. (the "Fund"). Investments made by Invesco Realty, Inc. must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in the Invesco Core Real Estate Fund – U.S.A., L.P. is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

B. IFM INVESTORS

IFM Global Infrastructure (US), L.P.

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

IFM Investors will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. IFM Investors will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. IFM Investors shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for IFM Investors will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that exceed the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The portfolio is to exceed the performance of a CPI + 5% index.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the IFM Global Infrastructure (US), L.P. (the "Fund"). Investments made by IFM Investors must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in the IFM Global Infrastructure (US), L.P. is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

VI. HEDGE FUND MANAGER GUIDELINES

A. GROSVENOR CAPITAL MANAGEMENT

Hedge Fund of Funds

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Grosvenor Capital Management, L.P. ("Grosvenor") will be given full discretion within the scope of these mutually agreed upon investment guidelines. Grosvenor shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Grosvenor will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The Total Portfolio is to exceed the return of the HFRI FoF Composite Index.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The limited partnership agreement of Grosvenor Institutional Partners, L.P. shall govern the investment of the Grosvenor Institutional Partners, L.P. Fund. The allowable securities shall be solely comprised of those investments made by the limited partnership.

Investments made by Grosvenor Institutional Partners, L.P. Fund must be consistent with the Agreement regardless of whether such Agreement is consistent with the Investment Policy Statement.

B. GROSVENOR CAPITAL MANAGEMENT

GCM Better Futures Fund

1. Investment Assignment

Grosvenor Capital Management ("Grosvenor") will be given full discretion within the scope of these mutually agreed upon investment guidelines. Grosvenor shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The purpose of the Fund is to complement FCERA's existing hedge fund investments in order to achieve the desired asset class exposure in a cost effective and transparent manner. The Fund will focus primarily on absolute return oriented investments that seek to generate returns by exploiting mispricing and inefficiencies in global capital markets, while attempting to reduce exposure to primary market factors (e.g., interest rates and equities) through various hedging techniques.

Broadly speaking, the Fund's objectives are (i) to generate a superior absolute and risk-adjusted rate of return, with low performance volatility and low correlation with global equity and fixed-income markets, over a full market cycle; and (ii) to preserve capital during challenging market environments.

Performance Objectives:

Target Absolute Annualized Return: 90-day U.S. T-Bills plus 500 basis points

Target Relative Annualized Return: HFRI RV: Multi-Strategy Index

Target Annualized Standard Deviation: $\leq 8\%$

Beta to MSCI All Country World Index: ≤ 0.30

Beta to Barclays Global Aggregate Index ≤ 0.30

Fund-Level ROR Impact of Severe Case Loss not more than 12.5%

The Fund will generally be evaluated over the long-term (3-5 years +) relative to the absolute return benchmark and over the shorter term to the relative return benchmark.

3. Investment Guidelines

Grosvenor Capital Management, L.P. ("Grosvenor"), in its capacity as the non-discretionary manager of the Fund will identify to the Fund's sole investor for its consideration for inclusion in the Fund certain third party investment management firms (each, an "Investment Manager") that invest, both long and short, in a wide range of

“alternative” investment strategies. The investment approach for the Fund is designed to achieve broad diversification across global capital markets and strategies.

The Fund allocates its assets to Investment Managers by investing in limited liability private investment vehicles (each, a “Portfolio Fund”) managed by them.

In addition, the Fund may invest in one or several dedicated portfolio hedges, including short credit and tail risk strategies (“Hedge Strategies”).

In addition, Grosvenor may, from time to time, request that an Investment Manager form and/or manage a Portfolio Fund for primary or exclusive investment by accounts managed by Grosvenor, including the Fund. In the case of any such Portfolio Fund that is sponsored and/or controlled by Grosvenor (each, a “Grosvenor-Controlled Portfolio Fund”), such Portfolio Fund will retain the investment management or investment advisory services of a party other than Grosvenor and its affiliates. The Fund may bear its pro rata share of the usual and customary expenses of Grosvenor-Controlled Portfolio Funds, including its pro rata share of the fees charged by the investment managers or investment advisers of such Grosvenor-Controlled Portfolio Funds, but (i) the Fund shall not directly or indirectly bear any fees payable to Grosvenor or any of its affiliates in connection with an investment in any Grosvenor-Controlled Portfolio Fund; and (ii) neither Grosvenor nor any of its affiliates may have an equity or other economic interest in the investment manager or investment adviser of any Grosvenor-Controlled Portfolio Fund. Each Grosvenor-Controlled Portfolio Fund shall be considered a Portfolio Fund for purposes of this document.

The Fund is denominated in U.S. Dollars.

Portfolio Constraints: The Fund seeks to be diversified across and within strategies, without regard to the specific vehicle (i.e., recognizing that Portfolio Funds may encompass more than one strategy). The following look-through exposure categories shall be represented in the Fund:

Relative Value Strategies

Relative Value strategies seek to earn excess returns by identifying mispriced securities without taking broad asset class directional risk. Representative strategies include convertible arbitrage, fixed income arbitrage, credit arbitrage, option volatility arbitrage, and equity market neutral strategies.

Event Driven Strategies

Event Driven strategies identify securities that can benefit from extraordinary transactions or events such as restructurings, takeovers, mergers, spin-offs, and bankruptcies. Representative strategies include merger/statistical arbitrage, corporate credit (including distressed credit) and structured credit.

Long/Short Equity Strategies

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

Opportunistic Strategies

Opportunistic strategies include shifting from directionally biased to non-directionally biased portfolios. Representative strategies include global macro, commodities trading advisors (CTAs), and tail risk hedging strategies.

Target number of Portfolio Funds: 4 to 8

Portfolio Fund Liquidity: The Fund may not allocate any of its capital to Portfolio Funds that impose “lock-ups” (measured either from the time the Fund first invests in such a Portfolio Fund or on an investment-by-investment basis in such a Portfolio Fund, as applicable, and not from the time of any capital commitment to a Portfolio Fund) of more than 24 months.

Minimum capital invested with Portfolio Funds (after applicable “lock-ups” expire) with annual or more frequent liquidity: 75%

For purposes of applying the liquidity constraints immediately above, Portfolio Fund mandatory investor-level “gates” are taken into account, but all other types of “gates” (e.g., mandatory share-class or Portfolio Fund-level “gates,” and all discretionary “gates”) are not taken into account. In addition, the Fund’s exposure to Side Pocket Investments (defined below) shall not be taken into consideration.

Portfolio Fund Sizing and Rebalancing Protocol: The relative monthly performance of each Portfolio Fund will cause the position size of each Portfolio Fund to diverge from the time such position size is implemented or the portfolio composition is modified. Should the position size of any Portfolio Fund, either initially or at the time any Portfolio Fund is added to or removed from the Fund (each, a “Measurement Point”), diverge more than +/- 25% from the position size of such Portfolio Fund on the Measurement Point (for example, if the Fund launched with 5 Portfolio Funds each at a 20% position size, and one Portfolio Fund increases to greater than 25% or decreases to less than 15%) as the result of the relative performance or by addition or removal of a Portfolio Fund, Grosvenor will inform the Fund’s sole investor and, together, they will commence a dialogue to determine whether a rebalancing of the Portfolio Funds shall take place.

Borrowing: The Fund may borrow on a secured or unsecured basis in order to: (i) address timing mismatches between inflows and outflows of capital to and from the Fund in connection with (a) investor subscriptions and redemptions/withdrawals, (b) the Fund’s investment activities, and (c) the payment of fees, expenses and other obligations of the

Fund in the ordinary course of business; and/or (ii) engage in hedging transactions. The Fund may not borrow for longer-term, strategic investment purposes.

Investment Selection Criteria & Process: While ultimate approval for the selection of potential investments resides with the Board, they will rely on guidance from Grosvenor in order to identify to the Board Portfolio Funds that are consistent with these Guidelines. In sourcing potential Investment Managers and Portfolio Funds for consideration by the Board, Grosvenor should consider, but not limited to, the following attributes:

- Investment Manager performance history;
- Terms and structure of Portfolio Fund;
- Fit within the existing investments held by the Fund;
- Existing exposures held indirectly through investments managed by Grosvenor outside of the Fund;
- Investment team, including staffing, key person dependency, turnover, compensation, and ownership;
- Risk management, including philosophy, systems, risk exposure, and leverage, position sizing, and preferential terms;
- Operations and Infrastructure, including fund transparency, business philosophy, business complexity, processes, non-investment staffing, independence of net asset value calculation; and
- Regulatory, compliance, and financial statement review.

Investment Monitoring and Disposition of Assets: Grosvenor will provide the monitoring and reporting services to the Fund described in the Fund's LLC Agreement (in Schedule I and otherwise). The ultimate decision as to whether to dispose of an investment resides with the Board.

Designated/Side Pocket Investments: The Fund may allocate assets to Portfolio Funds that are authorized to make so-called "side pocket" or "designated" investments (collectively, "Side Pocket Investments"). Where offered by a Portfolio Fund as an election, the Fund, as an investor in such Portfolio Fund, shall elect to not participate in such investments unless the Fund's sole investor consents otherwise

VII. COMMODITIES MANAGER GUIDELINES

A. INVESCO TRUST COMPANY

Invesco Balanced-Risk Commodity Trust – U.S.A., L.P.

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

1. Investment Assignment

Invesco Trust Company will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The Invesco Trust Company will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. Invesco Trust Company shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

2. Investment Objectives

The investment objectives for Invesco Trust Company will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) that exceed the benchmarks established for the long term (5 years) and exceed the 50th percentile in a representative peer universe.

Long Term Performance Objectives: The portfolio is to exceed the performance of the Bloomberg Commodity Index and exceed the 50th percentile in a representative peer universe.

3. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Allowable Securities: The portfolio shall be solely comprised of shares of the Invesco Balanced-Risk Commodity Trust – U.S.A., L.P. Investments made by Invesco Realty, Inc. must be consistent with the Fund Declaration.

4. Commingled Vehicle Election

The Association's investment in the Invesco Core Real Estate Fund – U.S.A., L.P. is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

VIII. CLOSED END REAL ESTATE INFORMATION

CLOSED END, PRIVATE REAL ESTATE INFORMATION

(All guideline information for this allocation provided by FCERA's investment consultant, Verus.)

The following investment managers are regulated by contracts and side-letters negotiated by FCERA's legal counsel and approved by the Board of Trustees. Each strategy attempts to provide superior risk-adjusted returns by generally adhering to the following fund strategies:

A. TA ASSOCIATES REALTY IX

The \$1.8B value added, closed-end commingled fund was created to invest in a portfolio of well-located office, industrial, retail and multifamily properties diversified across multiple primary markets throughout the United States.

B. KENNEDY WILSON REAL ESTATE FUND IV

The \$500 million value added fund targets primarily office and multifamily units within the Western United States' top markets with dense populations, high barriers to entry and limited land availability. It looks to identify distressed owners, forced sellers and under-managed or under-leased properties.

C. GERDING ELDEN GREEN CITIES III

The \$350 million fund focuses on retrofitting/repositioning of office properties and multifamily development in high growth markets such as Seattle, San Francisco, Chicago and Boston.

D. INVESCO VALUE-ADD FUND V

This \$1.2B fund targets multi-family, office, industrial, and retail properties located in U.S. primary markets. Primary markets include Boston, Los Angeles, New York, Seattle, San Francisco, and Washington D.C. The Fund's acquisitions generally fall into three categories; Broken Core, Manufacture Core, and Mispriced Opportunities.

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IX. PRIVATE EQUITY GUIDELINES

A. HAMILTON LANE PRIVATE EQUITY SEPARATE ACCOUNT

Eligible investments: The Assets may be invested in private markets funds, including HL Products dedicated to secondary funds or co-investments.

Allocations: Capital Commitments shall initially be allocated based upon the following parameters:

Secondaries \$25 million

Primaries: \$225 million

The portfolio should be diversified based on geography, industry, fund manager, sub-asset class and vintage year. The following long-term diversification guidelines should be taken into consideration:

Geography Targets:

North America 65% to 70%

Western Europe 10% to 20%

Rest of World 5% to 15%

Permitted Strategies:

Corporate Finance/Buyout

Special Situations

Capital/Growth

Secondaries

Restrictions:

Maximum commitment to a single Investment: \$15 million

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FCERA
Investment Policy Statement (IPS)

A- May not represent more than 20% of commitments to a single Investment

TO BE ADDED ONCE GUIDELINES FINALIZED

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X. PRIVATE CREDIT GUIDELINES

A. THE CARLYLE GROUP

Investments in Private Credit are managed by the Carlyle Group across three strategies.

1) **A middle market private credit fund (TCG BDC II).** TCG BDC II is a commingled closed-end fund that functions similar to a limited partnership. The Fund's primary objective is to generate attractive risk-adjusted returns and current income by primarily investing in senior secured term loans to U.S. middle market companies supported by private equity sponsors. FCERA's commitment to TCG BDC II is \$150 million. The Fund targets a 1:1 leverage ratio, is structured with a three-year investment period, and a total fund life of seven years from the final close. A maximum of 10% of the Fund can be invested outside of North America. The Fund cannot target greater than 10% for any single investment.

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2) **A middle market direct lending fund of one (CPC V).** The investment objective of CPC V is similar to TCG BDC II, with the exception that CPC V will target a greater portion of senior secured loans (relative to second lien, etc), will utilize approximately half as much leverage, and be slightly more diversified by issuer.

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The strategy focuses on senior secured term loans to U.S. middle market companies supported by private equity sponsors. The Partnership's investments may include first lien senior secured debt, unitranche debt, "last out" unitranche debt, second lien debt and senior subordinated debt, including mezzanine debt, and may also include minority equity investments in connection with its debt investments, as well as other investments (the securities or other interests in which the Partnership or any Alternative Investment Vehicle has actually invested or the securities or other interests issued as a dividend thereon, in a reclassification with respect thereto or in an exchange therefor, are referred to herein as "Investments"). Without limiting the foregoing, the Partnership is expected to pursue a target Investment allocation of approximately: (i) 95% of aggregate Capital Subscriptions in first lien senior secured term loan Investments and (ii) 5% of aggregate Capital Subscriptions in second lien loan, "last out" unitranche loan, mezzanine loan and/or equity Investments.

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Without prior approval of the FCERA Limited Partner, the Partnership shall not: (i) invest more than 5% of the aggregate Capital Subscriptions in any one Investment or (ii) invest more than 10% of the aggregate Capital Subscriptions in securities or obligations of Portfolio Companies outside of North America (defined as businesses that are organized and that have their principal place of business outside North America).

FCERA
Investment Policy Statement (IPS)

A fund of one investing in third-party private credit funds (AlpInvest FC Credit Fund). FCERA committed a total of \$100 million to be diversified across three to five different private credit funds managed by firms other than Carlyle. This portfolio is intended to complement the higher-credit quality characteristics of TCG BDC II and CPC V by investing in mezzanine and other subordinated debt strategies. The total commitments are to be allocated across a three-year period. Mezzanine investment strategies are limited to no more than 30% of aggregate commitments.

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XI. OVERLAY MANAGER GUIDELINES

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A. PARAMETRIC GUIDELINES

Benchmark: Custom benchmark based on Investment Strategy

Fund Asset Allocation: Defined in Appendix A of Parametric Agreement

Investment Objectives and Guidelines:

Client may seek to securitize fund level cash in a manner consistent with the stated benchmark(s) and methodology as defined in Appendix B. To the extent possible, Client will notify Investment Manager in advance of any material cash flows into or out of fund accounts which are used to determine required overlay positions.

Client may seek to securitize cash held in designated manager portfolios as defined in Appendix A. Cash will be securitized as specified in Appendix B. Client will notify Investment Manager in the event changes to the manager cash overlay component are desired.

Client may seek to adjust market exposures or to rebalance the fund's liquid asset class exposures. The specifics of how portfolio exposure changes or how rebalancing moves will be made are defined in Appendix C.

Client may seek to manage gaps in market exposure resulting from transition events including, but not limited to: A) change in managers, B) change in asset allocation, C) fund contribution or distributions, D) or other related temporary fund disruptions. The specific parameters related to each "transition event" are defined in Appendix D. Each transition event will be reviewed individually and clear written instructions must be provided to Investment Manager by Client for each transition in which Investment Manager is asked to participate.

The Client may seek to manage interest rate risk. The fund's duration may be modified, subject to the duration constraints of the fund. The duration overlay position, when combined with the estimated duration of Client's fixed income portfolio and the assumed duration of other asset positions identified by Client to be used in the calculation, will seek to achieve effective fixed income allocation duration consistent with the established target and related ranges as defined in Appendix E.

The Client may seek to manage currency exposure. The currency overlay position, when combined with the underlying assets in the fund, seeks to achieve an effective currency exposure consistent with the established target and related ranges defined in Appendix F.

The Client may seek to manage the beta component of an Alpha Transport program. The overlay program can be used to transport alpha from one asset class to another. Appendix F outlines the terms of the strategy.

Portfolio Monitoring

On a daily basis, Investment Manager will seek to obtain relevant information from the custodian regarding the market value of the Client's designated cash and/or external manager portfolios ("Information") involved in the Investment Strategy. In the case of commingled funds (e.g. mutual funds) or other assets where a daily market value is not available, a proxy pricing methodology may be established for the designated portfolio as defined in Appendix H.

Subject to the foregoing, where electronic interfacing is reasonably available for the purposes set forth herein, Investment Manager will be responsible for establishing a communication link and electronic interface methodology enabling the transfer of Information from the Custodian. Client acknowledges and agrees that Investment Manager will rely on Information provided by these methods without further investigation or confirmation. From time to time, such communication link may be unavailable due to system outages or other technical issues outside of Investment Manager's reasonable control, which include, but are not limited to internet problems, hardware or software issues. In the event that Information cannot be transferred on any given day, regardless of the reason, Investment Manager will attempt to receive Information through an alternative method. Client will reasonably assist Investment Manager in obtaining Information.

If, as part of the Investment Strategy, Investment Manager is required to monitor Client assets beyond Overlay Portfolio, Investment Manager will review the asset data in an attempt to verify its accuracy but it makes no assurances in this regard.

Execution Guidelines

In accordance with these guidelines, Investment Manager has the authority to execute trades which are intended to achieve Investment Strategy objectives and are consistent with the structure as described herein.

A Daily Tracking Report ("DTR") will be generated by Investment Manager using information as described above, subject to certain limitations. If transactions are not executed due to uncontrollable events (e.g. trading halts), the Investment Manager will contact Client to discuss alternatives.

A margin pool will be established in a designated Custodian account for Investment Manager to provide the initial and variation margin necessary to support and manage overlay positions required by all Investment Strategies. The size of the margin pool will be a function of the size of overlay positions as well as Client's desire to increase the level of overall fund liquidity. Investment Manager is responsible for providing Client's representative(s) with an estimate of the initial margin required to support the overlay positions as specified by the exchange on which the overlay positions are traded; recommended variation margin, or liquidity buffer, required to meet ongoing mark-to-market obligations; and margin pool level

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for the Investment Strategy on a daily basis via Investment Manager's website: www.parametricportfolio.com. Investment Manager will seek to contact Client's representative if the margin pool moves to a level requiring the addition of variation margin or if margin pool balance has grown to a level estimated to be significantly beyond recommended levels.

While margin is regarded as a form of leverage, Client agrees that PIOS® is not regarded as a levered strategy as positions are managed to align with underlying collateral. However, due to market factors, timing differences, and/or actions taken by Client outside the control of the Investment Manager; or during periods of trading activity by Investment Manager required to achieve Overlay Program objectives, there may be periods where the notional value of the Overlay Portfolio exceeds that of the underlying collateral. By example, if overlay positions to be traded in non-U.S. markets are targeted for purchase, any portion of that purchase requiring offsetting sales in U.S. markets will be managed such that the final value of overlay positions do not exceed the estimated, final value of the underlying collateral.

By way of further example, removing fixed income duration through futures contracts does not typically require sale of a notional amount of contracts equal to the notional amount of underlying fixed income securities held (e.g., \$10 in fixed income holdings with a duration of 5 can become "zero" duration cash through the sale of \$5 in treasury futures with a duration of 10). An opposite example occurs for gaining international equity exposure in that for every dollar of aggregate exposure desired, one dollar of foreign stock index futures contracts plus one dollar of foreign currency futures contracts are needed (e.g., to gain \$10 in FTSE 100 index exposure, \$10 in FTSE 100 futures are required plus \$10 in British pound futures). This is because foreign stock index futures alone do not include exposure to exchange rates.

In each of the foregoing examples, it is the synthetic index exposure which remains unleveraged. By combining the foregoing two principles, the concept of not introducing leverage within the PIOS® program is illustrated:

Assume under the PIOS® program a client fund ("Fund X") has \$100 in total assets consisting of \$30 in large cap equity securities at a manager with a S&P 500 benchmark, \$50 in fixed income securities with a duration of 5 at a manager with a Barclays Capital Aggregate Index benchmark, \$10 in international equity exposure with an MSCI EAFE Index benchmark and \$10 in cash. Fund X desires to be fully invested 40% in large cap, 40% in fixed income with a duration of 5, and 20% in international equity. Under the PIOS® program, Investment Manager would purchase \$10 in S&P 500 futures contracts, sell \$5 in fixed income futures contracts with a duration of 10 and purchase \$10 in foreign stock index futures and \$10 in foreign currency futures to bring Fund X into compliance with its asset allocation targets.

The net notional amount of contracts outstanding would be \$25 (long \$10 in S&P index futures minus \$5 short in treasury futures for the fixed income exposure reduction plus \$20 in foreign stock index and currency futures to gain the international equity exposure). Yet the position is neutral from a market exposure stand point because the synthetic index exposure of \$10 in long S&P futures, \$10 in short Barclays index exposure and \$10 in long MSCI EAFE index exposure (with \$10 in currency exposure) does not exceed the then cash amount of \$10 in Fund X.

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Notwithstanding the foregoing discussion of leverage, the use of margin, which is a form of leverage, has special consideration as described above under the caption "Special Considerations and Risks."

Permissible Instruments:

The permissible instruments for the Investment Strategy include:

- Domestic and international equity futures
- Domestic and international fixed income futures
- Foreign currency futures, forwards, and physical holdings
- Domestic and international equities
- Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs)
- Exchange Traded Options on Equities, ETFs and indexes
- U.S. Government/Agency Securities

Investment Manager will have discretion to employ long or short permissible instruments to seek to achieve the Investment Strategy(ies) consistent with the Investment Objectives and consistent with these guidelines. Client recognizes that this process may produce tracking error with the Benchmark(s). For the avoidance of doubt, the classification of international is determined from a U.S. domiciled perspective unless otherwise stated.

TO BE ADDED ONCE GUIDELINES FINALIZED

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